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ASX: GLH

Innovation Drives Revenue up 42% & EPS up 29%

18 August 2016

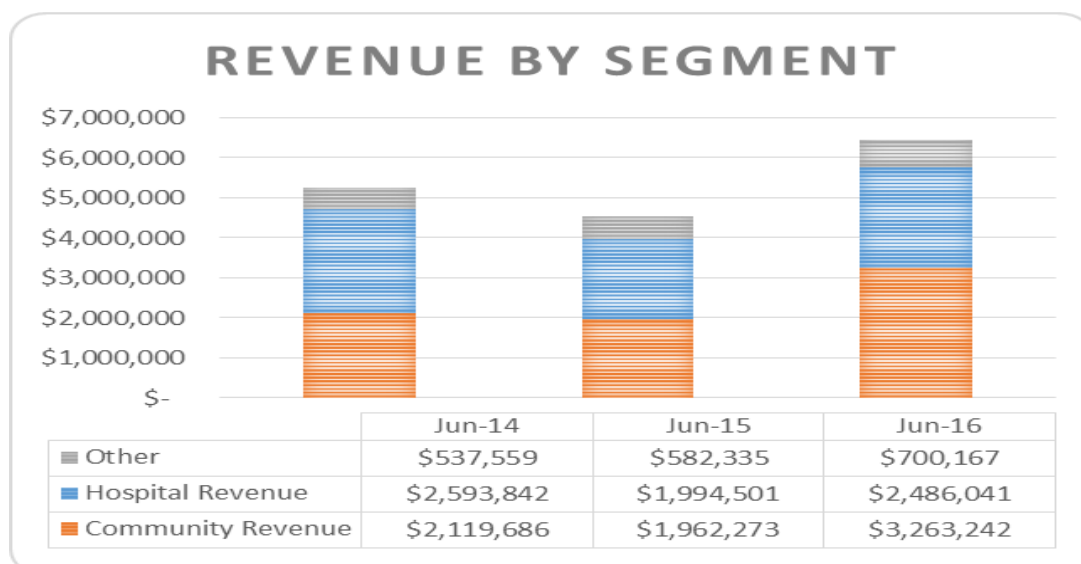
Result Highlights

- ❖ Revenue up 42% (+\$1,910,341) to \$6,449,450 inclusive of \$1,250,000 in SA Health licence arrears as per settlement of the South Australian licence dispute.
- ❖ Revenue up 36% to \$5,199,450 excluding SA Health revenue in FY15 and FY16.
- ❖ Net Profit after Tax up 30% to \$1,375,154.
- ❖ Earnings per Share (EPS) up 29% to 4.18 cents per share.

The Company's core Operational Revenue is derived from the sale of software licences and annual subscriptions to:

- Specialists, General Practitioners, Community Health and Allied Health Providers (the non-acute or Community sector); and
- Overnight and Day Hospitals (the acute or Hospital sector).

A federal government Research and Development Tax Incentive of \$518K (FY15: \$532K) represents the bulk of Other Revenue received in the reporting period.



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Community (non-acute) Sector

Revenue and margins from customers delivering healthcare services in the community has experienced record growth with revenue increasing by 66% (up \$1,300,969) and segment EBITDA increasing by 92% (up \$484,166) over the Previous Corresponding Period (PCP).

MasterCare EMR - Community Health, Mental Health and Chronic Disease Management

The core product in this segment is the Company's MasterCare EMR – a multi-disciplinary, team-based shared Electronic Medical Record. MasterCare EMR has experienced record revenue and earnings growth achieved through a number of significant contracts won since 1 July 2015 including:

- ✓ ACT Mental Health, Justice Health and Alcohol & Drug Services territory-wide;
- ✓ Adelaide Primary Health Network covering the metropolitan population of 1.2m in South Australia;
- ✓ Country South Australia Primary Health Network covering the remaining 30% of the South Australian population outside metropolitan Adelaide;
- ✓ 360 Health + Community healthcare service provider delivering over 150,000 community services annually across Western Australia;
- ✓ Malaysian Ministry of Health's MENTARI Mental Health Network in 12 of the 13 states and territories across Malaysia.

A number of other significant opportunities for MasterCare EMR are in the process of finalisation as at 30 June 2016.

Primary Clinic - General Practice, Specialists and Allied Health

In July 2015, the Company announced the acquisition of the PracNet and MediNet software and associated assets of Abaki Pty Ltd. These practice and medical software applications provide the Company with a foothold and competitive market offerings across General Practice, Specialists and Allied Health. These assets have been re-launched and marketed under the "Primary Clinic" brand (www.primaryclinic.com.au).

The acquisition has been smoothly integrated within the Company's operations with productivity benefits and positive financial contributions in line with expectations. Over the reporting period, the Primary Clinic Business increased revenues with positive cash flow and positive earnings contributions to the Group.

Customer numbers were largely constant over the reporting period with revenue and margin growth derived from value-add sales of the Company's wider portfolio of software applications to existing customers of Primary Clinic.

The Company has provided additional marketing resources to expand the number of customers in this highly competitive sector of the healthcare market and believe we will see the benefit of this investment during the current financial year.

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ReferralNet – Connectivity & Enterprise Integration

ReferralNet is the brand within the Company's portfolio that provides a platform for the:

- ✓ Secure electronic exchange of correspondence between healthcare providers in separate organisations;
- ✓ Integration of patient and clinical records across disparate systems within an organisation and,
- ✓ Claims processing for organisations from funders of healthcare services such as private health funds, Medicare Australia and the DVA.

Connectivity and interoperability are core to the Company's motto of "Connecting Clinicians and Consumers" and is recognised by governments and professional peak bodies as the key to improving productivity and patient outcomes in healthcare.

Achieving interoperability with other Secure Messaging Platforms has proven challenging for technical and commercial reasons. Nevertheless, over the reporting period, the Company made some significant headway:

- Execution of a bilateral message interchange agreement and the commencement of an interoperability pilot with Argus Connect – a Telstra Health company;
- Execution of a bilateral message interchange agreement and interoperability testing with Queensland-based Medical Objects.
- Execution of a Preferred Supplier agreement with the Australian Psychological Society – the leading professional association for mental health practitioners with over 22,000 members.

In addition to the Company's commitment to interoperable secure messaging, the Company has increased ReferralNet organically through the "freemium" business model and successfully converted a number of freemium subscribers to paying, "Premium" subscribers.

Over the reporting period, the Connectivity business unit increased revenue by over 100% with positive cash flow and positive earnings contributions to the group.

We believe this will continue to grow once the benefits of interoperability with other Secure Messaging Platforms is demonstrated in the market.

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Hospital (Acute) Sector

Revenue and margins from customers delivering services within hospitals has been flat over the reporting period.

Core subscriptions in this sector are for the use of the Company's MasterCare PAS (Patient Administration System) to manage patient workflow from pre-admission through to discharge including the management of beds, theatres, medical records, billing and receipting.

A dedicated Business Development Manager was recruited in November 2015 to develop new Customer opportunities and increase customer value through the bundling of complementary products.

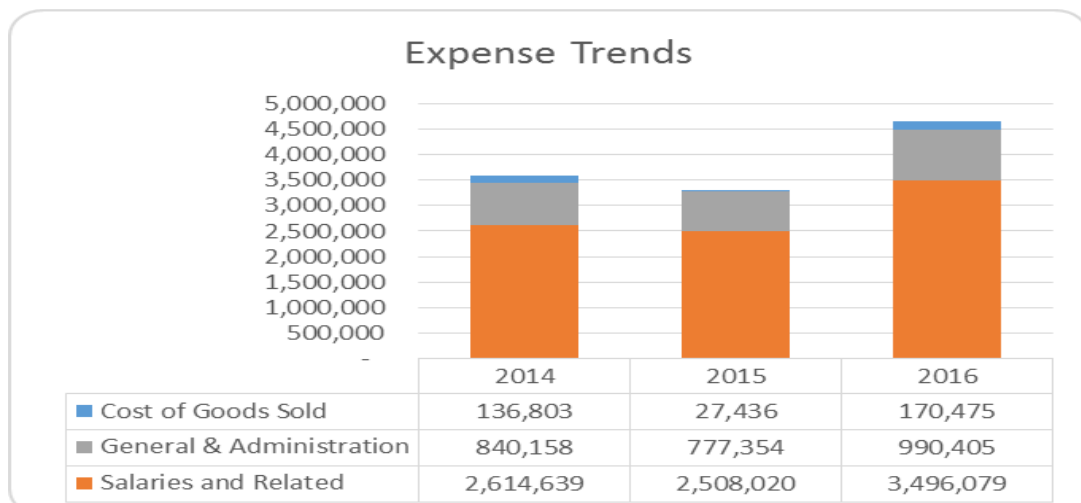
Over the reporting period, the Company implemented MasterCare PAS at three new private hospitals and commenced the bundling of the Company's LifeCard Patient Portal, MasterCare Connect Provider Portal, MasterCare Data Warehouse and ReferralNet Secure Messaging platform at six "early adopter" hospital sites.

It is expected that these early adopters will demonstrate productivity gains for our hospital customers over the coming months.

Given the relatively small size of the Australian private hospital market with a total of approximately 612 day and overnight private hospitals, the Company will commence overseas market development to achieve scale in the medium to long term.

Financial Commentary

Expenses increased by \$1,344,149 (up 41%).



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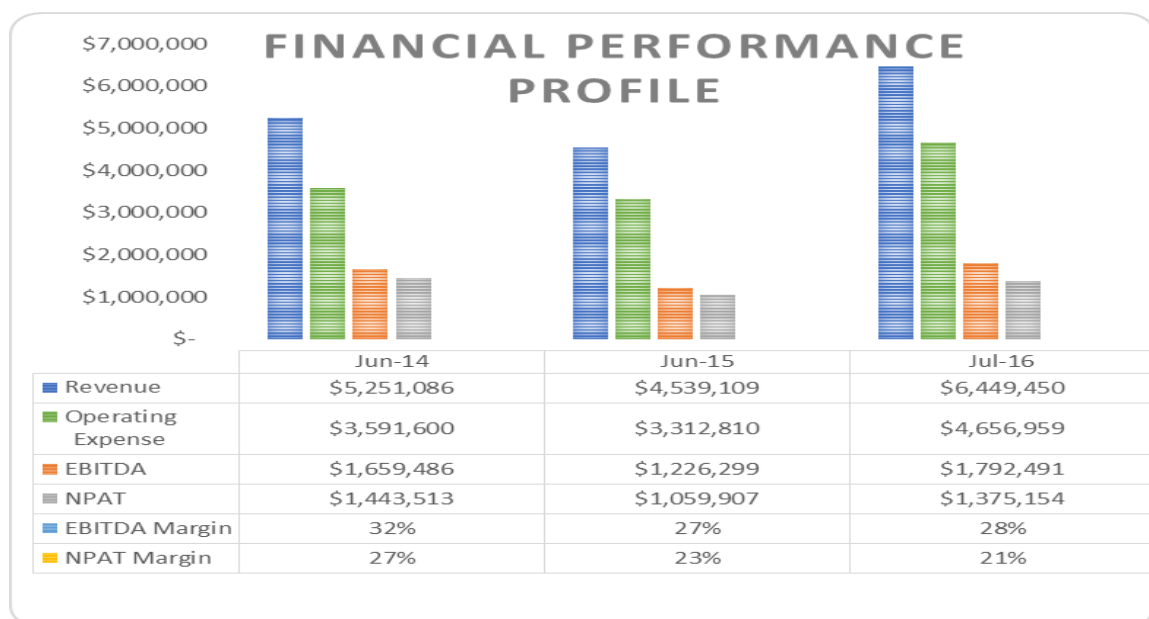
The \$143,039 increase (up 521%) in Cost of Goods Sold are largely due to increased costs associated with third party revenue such as SMS services and appointment commissions, from the Primary Clinic (ex-Abaki) business.

The \$213,051 increase (up 27%) in General and Administration relate primarily to the engagement of 3 additional sales staff in November reflecting the increased confidence in the Company's prospects at the time, as well as to compensate for the distraction of key senior executives to litigation matters which are now settled.

The \$988,059 increase (up 39%) increase in Salaries and Related costs is the most significant impact on the overall expense profile for the period.

A quick succession of significant projects secured from December 2015 meant the Company was under-resourced coming into the second half of the financial year. Prompt action was taken through the engagement of contractors and recruitment of new operational staff.

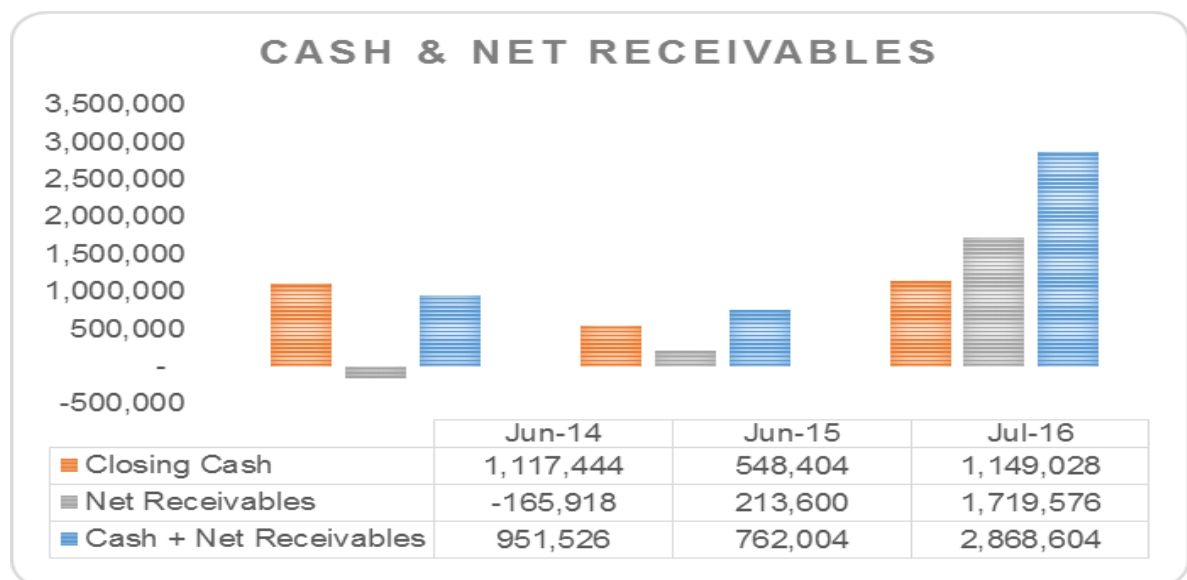
Key payment milestones from these projects have slipped into the first quarter of this (FY17) financial year resulting in a mismatch between revenue and expenses over the reporting period.



The core financial measures of revenue, EBITDA, NPAT and EPS growth are trending up and are forecast to continue into the future.

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Financial Position



At 30 June 2016, the Company had Net Assets of \$5,056,903 – an increase of \$1,428,897 from 30 June 2015.

Expenditure on Research and Development has been increased in the second half of the reporting period to catch-up with delivery timelines that had fallen behind due to the competing demands on cash for expenditure on the SA Health litigation over the past 18 to 36 months and working capital from a run of significant project contracts secured in quick succession.

In order to adequately address these competing demands on cash, the Company secured \$1,899,427 in debt over the reporting period. This has resulted in a debt to equity ratio of 37% as at 30 June 2016.

Closing cash plus Net Receivables was up \$2,106,500 (+276%) to \$2,868,604.

The SA Health settlement and payment of \$5.5M (GST inclusive) was made on 16 August 2016 and positions the Company to repay the debt and still maintain a healthy cash position.

Re-invigorated R&D has enabled the Company to launch a suite of Consumer engagement applications designed to enable healthcare consumers to better engage with their care providers and pro-actively manage their health and wellness.

Notwithstanding the strong demands on the Company's cash over the past year, the financial position of the Company is at its strongest in over a decade.

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Forward Outlook

Over 2000 healthcare organisations use the Company's applications across hospitals, community and chronic disease health centres, specialists, general practice and allied health. The historical business of the Company has been selling software to healthcare businesses – commonly referred to as B2B. The suite of software applications for healthcare providers and businesses are:

- [MasterCare EMR](#) - a team-based, multi-disciplinary clinical system for mental health, chronic disease management and community health.
- [MasterCare Connect](#) - a clinical viewer for providers to securely create, view and exchange patient correspondence such as referrals, specialist letters, orders and results with their healthcare colleagues.
- [MasterCare PAS](#) - a Patient Administration System for the back office operations of day and overnight hospitals.
- [ReferralNet](#) – a platform for connectivity brand providing Secure Message Delivery, payment processing to Public and Private Health Funds and enterprise integration.
- [Primary Clinic](#) – software for Practice Management and Clinical software for use by GPs, Allied Health and Specialists.

This portfolio of discrete applications integrate well with each other through web services or Application Programming Interfaces. This means the Company's portfolio is open for integration with complementary 3rd Party software applications that enhance the goal of "streamlining the patient journey".

In June, the Company "soft launched" its initial portfolio of consumer products available on the Web, with mobile apps for Apple and Android smart phones. These integrate with the B2B portfolio and develops a Business-to-Consumer (B2C) opportunity for the Company and its customers.



LifeCard (www.lifecard.com) is a Personal Health Record for consumers, accessible anywhere, anytime and from any device. Healthcare consumers can share some or all of their health record with anyone - clinicians, care providers, siblings, parents or fitness trainer; for a specific period or until they decide otherwise, and choose the extent of access.

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HotHealth (www.hothealth.com) is a platform for developing a digital health community around the website of an organisation; to engage online with their consumers (patients, clients and the public).

Business customers can interact online via chat or email, and exchange information such as staff profiles, news, articles, videos and events within their community of healthcare consumers.

HotHealth includes links to patient portals, online aggregators and provides a web-store for financial transactions between healthcare businesses and their community of healthcare consumers.

For consumers, HotHealth provides a single application to their multiple healthcare providers and is seamlessly integrated to their LifeCard Personal Health Record.

Global Health Cloud Hosting

In line with market trends, the Company continues to transition from the higher-priced, customized product, to a more volume-based, commodity model based on Commercial-off-the-Shelf (COTS) products delivered as a fully managed cloud service ("Software as a Service" / SaaS).

Over the reporting period the Company has commenced the logical extension to this strategy by establishing the Global Health Managed Cloud Service for customers of the Company's enterprise and SaaS platforms.

The provision of integrated Cloud applications and infrastructure extends the Company's sales reach to the global marketplace and significant new revenue opportunities in subsequent years.

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