

ASX ANNOUNCEMENT

26 August 2016

FY 2016 Preliminary Results

Highlights

- Revenue from pharmacy subscriptions and patient engagement programs (PEP) has grown by ~24% to \$1.43 million, driven primarily by pharmacy subscription growth
- Total revenue of \$1.76m is 7% lower compared to FY15 which included the final license fee payment of \$500,000 under the Actavis agreement
- Gross margin from pharmacy subscriptions increased to 71%, from 43% in the prior corresponding period
- Substantial progress reported in key operational metrics:
 - Over 180,000 patients using the platform, a 133% increase on FY15
 - Expansion of pharmacy network by 36% on FY15, to over 1,600 pharmacies
 - Growth in PEP customers, have grown to 7 manufacturers, including leading pharmaceutical companies GSK, UCB, Astra Zeneca, Novartis and Bristol Myer Squibb, with revenue uplift to be recognised largely in FY17
 - An increase of 81% in orders received for PEP compared to FY15
- Investment made in marketing and sales teams and initiatives has strongly positioned the Company for further domestic growth and international expansion

MedAdvisor Limited (ASX: **MDR**, the **Company**), Australia's leading digital medication adherence company, has today released its Appendix 4E and is pleased to present its maiden Preliminary Financial Report for the 12 month period ended 30 June 2016.

Corporate update

MedAdvisor successfully listed on the Australian Securities Exchange in December 2015, following its acquisition by Exalt Resource Limited. The Company raised over \$5m in an oversubscribed Public Offer, which was completed as part of the transaction, and was subsequently re-named MedAdvisor Limited.

In conjunction with the transaction, Mr Robert Read was appointed as CEO of MedAdvisor Limited. Mr Read has senior experience in the pharmaceutical industry, as well as a successful track record investing and running growth businesses for private equity and venture capital organisations.

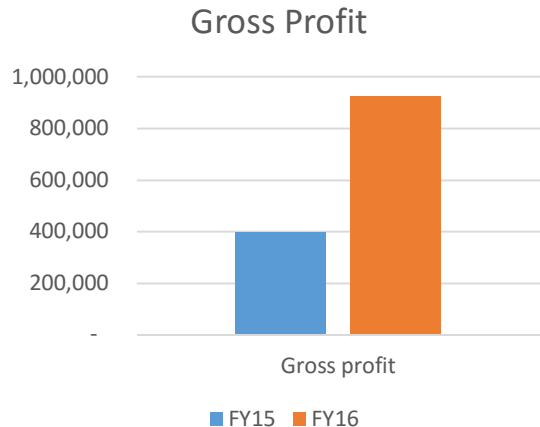
Further strengthening the Board, Mr Josh Swinnerton joined as CTO of MedAdvisor and Mr Jim Xenos took the role of non-executive director. At this time, Mr Peter Dykes and Mr Stephen Brockhurst stepped down from the board and Mr Carlo Campiciano was appointed as Company Secretary. Also joining the Board during the year, was Ms Sandra Hook who joined as Non-Executive Director.

Building on a strong management team and Board, the Company is supported by a high profile Advisory Board, comprised of Mr Kos Sclavos (VP, Pharmacy Guild of Australia (Qld)), Mr Arthur Charlaffis (Chief Operating Officer of REA Group), Mr Mike da Gama (ex GSK and Arrow Pharmaceuticals) and Mr Nick England (former Divisional CEO, Alliance UniChem (now Boots Walgreens Alliance) to the Advisory Board.

Financial performance

The Company reports revenue from continuing ordinary activities of \$1.43m. Overall revenue from continuing ordinary activities is down 13% compared to 2015 revenue which included \$500k of non-recurring revenue from the final payment under the Actavis Pharma agreement.

At the gross profit level, MedAdvisor delivered a substantial increase from just \$396,000 reported in FY15, increasing by 133% to \$925,000 in the reporting period.



Whilst not separately reported, Patient Engagement Program (PEP, previously called Medication Adherence and Training Campaigns (MTAC)) increased by 81% on a like for like basis, however the accounting treatment has been to now defer some of the revenues and direct costs to FY17.

In tandem with growth in PEP revenue, the number of manufacturers the Company works with relating to this revenue stream has substantially grown to 7 manufacturers. New patient programs were launched with GlaxoSmithKline, Astra Zeneca, Novartis and Bristol Myer Squibb.

Following the successful establishment of new arrangements with strategic partners, including GuildLink, the Company's gross margin from pharmacy subscriptions increased from 43% in the prior corresponding period, to 71%. These new arrangements came into effect in October 2015 and are expected to continue into FY17.

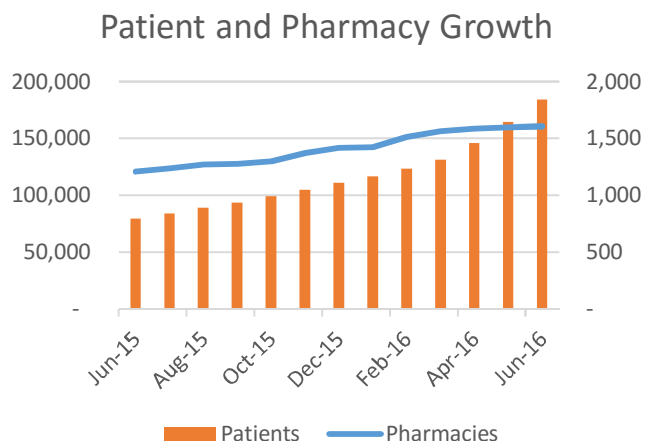
The Company reported a net loss of \$3.07 million for the period (FY15 \$546,123), arising as a result of increased costs and expenses. In line with management expectations, costs increased during the period to reach \$4.8m for the full year (FY15: \$2.4m). This increase is attributable to an increase in costs associated with a number of significant marketing initiatives that came on line in the second half of the financial year, as well as an expansion of the marketing and sales and product development team. These initiatives began to show significant results in the June quarter.

Operational progress

The Company reports strong progress in each of its key operational revenue drivers. MedAdvisor reached over 180,000 patients using the platform as at 30 June 2016, a 133% increase on the prior corresponding period.

In addition, it steadily expanded its pharmacy network by 36% on the prior corresponding period to reach over 1,600 pharmacies.

The pharmacy network plays a key role in driving patient sign ups and this network now encompasses over 30% of all Australian community pharmacies.

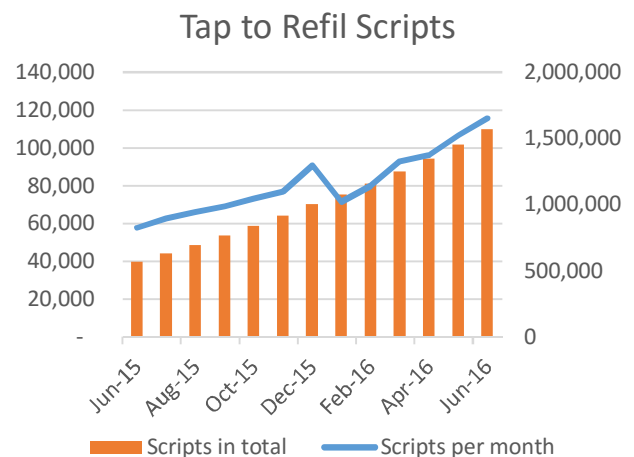


Furthermore, the average number of patients per pharmacy grew at 75% during the year to reach 115 patients per pharmacy signed up to the platform.

Also key to building patient numbers, is developing relationships with patient referrers. The first of these was with Epilepsy Queensland. In addition, MedAdvisor launched the MedAdvisor Patient Pain Education Program in partnership with Painaustralia during the year. The program is a patient-focused solution to increase understanding and awareness of the risks and warning signs of codeine misuse.

Following the year end, MedAdvisor also partnered with Glaucoma Australia to promote the MedAdvisor platform to their members and formed a collaboration with the national diabetes organisation Diabetes Australia, to launch a new MedAdvisor tool that allows people living with diabetes to order their consumable products (funded under the Government's National Diabetes Services Scheme) and ensure accurate supply in pharmacy.

Signalling strong user engagement, the Company's Tap to Refill function delivered a substantial increase of 103% in the number of scripts passing through the system during the year. The total number of scripts grew to over 1,564,000 scripts by the end of FY16, equating to \$62,582,000 in script value (based on an average script value of \$40).



The above non-financial metrics are summarised in the table below:

MedAdvisor pharmacies	up	36%	to	1,648
Patients activated on the	up	133%	to	184,051
Tap to Refill Orders completed - # ofscripts (million)	up	177%	to	1.565
Tap to Refill Orders completed - value of scripts (million)	up	177%	\$	62.58

During the year, the Company strengthened its sales channels, signing agreements with Australia's two leading generics brands, Arrow Pharmaceuticals and Apotex Pty Ltd. Together, these key partnerships give MedAdvisor access to a sales team of over 60 plus sales professionals, that are actively promoting the MedAdvisor platform to approximately 3,000 pharmacies across Australia.

This significantly boosts the Company's 17-strong in-house sales and marketing capability which has grown during the period under the leadership of newly appointed Head of Sales and Marketing, Mr Theo Antonopoulos. Mr Antonopoulos joined the team from GlaxoSmithKline where he was Head of Multi-Channel Marketing and Marketing Excellence. The expanded team, along with the agreements with Arrow Pharmaceuticals and Apotex, has enable the Company to rapidly broaden its base of subscriber pharmacies during the year.

It has also been a significant year in terms of delivering key technical developments. Major developments rolled out on the platform during the period include:

- **White label capabilities** – The platform can now be easily branded to suit pharmacy customers, integrating customised pharmacy support facilities including embedded catalogues, reward/incentives and group-specific pharmacy search and custom splash/about screens and configurable promotional banners for groups.
- **SMS support** - Full SMS/text message capabilities have been developed for the platform's fill-my-script and see-my-doctor reminder capabilities, including reply-to-order. This delivers a superior automation offering to pharmacy customers over competing products.
- **GP-Link** - The Company successfully launched the first phase of its GP Link function during the year. The first-in-class program connects doctors with their patients, gathering data and feedback to help doctors to support their patients with medication adherence and remote prescription re-issue. GP connectivity enables GPs to view patient medication adherence records, GP processing of replacement script requests from patients and GP sign-up of patients to MedAdvisor. The full GP Link program will be rolled out from September 2016.

Robert Read, CEO of MedAdvisor commented:

"It has been an incredibly productive year for MedAdvisor. With our successful listing on the ASX and \$5m fund raise completed, the Company immediately commenced its plans to accelerate its marketing and platform development initiatives. These initiatives have delivered strong results operationally, with rapid progress in building our pharmacy network to over 1,600 community pharmacies and reaching over 180,000 patients who are active on the platform across Australia.

"We are extremely well positioned to continue this rapid domestic growth and move onto the next phase of our expansion plan to build an international footprint."

-ENDS-

For more information

Robert Read, CEO
MedAdvisor
Tel: +61 3 9095 3036
robert@medadvisor.com.au

Matthew Wu
Media and Capital Partners
Tel: +61 433 634 706
matthew.wu@mcpartners.com.au

About MedAdvisor

MedAdvisor is a world class medication management platform focused on addressing the gap and burden of medication adherence. Founded with a desire to simplify medication management, the highly automated and intuitive Australian software system connects patients to their local pharmacy, providing them with real time access to their personal medication records. Available free on mobile and internet devices, the platform also incorporates a variety of valuable and convenient features including reminders and pre-ordering of medications, which together improves adherence by approximately 20%.

Since launching in 2013, MedAdvisor currently has over 220,000 registered users and is connected with a third of pharmacies across Australia. With the recent GP software integration enabling patients to order script renewals remotely from their doctor; MedAdvisor continues to lead the way in delivering innovative patient centred health solutions.



MEDADVISOR LIMITED

and Controlled Entities

ABN 17 145 327 617

ASX APPENDIX 4E - PRELIMINARY FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2016

Company Details

Name of Entity:	MEDADVISOR LIMITED
ABN:	17 145 327 617
Reporting period:	For the year ended 30 June 2016
Previous period:	For the year ended 30 June 2015

Results for Announcement to the Market

				\$'000
Revenues from continuing ordinary activities	down	13.3%	to	1,426
Loss from ordinary activities after tax attributable to the owners of MedAdvisor Limited	up	462.3%	to	(3,071)
Loss for the financial year attributable to the owners of MedAdvisor Limited	up	462.3%	to	(3,071)

Dividends

Not applicable

Brief Explanation of any of the figures reported above necessary to enable the figures to be understood:

This is the first 4E statement since the completion of the reverse takeover of Exalt Resources Limited by MedAdvisor International Pty Ltd on 12 November, 2015. As such this statement bears no direct relationship to the Appendix 4E releases made by Exalt Resources Limited prior to the acquisition.

Total Revenue Breakdown:

	<u>12 months 30-Jun-16</u>	<u>12 months 30-Jun-15</u>
Revenue from Services	1,426	1,145
License fee - balance of Actavis Agreement (non-recurring)	-	500
	<u>1,426</u>	<u>1,645</u>
Other income (R&D Tax Concession & Interest)	337	259
	<u>1,763</u>	<u>1,904</u>

Pharmacy subscriptions have increased on a like for like basis by 32% in line with pharmacy numbers.

Non-Financial Metrics

MedAdvisor pharmacies	up	36%	to	1,648
Patients activated on the MedAdvisor	up	133%	to	184,051
Tap to Refill Orders completed - # ofscripts (million)	up	177%	to	1.565
Tap to Refill Orders completed - value of scripts (million)	up	177%	\$	62.58

The major focus for this period has been to grow consumer and pharmacy numbers. Funding from the Reverse Take Over (RTO) in December 2015 has been utilized to accelerate the rate of growth by investing in new marketing initiatives. These initiatives have resulted in strong growth in key areas of patients and pharmacies and the platform continues to engage strongly with patients as is evidenced by the growth in tap to refill orders. Innovation continues

to be the key driver of our platform development program and a number of new features have been added as well as the launch of GP link broadens the scope of interaction between patients and their health care professionals.

The strong growth in patient numbers has increased our relevance with pharmaceutical manufactures and coupled with the additional marketing and sales resources we have been successful in engaging with a number of new manufacturers. During the period we have received 81% more orders for Patient Engagement Programs (PEP) compared to 2014/15. The revenue from these PEP programs will flow into FY17.

Revenues for the year ended 30 June 2015 included \$500,000 (net \$450,000) in license fees paid by Actavis Pharma Pty Ltd under the Co-Marketing and Distribution Agreement. This was the final payment due under the agreement and is not a recurring revenue source for the business. The agreement with Actavis Pharma Pty Ltd expired on 31 March 2016 and was not renewed.

Following the successful establishment of new arrangements with Guildlink and Apotex in October 2015 the **gross margin** from pharmacy subscriptions has **increased from 43% to 71%**.

The company has increased the team in both development and marketing and sales. The company appointed Mr Theo Antonopoulos as Head of Sales & Marketing and Ms Sandra Hook as a Non-Executive Director.

Following the appointment of Mr Robert Read as CEO in July 2015 and the completion of the Convertible Note issue the Company embarked on rapid expansion of internal resources in product development and marketing and ramping up consumer and pharmacy directed marketing initiatives. As a result, employee costs, marketing expenses and administrative expenses have increased substantially.

Finance expenses for the current period includes a charge of \$180,772 for listing costs which has arisen from the application of AASB 2 'Share-based payment' Accounting Standard. This is a non-cash charge and does not relate to the actual costs incurred in relation to the relisting of the Company in December 2015, which have been treated as a charge against paid up capital in accordance with the Accounting Standards.

Following the successful relisting of the Company in December 2015 the business is in a solid financial position with net tangible assets of \$2,392,288 and cash reserves \$2,888,990 as at 30 June 2016.

The loss of the consolidated entity after providing for income tax \$3,071,062 (30 June 2015 \$546,123 loss).

3. Net Tangible Assets

	Reporting Period Cents	Previous Period Cents
Net tangible assets per ordinary security	<u>0.3482</u>	<u>(0.0372)</u>

DIRECTORS REPORT

Review of Operations

MedAdvisor approached FY16 with a proven technology linking patients and pharmacists together that had enabled over 70,000 patients using MedAdvisor to take their medication safely, effectively and on time. In addition, these patients highly valued the reduction in waiting times at a pharmacy from pre ordering using the Tap to Refill function. Importantly educating the market about MedAdvisor and the role it can play was an important imperative.

The opportunity for the business was to bring the product to more patients and pharmacists. With scale the business can create further commercialization opportunities. In addition there was an identified need to link patients in with GPs to allow them to order repeat medications from their nominated GP. Building the technology to enable this was a major focus of the year. This will allow us to start to offer more convenience based services to users over FY17.

The business was able to grow pharmacy market share from ~20% to over 30% and is now the biggest provider of patient communications in the sector. During the year the company attracted more than 180,000 patients to use MedAdvisor and further enhance our relationships with referrers in the health system. Monthly growth rates doubled on a larger user base.

During the year the business has achieved the following important milestones:

- Appointment of Mr Robert Read as CEO. Mr Read has senior experience in the Pharmaceutical Industry as well as a successful track record investing and running growth business for Private Equity and Venture Capital.
- Successful renegotiation of the GuildLink Agreement which has resulted in the Company taking over the primary billing relationship with pharmacies and retaining 100% of the pharmacy subscription fee.
- Successful completion of the Convertible Notes capital raising and subsequent successful relisting and associated capital raising on the ASX in December, 2015.
- Strategic partnerships with pharmaceutical manufacturers, Apotex and Arrow, to provide MedAdvisor with access to their sales network of ~60 representatives, allowing the Company to broaden its base of subscriber pharmacies.
- Building the sales & marketing capability with the appointment of Mr Theo Antonopoulos formerly Head of Multi-Channel Marketing and Marketing Excellence at pharmaceutical manufacturer GlaxoSmithKline as Head of Sales and Marketing. Augmented by the appointment of Ms Sandra Hook, who was the former CEO of NewsLifeMedia.
- Initiation of partnerships with patient support groups including Epilepsy Queensland to promote MedAdvisor to a wide audience of people with epilepsy. Epileptic patients are 15-20% more adherent to their medication when on MedAdvisor. Working with Painaustralia to develop patient programs to help patients avoid addiction when using codeine based products.

DIRECTORS REPORT

- Subsequent to year end the launch of the partnership with Glaucoma Australia who represent ~300,000 patients as well as forming a collaboration with the national diabetes organisation Diabetes Australia, to launch a new MedAdvisor tool that allows people living with diabetes to order their consumable products (funded under the Government's National Diabetes Services Scheme) and ensure accurate supply in pharmacy.
- Successful technology build of GP Link, that allows MedAdvisor patients to request scripts from their nominated GP. Once launched in FY17, it will be the first transactional revenue stream from users. It seamlessly links patients with both GPs and Pharmacist.
- 1.2 million Tap-to-Refill orders representing approximately \$62 million in sales for pharmacies.



Robert Read
Managing Director and CEO
26 August 2016

MEDADVISOR LIMITED
(formerly Exalt Resources Limited)
ABN 17 145 327 617

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR YEAR ENDED 30 JUNE 2016

		Consolidated	
	Notes	30-Jun-16	30-Jun-15
		\$	\$
Revenues from services	6 a.	1,425,781	1,145,712
Revenue from Actavis license fee (non recurring)	6 a.	-	500,000
Other revenue	6 b.	336,704	258,744
Total revenues		<u>1,762,485</u>	<u>1,904,456</u>
Direct expenses	7 a.	(382,523)	(634,035)
Development costs		(231,062)	(150,154)
Employee benefits expenses	7 b.	(2,325,670)	(1,005,819)
Marketing expense		(863,599)	(397,001)
Depreciation and amortisation expenses	7 c.	(33,820)	(9,812)
Directors fees	7 b.	(128,847)	(3,051)
Other expenses		(657,044)	(245,173)
Finance costs	7 d.	<u>(210,982)</u>	<u>(5,534)</u>
Profit / (loss) before income tax from continuing operations		(3,071,062)	(546,123)
Income tax expense	8	<u>-</u>	<u>-</u>
Profit / (loss) for the year		(3,071,062)	(546,123)
Other comprehensive income		-	-
Total comprehensive income (loss) for the period		<u>(3,071,062)</u>	<u>(546,123)</u>
Loss per Share			
Basic loss per share	1	<u>\$ (0.0071)</u>	<u>\$ (0.0045)</u>
Diluted loss per Share	1	<u>\$ (0.0071)</u>	<u>\$ (0.0045)</u>

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Comparative figures are for the year ended 30 June 2015

MEDADVISOR LIMITED
(formerly Exalt Resources Limited)
ABN 17 145 327 617

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

		Consolidated	
	Notes	30-Jun-16 \$	30-Jun-15 \$
ASSETS			
Current Assets			
Cash and cash equivalents	10	2,888,990	571,366
Trade and other receivables	11	309,008	86,992
Other assets	12	208,114	74,864
Total Current Assets		3,406,112	733,222
Non-Current Assets			
Fixed assets	13	167,536	9,935
Intangible assets	14	72,140	78,740
Total Non-Current Assets		239,676	88,675
Total Assets		3,645,788	821,897
LIABILITIES			
Current Liabilities			
Trade and other payables	15	724,540	260,200
Income in advance	16	296,666	125,989
Borrowings	17	-	345,000
Employee benefits	18	140,427	50,575
Total Current Liabilities		1,161,633	781,764
Non-Current Liabilities			
Employee benefits	18	19,727	6,238
Total Non-Current Liabilities		19,727	6,238
Total Liabilities		1,181,360	788,002
Net Assets		2,464,428	33,895
EQUITY			
Contributed equity		6,508,117	1,622,436
Reserves		615,914	-
Retained profits / (losses)		(4,659,603)	(1,588,541)
Total Equity		2,464,428	33,895

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Comparative figures are for the year ended 30 June 2015

MEDADVISOR LIMITED
(formerly Exalt Resources Limited)
ABN 17 145 327 617

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR YEAR ENDED 30 JUNE 2016

	Contributed Equity \$	Share Options Reserve \$	Retained Earnings \$	Total Equity \$
2016				
Consolidated Balance 1 July 2015	1,622,436	-	(1,588,541)	33,895
Transactions with owners in their capacity as owners:				
Ordinary Shares Issued	6,137,871			6,137,871
Capital Raising Costs (net of GST)	(1,252,191)			(1,252,191)
Share Options Issued		615,914		615,914
Total comprehensive income for the year			(3,071,062)	(3,071,062)
Balance 30 June 2016	6,508,116	615,914	(4,659,603)	2,464,428
2015				
Consolidated Balance 1 July 2014	1,622,436	-	(1,042,418)	580,018
Transactions with owners in their capacity as owners:				
Ordinary Shares Issued	301,282			301,282
Capital Raising Costs (net of GST)	(301,282)			(301,282)
Total comprehensive income for the year			(546,123)	(546,123)
Balance 30 June 2015	1,622,436	-	(1,588,541)	33,895

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Comparative figures are for the year ended 30 June 2015

MEDADVISOR LIMITED
(formerly Exalt Resources Limited)
ABN 17 145 327 617

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR YEAR ENDED 30 JUNE 2016

		Consolidated	
	Notes	30-Jun-16	30-Jun-15
		\$	\$
Cash Flows From Operating Activities			
Receipts from customers (inclusive of GST)		1,605,501	1,194,602
Payments to suppliers and employees (inclusive of GST)		(4,207,372)	(1,689,602)
Interest received		55,489	17,597
Net cash inflow (outflow) from operating activities	19	(2,546,382)	(477,403)
Cash Flows From Investing Activities			
Cash acquired on reverse takeover of parent		24,536	-
Payments for property, plant and equipment		(199,290)	(7,822)
Payments for intangibles		(2,400)	(3,280)
Net cash outflow from investing activities		(177,154)	(11,102)
Cash Flows From Financing Activities			
Proceeds from new share issue		5,100,000	-
Capital Raising Costs (net of GST)		(655,840)	-
Proceeds from convertible notes		597,000	345,000
Net cash (outflow) inflow from financing activities		5,041,160	345,000
Net increase/(decrease) in cash held		2,317,624	(143,505)
Cash and cash equivalents at the beginning of the year		571,366	714,871
Cash and cash equivalents at the end of the year	10	2,888,990	571,366

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Comparative figures are for the year ended 30 June 2015

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

1. Earnings per share

Both the basic and diluted loss per share have been calculated using the loss attributable to shareholders of MedAdvisor Limited as the numerator, i.e. no adjustments to profits were necessary during the six (6) month period to 30 June 2016.

The weighted average number of shares for the purposes of the calculation of diluted earnings per share can be reconciled to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	Year Ended 30-Jun-16	Year Ended 30-Jun-15
Weighted average number of shares used in basic earnings per share	433,852,167	120,512,821
Weighted average number of shares used in diluted earnings per share	441,879,563	120,512,821

2. Issued capital

	Year Ended 30-Jun-16	Year Ended 30-Jun-15
Shares		
Balance at beginning of reporting period	120,512,821	120,512,821
Issue of Top Up Shares during the period	24,273,505	-
Issue of additional shares pursuant to share split of 2.625:1	235,277,779	-
New shares issued by MedAdvisor International Pty Ltd	5,000,000	-
Exalt Resources Limited shares on issue at the date of relisting	85,250,406	-
New shares issued on relisting of the Company	166,666,666	-
New shares issued as share based compensation	1,000,000	-
New shares issued to MedAdvisor International Pty Ltd		
Convertible Noteholders	39,250,014	-
New shares issued to Exalt Resources Limited Convertible Noteholders	9,755,497	-
Balance at end of reporting period	686,986,688	120,512,821
Options		
Balance at beginning of reporting period	-	-
Exalt Resources Limited Options on issue at the date of the relisting	16,008,568	-
MedAdvisor Limited Options issued to P Bennetto	10,000,000	-
MedAdvisor Limited Options issued to Peloton Capital Pty Ltd	25,000,000	-
Exalt Resources Limited Options that expired 30 June 2016	(16,008,568)	-
Employee Incentive Options	9,050,000	-
Balance at end of reporting period	44,050,000	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

3. Reverse acquisition accounting

On 12 November 2015, MedAdvisor International Pty Ltd original shareholders obtained a majority share interest in MedAdvisor Limited (formerly known Exalt Resources Limited) after a reverse acquisition transaction.

This transaction did not meet the definition of a business combination in AASB 3 'Business Combinations' as the net assets that existed within Exalt Resources Limited as at the date of acquisition did not represent a 'business' (as defined by AASB 3). The transaction has therefore been accounted for in the consolidated financial statements by reference to the accounting requirements of AASB 2 'Share-based payment' and AASB 3, as a deemed issue of shares which is, in effect, a share-based payment transaction whereby MedAdvisor International Pty Ltd original shareholders have acquired the net assets of MedAdvisor Limited (formerly known Exalt Resources Limited), together with the listing status of MedAdvisor Limited.

The consolidated financial statements represent a continuation of the financial statements of MedAdvisor International Pty Ltd. The following principles and guidance on the preparation and presentation of consolidated financial statements in a reverse acquisition set out in AASB 3 have been applied:

- fair value adjustments arising at acquisition were made to MedAdvisor Limited (formerly known Exalt Resources Limited) assets and liabilities, not those of MedAdvisor International Pty Ltd;
- the cost of the acquisition, and amount recognised as issued capital to affect the transaction, is based on the value of the notional amount of shares that MedAdvisor International Pty Ltd would have needed to issue shareholders of Exalt Resources Limited to acquire the same shareholding percentage in MedAdvisor Limited at the acquisition date;
- retained earnings and other equity balances in the consolidated financial statements at acquisition date are those of MedAdvisor International Pty Ltd;
- an in-substance share-based payment transaction arises whereby MedAdvisor International Pty Ltd is deemed to have issued shares in exchange for the net liabilities of MedAdvisor Limited (together with the listing status of MedAdvisor Limited). The listing status does not qualify for recognition as an intangible asset. The excess of the value of consideration deemed to have been paid over the fair value of the net liabilities acquired has therefore, been expensed in profit or loss as a share based payment listing expense;
- the equity structure in the consolidated financial statements (the number and type of equity instruments issued) at the date of the acquisition reflects the equity structure of MedAdvisor Limited, including the equity instruments issued by MedAdvisor Limited to effect the acquisition;
- the results for the financial year ended 30 June 2016 comprise the consolidated results of MedAdvisor International Pty Ltd together with the results of MedAdvisor Limited from 12 November 2015; and
- the comparative results represent the consolidated financial year results of MedAdvisor International Pty Ltd only.

NOTES TO THE FINANCIAL STATEMENTS FOR THE EAR ENDED 30 JUNE 2016

4. Acquisition share based payment expense

On 12 November 2015, Exalt Resources Limited acquired 100% of the share capital of the MedAdvisor International Pty Ltd. MedAdvisor Limited (formerly known as Exalt Resources Limited) issued 385,064,105 shares to the original shareholders of MedAdvisor International Pty Ltd. The issue of shares resulted in the MedAdvisor International Pty Ltd original shareholders holding a majority share interest in MedAdvisor Limited (formerly as known Exalt Resources Limited).

This transaction has been accounted for as a share-based payment in accordance with AASB2 'Share- based payment' and the consolidated financial statements represent a continuation of the financial statements of MedAdvisor International Pty Ltd. The consolidated comparative numbers represent those of the consolidated MedAdvisor International Pty Ltd operations and not those of MedAdvisor Limited (formerly known as Exalt Resources Limited) operations.

The following table represents the assets and liabilities of Exalt Resources Limited that were acquired on its acquisition by MedAdvisor International Pty Ltd:

	\$
Net liabilities of Exalt Resources Limited at 12 November 2015 (Adjusted for capital raising costs relating to MedAdvisor Limited capital raising).	(319,767)
Less:	
Assessed fair value of a listed shell in accordance with the mid-point value adopted in the Independent Expert's Report accompanying the notice to shareholders to approve the acquisition of MedAdvisor International Pty Ltd by Exalt Resources Limited.	150,000
Notional value of Exalt Resources Limited at 12 November 2015	(169,767)

The following table represents the share based payment expensed to profit or loss on the acquisition by MedAdvisor International Pty Ltd:

	#
Issued share capital of Exalt Resources Limited as at 12 November 2015:	85,250,406
Ordinary shares	
Number of shares issued as consideration for the acquisition of MedAdvisor International Pty Ltd	385,064,105
Percentage ownership of Exalt Resources Limited by MedAdvisor International Pty Ltd shareholders:	81.87%
	\$
81.87% ownership of the Notional value of Exalt Resources Limited as at 12 November 2015:	(138,995)
Less:	
Net liabilities of Exalt Resources Limited at 12 November 2015 (Adjusted for capital raising costs relating to MedAdvisor Limited capital raising).	(319,767)
Excess of notional consideration over net liabilities acquired – expensed to the income statement as a listing expense	\$ (180,772)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

5. Operating segments

The Board has determined that the Company presently has two reporting segments. The first being the business activities of the MedAdvisor medication management and adherence platform and the second being the corporate function associated with being an ASX listed company. The Board monitors the Company based on actual versus budgeted revenue and expenditure incurred. This internal reporting framework is the most relevant to assist the Board with making decisions regarding the Company and its ongoing activities.

	<u>MedAdvisor</u> \$	<u>Corporate</u> \$	<u>Total</u> \$
2016			
Revenues	1,762,429	56	1,762,485
Net Loss before Tax	2,446,490	624,572	3,071,062
Segment Assets	3,598,587	47,201	3,645,788
Total Assets	3,598,587	47,201	3,645,788
Segment Liabilities	1,173,856	7,504	1,181,360
Total Liabilities	1,173,856	7,504	1,181,360
2015			
Revenues	1,645,712	-	1,645,712
Net Loss before Tax	(546,123)	-	(546,123)
Segment Assets	821,897	-	821,897
Total Assets	821,897	-	821,897
Segment Liabilities	788,022	-	788,022
Total Liabilities	788,022	-	788,022

The Net Loss of \$624,572 attributed to Corporate includes a charge of \$180,772 that is a non-cash expense which is classified as a Listing Cost and has resulted from the application of AASB 2 'Share-Based Payments' (refer Note 4 above).

MEDADVISOR LIMITED
(formerly Exalt Resources Limited)
ABN 17 145 327 617

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	<u>Year Ended 30-Jun-16</u>	<u>Year Ended 30-Jun-15</u>
6. Revenue		
a. From continuing operations		
Sale of services	1,425,781	1,145,712
License Fee - Actavis Agreement (non recurring)	-	500,000
	<u>1,425,781</u>	<u>1,645,712</u>
b. Other Revenue		
Interest received	55,490	17,611
Sundry income - R&D Tax Concession	281,214	241,133
	<u>336,704</u>	<u>258,744</u>
	<u>1,762,485</u>	<u>1,904,456</u>
7. Expenses		
Profit/(Loss) before income tax includes the following specific expenses:		
a. Direct Costs:		
Distributions costs under previous GuildLink Agreement	186,129	531,069
Distributions costs under current GuildLink Agreement	131,487	-
Direct transaction costs	11,210	50,000
Direct costs of sms services	1,177	-
Managed services costs for the MedAdvisor Platform	52,520	52,966
	<u>382,523</u>	<u>634,035</u>
b. Employee Benefits Expenses:		
Development	921,617	702,275
Marketing	688,859	196,686
Administration	527,366	106,858
Governance	128,847	3,051
Share based employee remuneration	187,828	-
	<u>2,454,517</u>	<u>1,008,870</u>
c. Depreciation		
Leasehold improvements	16,123	-
Office equipment	4,032	812
Office furniture	4,665	-
Total depreciation	<u>24,820</u>	<u>812</u>
Amortization	-	-
Copyrights	9,000	9,000
Total amortization	<u>9,000</u>	<u>9,000</u>
Total depreciation & amortization	<u>33,820</u>	<u>9,812</u>

MEDADVISOR LIMITED
(formerly Exalt Resources Limited)
ABN 17 145 327 617

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	Year Ended 30-Jun-16	Year Ended 30-Jun-15
d. Finance costs		
Interest and finance charges paid/payable	4,866	-
Other bank charges	3,960	5,534
Share based listing costs (Note 4)	180,772	
Other listing costs	21,384	-
Total finance charges	210,982	5,534
Rental expenses on operating leases		
Minimum lease payments	165,084	47,808
Superannuation expense		
Defined contribution superannuation expense	195,093	112,981
8. Income tax		
a. Tax expense/(income) comprises:		
Current Tax	-	-
Deferred Tax	-	-
b. The prima facie tax on profit / (loss) before income tax is reconciled to the income tax as follows:		
Profit / (loss) from continuing operations	(3,071,062)	(546,123)
Prima facie tax payable on profit / (loss) from ordinary activities before income tax at 30% (2015: 30%)	(921,319)	(163,837)
Less:		
Tax effect of:		
- deferred tax assets not brought to account	921,319	163,837
Income tax expense / (benefit) attributable to entity	-	-
The applicable weighted average tax rates are as follows:	0%	0%
The value of deferred tax assets which have not been recognised in the statement of financial	1,397,882	476,563
9. Auditors' remuneration		
During the year the following fees were paid or payable for services provided by the auditor.		
Audit and review of Financial Report	46,000	18,900
Other services	15,500	-
	61,500	18,900

MEDADVISOR LIMITED
(formerly Exalt Resources Limited)
ABN 17 145 327 617

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	<u>Year Ended</u> <u>30-Jun-16</u>	<u>Year Ended</u> <u>30-Jun-15</u>
10. Cash and cash equivalents		
Cash on Hand	304	203
Cash at Bank	2,888,686	571,163
	<u>2,888,990</u>	<u>571,366</u>
11. Trade and other receivables		
Trade Debtors	307,111	61,215
Other Debtors	1,897	25,777
	<u>309,008</u>	<u>86,992</u>
12. Other assets		
Prepayments	173,328	74,864
Work in Progress	14,786	-
Exploration Bonds	20,000	-
	<u>208,114</u>	<u>74,864</u>
13. Property plant and equipment		
Office equipment at cost	34,246	10,747
Less: Accumulated depreciation	(4,844)	(812)
	<u>29,402</u>	<u>9,935</u>
Leasehold improvements at cost	124,848	-
Less: Accumulated depreciation	(16,123)	-
	<u>108,725</u>	<u>-</u>
Office furniture at cost	34,074	-
Less: Accumulated depreciation	(4,665)	-
	<u>29,409</u>	<u>-</u>
Total property, plant and equipment	<u>167,536</u>	<u>9,935</u>
14. Intangible assets		
Intellectual property		
Cost	99,140	96,740
Accumulated Amortization	(27,000)	(18,000)
Written Down Value	<u>72,140</u>	<u>78,740</u>
15. Trade and other payables		
Trade Creditors	254,930	191,442
Other Creditors & Accruals	469,610	68,758
	<u>724,540</u>	<u>260,199</u>

MEDADVISOR LIMITED
(formerly Exalt Resources Limited)
ABN 17 145 327 617

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	<u>Year Ended 30-Jun-16</u>	<u>Year Ended 30-Jun-15</u>
16. Net Income in advance		
Gross Pharmacy Subscriptions in Advance	138,707	275,367
Less: Costs Applicable thereto		
Distribution Costs	-	(137,683)
Discounts	(5,791)	(7,785)
Handling Fees	-	(3,910)
	<u>132,916</u>	<u>125,989</u>
PEP Fees in Advance	<u>163,750</u>	<u>-</u>
Total Income in Advance	<u><u>296,666</u></u>	<u><u>125,989</u></u>
17. Borrowings		
Current		
Convertible Notes	-	345,000
	<u>-</u>	<u>345,000</u>
18. Employee entitlements		
Current		
Accrued Annual Leave	140,427	50,575
	<u>140,427</u>	<u>50,575</u>
Non-Current		
Accrued Long Service Leave	19,727	6,238
	<u>19,727</u>	<u>6,238</u>
Total Employee Entitlements	<u><u>160,154</u></u>	<u><u>56,813</u></u>
19. Reconciliation of Profit/(Loss) after income tax to net cash flow from operations		
(a) Reconciliation of cash to the statement of cash flows:		
Cash assets	<u>2,888,990</u>	<u>571,366</u>
(b) Reconciliation of profit from ordinary activities to net cash used in operating activities		
Profit after income tax	<u>(3,071,062)</u>	<u>(546,123)</u>
Add: non cash items		
- Depreciation and amortisation	33,820	9,812
- Non cash share based payments	187,828	-
- Non cash listing costs	<u>180,772</u>	<u>-</u>
	402,420	9,812

MEDADVISOR LIMITED
(formerly Exalt Resources Limited)
ABN 17 145 327 617

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	<u>Year Ended</u> <u>30-Jun-16</u>	<u>Year Ended</u> <u>30-Jun-15</u>
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
- (Increase) decrease in receivables	(279,793)	(108,269)
- (Increase) decrease in other assets	(14,785)	-
- Increase (decrease) in payables / creditors	<u>416,839</u>	<u>167,177</u>
	<u>122,260</u>	<u>58,908</u>
Net cash flows used in operating activities	<u><u>(2,546,382)</u></u>	<u><u>(477,403)</u></u>

This report is based on the financial accounts that are in the process of being audited.



Robert Read
Managing Director and CEO
26 August 2016