

MedAdvisor HY19 Interim Results

Key Highlights

- MedAdvisor achieved a record H1 FY19 operating revenue of \$3.88m; a 19% increase on the prior corresponding period and for the first time MedAdvisor has recorded more than \$2m revenue in a quarter
- Total Revenue for H1 FY19 of \$3.96m also a record for the Company.
- Services recorded in PlusOne by MedAdvisor grew strongly at 280% over corresponding period
- MedAdvisor ended the half with over 1.1m patients connected to its platform.
- Continuous growth in Patient Engagement Programs (PEP) with 17 major pharma companies with programs over the period
- MedAdvisor is now ISO27001 compliant and has also aligned our compliance program to address the US HIPAA (Health Insurance Probability and Accountability Act) regulations.
- MedAdvisor appointed Mr Jim Rotsart and Mr Luke Merrow as US based executive advisors with extensive expertise in direct to patient health services to further power our US business.
- MedAdvisor entered into a MOU with Zuellig Pharma for a Joint Venture in South East Asia
- MedAdvisor partnered with Thrivor, an emerging SaaS platform assisting patients and their support networks when dealing with a serious illness, such as cancer or a chronic disease for 5% equity in Thrivor

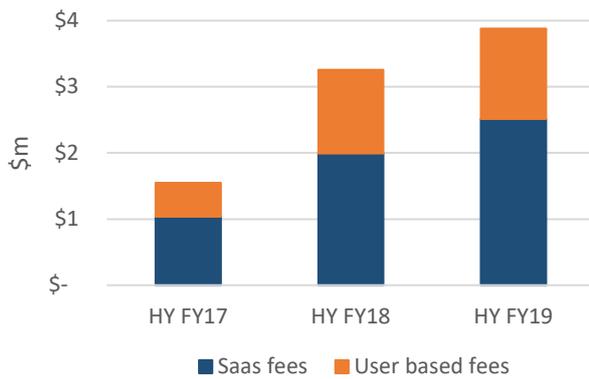
MedAdvisor Limited (ASX: **MDR**, the **Company**), has today released its Appendix 4D and is pleased to provide its Financial Report for the 6-month period ending 31 December 2018 (H1 FY2019).

Financial Overview

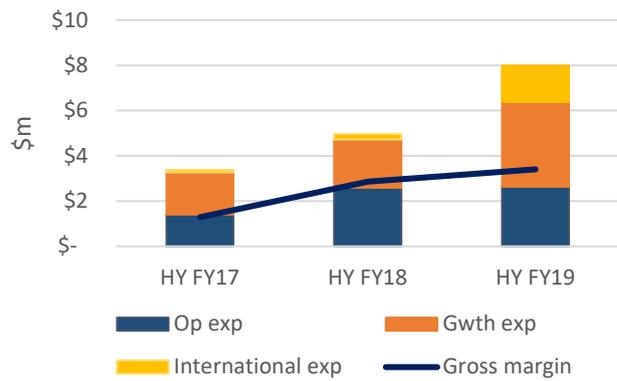
Revenue from continuing ordinary activities of \$3.88m, up 19% on the prior corresponding period. Total revenue was \$3.96m and the Company continues to operate at a high gross margin of 87.6% in line with prior periods and management expectations.

The strong revenue growth compared to the prior period has been driven by significant pharmacy network growth. The company has ~3,200 pharmacies connected to the platform. This growth has resulted in more SaaS revenue and more patient growth in Patient Engagement Programs.

Revenue Breakdown



Expense Breakdown



Source: MedAdvisor

Due to continued growth in the SaaS based revenue streams from a growing pharmacy base has resulted in SaaS based fees climb to 65% as a percentage of total (H1 FY18 was 61%), with User Based revenue equating to 35% of revenue.

Gross margin performance of 87.6% means that the growth in revenue supports the investments the business is making in new markets both locally and abroad that will deliver revenue in future periods.

Financial Performance Overview

Metric	HY FY 17	HY FY18	HY FY19	18/19 growth %
Operating Revenue	\$1.5m	\$3.2m	\$3.9m	19%
Gross Margin	83%	88%	87.6%	~
Core Business EBITDA	(\$1.24m)	\$0.2m	\$0.98m	376%
Investment Opex	\$2.0m	\$2.4m	\$5.4m	126%
Reported EBITDA	(\$2.0m)	(\$2.2m)	(\$4.4m)	103%

Source: MedAdvisor

Australian Operational Overview

	HY 18	HY 19	% Change
Total connected patients at period end	0.96m	1.1m	14.6%
Average number of patients per pharmacy	~312	~388	24.4%
Value of scripts processed via TTR/GP Connect during half	\$126m	\$154m	22.2%
Number of Patient Engagement Programs	26	33	26.9%

Source: MedAdvisor

Over 1,100,000 patients were connected to MedAdvisor's platform as at 31 December 2018. The opportunity to help another 11m patients in Australia who live with a chronic disease is a key focus for the Australian business.

Revenue from Patient Engagement Programs (PEPs) increased by 16.4% compared to the same period last year. The growth of our patient user base continues to drive Australia's largest medication manufacturers to MedAdvisor with a total of 33 programs contracted to the platform over the period.

MedAdvisor serviced 17 manufacturers over the period, three of which have now been working with MedAdvisor for three years, to communicate with patients and improve their health. This follows strong growth in 2017 and MedAdvisor had a record month for PEP billings in December 2018, for which revenue will be recognized in future periods.

MedAdvisor's **Health Services Hub** can facilitate face-to-face intervention and education programs alongside digital engagement programs to improve the health of relevant patient populations. This means that not only can these program funders run targeted programs to the 1.1m digitally connected patients, they can access a further ~7.6m in-store.

Services, including Government funded 6CPA programs recorded in PlusOne by MedAdvisor grew strongly at 280% on the prior year, highlighting significant growth in pharmacies broader engagement with the platform through the Health Services Hub.

Technology Enhancements

MedAdvisor is now ISO27001 compliant and we have aligned our compliance program to address the US HIPAA (Health Insurance Probability and Accountability Act) regulations. This investment is supporting business development activities and will result in a global market ready platform available in April that is equipped for deployment and revenue generation. The new platform will be deployed in Australia in time, and the new security and compliance practices will deliver immediate improvements.

International Expansion

The Company is investing to expand its business internationally. MedAdvisor is now two thirds of the way through its initial international scale up spend which is due to be finalised in Q3 2019. The work performed so far is on plan and on budget. This investment will deliver significant benefits to the business, both domestically and as we scale up internationally, streamlining our offerings in multiple markets. The Global Health Services Hub product has a wide application and is built on an efficient updated technology platform.

US

Founder, Mr Josh Swinnerton, has relocated to the United States, joining the team there, and will play a key role in developing the product for market entry, leveraging his deep understanding of the business and background in the US market.

MedAdvisor appointed Mr Jim Rotsart and Mr Luke Merrow as US based executive advisors with extensive expertise in patient engaging health services to further power the US business. Jim and Luke are highly experienced and networked in the key focus areas for MedAdvisor in the US being pharmacy chains, manufacturers and insurers, providing valuable in market relationships to MedAdvisor.

Asia

MedAdvisor announced the signing of the MOU with Zuellig Pharma (announced: 3 December 2018) defining the framework for a 50/50 Joint Venture to enter 8 Asian markets. Zuellig is a ~US\$12B turnover business focusing on wholesale distribution of medicines, medication adherence programs and diversified healthcare. Zuellig distributes to ~350,000 pharmacies, GP's and Hospitals in these countries with a market of over 560 million people, providing an outstanding opportunity for MedAdvisor. MedAdvisor expects to sign the long form documents in Q3FY19.

Corporate update

During the half, MedAdvisor announced the introduction of its Clinical Trial Recruitment (CTR) service to existing and new clients. MedAdvisor can identify suitable patients for clinical trials that will help accelerate access to new and novel medicines in Australia. With 80% of clinical trials experiencing a delay due to patient recruitment, MedAdvisor has an important role to play in this \$2bn industry.

In September, MedAdvisor appointed, Ms Ruba El-Afifi to the role of EGM People & Culture. Ruba has a history in senior HR roles and most recently from Oracle's Aconex where she was GM Human Resources.

In December the company signed an agreement with Thrivor a SaaS platform delivered through web-browser and app interface focused on assisting patients and their families when dealing with a serious illness. The administration portal is designed to assist health institutions manage communications, appointment facilitation and payments for outpatients.

MedAdvisor was awarded 5% of the Equity in Thrivor for work completed during the half. Further commercial opportunities with this partnership will be through Clinical Trial Recruitment and support via Patient Programs.

Mr Robert Read said "Domestically we are continuing to add more breadth to our pharmacy and GP offerings to increase engagement with these core customer groups and our network continues to expand. Globally, the business is laying the right foundations for international expansion and we will have our product ready for the US market this financial year. Our new Health Services Hub will allow us to run medication programs to highly targeted patient populations around the globe including in South East Asia through our new partnership with Zuellig Pharma."

---ENDS---

For more information

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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 community 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 to chronic medications by approximately 20%.

Since launching in 2013, MedAdvisor has welcomed over one million users through its connections with ~55% of pharmacies and a network of thousands of GPs across Australia. MedAdvisor was recognised in the 2018 AFR Fast 100 at position 23.

1. Company Details

Name of Entity:	MEDADVISOR LIMITED
ABN:	17 145 327 617
Reporting period:	For the half-year ended 31 December 2018
Previous period:	For the half-year ended 31 December 2017

2. Results for Announcement to the Market

				\$'000
Revenues from ordinary activities	up	19.2%	to	3,882
Loss from ordinary activities after tax attributable to the owners of MedAdvisor Limited	up	98.9%	to	(4,505)
Loss for the half-year attributable to the owners of MedAdvisor Limited	up	98.9%	to	(4,505)
Dividends				
Not applicable				

Comments:

Total Revenue Breakdown:

	6 months 31-Dec-18	6 months 31-Dec-17
	\$'000	\$'000
Ordinary revenue	3,882	3,258
Other income (Interest)	81	53
	81	53
	3,963	3,311

Non financial metrics:

Please refer to Review of Operations in the attached Half Year Financial Report and the ASX Announcement which accompanies this document.

The loss of the consolidated entity after providing for income tax was \$4,504,524 (31 December, 2017 \$2,264,654)

3. Net Tangible Assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	0.4967	0.8757

4. Control Gained or Lost over Entities

Control Gained

Not applicable

Control Lost

Not applicable

5. Additional Dividend Information

Not applicable

6. Dividend Reinvestment Plans

Not applicable

7. Details of Associates and Joint Venture Entities

Not applicable

8. Audit Qualification or Review

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

9. Attachments

The Interim Report of MedAdvisor Limited for the half-year ended 31 December, 2018 is attached.

10. Signed



Robert Read

Director

Camberwell, Victoria

Dated: 25 February, 2019



making medication manageable

MEDADVISOR LIMITED

ABN 17 145 327 617

**CONDENSED
FINANCIAL REPORT
FOR HALF YEAR ENDED
31 DECEMBER 2018**

**CONDENSED FINANCIAL REPORT
FOR HALF YEAR ENDED 31 DECEMBER 2018**

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The Condensed financial report is presented in Australian currency.

Its registered office and principal place of business is:

The registered office is:

MedAdvisor Limited
Level 2
971 Burke Road
CAMBERWELL VIC 3124

The principal place of business is:

MedAdvisor Limited
Level 2
971 Burke Road
CAMBERWELL VIC 3124

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue in accordance with a resolution of directors on 25 February 2018.

Directors' Report

The names of the company's directors who held office during or since the end of the financial half-year are:

Mr Peter Bennetto
Mr Robert Read
Mr Joshua Swinnerton
Mr Jim Xenos
Ms Sandra Hook

Principal Activities

The principal activities of the Entity continue to be the enhancement and growth of the MedAdvisor medication and adherence platform. The platform is focused on improving health outcomes by connecting health professionals with their patients using mobile and web technologies.

Review of Operations

During the period the business achieved the following important milestones:

1. MedAdvisor achieved a record H1 FY19 revenue of \$3.88m; a 19% increase on the prior year and for the first time we have recorded more than \$2m revenue in a quarter.
2. Total Revenue for the half was \$3.96m.
3. MedAdvisor now boasts over 1,100,000 patients connected via its software platforms.
4. Services recorded in MedAdvisor's PlusOne grew strongly, at 280% on the prior year as a result of significant growth in pharmacy engagement.
5. MedAdvisor appointed 2 key senior executives, Mr. Luke Merrow and Mr. Jim Rotsart as US based executive advisors with extensive expertise in patient engaging health services to power our US business. Mr. Merrow built an aligned business, Eliza Corp, which supplies healthcare programs to 8 of the top 10 Health Insurers and sold it to HMS Holdings [NASDAQ:HMSY]. Mr. Rotsart helped launch Adheris Health which specializes in paper-based adherence programs through 28,000 pharmacies in the USA. Adheris is now a subsidiary of US \$3B Syneos Health [NASDAQ: SYNH].
6. MedAdvisor signed an MOU with Zuellig Pharma Pte Ltd for a Joint Venture in South East Asia. Zuellig Pharma is a 100-year-old, US \$12B turnover business operating in 8 countries. They provide services to 350,000 pharmacies, medical clinics & hospitals through the region. It is a market with 560m people and significant opportunities for our Digital Adherence Programs.

Financial Drivers

- MedAdvisor now has over 1,100,000 patients connected to the platform. These patients receive reminders and order their medications at their favourite pharmacies. SMS reminders generate revenue and margin. In addition, patients can link in with their GPs to order scripts.
- Growth of Patient Engagement Programs (PEPs) has continued with new large pharma companies signing on and others renewing for their third year, MedAdvisor serviced 17 major pharma companies improving patients' health through 33 programs over the period. Our Health Services Hub is now allowing these businesses to augment important safety information provided digitally with pharmacist making personal patient interventions where appropriate.

- Globally this model of engaging with Pharmaceutical companies and other program funders to help hard-to-reach patient cohorts take their medication safely, effectively and on time will add significant value to the health systems and ultimately MedAdvisor.
- The Australian pharmacy market is fragmented with over 3,500 owners for ~5,700 pharmacies. This fragmentation means that the channel has not been attractive for program funders who would like to run services in pharmacy. MedAdvisor through its pharmacy software acts as a consolidator of this channel, helping support pharmacy to be a major point for primary and preventative healthcare service delivery.
- MedAdvisor estimates that each patient is worth \$150-\$200 per year in additional revenue for a pharmacy, from increased adherence and loyalty. MedAdvisor has therefore created the opportunity across their network of pharmacies to earn up to an additional \$200m through its 1 million patients.
- Over 55% of the pharmacy market currently subscribe to MedAdvisor software. This presents opportunities for MedAdvisor to bring new health services to patients that are delivered via pharmacy through the PlusOne platform. Increasingly, pharmaceutical companies are striving to augment their digital patient programs with face to face programs which MedAdvisor facilitates.
- Strong revenue growth compared to the prior period of 19% has been driven by significant pharmacy network growth with the company having more than 3,200 pharmacies connected to the platform. Pharmacy network growth has resulted in more SaaS revenue and more patient growth in Patient Engagement Programs.
- Excellent gross margin performance of 87.6% means that the growth in revenue helps support the investments the business is making in new markets locally and abroad that will deliver revenue in future periods.
- The business is investing an initial ~\$3m into the globalisation of the core platform that powers Pharma Manufacturer Programs – through a marketplace of services, called the Health Services Hub. This product will be used in the USA and Asian markets as the primary market entry approach.
- The Company has identified certain global market niches, which allow MedAdvisor to enter and generate revenue more quickly from program funders using the healthcare marketplace and is actively working on further business development.
- Domestic maintenance operating expenses have grown as the diversity of our products in GP and Pharmacy have stepped up. The core business EBITDA is up 375% to \$981,000 based on higher revenues and strong gross margins. The balance is invested in pursuing both domestic and international growth.

Sales and Marketing Progress

- MedAdvisor has extended its product offering to Program Funders – large pharmaceutical companies - through the development of the healthcare services marketplace called the “Health Services Hub”, which now enables companies to deliver health programs via a pharmacist face to face with patients at scale as well as digitally.
- MedAdvisor added a number of new top tier clients and has serviced 17 companies running 33 programs over the period through MedAdvisor.
- The company has continued to work with HPS to develop a product that will enable hospital healthcare providers access to a validated medication history for patients, resulting in more accurate health data and improved prescribing processes.

MedAdvisor also formed a partnership with Thrivor to help promote their app which is highly complementary to the MedAdvisor App. MedAdvisor was issued 5% of the equity of Thrivor under a Memorandum of Understanding to develop a product strategy for eligible MedAdvisor patients. Together the parties will also work on opportunities in Clinical Trial Recruitment and other programs to help support patients dealing with a major health crisis.

International Development

- A major milestone for the Company was the MOU that was agreed with Zuellig Pharma Pte Ltd in December 2018 to take MedAdvisor into 8 Asian markets through a 50/50 Joint Venture.
- Zuellig Pharma is a US \$12B turnover health services company that has been operating in Asia for 100 years. They specialize in pharmacy, GP and hospital distribution, health and medicine adherence programs and ownership of various health assets. They are the largest wholesaler in the region, serving over 350,000 sites in 8 Asian countries.
- There are 560m people in the target markets and Zuellig has established relationships with pharmacy, GPs, Hospitals and program funders through its operations in these countries.
- The partnership will begin operations mid-year with pharmacy chains in the Philippines, then Malaysia and South Korea. These countries have a total network of more than 48,000 pharmacies between them.

Technology Development

MedAdvisor has invested heavily in international expansion, building a new simplified global platform that provides speedy patient engagement. The company has budgeted \$3m of investment during FY19 and now has a Global Health Services Hub that are being leveraged for market entry into the US and Asia.

The company is compliant with the global information security standard, ISO 27001 and is aligned with the Health Insurance Probability and Accountability Act (HIPAA) regulations in the US. Both are important steps for international expansion. The product is built on a new technology stack which will be the base of our next generation product to be made available in Australia.

We have also built a new GP system to handle script requests from pharmacy on the latest technology platforms. This has been deployed to market and GPs are engaging well. Connecting seamlessly with GPs is a long-held ambition of the company and we are moving closer to an integrated product that is really valued by GPs, pharmacy and patients. This will continue to evolve over the following 12 months.

Significant Changes in State of Affairs

The Memorandum of Understanding with Zuellig Pharma Pte Ltd results in a 50/50 Joint Venture based in Singapore which will focus on growing revenue in the region. This is a material opportunity for the company with over 560m people in the target markets. The company will invest working capital into the joint venture company on a scheduled agreed with our partner. Final documentation will be completed in H2 FY19 with operations to commence in FY20.

Future Developments

MedAdvisor will continue to evolve its software for Patients, Pharmacies and GP's and continue to invest the global platform.

Events Occurring after the Reporting Period

There are no matters or circumstances that have arisen since the end of the half-year which significantly affected or could significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is included on the following page.

Signed in accordance with a resolution of the Directors:



Robert Read
Director
Camberwell, Victoria

Dated: 25 February, 2019

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of MedAdvisor Limited for the half year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

RSM

RSM AUSTRALIA PARTNERS

P A Ransom

P A RANSOM

Partner

Dated: 25 February 2019

Melbourne, Victoria

MEDADVISOR LIMITED
ABN 17 145 327 617

STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME

	Notes	Consolidated	
		2018 31-Dec-18 \$	2017 31-Dec-17 \$
Revenues from continuing operations	7	3,882,288	3,257,598
Other revenue	7	80,783	53,259
Direct expenses	8	(479,751)	(402,385)
Development costs		(1,430,075)	(395,861)
Employee benefits expenses	8	(4,440,305)	(2,892,490)
Marketing expense		(1,153,252)	(1,226,650)
Depreciation and amortisation expenses		(126,466)	(103,953)
Directors fees	8	(93,623)	(90,197)
Other expenses		(738,647)	(459,191)
Finance costs	8	(5,477)	(4,785)
Profit / (loss) before income tax		(4,504,524)	(2,264,654)
Income tax (expense) / income		-	-
Profit / (loss) for the half year		(4,504,524)	(2,264,654)
Other comprehensive income		-	-
Total comprehensive income (loss) for the period		(4,504,524)	(2,264,654)
Loss per Share			
Basic loss per share	4	\$ (0.0034)	\$ (0.0020)
Diluted loss per Share	4	\$ (0.0034)	\$ (0.0020)

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

Comparative figures are for the half year ended 31 December 2017

MEDADVISOR LIMITED
ABN 17 145 327 617

STATEMENT OF FINANCIAL POSITION

	Notes	Consolidated	
		2018 31-Dec-18 \$	2018 30-Jun-18 \$
ASSETS			
Current Assets			
Cash and cash equivalents	9	7,376,445	10,474,777
Trade and other receivables	10	1,398,854	890,879
Other assets	11	466,507	303,912
Total Current Assets		9,241,807	11,669,567
Non-Current Assets			
Other assets	11	250,000	-
Fixed assets	12	419,751	369,876
Intangible assets	13	5,262,815	5,340,258
Total Non-Current Assets		5,932,566	5,710,134
Total Assets		15,174,373	17,379,700
LIABILITIES			
Current Liabilities			
Trade and other payables	14	1,826,942	1,247,513
Income in advance	15	763,526	389,440
Employee benefits	16	598,391	440,954
Total Current Liabilities		3,188,859	2,077,907
Non-Current Liabilities			
Employee benefits	16	101,221	133,331
Total Non-Current Liabilities		101,221	133,331
Total Liabilities		3,290,080	2,211,238
Net Assets		11,884,293	15,168,462
EQUITY			
Contributed equity		27,576,596	25,979,898
Reserves		1,355,961	1,732,305
Retained profits / (losses)		(17,048,265)	(12,543,741)
Total Equity		11,884,293	15,168,462

The above statement of financial position should be read in conjunction with the accompanying notes.
Comparative figures are as at 30 June 2018

MEDADVISOR LIMITED
ABN 17 145 327 617

STATEMENT OF CHANGES IN EQUITY

Notes	Contributed Equity \$	Share Options Reserve \$	Foreign Currency Translation Reserve \$	Retained Earnings \$	Total Equity \$
Consolidated					
Balance 1 July 2018	25,979,898	1,732,305	-	(12,543,741)	15,168,462
Transactions with owners in their capacity as owners:					
Ordinary shares issued	975,000				975,000
Capital raising costs (net of GST)	(5,538)				(5,538)
Share Options issued		286,353			286,353
Share Options exercised	627,236	(627,236)			-
Foreign currency translations			(35,461)		(35,461)
Total comprehensive income for the half-year				(4,504,524)	(4,504,524)
Balance 31 December 2018	27,576,596	1,391,422	(35,461)	(17,048,265)	11,884,294
Consolidated					
Balance 1 July 2017	16,184,549	1,259,273	-	(8,089,530)	9,354,292
Transactions with owners in their capacity as owners:					
Ordinary shares issued	9,518,375				9,518,375
Capital raising costs (net of GST)	(94,089)				(94,089)
Share Options issued		377,040			377,040
Share Options exercised	211,800	(211,800)			-
Total comprehensive income for the half-year				(2,264,654)	(2,264,654)
Balance 31 December 2017	25,820,636	1,424,513	-	(10,354,184)	16,892,179

The above statement of changes in equity should be read in conjunction with the accompanying notes. Comparative figures are for the half year ended 31 December 2017

MEDADVISOR LIMITED
ABN 17 145 327 617

STATEMENT OF CASH FLOWS

	Notes	Consolidated	
		2018 31-Dec-18 \$	2017 31-Dec-17 \$
Cash Flows From Operating Activities			
Receipts from customers (inclusive of GST)		3,624,067	3,068,325
Payments to suppliers and employees (inclusive of GST)		(7,730,171)	(5,043,659)
Interest received		80,489	52,612
Net cash inflow (outflow) from operating activities		(4,025,615)	(1,922,722)
Cash Flows From Investing Activities			
Payments for property, plant and equipment		(91,680)	(48,950)
Net cash outflow from investing activities		(91,680)	(48,950)
Cash Flows From Financing Activities			
Proceeds from new share issue		975,000	9,500,000
Capital raising costs (net of GST)		(5,538)	(71,250)
Receipts from unrelated parties		49,500	-
Net cash (outflow) inflow from financing activities		1,018,962	9,428,750
Net increase/(decrease) in cash held		(3,098,333)	7,457,078
Cash and cash equivalents at the beginning of the year		10,474,777	4,834,660
Cash and cash equivalents at the end of the year	9	7,376,445	12,291,739

The above statement of cash flows should be read in conjunction with the accompanying notes. Comparative figures are for the half year ended 31 December 2017

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. General

These financial statements represent those of MedAdvisor Limited ('MedAdvisor' or the 'Company') and the entities it controls for the half-year ended 31 December 2018.

2. Basis of preparation

The half-year financial report is a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year report does not include all of the information required in annual financial statements in accordance with Australian Accounting Standards, and should be read in conjunction with the financial statements of the Company for the year ended 30 June 2018 and any public announcements made by the Company during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the Corporations Act 2001.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 9 Financial Instruments

The consolidated entity has adopted AASB 9 from 1 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS – cont'd

2. Basis of preparation– cont'd

AASB 15 Revenue from Contracts with Customers

The consolidated entity has adopted AASB 15 from 1 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

The impact on the financial performance and position of the consolidated entity from the adoption of these Accounting Standards has been assessed and no restatement of comparative disclosures is required.

3. Critical accounting estimates and judgements

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

4. 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 31 December 2018.

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:

	6 months to 31-Dec-18	6 months to 31-Dec-17
Weighted average number of shares used in basic earnings per share	1,324,288,530	1,136,878,659
Weighted average number of shares used in diluted earnings per share	1,413,124,801	1,222,175,527

NOTES TO THE CONDENSED FINANCIAL STATEMENTS – cont'd

	31-12-18	31-12-18
	#	\$
5. Issued Capital		
Shares		
Balance at 30 June, 2018	1,317,927,982	25,979,898
Bennetto Options exercised	10,000,000	418,086
Lead Manager Options exercised	22,500,000	985,000
Employee Share Options exercised	5,200,000	199,150
Share issue transaction costs, net of tax		(5,538)
Balance at end of reporting period	1,355,627,982	27,576,596
Options		
Balance at 30 June, 2018	94,733,332	
MedAdvisor Zero Cost Options under Employee Incentive Plan	10,230,000	
Employee incentive options exercised	(5,200,000)	
Employee incentive options expired	(4,383,334)	
Balance at end of reporting period	95,379,998	
	Bennetto	Lead Manager
Composition of value recognised on exercise of options		
Cash raised from the exercise of the options	300,000	675,000
Transfer from Share Options Reserve ¹	118,086	310,000
	418,086	985,000

¹ Deemed value of services rendered by recipient at the time the options were issued pursuant to the Prospectus dated 8 September 2015

6. Operating segments

The Board has determined that the Company presently has three reporting segments. The first being the business activities of the MedAdvisor medication management and adherence platform, the second being the activities associated with operations in the USA, and the third 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.

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS – cont'd

6. Operating segments – cont'd

	MedAdvisor \$	USA Operations \$	Corporate \$	Total \$
2018				
Revenues	3,963,071	-	-	3,963,071
Net loss before tax	(2,820,225)	(1,443,829)	(240,470)	(4,504,524)
Segment assets	15,024,462	61,364	88,546	15,174,373
Total Assets				15,174,373
Segment liabilities	3,213,151	24,502	52,427	3,290,080
Total Liabilities				3,290,080
	MedAdvisor \$	USA Operations \$	Corporate \$	Total \$
2017				
Revenues	3,310,857	-	-	3,310,857
Net loss before tax	(1,770,116)	-	(494,538)	(2,264,654)
Segment assets	19,221,074	-	26,376	19,247,450
Total Assets				19,247,450
Segment liabilities	2,330,134	-	25,137	2,355,271
Total Liabilities				2,355,271

7. Revenue

	6 months to 31-Dec-18 \$	6 months to 31-Dec-17 \$
From continuing operations		
Sale of services	3,882,288	3,257,598
	3,882,288	3,257,598
Other revenue		
Interest received	80,783	53,259
	80,783	53,259

NOTES TO THE CONDENSED FINANCIAL STATEMENTS – cont'd

	6 months to 31-Dec-18	6 months to 31-Dec-17
	\$	\$
8. Expenses		
Profit before income tax includes the following specific expenses:		
Direct Costs:		
Platform access fees	89,817	52,392
Direct transaction costs	257,593	269,605
Managed services costs for the MedAdvisor platform	132,341	80,388
	479,751	402,385
Employee Benefits Expenses:		
Development	2,270,620	1,204,290
Marketing	1,367,861	858,039
Business development - international	77,051	78,381
Administration	438,419	374,542
Governance	93,623	90,197
Share based payments	286,354	377,238
	4,533,928	2,982,687
Finance costs:		
Other bank charges	5,461	4,626
Interest expense	17	158
	5,477	4,785
	as at 31-Dec-18	as at 30-Jun-18
	\$	\$
9. Cash and Cash Equivalents		
Cash on hand	303	303
Cash at bank	7,376,142	10,474,474
	7,376,445	10,474,777
10. Trade and Other Receivables		
Trade debtors	1,392,538	890,879
Other debtors	6,316	-
	1,398,854	890,879

NOTES TO THE CONDENSED FINANCIAL STATEMENTS – cont'd

10. Trade and Other Receivables – cont'd

Allowance for expected credit losses

The consolidated entity has recognised a loss of (\$77,441) (30 Jun 2018: (\$57,443)) in profit or (loss) in respect of the expected credit losses for the half-year ended 31 December 2018.

The ageing of these receivables and allowances for expected credit losses provided for above are as follows:

	Expected credit loss rate		Carrying amount		Expected credit losses allowance	
	31-Dec-18	30-Jun-18	31-Dec-18	30-Jun-18	31-Dec-18	30-Jun-18
	%	%	\$	\$	\$	\$
Not overdue	0%	0%	900,761	543,006	-	-
0 to 3 months overdue	0%	0%	348,466	220,746	-	-
3 to 6 months overdue	31%	15%	136,073	131,287	42,469	20,202
Over 6 months overdue	41%	70%	84,679	53,283	34,972	37,242
			<u>1,469,980</u>	<u>948,322</u>	<u>77,441</u>	<u>57,443</u>
					<u>as at</u>	<u>as at</u>
					<u>31-Dec-18</u>	<u>30-Jun-18</u>
					<u>\$</u>	<u>\$</u>

11. Other Assets

Current

Prepayments	344,233	188,155
Security deposits - (with Banks and other institutions)	122,274	115,757
	<u>466,507</u>	<u>303,912</u>

Non Current

Other receivables	250,000	-
	<u>250,000</u>	<u>-</u>

12. Property, Plant and Equipment

Leasehold Improvements

Cost	218,412	199,081
Accumulated depreciation	(22,424)	(7,013)
Written Down Value	<u>195,988</u>	<u>192,068</u>

Office Furniture & Equipment

Cost	314,296	237,759
Accumulated depreciation	(90,533)	(59,951)
Written Down Value	<u>223,763</u>	<u>177,808</u>
Total Written Down Value	<u>419,751</u>	<u>369,876</u>

NOTES TO THE CONDENSED FINANCIAL STATEMENTS – cont'd

	as at 31-Dec-18 \$	as at 30-Jun-18 \$
13. Intangible Assets		
Goodwill		
Cost	4,013,868	4,013,868
Intellectual property		
Cost	131,219	128,189
Accumulated amortization	(51,390)	(45,000)
Written Down Value	79,829	83,189
Software		
Cost	1,481,656	1,481,656
Accumulated depreciation	(312,538)	(238,455)
Written Down Value	1,169,119	1,243,201
Total Written Down Value	5,262,815	5,340,258
14. Trade and Other Payables		
Trade creditors	724,158	417,224
Other creditors and accruals	1,102,785	830,290
	1,826,942	1,247,514
15. Net Income in Advance		
Gross pharmacy subscriptions in advance	498,069	315,057
Patient engagement programs	265,457	74,383
	763,526	389,440
16. Employee Entitlements		
Current		
Provision for employee leave	598,391	440,954
	598,391	440,954
Non Current		
Provision for employee leave	101,221	133,332
	101,221	133,332
Total Employee Entitlements	699,612	515,189

17. Contingent Liabilities and Contingent Assets

There have been no changes to contingent liabilities or contingent assets since the last annual reporting date.

18. Events after the Reporting Date

There are no matters or circumstances that have arisen since the end of the half-year which significantly affected or could significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

End of Notes

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on page 7 to 17, are in accordance with the Corporations Act 2001 and:
 - i. comply with Accounting Standards; and
 - ii. give a true and fair view of the financial position as at 31 December 2018 and of the performance for the 6 months on that date of the company.

2. In the directors' opinion, 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.



Robert Read
Director
Camberwell, Victoria

Dated: 25 February 2018

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INDEPENDENT AUDITOR'S REVIEW REPORT To the Members of MedAdvisor Limited

We have reviewed the accompanying half-year financial report of MedAdvisor Limited which comprises the consolidated statement of financial position as at 31 December 2018, 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, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company 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 internal control as the directors determine is necessary to enable the preparation of the half-year 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 half-year 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 half-year 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 31 December 2018 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 MedAdvisor Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year 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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of MedAdvisor Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

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 MedAdvisor 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 31 December 2018 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*.

RSM

RSM AUSTRALIA PARTNERS



P A RANSOM

Partner

Dated: 25 February 2019
Melbourne, Victoria