

**30 August 2016**

Market Announcements  
Australian Securities Exchange  
Level 5, 20 Bridge Street  
Sydney NSW 2000

Dear Sir/Madam

**Appendix 4E**

BGD Corporation Limited (**BGD** or the **Company**) today releases its Appendix 4E for the period ended 30 June 2016.

**JUSTIN WALTER**  
CHIEF EXECUTIVE OFFICER  
0439 112 464

Investor Enquiries contact:

**SHANE TANNER**  
CHAIRMAN  
0411 107 099

**Disclaimer** This announcement may contain certain forward-looking statements. Words 'anticipate', 'intend', 'likely', 'should', 'could', 'may', 'target', 'plan' and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Such forward-looking statements are not guarantees of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of BGD, its officers, employees, agents and associates, which may cause actual results to differ materially from those expressed or implied in such forward-looking statements. Actual results, performances or outcomes may differ materially from any projections or forward-looking statements or the assumptions on which those statements are based, which include changes in market conditions, demand for BGD's product and services, future exchange rate fluctuations, technology advances and capital requirements. You should not place any undue reliance on forward-looking statements and neither BGD nor its directors, officers, employees or agents assume any responsibility to update such information

## Results for Announcement to the Market



# BGD CORPORATION LIMITED

ABN 78 009 074 588

## Appendix 4E – Preliminary Final Report

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**BGD Corporation Limited ABN 78 009 074 588**  
and Controlled Entities

**Appendix 4E – Preliminary Final Report for the Year Ended 30 June 2016**

Current period: 1 July 2015 to 30 June 2016

Prior period: 1 July 2014 to 30 June 2015

**Results for Announcement to the Market**

Key information	Year Ended 30 June 2016 \$	Year Ended 30 June 2015 \$	% Change
Revenue from ordinary activities	1,017,057	353,637	188%
Loss for the year after tax from ordinary activities attributable to members	(2,249,122)	(1,255,519)	(79%)
Net loss attributable to members	(2,249,122)	(1,255,519)	(79%)

Net tangible assets per share	Year Ended 30 June 2016 Cents per share	Year Ended 30 June 2015 Cents per share
Net tangible assets per share	0.08	1.43

**Dividends paid and proposed**

No dividends were paid or proposed during the year.

**Control gained or lost over entities during the year**

Effective 1 April 2016, the Company acquired the assets, certain liabilities and the business activities of two medical clinics in Melbourne known as Modern Medical. Further details of this acquisition are shown in note 10 to the Appendix 4E.

**Changes in equity**

On 6 April 2016, 102,564,103 fully paid ordinary shares were issued as part of the capital raising outlined in the replacement prospectus dated 13 January 2016. The issue price of the shares was \$0.039 each for total consideration of \$4 million.

On 6 April 2016, 83,181,818 fully paid ordinary shares were issued to the vendors of the Modern Medical business as part of the consideration for the transaction. The issue price of the shares was \$0.039 each for total consideration of \$3.244 million.

**Chattel Mortgages**

As part of the acquisition of the Modern Medical businesses, Chattel Mortgages over certain leasehold improvements and plant and equipment were assumed. The total liabilities outstanding at 30 June 2016 was \$503,006.

**Impairment of investment and divestment of interest in Euroa Steel Plant**

During the year the Company fully impaired its investment in the Euroa Steel Plant Joint Venture and subsequently divested its residual interest in the project for \$1.00 under the terms of the agreement with the joint venture documentation relating to that project. The loss attributable to this impairment for the year was \$300,000.

## Review of Operations for the year ended 30 June 2016

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During the year ended 30 June 2016, the Company undertook a significant change to the nature of its activities by divesting its interest in the Euroa Steel Plant Project Joint Venture (“ESPP”) and pursuing a healthcare strategy.

The strategic decision to establish a primary healthcare business in medical general practice, allied health and home care services was made following careful consideration by the Board of the:

- Compelling macroeconomic growth drivers in healthcare including a growing and ageing population and an increased incidence of chronic disease;
- Favourable government funding policies pushing supply from public to private service providers;
- Significant scope for ongoing industry consolidation with incumbent corporate groups accounting for less than 10% of the acquirable market; and the
- Opportunity to provide a differentiated point of care in the clinics by way of acquiring and building integrated medical clinics which house both primary healthcare and a range of allied health services (e.g. physiotherapy, mental health and optometry).

This strategy is being implemented through a combination of acquisitions and expansion of service offerings.

On 8 October 2015 the Company entered into a binding Heads of Agreement to acquire certain businesses and assets of Modern Medical Pty Ltd (“MMG”), a leading provider of primary healthcare services (“Modern Medical Transaction”).

As part of this strategy the Company also consolidated its shares on a 1 for 3 basis (completed on 15 January 2016) and undertook an equity capital raising, issuing 102,546,103 new shares at an issue price of \$0.039 to raise \$4 million.

Shareholder approval for all actions necessary to implement the Modern Medical Transaction was received on 7 January 2016 and the transaction was completed in April 2016.

### **Modern Medical Transaction**

As part of the transaction the Company acquired two general practice medical clinics operated by MMG in Caroline Springs and Balwyn, Victoria and the administration practice, and options over a further four MMG clinics in Victoria (“Options”). MMG founder, Dr Todd Cameron, joined the BGD board on 6 April 2016, enhancing the board’s expertise in the primary healthcare sector.

The Company paid to MMG an upfront purchase price for the Caroline Springs and Balwyn clinics of \$4.9m of which 66% (\$3.244 million) was satisfied by the issue of fully paid ordinary shares in the Company. The Company also assumed obligations under chattel mortgages of approximately \$540,000.

An earn-out may also be payable in March 2017 based on the financial performance of the clinics for the year ending 31 December 2016, 50% of which is to be satisfied by the issue of shares in the Company. In the event Todd Cameron should leave the business prior to 31 March 2017, the earn-out will not be payable (except in specific circumstances which prevents him from working).

As part of the transaction an option fee of \$500,000 was paid by the Company in relation to the four remaining MMG clinics. Under an Option Deed the Company agreed to grant the MMG vendors a put option over the clinics and the MMG Vendors agreed to grant a call option to the Company. The Options have been granted in two tranches exercisable prior to March 2018 and March 2019 respectively. The exercise price of the Options is dependent on the financial performance of the clinics in the 12-month period prior to them being exercised.

The Company also entered into a Management Services Agreement in relation to ongoing management and administration services provided to the four clinics retained by the MMG vendors.

## Statement of profit and loss and other comprehensive income

	Note	CONSOLIDATED	
		2016 \$	2015 \$
<b>Continuing operations</b>			
Trading revenue	2	939,750	-
Other income	2	77,307	353,637
<b>Revenue</b>		<b>1,017,057</b>	<b>353,637</b>
Employee benefits expense	3	579,360	1,012,427
Management fees		290,000	280,000
Administrative expenses		666,697	239,472
Modern Medical acquisition costs		804,366	-
Impairment of investments		300,000	-
Other expenses		631,725	61,223
<b>Results from operating activities</b>		<b>(2,255,092)</b>	<b>(1,239,485)</b>
Finance costs		(6,467)	(25,501)
Finance income		12,438	9,467
<b>Loss before tax from continuing operations</b>		<b>(2,249,122)</b>	<b>(1,255,519)</b>
Income tax expense		-	-
<b>Loss for the year from continuing operations</b>		<b>(2,249,122)</b>	<b>(1,255,519)</b>
<b>Other comprehensive income:</b>			
Other comprehensive loss for the year, net of tax		-	-
<b>Total comprehensive loss for the year</b>		<b>(2,249,122)</b>	<b>(1,255,519)</b>

	Note	CONSOLIDATED	
		2016 Cents per share	2015 Cents per share
<b>Loss per share attributable to the ordinary equity holders of the Company:</b>			
Basic loss - cents per share	4	(1.53)	(2.25)
Diluted loss cents - per share		(1.53)	(2.25)

## Statement of financial position

	Note	CONSOLIDATED	
		2016	2015
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	1,999,190	1,204,140
Trade and other receivables	6	375,262	40,835
Other assets		169,893	9,397
<b>TOTAL CURRENT ASSETS</b>		<b>2,544,345</b>	<b>1,254,372</b>
<b>NON-CURRENT ASSETS</b>			
Plant and equipment	7	498,823	-
Investments accounted for using the equity method	8	-	300,000
Prepayments	9	452,083	-
Intangible assets	10	5,878,910	-
Other		20,023	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>6,849,839</b>	<b>300,000</b>
<b>TOTAL ASSETS</b>		<b>9,394,184</b>	<b>1,554,372</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	1,870,141	63,168
Short term provisions	11	523,508	-
Interest bearing liabilities	12	150,755	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,544,404</b>	<b>63,168</b>
<b>NON CURRENT LIABILITIES</b>			
Provisions	11	386,722	-
Interest bearing liabilities	12	352,251	-
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>738,973</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>3,283,377</b>	<b>63,168</b>
<b>NET ASSETS</b>		<b>6,110,807</b>	<b>1,491,204</b>
<b>SHAREHOLDERS' EQUITY</b>			
Issued capital	13	63,287,049	56,437,509
Reserves		1,381,920	1,362,735
Accumulated losses		(58,558,162)	(56,309,040)
<b>SHAREHOLDERS' EQUITY</b>		<b>6,110,807</b>	<b>1,491,204</b>

## Statement of changes in equity

	Note	CONSOLIDATED			Total
		Issued Capital	Option Reserves	Accumulated Losses	
		\$	\$	\$	\$
<b>Balance at 1 July 2015</b>		<b>56,437,509</b>	<b>1,362,735</b>	<b>(56,309,040)</b>	<b>1,491,204</b>
Loss for the year		-	-	(2,249,122)	(2,249,122)
Other comprehensive income		-	-	-	-
<b>Total comprehensive loss for the year</b>		<b>-</b>	<b>-</b>	<b>(2,249,122)</b>	<b>(2,249,122)</b>
<b>Transactions with owners, recognised directly in equity</b>					
Issue of equity instruments		7,286,091	-	-	7,286,091
Share based payments		-	19,185	-	19,185
Transaction costs		(436,551)	-	-	(436,551)
<b>Balance at 30 June 2016</b>	<b>13</b>	<b>63,287,049</b>	<b>1,381,920</b>	<b>(58,558,162)</b>	<b>6,110,807</b>
<b>Balance at 1 July 2014</b>		<b>54,036,006</b>	<b>13,575,267</b>	<b>(67,930,390)</b>	<b>(319,117)</b>
Loss for the year		-	-	(1,255,519)	(1,255,519)
Other comprehensive income		-	-	-	-
<b>Total comprehensive loss for the year</b>		<b>-</b>	<b>-</b>	<b>(1,255,519)</b>	<b>(1,255,519)</b>
<b>Transactions with owners, recognised directly in equity</b>					
Issue of equity instruments		2,500,500	500	-	2,501,000
Share based payments		499,500	663,837	-	1,163,337
Transaction costs		(598,497)	-	-	(598,497)
Options expired during the period		-	(12,876,869)	12,876,869	-
<b>Balance at 30 June 2015</b>		<b>56,437,509</b>	<b>1,362,735</b>	<b>(56,309,040)</b>	<b>1,491,204</b>

## Cash flow statement

	Note	CONSOLIDATED	
		2016	2015
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		1,250,591	-
Receipts on behalf of doctors		1,908,027	-
Payments to suppliers and employees		(904,614)	(694,125)
Payments to doctors		(1,908,027)	-
Payment to deed administrator		-	(473,127)
Interest received		25,253	9,467
Interest paid		(10,585)	(25,501)
<b>Net cash used in operating activities</b>		<b>360,645</b>	<b>(1,183,286)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for acquisition of Modern Medical business		(1,665,595)	-
Payments for acquisition transaction costs		(804,366)	-
Payment for options over additional Modern Medical businesses		(500,000)	-
Payments for deposits		(120,023)	-
Payments for asset purchases		(14,442)	-
Proceeds from receipt of deposit in accordance with the deed of company arrangement		-	470,000
Cash acquired from Modern Medical clinics on acquisition		826	-
<b>Net cash from investing activities</b>		<b>(3,103,600)</b>	<b>470,000</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of equity instruments		4,000,000	2,501,000
Capital raising costs		(436,551)	(315,721)
Repayment of borrowings		(25,445)	(270,000)
Funds held in trust		-	(5,500)
<b>Net cash from financing activities</b>		<b>3,538,004</b>	<b>1,909,779</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>		<b>795,050</b>	<b>1,196,493</b>
Cash and cash equivalents at the beginning of the financial year		1,204,140	7,647
<b>Cash and cash equivalents at the end of the financial year</b>	<b>5</b>	<b>1,999,190</b>	<b>1,204,140</b>



## Notes to Appendix 4E

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### 1. SIGNIFICANT ACCOUNTING POLICIES

BGD Corporation Limited ("BGD") is a for-profit entity domiciled in Australia. The preliminary final report of BGD for the financial year ended 30 June 2016 comprises BGD and its subsidiaries (together referred to as "the consolidated entity" or "the Group") and the consolidated entity's interest in associated entities and joint ventures.

#### Statement of compliance

This preliminary final report has been prepared in accordance with ASX Listing Rule 4.3 and the disclosure requirements of ASX Appendix 4E. This preliminary final report does not include all of the notes included with the annual financial report.

#### Basis of preparation

The accounting policies and methods of computation adopted in the preparation of the preliminary final report are consistent with those adopted and disclosed in the Group's annual report for the year ended 30 June 2015 except for those policies adopted as a result of the acquisition of Modern Medical Group made during this year.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to their operation and effective for the current financial year.

#### Revenue

Revenue is recognised at the fair value of consideration received or receivable on an accruals basis.

Trading revenue includes all revenue derived from the rendering of health-related services once the services have been performed including:

- Patient fees in relation to services provided by employee doctors and nurses of the Group;
- Service fees charged to contractor doctors of the Group;
- Rent from the sub-lease of medical centre premises to other health-related service providers, including pathology and allied health service providers; and
- Government incentives payments received.

Other income includes all other income received or receivable, including administration charges to non-related medical clinics.

#### Comparative information

Comparative amounts have been reclassified and repositioned where necessary for consistency with current period disclosures.

## 2. REVENUE

	CONSOLIDATED	
	2016	2015
	\$	\$
<b>Trading Revenue</b>	939,750	-
<b>Other Income</b>		
Other income	77,307	-
<i>Gain arising from Deed of Company Arrangement</i>		
Assets transferred to the Deed Administrators	-	(373,128)
Final DOCA payment	-	(100,000)
	-	(473,128)
Gain on creditor obligations released	-	826,765
<b>Other Income</b>	<b>77,307</b>	<b>353,637</b>
<b>Revenue</b>	<b>1,017,057</b>	<b>353,637</b>
<b>Finance income</b>		
Interest received from non-related parties	12,438	9,467

## 3. EXPENSES

	CONSOLIDATED	
	2016	2015
	\$	\$
Loss before income tax from continuing operations includes the following specific expenses:		
<b>Included in employee benefits expenses:</b>		
Wages and salaries	522,473	131,866
Superannuation	37,703	-
Share-based payment expense	19,185	880,561
<b>Total employee benefits expenses</b>	<b>579,360</b>	<b>1,012,427</b>

#### 4. LOSS PER SHARE

	CONSOLIDATED	
	2016 \$	2015 \$
<b>Loss per share</b>	(1.53) cents	(2.25) cents
Loss used in calculation of basic EPS	(2,249,122)	(1,255,519)
Weighted average number of ordinary shares outstanding during the year used in calculation of basic loss per share	147,246,097	55,845,380

The weighted average number of ordinary shares used in the calculation of loss per share for the year ending 30 June 2016 has been adjusted for the share consolidation completed by the company on 15 January 2016. Diluted loss per share has not been calculated as any option outstanding at 30 June 2016 and 30 June 2015 will be anti-dilutive.

#### 5. CASH AND CASH EQUIVALENTS

	CONSOLIDATED	
	2016 \$	2015 \$
<b>Cash and Cash Equivalents</b>		
Cash at bank	1,999,190	1,204,140
<b>Total cash and cash equivalents in the statement of cash flows</b>	<b>1,999,190</b>	<b>1,204,140</b>

Cash at bank earns interest at floating rates based on daily bank deposit rates.

## 6. TRADE AND OTHER RECEIVABLES

	CONSOLIDATED	
	2016	2015
	\$	\$
<b>Trade and Other Receivables - Current</b>		
Owed by unrelated medical clinics	96,683	-
Owed by related parties	42,746	-
Trade receivables	16,500	-
GST receivable	212,572	20,731
Other debtors	6,761	20,104
	<b>375,262</b>	<b>40,835</b>

### Loans to Key Management Personnel

On 14 April 2016, 2,000,000 Options exercisable at \$0.042 were issued to the Chief Executive Officer, Mr Justin Walter. Of these options, 1,000,000 vested immediately. On 24 May 2016, a loan was made by the Company to Mr Walter in order to exercise these options. The loan was repaid in July 2016. The loan is disclosed in the financial statements within Trade and Other Receivables - Current.

## 7. PROPERTY, PLANT AND EQUIPMENT

	Leasehold Improvements	Plant and equipment	Other assets	Total
	\$	\$	\$	\$
<b>Cost or valuation</b>				
At 1 July 2014	-	-	-	-
Additions	-	-	-	-
Disposals	-	-	-	-
<b>At 30 June 2015</b>	-	-	-	-
Additions	7,423	4,020	60,999	72,442
Acquisition of a subsidiary	175,035	219,960	73,838	468,833
Disposals	-	-	-	-
<b>At 30 June 2016</b>	<b>182,458</b>	<b>223,980</b>	<b>134,837</b>	<b>541,275</b>
<b>Depreciation and impairment</b>				
At 1 July 2014	-	-	-	-
Depreciation charge for the year	-	-	-	-
Impairment	-	-	-	-
Disposals	-	-	-	-
<b>At 30 June 2015</b>	-	-	-	-
Depreciation charge for the year	4,690	11,586	26,176	42,452
Impairment	-	-	-	-
Disposals	-	-	-	-
<b>At 30 June 2016</b>	<b>4,690</b>	<b>11,586</b>	<b>26,176</b>	<b>42,452</b>
<b>Net book value</b>				
At 30 June 2015	-	-	-	-
At 30 June 2016	177,768	212,394	108,661	498,823

### Chattel Mortgages

The carrying value of leasehold improvements, plant and equipment and other assets held under chattel mortgages at 30 June 2016 was \$463,990 (2015: \$ nil).

## 8. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	CONSOLIDATED	
	2016	2015
	\$	\$
Current assets	-	-
Non-current assets	-	600,000
Current liabilities	-	-
Non-current liabilities	-	-
<b>Equity</b>	<b>-</b>	<b>600,000</b>
<b>Group's carrying amount of the investment</b>	<b>-</b>	<b>300,000</b>
Revenue	-	-
Cost of sales	-	-
<b>Profit before tax</b>	<b>-</b>	<b>-</b>
Income tax expense	-	-
<b>Profit for the period (continuing operations)</b>	<b>-</b>	<b>-</b>
<b>Group's share of profit for the period</b>	<b>-</b>	<b>-</b>

During the year the Company fully impaired its investment in the Euroa Steel Plant Joint Venture and subsequently divested its residual interest in the project for \$1.00 under the terms of the agreement with the joint venture documentation relating to that project. The loss attributable to this impairment for the year was \$300,000.

Name	Principal Activities	Country of Incorporation	%	%
Euroa Steel Plant Pty Ltd	Metal Forging	Australia	-	50

## 9. NON-CURRENT PREPAYMENTS

	CONSOLIDATED	
	2016	2015
	\$	\$
Prepaid Call Options – Modern Medical	500,000	-
Less: accumulated amortisation	(47,917)	-
	<b>452,083</b>	-

On 21 December 2015, an Option Deed was entered into by BGD Medical Centres Pty Ltd and the vendors of four Modern Medical clinics, in addition to the two Modern Medical clinics acquired in April 2016. Under the Option Deed, BGD Medical Centres Pty Ltd was granted a call option to purchase four Modern Medical clinics from the vendors and the vendors were granted a put option to sell four Modern Medical clinics to BGD Medical Centres Pty Ltd. Should the Company exercise the options a further amount will be payable in accordance with the Option Deed.

The total purchase consideration of \$500,000 was paid in April 2016 is apportioned between the four clinics as follows:

Clinic	Option Fee \$	Option Expiry Date
Modern Medical Craigieburn	75,000	31-Mar-18
Modern Medical Bayswater	75,000	31-Mar-18
Modern Medical Hobsons Bay	175,000	31-Mar-19
Modern Medical Wyndham Vale	175,000	31-Mar-19
<b>Total call option fee</b>	<b>500,000</b>	

The prepaid cost of the options are being amortised over the option period in respect of each call option.

## 10. BUSINESS COMBINATIONS AND ACQUISITION

### *Acquisition of Business Assets and Certain Liabilities of Modern Medical*

On 1 April 2016, BGD Medical Centres Pty Ltd, a wholly owned subsidiary of BGD Corporation Ltd ("BGD"), acquired Business Assets and certain liabilities of three unit trusts from the common trustee; Modern Medical Pty Ltd. The assets and liabilities acquired comprise the businesses of three Modern Medical clinics in the Melbourne suburbs of Balwyn, and Caroline Springs ("Modern Medical Clinics"). The acquisition was effected in accordance with the terms and conditions of the Sale of Business Deed which was executed by the Company on 10 November 2015.

The acquisition was part of a revised and ongoing corporate strategy to establish a primary healthcare business in medical general practice and allied health.

The fair value of the identifiable assets and liabilities of Modern Medical Pty Ltd as at the date of acquisition were as follows:

	Fair value recognised on acquisition \$
<b>Current Assets</b>	
Cash at bank	826
Lease - make-good provision asset	12,000
<b>Total Current Assets</b>	12,826
<b>Non-Current Assets</b>	
Lease - make-good provision asset	37,833
Plant and Equipment at Fair Value	468,833
<b>Total Non-Current Assets</b>	506,666
<b>Total Assets</b>	519,492
<b>Current Liabilities</b>	
Trade creditors	6,775
Other creditors	38,034
Leave provisions	95,026
Chattel Mortgages	158,164
<b>Total current liabilities</b>	297,998
<b>Non-Current Liabilities</b>	
Leave provisions	10,869
Lease make-good provision	70,000
Operating lease liability	297,531
Chattel Mortgages	377,696
<b>Total Non-Current Liabilities</b>	756,096
<b>Total liabilities</b>	1,054,094
<b>Net Assets</b>	<b>(534,602)</b>
Fair value of net assets	(534,602)
Goodwill recognised in the accounts	5,878,910
<b>Purchase price</b>	<b>5,344,308</b>

A fair value adjustment to plant and equipment of \$149,532 has been made to align the depreciation rates previously used by the Modern Medical Clinics with the depreciation rates used by the Group. No other adjustments to acquisition values have been deemed necessary at 30 June 2016. At this stage acquisition accounting remains provisional as the business continues to identify purchase price adjustments.



The goodwill of \$5,878,910 comprises the fair value of expected net cash flows from the businesses acquired.

#### Purchase consideration

The total purchase consideration paid was therefore \$5,344,308 made up as follows:

	\$
Cash consideration	1,665,595
Consideration shares	3,244,091
Contingent consideration	434,622
<b>Purchase price</b>	<b>5,344,308</b>

#### Consideration shares

The Group issued 83,181,818 ordinary shares as part of the purchase price for the Modern Medical Clinics. The fair value of the shares was calculated with reference to the price at which the Company made an offer by Prospectus on 23 January 2016 of 154 million shares at \$0.039 per share which was fully subscribed. These shares were issued to subscribers on the same day that the Consideration Shares were issued to the vendors of the Modern Medical Clinics, being 7 April 2016.

#### Contingent consideration

The Earn Out is conditional on Director Todd Cameron remaining in the Business in a management capacity until 31 March 2017.

Any significant increase (decrease) in the EBIT of the Modern Medical Clinics would result in higher (lower) fair value of the contingent consideration liability. As at 30 June 2016, the Company's financial forecast for the Modern Medical businesses confirm that it is highly probable that an EBITDA target of \$906,453 will be achieved.

#### Analysis of cash flow on acquisition

	\$
Transaction costs of the acquisition (included in cash flows from operating activities)	(804,366)
Net cash acquired with the subsidiary (included in cash flows from investing activities)	826
Transaction costs of issuance of shares (included in cash flows from financing activities)	(436,551)
<b>Net cash flow on acquisition</b>	<b>(1,240,091)</b>

## 11. TRADE AND OTHER PAYABLES

	CONSOLIDATED	
	2015	2014
	\$	\$
<b>Trade and Other Payables</b>		
<b>Current</b>		
Trade payables and accruals	1,186,096	63,168
Unearned income	684,045	-
	<b>1,870,141</b>	<b>63,168</b>
<b>Provisions</b>		
<b>Current</b>		
Employee benefits	88,886	-
Earn-out provision	434,622	-
	<b>523,508</b>	<b>-</b>
<b>Provisions</b>		
<b>Non-Current</b>		
Employee benefits	13,624	-
Lease make-good provision	70,000	-
Operating lease liability provision	303,098	-
	<b>386,722</b>	<b>-</b>

Terms and conditions of the above liabilities:

- Trade payables are non-interest bearing and are normally settled on 30-day terms.
- Unearned revenue relates to sub-lease rental income received in advance.

## 12. INTEREST BEARING LIABILITIES

	Interest rate %	Maturity	CONSOLIDATED	
			2015 \$	2014 \$
<b>Current interest-bearing loans and borrowings</b>				
<i><b>Chattel mortgages:</b></i>				
Investec - Balwyn (1)	6.00%	23 Oct 2016	6,595	-
Investec - Balwyn (2)	6.30%	30 Jun 2019	52,312	-
Medfin - Balwyn	6.53%	23 Jul 2020	6,092	-
Investec - Caroline Springs	7.20%	25 Feb 2019	24,107	-
Bank of Queensland - Caroline Springs	6.25%	13 Jan 2020	61,649	-
<b>Total current interest-bearing loans and borrowings</b>			<b>150,755</b>	<b>-</b>
<b>Non-current interest-bearing loans and borrowings</b>				
<i><b>Chattel mortgages:</b></i>				
Investec - Balwyn (2)	6.30%	30 Jun 2019	115,021	-
Medfin - Balwyn	6.53%	23 Jul 2020	20,966	-
Investec - Caroline Springs	7.20%	25 Feb 2019	44,231	-
Bank of Queensland - Caroline Springs	6.25%	13 Jan 2020	172,033	-
<b>Total non-current interest-bearing loans and borrowings</b>			<b>352,251</b>	<b>-</b>
<b>Total interest-bearing loans and borrowings</b>			<b>503,006</b>	<b>-</b>

### Chattel mortgages

Chattel mortgages were assumed under the terms of the Sale Deed in relation to the acquisition of the Modern Medical clinics in Caroline Springs and Balwyn in April 2016.

The chattel mortgages are secured against the assets of the relevant medical clinic.

### 13. ISSUED CAPITAL

Date	Details	CONSOLIDATED	
		2016 Shares	2016 \$
1-Jul-15	Opening balance	104,004,590	56,437,509
7-Apr-16	Share issue - General placement	102,564,103	4,000,000
7-Apr-16	Share issue - Vendor consideration	83,181,818	3,244,091
7-Apr-16	Share issue costs	-	(436,551)
24-May-16	Share issue - conversion of options exercised	1,000,000	42,000
<b>30-Jun-16</b>	<b>Closing balance</b>	<b>290,750,511</b>	<b>63,287,049</b>

Date	Details	CONSOLIDATED	
		2015 Shares	2015 \$
1-Jul-14	Opening balance	212,013,675	54,036,006
23-Dec-14	Share issue - General placement	83,333,333	2,500,000
23-Dec-14	Share issue - Promotor shares	16,666,667	500,000
23-Dec-14	Share issue costs	-	(598,497)
<b>30-Jun-15</b>	<b>Closing balance</b>	<b>312,013,675</b>	<b>56,437,509</b>

#### Share consolidation

Pursuant to resolutions passed at Extraordinary General Meeting held on 7 January 2016, a 1:3 share consolidation was effected on 15 January 2016.

#### Share issue under Prospectus

Pursuant to a Prospectus issued on 13 January 2016, 102,564,103 fully paid ordinary shares were issued at \$0.039 per share on 7 April 2016.

#### Share issue as vendor consideration

Pursuant to the Sale Deed with the vendors of the Modern Medical business, 83,181,818 fully paid ordinary shares were issued at \$0.033 per share on 7 April 2016.

#### Share issue on conversion of options exercised

On 24 May 2016, the Chief Executive Officer, Mr Justin Walter exercised 1,000,000 options and the Company issued 1,000,000 fully paid ordinary shares to Mr Walter at an issue price of \$0.042 per share.

#### 14. SHARE BASED PAYMENTS

The following share-based payment arrangements existed at 30 June 2016:

On 14 April 2016, 2,000,000 options exercisable at \$0.042 per option were granted to the Chief Executive Officer, Mr. Justin Walter as a Long Term Incentive. The options were valued under the Black-Scholes option pricing model. One million of these options vested immediately and the remaining 1,000,000 options vest on the first anniversary after Mr. Walter's commencement of employment. The share based payment expense recognised in the profit and loss statement for the year ended 30 June 2016 was \$19,185.

The expense recognised for employee services received during the year is shown in the following table:

	2016	2015
	\$	\$
<b>Share based payment recognised in the profit and loss</b>	<b>19,185</b>	<b>-</b>

## Compliance statement

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This report has been prepared in accordance with AASB standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views or other standards acceptable to ASX.

Identify other standards used: NIL

This report, and the \*accounts upon which the report is based (if separate), use the same accounting policies.

This report does/~~does not~~\* *delete one* give a true and fair view of the matters disclosed.

This report is based on \*accounts to which one of the following applies.

*(Tick one)*

- |   |  |
|---|--|
| <input type="checkbox"/> The *accounts have been audited.   | <input type="checkbox"/> The *accounts have been subject to review.                  |
| <input checked="" type="checkbox"/> The *accounts are in the process of being audited or subject to review. | <input type="checkbox"/> The *accounts have <i>not</i> yet been audited or reviewed. |

If the audit report or review by the auditor is not attached, details of any qualifications ~~are attached~~/will follow immediately they are available\* *delete one*. *(Half yearly reports only – the audit report or review by the auditor must be attached to this report if this report is to satisfy the requirements of the Corporations Act)*

The entity ~~has~~/does not have\* *delete one* a formally constituted audit committee.



Sign here:

(Chairman)

Date: 30 August 2016

Print name: Shane Tanner

