medtech

Appendix 4D and Interim Half Year Financial Report
Period Ended 30 September 2016

Medtech Global Limited
ABN 70 009 203 203

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This half year financial report provided to the ASX under listing rule 4.2A is to be read in conjunction with the financial report for the year ended 31 March 2016.

Corporate Directory

Directors

Mr Vino Ramayah (CEO, Executive Chairman)

Mr Ross Tanner (Executive Director)

Mr Russell Clarke (Non- Executive Director)

Mr Darryl Stuart (Non-Executive Director)

Mr Michael Gaylard (Non-Executive Director)

Company Secretary

Mr Michael Gaylard

Registered Office

Level 2
99 Coventry Street
Southbank
VIC 3206
Australia

Telephone:	(03) 9690 8666
Facsimile:	(03) 9690 8010
Website:	www.medtechglobal.com

Share Registry

Advanced Share Registry
110 Stirling Highway
Nedlands
WA 6009
Australia

Telephone:	(08) 9389 8033
Facsimile:	(08) 9389 7871

Medtech Global Limited shares are listed on the Australian Stock Exchange (ASX) and trade with the symbol MDG.

Appendix 4D
Results for Announcement to the Market

Extracts from this report for announcement to the market:

1. RESULTS FOR ANNOUNCEMENT TO THE MARKET

		%		A$'000
Revenue for the half year	Increase	13%	to	10,822
Earnings before interest, impairment of intangibles, depreciation, amortization and tax	Increase	289%	to	138
Loss for the half year from ordinary activities after tax attributable to members	Increase	2%	to	(1,170)
Comprehensive Loss for the half year attributable to members	Increase	4%	to	(1,205)

1.1. LOSS PER SHARE

Basic loss per share for the half year was 1.17 AUD cents (2015 half year: Loss per share AUD 1.25 cents).
The weighted average number of ordinary shares outstanding during the year used in the calculation of basic loss per share was 100,248,061.

1.2. DIVIDEND PER SHARE

The directors do not recommend the payment of a dividend.

2. NET TANGIBLE ASSETS PER ORDINARY SHARE

	30 September 2016 A$	30 September 2015 A$
Net Tangible Asset / (Liability) Per Ordinary Share (NTA / (NTL) backing)	0.53 Cents	0.55 Cents
Record date for determining entitlements to the dividend (in the case of a trust, distribution)	N/A	N/A

3. DETAILS OF CONTROLLED ENTITIES

All entities within the Medtech Global Ltd Group, except Medtech Global USA, LLC, remain 100% owned by Medtech Global Ltd. As at the date of this report, Medtech Holdings USA, Inc. (a 100% Medtech Global Ltd-owned entity) owns 85% (2015: 85%) of Medtech Global USA, LLC.

Additional information of these half year results are located in the Directors' Report.
This half year report is to be read in conjunction with the annual financial report for the year ended 31 March 2016.

Directors' Report

Directors

The directors of Medtech Global Limited, the consolidated entity, submit herewith the financial report for the half year ended 30 September 2016. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:
The names and particulars of the directors of the company at any time during or since the end of the half year are:

Name	Details
Mr Vinogopal Ramayah	Appointed Executive Chairman and Executive Director on 25 September 2006
Mr Ross Tanner	Appointed Non-Executive Director on 15 August 2011. Non-Executive Director until 28th February 2015 and Executive Director thereafter
Mr Russell Clarke	Appointed Executive Director on 25 September 2006 and resigned from Executive role effective 30 September 2014 but remains as Non-Executive Director
Mr Darryl Stuart	Appointed Non-Executive Director on 1 September 2009
Mr Michael Gaylard	Appointed Non-Executive Director on 21 April 2011

Principal Activities

The principal activities of the consolidated entity during the period were the development and sale by way of sub-licence of healthcare technologies worldwide.

Operating Result

- The comparative period for this half year financial report is the six months ended 30 September 2015.
- The consolidated net loss attributable to owners of the parent entity for the half year was $ 1,170K (2015: Loss $1,150K).
- Compared to the previous half year period, there is a $ 1,256K (13%) increase in revenue ($10,822K in 2016 against $9,566K in 2015). All geographies posted revenue growth in the half year. New Zealand, US and Australia revenue grew by $ 654K, $519K and $83K respectively.
- Earnings before interest, impairment of intangibles, depreciation, amortisation and tax (EBITDA) of $ 138K for the half year has increased by $ 211K compared to the previous half year.
- Cash flows from operating activities of $ 401K for the current half year is $ 499K higher compared to cash flows from the previous half year.

Review of Operations

Medtech continues to pursue its vision of making a difference to Health and Wellness through technology.

New Zealand

Over the last six months, we have continued to implement Medtech Evolution (Medtech's new generation practice management system) into General Practices, as well as specialists and a number of allied health practices. Feedback from customers has been very favourable and the interest in moving to this new application continues to grow. Usage of the ManageMyHealth suite of products is also growing steadily, with several new features on the platform including the integration of wearable devices such as Fitbit. The team has also been actively involved, in conjunction with the Ministry of Health, with the roll out of the National Enrolment Service (NES) and the National Electronic Prescribing Service (NZ-ePS) to General Practices. It is expected that all practices will be on-boarded to the NES by March 2017.

Australia

We have launched Medtech Evolution in Australia and the rollout is focused on our existing customer base. We continue to sell to ManageMyHealth to our existing customers as well as to new Evolution customers. In order to reach the wider Australian market, Medtech is also working with other vendors of practice management systems to integrate the ManageMyHealth solution with their systems. We are at the final stages of completing the clinical trial of Chronic Heart Failure (CHF) patients for Peninsula Health in Victoria. We are also working with National E-Health Transition Limited on a rollout of the national Personally Controlled Electronic Health Record (PCEHR) system and the project is expected to be completed by March 2017.

United States of America

Our focus during the first half of the year has been on building the team and foritifying our staffing infrastructure and systems to support growth. We have developed a total solution based on ManageMyHealth which can integrate hardware and software, offering a powerful platform which is also agnostic to the type of device. The solution is both HIPPA and FDA compliant.

ConSova Corporation has performed better compared to last year, and the outlook for the next six months looks positive. We plan to extend the services to include Accountable Care Compliance Service where we see significant market needs and moreover have been asked by our existing customers to provide this service. We have a new team with significant experience in the healthcare market in the US and this will be leveraged for market expansion.

India

Over the last six months, our digisation revenues have grown significantly. Although this is a low value entry point, it establishes relationships where the benefits of improved efficiency and productivity can be quickly demonstrated. We currently service more than 17 hospitals in India. Trials to offer a Health Risk Assessment programme using the ManageMyHealth platform are meeting with a positive response.

Dividends

No dividend has been paid or declared since the start of the financial year, and the directors do not recommend a payment of a dividend in respect of the half year ended 30 September 2016.

Events Subsequent To Reporting Date

The Board of Directors at its meeting on 2nd November 2016 resolved to seek removal from the official list of ASX. Accordingly, a resolution will be put to shareholders at its upcoming General Meeting which is scheduled for 14th December 2016.
(Previous Year: Medtech Holdings USA Inc a wholly owned subsidiary of Medtech Global Limited on the 31st October 2015 purchased all the non-controlling interests in Consova Corporation and in so doing has 100% ownership of US based ConSova Corporation.)

Auditor's Independence Declaration

The external auditor's independence declaration in relation to the review of the half year is set out on page 7 of this report.

Rounding of Amounts

The company is a company of the kind referred to in *ASIC Class Order 98/0100*, dated 10 July 1998, and in accordance with that Class Order, amounts in the directors' report and the financial report are rounded to the nearest thousand dollars.

Signed in accordance with a resolution of the Board of Directors:

Vinogopal Ramayah
Executive Chairman

Melbourne, 24 November 2016

PITCHER PARTNERS
ACCOUNTANTS • AUDITORS • ADVISORS

Level 22 MLC Centre
19 Martin Place
Sydney NSW 2000
Australia

Postal Address:
GPO Box 1615
Sydney NSW 2001
Australia

Tel: +61 2 9221 2099
Fax: +61 2 92231762

www.pitcher.com.au
partners@pitcher-nsw.com.au

Pitcher Partners is an association of independent firms
Melbourne | Sydney | Perth | Adelaide | Brisbane| Newcastle

AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF MEDTECH GLOBAL LIMITED
ABN 70 009 203 203

In relation to the independent auditor's review for the half year ended 30 September 2016, to the best of my knowledge and belief there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001*; and

(ii) no contraventions of any applicable code of professional conduct.

This declaration is in respect of Medtech Global Limited and the entities it controlled during the year.

R M SHANLEY
Partner

PITCHER PARTNERS
Sydney

24 November 2016

Interim Condensed Statement of Profit or Loss and Other Comprehensive Income for the half year ended 30 September 2016

	Consolidated 30-Sep-16 $'000	30-Sep-15 $'000
Revenue	10,809	9,546
Other revenue	13	20
Total Revenue	**10,822**	**9,566**
Cost of Sales	(673)	(542)
Finance costs	(44)	(37)
Consulting fees	(1,823)	(1,857)
Impairment of Intangibles	(5)	(24)
Depreciation expense	(186)	(229)
Amortisation of Intangibles	(1,270)	(1,331)
Reversal of impairment on receivables	30	35
Employee benefits expense	(5,054)	(4,355)
Management fee to related party	(902)	(772)
Travelling expenses	(371)	(304)
Occupancy costs	(436)	(313)
IT support expenses	(270)	(353)
Telecommunication costs	(359)	(289)
Legal and statutory costs	(278)	(492)
Printing, stationery and postage costs	(173)	(103)
Foreign currency gain / (loss)	66	34
Other expenses	(437)	(317)
Profit / (loss) before income tax expense	**(1,363)**	**(1,683)**
Income tax (expense) / credit	190	431
Net profit / (loss) for the period	**(1,173)**	**(1,252)**
Other comprehensive income		
Foreign currency translation gain / (loss)	(35)	(8)
Total comprehensive income / (loss) net of tax	**(1,208)**	**(1,260)**
Net profit / (loss) attributable to owners of the parent	(1,170)	(1,150)
Non-controlling interest	(3)	(102)
	(1,173)	**(1,252)**
Total comprehensive income / (loss) attributable to:		
- Owners of the parent	(1,205)	(1,158)
- Non-controlling interest	(3)	(102)
	(1,208)	**(1,260)**
Basic and diluted profit / (loss) per share (cents per share)	**(1.17)**	**(1.25)**

The accompanying notes form part of these financial statements.

Interim Condensed Statement of Financial Position as at 30 September 2016

	30-Sep-16 A$'000	31-March-16 A$'000
CURRENT ASSETS		
Cash and cash equivalents	1,569	1,545
Trade and other receivables	3,930	2,451
Inventories	55	52
Income tax receivable	132	562
Other current assets	358	520
TOTAL CURRENT ASSETS	**6,044**	**5,130**
NON-CURRENT ASSETS		
Property, plant & equipment	754	784
Deferred tax assets (net)	737	270
Intangible assets	1,288	2,562
TOTAL NON-CURRENT ASSETS	**2,779**	**3,616**
TOTAL ASSETS	**8,823**	**8,746**
CURRENT LIABILITIES		
Trade and other payables	3,435	3,013
Deferred revenue	1,835	900
Interest bearing loans and borrowings	976	901
Provisions	727	585
TOTAL CURRENT LIABILITIES	**6,973**	**5,399**
NON-CURRENT LIABILITIES		
Interest bearing loans and borrowings	1,068	1,348
Other non-current liabilities	28	37
TOTAL NON-CURRENT LIABILITIES	**1,096**	**1,385**
TOTAL LIABILITIES	**8,069**	**6,784**
NET ASSETS	**754**	**1,962**
EQUITY		
Contributed equity	48,929	48,929
Accumulated losses	(46,538)	(45,368)
Acquisition of Non-Controlling Interest	(1,499)	(1,499)
Foreign currency translation reserve(FCTR)	(39)	(4)
Parent interest	**853**	**2,058**
Non-controlling Interest	(99)	(96)
TOTAL EQUITY	**754**	**1,962**

The accompanying notes form part of these financial statements.

Interim Condensed Statement of Changes in Equity as at 30 September 2016

	Ordinary Share Capital $'000	Accumulated Losses $'000	Acquisition Of NCI [1] $'000	FCTR [2] $'000	Owners Of The Parent $'000	NCI [3] $'000	Total Equity $'000
BALANCE AT 1 APRIL 2016	**48,929**	**(45,368)**	**(1,499)**	**(4)**	**2,058**	**(96)**	**1,962**
Net Profit / (Loss) for the period	-	(1,170)	-	-	(1,170)	(3)	(1,173)
Other comprehensive income	-	-	-	(35)	(35)	-	(35)
Total comprehensive income	**-**	**(1,170)**	**-**	**(35)**	**(1,205)**	**(3)**	**(1,208)**
BALANCE AT 30 SEPTEMBER 2016	**48,929**	**(46,538)**	**(1,499)**	**(39)**	**853**	**(99)**	**754**

	Ordinary Share Capital $'000	Accumulated Losses $'000	FCTR [2] $'000	Owners Of The Parent $'000	NCI [3] $'000	Total Equity $'000
BALANCE AT 1 APRIL 2015	**48,929**	**(43,222)**	**(1)**	**5,706**	**293**	**5,999**
Net Profit / (Loss) for the period	-	(1,150)	-	(1,150)	(102)	(1,252)
Other comprehensive income	-	-	(8)	(8)	-	(8)
Total comprehensive income	**-**	**(1,150)**	**(8)**	**(1,158)**	**(102)**	**(1,260)**
BALANCE AT 30 SEPTEMBER 2015	**48,929**	**(44,372)**	**(9)**	**4,548**	**191**	**4,739**

1 Acquisition of Non-Controlling Interest Reserve represents the difference between the amount by which non-controlling interests are adjusted and the fair value of the consideration paid, where there is no change in control.
2 Foreign Currency Translation Reserve
3 Non-controlling interest represents 15% non-controlling Interest in Medtech Global USA, LLC as at 30 September 2016. (March 2016: 15% Non-Controlling Interest in Medtech Global USA, LLC and 49.9% Non-Controlling Interest in ConSova Corporation). All other entities within the group are fully owned by the parent Medtech Global Limited.

The accompanying notes form part of these financial statements.

Interim Condensed Statement of Cash Flows for the half year ended 30 September 2016

	Consolidated 30-Sep-16 $'000	30-Sep-15 $'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	11,895	10,501
Payments to suppliers and employees	(11,611)	(10,649)
Interest received	2	9
Finance costs	(33)	(28)
Income tax paid	148	69
Net operating cash flows	**401**	**(98)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	(120)	(106)
Purchase of intangible assets	-	(71)
Net Investing cash flows	**(120)**	**(177)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	112	208
Repayment of borrowings	(194)	(70)
Payments for acquisition of business	(175)	(149)
Net financing cash flows	**(257)**	**(11)**
Net increase/(decrease)in cash held	24	(286)
Cash at the beginning of the financial year	1,545	1,247
Cash and cash equivalents at the end of the half year	**1,569**	**961**

The accompanying notes form part of these financial statements.

Notes to the Financial Statements for the half year ended 30 September 2016

1. Summary of Significant Accounting Policies

1.1. Corporate Information

The interim condensed consolidated financial report of Medtech Global Limited for the half year ended 30 September 2016 was authorised for issue in accordance with a resolution of the directors on 24 November 2016.

This general purpose half year financial report has been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations), other authoritative pronouncements of the Australian Accounting Standards Board, and the Corporations Act 2001.
Medtech Global Limited is a company incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

This report is to be read in conjunction with any public announcements made by Medtech Global Limited during the reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001 and Australian Stock Exchange Listing Rules.

The following is a summary of material accounting policies adopted by the consolidated entity in the preparation and presentation of the financial report. The accounting policies have been consistently applied unless otherwise stated.

1.2. Basis of Preparation & Accounting Policies

This general purpose half year financial report has been prepared in accordance with the Accounting Standard AASB 134 "Interim Financial Reporting", the *Corporations Act 2001,* and ASX listing rule 4.2A. The accounting policies applied in preparing the half year financial report are consistent with those adopted for previous periods, but the half year report does not include all the notes of the type usually included in an annual financial report. Therefore, this half year report cannot be expected to provide a full understanding of the financial performance, financial position, and financing and investing activities of the Group as that of the full financial report.

It is recommended that this financial report be read in conjunction with the Group's financial report for the year ended 31 March 2016 and any public announcements made by Medtech Global Limited during the half year in accordance with any continuous disclosure obligations arising under the *Corporations Act 2001* and ASX listing rules.

The same accounting policies and methods of computation have been applied in this interim financial report as compared with the most recent annual financial report.

1.3. New Accounting Standards and Interpretations

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2016, except for the adoption of new standards and interpretations noted below:

Reference	Title	Summary	Application date of standard	Application date for Group
AASB 2014-4	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)	AASB 116 and AASB 138 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendment also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.	1 January 2016	1 April 2016
AASB 2015-1	Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle	The subjects of the principal amendments to the Standards are set out below: AASB 7 Financial Instruments: Disclosures: Servicing contracts - clarifies how an entity should apply the guidance in paragraph 42C of AASB 7 to a servicing contract to decide whether a servicing contract is 'continuing involvement' for the purposes of applying the disclosure requirements in paragraphs 42E–42H of AASB 7. Applicability of the amendments to AASB 7 to condensed interim financial statements - clarify that the additional disclosure required by the amendments to AASB 7 Disclosure–Offsetting Financial Assets and Financial Liabilities is not specifically required for all interim periods. However, the additional disclosure is required to be given in condensed interim financial statements that are prepared in accordance with AASB 134 Interim Financial Reporting when its inclusion	1 January 2016	1 April 2016

Reference	Title	Summary	Application date of standard	Application date for Group
		would be required by the requirements of AASB 134. AASB 119 Employee Benefits: Discount rate: regional market issue - clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability. Further it clarifies that the depth of the market for high quality corporate bonds should be assessed at the currency level. AASB 134 Interim Financial Reporting: Disclosure of information 'elsewhere in the interim financial report' -amends AASB 134 to clarify the meaning of disclosure of information 'elsewhere in the interim financial report' and to require the inclusion of a cross-reference from the interim financial statements to the location of this information.		
AASB 2015-2	Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101	The Standard makes amendments to AASB 101 Presentation of Financial Statements arising from the IASB's Disclosure Initiative project. The amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in the financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. The amendments also clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures.	1 January 2016	1 April 2016
AASB 2015-3	Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality	The Standard completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards.	1 July 2015	1 April 2016

Adoption of these standards did not have any material effect on the financial position or performance of the Group. The Group has not elected to adopt early any other standard, interpretation or amendment that has been issued but is not yet effective.

2. Intangible Assets

During the half year ended 30 September 2016, amortisation and impairment of goodwill, customer relations and evolution development expenses amounted to 1,275$ K (2015: $1,355K).

3. Unearned Revenue

Unearned revenue includes revenue against which services are yet to be rendered. In accordance with the revenue recognition policy, they will remain unrecognised until the relevant milestones are reached.

4. Contingencies & Capital Commitments

The directors are not aware of any contingent liabilities or contingent assets, or capital commitments as at the date of this report.

5. Changes in the Composition of the Consolidated Entity

All entities within the Medtech Global Ltd Group, except Medtech Global USA, LLC, remain 100% owned by Medtech Global Ltd. As at the date of this report, Medtech Holdings USA, Inc. (a 100% Medtech Global Ltd-owned entity) owns 85% (2015: 85%) of Medtech Global USA, LLC.

6. Related Party Disclosures

Arrangements with related parties continue to be in place. For details of these arrangements, please refer to the annual financial report of Medtech Global Limited for the year ended 31 March 2016.

7. Segment Results

Industrial Segments:

The economic entity operated primarily in the software development and licensing sector.

Geographical segments:

The Group operates in the following geographical areas:
Australia, New Zealand & India, and the United States of America.
These segments operate primarily in software development and licensing of healthcare and e-Business Solutions and the USA segment operates in health care containment services.

Half Year Ended 30 September 2016:	**AUSTRALIA**	**NZ & INDIA**	**USA**	**INTER-SEG ELIMINATION**	**TOTAL**
	A$'000	**A$'000**	**A$'000**	**A$'000**	**A$'000**
Sales to external customers	1,396	6,954	2,459	-	10,809
Interest income	-	3	10	(10)	3
Other revenue	-	-	10	-	10
Total segment revenue	**1,396**	**6,957**	**2,479**	**(10)**	**10,822**
Segment EBITDA	**620**	**191**	**(524)**	**(149)**	**138**
Impairment and amortisation	(1,180)	-	(95)	-	(1,275)
Depreciation	(15)	(108)	(62)	-	(185)
Interest income	-	3	10	(10)	3
Interest expense	-	(32)	(22)	10	(44)
Income tax (expense)/ credit	(39)	(3)	232	-	190
Segment net profit / (loss) after tax	**(614)**	**51**	**(461)**	**(149)**	**(1,173)**
Segment Assets	**4,826**	**6,341**	**1,369**	**(3,713)**	**8,823**
Segment Liabilities	**(2,857)**	**(4,029)**	**(4,896)**	**3,713**	**(8,069)**

Half Year Ended 30 September 2015:	AUSTRALIA A$'000	NZ & INDIA A$'000	USA A$'000	INTER-SEG ELIMINATION A$'000	TOTAL A$'000
Sales to external customers	1,302	6,293	1,951	-	9,546
Interest income	1	10	-	-	11
Other revenue	-	-	9	-	9
Total segment revenue	**1,303**	**6,303**	**1,960**	**-**	**9,566**
Segment EBITDA	**266**	**284**	**(552)**	**(71)**	**(73)**
Impairment and amortisation	(1,247)	-	(108)	-	(1,355)
Depreciation	(25)	(164)	(40)	-	(229)
Interest income	1	10	-	-	11
Interest expense	-	(21)	(16)	-	(37)
Income tax (expense)/ credit	73	(37)	381	14	431
Segment net profit / (loss) after tax	**(932)**	**72**	**(335)**	**(57)**	**(1,252)**
Segment Assets	**6,162**	**4,819**	**2,462**	**(2,046)**	**11,397**
Segment Liabilities	**(2,353)**	**(2,693)**	**(3,658)**	**2,046**	**(6,658)**

Notes to and forming part of the segment information

Accounting policies

- Segment information is prepared in conformity with the accounting policies of the entity and Accounting Standard AASB 8 Operating Segments. EBITDA is the segment profit measure.

- Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis.

- Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, inventories, property, plant and equipment and goodwill and other intangible assets, net of related provisions. While most of these assets can be directly attributable to individual segments, the carrying amounts of certain assets used jointly by segments are allocated based on reasonable estimates of usage.

- Segment liabilities consist primarily of trade and other creditors, employee benefits and provision for service warranties. Segment assets and liabilities do not include income taxes.

Accounting policies

The Group has a number of customers to which it provides products and services. No single external customer's transactions amount to 10% or more of revenue.

8. Borrowings

	Consolidated	
	30-Sep-16	31-Mar-16
	$'000	$'000
Borrowings from BNZ	1,250	1,305
Vendor finance on ConSova Corporation	794	944
	2,044	**2,249**
Short term (payable within 12 months)	976	901
Long term (payable after 12 months)	1,068	1,348
	2,044	**2,249**

- The carrying amount of the Group's current and non-current borrowings is approximate to their fair values.
- The borrowing of $1,250,269 (March' 2016: $1,305,586) from Bank of New Zealand is secured by way of a perfected security interest on the IT equipments purchased using the said borrowing, a general security interest on present and after acquired property including personal property in which the Company has current and future rights and an unlimited guarantee from Medtech Global Limited, the parent company, covering all obligations.
- The unused facilities include overdraft facility of $ 31,521 (March' 2016: $ 82,442) and customised loan facility of $ 951,928 (March' 2016: $ 450,938) from Bank of New Zealand. Interest rate would depend on rates applicable at the time of drawdown.

9. Business Combination

There were no new business combinations for the half year ended 30 September 2016.

10. Significant Accounting Estimates and Judgements

Estimates and judgements are based on past performance and management's expectation for the future. The Group makes certain estimates and assumptions concerning the future, which, by definition, will seldom represent actual results. The estimates and assumptions that have a significant inherent risk in respect of estimates based on future events which could have a material impact on the assets and liabilities in the next financial year are discussed below:

a. Estimated impairment of goodwill / intangibles

Goodwill and intangible assets are allocated to cash-generating units (CGU's) according to applicable business operations. The recoverable amount of a CGU is based on value-in-use calculations. These calculations are based on projected cash flows approved by management covering a period not exceeding five years. Management's determination of cash flow projections and gross margins are based on past performance and its expectation for the future.

b. Development costs of Evolution

The majority of development costs included as intangible assets in the statement of financial position relates to Evolution. Evolution has successfully completed beta testing phase and has been released to market. The Group has started amortising Evolution over 3 years from 1st April 2014. This period of 3 years is determined by management based on its past experience and market conditions for companies in the software industry.

c. Development costs of internally developed software at Consova

Development costs capitalised during the year represents development costs of internally developed software at Consova. This software will help to reduce operating costs through operational efficiency, reduction of processing time and have a potential to increase revenue. The group follows the policy of amortising these intangibles over 3 years from the date when they were put to use. This period of 3 years is determined by management based on its past experience and market conditions for companies in the software industry.

d. Estimation of useful lives of intangible assets

The determination of useful lives of finite life intangible assets is based upon the period over which the finite life intangible asset is expected to generate cash flows. Given the current trend, impairment charge recorded in FY14 and dynamics of the market and technology environment, the Board believed that the estimate of useful life used for the amortisation needed to be changed. As a result, the amortisation period for customer relationships and software development costs changed to 3 years from FY15.

e. Revenue recognition on software development and installation contracts

Revenue from software contracts is recognised when milestones and / or specific deliverables are met. The milestones and / or specific deliverables generally mirror the software development life cycle. Management exercises judgement in matching the software development life cycle as closely as possible to clients' requirements.

f. Income taxes

Income tax benefits are based on the assumption that no adverse change will occur in the income tax legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

11. Events Subsequent To Reporting Date

The Board of Directors at its meeting on 2nd November 2016 resolved to seek removal from the official list of ASX. Accordingly, a resolution will be put to shareholders at its upcoming General Meeting which is scheduled for 14th December 2016. (Previous Year: Medtech Holdings USA Inc a wholly owned subsidiary of Medtech Global Limited on the 31st October 2015 purchased all the non-controlling interests in Consova Corporation and in so doing has 100% ownership of US based ConSova Corporation.)

Directors' Declaration

In the directors' opinion:

a) The financial statements and notes set out on pages 8 to 19 are in accordance with the *Corporations Act 2001* including:
   i. giving a true and fair view of the company and of the consolidated entity's financial position as at 30 September 2016 and its performance for the half year ended on that date; and

   ii. complying with *AASB 134 Interim Financial Statements* and the *Corporations Regulations 2001*; and

b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Vino Ramayah
Executive Chairman

Melbourne, 24 November 2016

PITCHER PARTNERS
ACCOUNTANTS • AUDITORS • ADVISORS

Level 22 MLC Centre
19 Martin Place
Sydney NSW 2000
Australia

Postal Address:
GPO Box 1615
Sydney NSW 2001
Australia

Tel: +61 2 9221 2099
Fax: +61 2 92231762

www.pitcher.com.au
partners@pitcher-nsw.com.au

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INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF MEDTECH GLOBAL LIMITED
ABN 70 009 203 203

We have reviewed the accompanying financial report of Medtech Global Limited and controlled entities (the consolidated entity), which comprises the consolidated statement of financial position as at 30 September 2016, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, together with a statement of accounting policies, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the Medtech Global Limited are responsible for the preparation of the half year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 September 2016 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Medtech Global Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PITCHER PARTNERS

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half year financial report of Medtech Global Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 30 September 2016 and of its performance for the half year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

R M SHANLEY
Partner

PITCHER PARTNERS
Sydney

24 November 2016