Jayex Healthcare Ltd

ANNUAL REPORT 2017

JAYEX

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Jayex Healthcare Ltd
31 December 2017
Contents

General Information

The financial statements cover Jayex Healthcare Ltd as a consolidated entity consisting of Jayex Healthcare Limited ("the Company") and the entities it controlled at the end of, or during, the period. The financial statements are presented in Australian dollars, which is Jayex Healthcare Limited's functional and presentation currency.

Jayex Healthcare Ltd is a for-profit company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Suite 3
53 Coppin Street
Richmond VIC 3121

The financial statements were authorised for issue, in accordance with a resolution of directors, on 27 February 2018. The directors have the power to amend and reissue the financial statements.

Jayex Healthcare Ltd
Corporate directory
31 December 2017

Directors	Michael Boyd Brian Renwick Agam Jain Michael Chan
Registered office	Suite 3 53 Coppin Street Richmond Victoria 3121
Principal place of business	Suite 3 53 Coppin Street Richmond Victoria 3121
Share register	Boardroom Pty Ltd Level 12, Grosvenor Place 225 George Street Sydney NSW 2000 Phone: 1300 737 760 (in Australia); +61 29290 9600 (international)
Auditor	Grant Thornton Audit Pty Ltd Collins Square, Tower 1 727 Collins Street Melbourne VIC 3008
Solicitors	SWS Lawyers 41-45 Newcomen Street Newcastle NSW 2300
Stock exchange listing	Jayex Healthcare Ltd shares are listed on the Australian Securities Exchange (ASX code: JHL)
Website	http://jayexhealthcare.com.au

Jayex Healthcare Ltd
Directors' report
31 December 2017

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Jayex Healthcare Ltd (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the period ended 31 December 2017.

Directors
The following persons were directors of Jayex Healthcare Ltd during the whole of the financial period and up to the date of this report, unless otherwise stated:

Michael Boyd (Chairman)
Brian Renwick (Non-Executive Director)
Agam Jain (Executive Director)
Michael Chan (Non-Executive Director) (appointed 27 March 2017)

Principal activities
During the financial year the principal continuing activities of the consolidated entity consisted of the development and provision of healthcare industry service technologies and the development of integrated dispensing automation systems for the pharmaceutical and healthcare sectors.

Dividends
There were no dividends paid, recommended or declared during the current or previous financial period.

Review of operations
The loss for the consolidated entity after providing for income tax amounted to $2,496,000 (31 December 2016: $5,063,000).

Jayex operates in the global healthcare services market, primarily in the UK, Ireland and Australia. Founded in 1978, the company has created several industry-defining products, from the iconic D300 Patient Call Display and Enlighten self-arrivals, through to data capture and survey systems, along with a range of patient-facing information and call solutions.

2017 was a challenging year for Jayex, as the company faced on-going difficulties with the integration of the Appointuit product into the other Group technologies, which resulted in the operational and financial results falling behind expectations in the Australian operations.

In response to the challenges that the company was facing in its Australian operations, on the 23rd May 2017 Nick Fernando was appointed as Chief Executive Officer (CEO). Nick soon established a re-structuring program to improve on the current situation. The program started on the 1st June 2017 and was completed on the 31st December 2017. During this period the company proactively made changes to the operating footprint and the organisational structure of the company. In 2017 we successfully established our Professional Services Group, Product Management Group and our new Marketing platform, which included the launch of our new customer engaging Jayex website. We made these changes to better support our customers and our shareholders, by strengthening our value proposition. With these operational improvements, Jayex is now better positioned to unlock growth opportunities by creating a stronger product, offered at a lower cost across the markets that we operate in.

The consolidated entity’s overall revenue for 2017 was approximately $7.5 million. The operations of the consolidated entity’s United Kingdom-based subsidiary, Jayex Technology Limited (“Jayex UK”), continued to deliver strong revenue and profits, contributing 86% of overall revenue for the consolidated entity. Jayex UK’s total revenues expressed in GBP remained steady at approximately £3.85M in 2017, while its GBP EBITDA remained steady at approximately £780K. However, due to a stronger $A in 2017 compared to 2016, the values of Jayex UK’s revenue and EBITDA converted to $A were less in 2017 than in 2016.

Jayex UK once again delivered a significant number of multi-site installations for some key Clinical Commission Groups (CCGs) across England. In all, a total of 259 GP surgeries took delivery of either a Jayex Patient Arrival or Jayex Patient Calling system under CCG procurement. This was in addition to further systems being ordered individually by Clinics and GP Surgeries. The increase in sales of Jayex systems over the last 2 years has resulted in more users than ever before using Jayex systems. Licence sales revenue in 2017 has risen by 15% since 2016, and has grown by 34% since 2015. A total of 15 new installations and commissions were undertaken in hospitals in the UK and Ireland in 2017 for our Patient Arrival and Patient Calling systems. Our newly developed Professional Services Group delivered on a number of projects in 2017, including a Phlebotomy system for two central London hospitals.

Significant changes in the state of affairs

- issued 750,000 shares in the Company upon the exercise of share options in January 2017;

- issued 750,000 shares in the Company upon the exercise of share options in November 2017.

There were no other significant changes in the state of affairs of the consolidated entity during the financial period.

Matters subsequent to the end of the financial period

During January 2018 the Federal Court action served by Australian Medical Consulting Group Pty Ltd (AMCG) and Mr Gordon Cooper and Ms Rosemary Cooper (the Coopers) upon the Company was concluded with AMCG and the Coopers discontinuing the proceedings and releasing JHL from all claims. JHL has not paid any settlement sum and each party agreed to bear their own costs.

On 25 January 2018 the Company amended its Loan Agreement (Agreement) with Covenant Holdings (WA) Pty Ltd ('Covenant'), a related entity of the Company's Chairman and major shareholder, Mr Michael Boyd, to secure further funding for the Company. Under the revision to the Agreement, Covenant increased the Company's loan facility by $170,000 in order to fund the Company's working capital requirements. The loan facility will bear interest of 12% per annum with a repayment date of 1 April 2019 and is an unsecured loan.

No other matter or circumstance has arisen since 31 December 2017 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

Information on likely developments in the operations of the consolidated entity and the expected results of operations are as follows:

Our vision at Jayex is to be the undisputed leader in improving patient health outcomes in the markets that we operate in. We will do this by driving continuous improvements for our customers, through innovation, integrity, customer satisfaction and teamwork. The restructuring program that took place in 2017 now paves the way for the company to meet its vision of growth. The investments and changes that the company made in 2017 will support the digital transformation in healthcare and revolutionise patient care in new and exciting ways. Our healthcare solutions will be delivered on our modern and innovative healthcare platform. Our solutions will have the ability to save millions of dollars in healthcare spending, whilst improving patient healthcare outcomes.

Our newly developed platform incorporates the very latest technologies, including cloud based, AI, IoT, Big Data and Data Analysis. Jayex's unique understanding of the healthcare market, its decades of experience in this market, and its technological expertise will ensure that our company goals are achieved.

Our goal is for Jayex UK to grow its healthcare footprint in the UK market as it has done over the past two years and to continue to be profitable as it has been since its inception in 1978. Jayex Australia will replicate the same business model, adopted from Jayex UK, to achieve the same level of success and profitability in healthcare.

The business objective for 2018 is to increase revenue and improve operating results. This will be achieved through the changes that the company made in its organisational structure in 2017. Jayex will accelerate its revenue and profit growth in 2019 and beyond by capitalising on the new developments and IP that have been created and incorporated into our platform. These enhancements will deliver superior functionality to our customers in the UK, Australia and beyond.

Environmental regulation

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors

Name:	Michael Boyd
Title:	Executive Chairman
Qualifications:	B.Comm (UWA) Grad. Dip App Fin
Experience and expertise:	Michael Boyd is the Chairman of the Company and has been involved since its inception in 2004. Based in Melbourne, he has led the corporate structuring of the Company and the development of the Group's strategic vision. On a practical level he has initiated contacts with all stakeholder groups including professional bodies, regulatory boards, wholesale distributors and pharmacy groups and individuals. Mr. Boyd has been involved in the creation of new enterprises, both in the private and public sectors, for over 25 years. Mr. Boyd has been successful in developing and growing new projects in diverse areas including healthcare, telecommunications and finance. Trained as a Chartered Accountant, he was a founding Director and Chairman of Sonic Healthcare Ltd, now an ASX listed top 50 company. After leaving Sonic he started Foundation Healthcare, growing it to over 800 healthcare professionals before it was acquired by Sonic. He was also a founding partner of Iridium Satellite bringing it out from bankruptcy to now a NASDAQ listed company.
Other current directorships:	-
Former directorships (last 3 years):	-
Special responsibilities:	Member of Audit and Risk Committee, member of Remuneration and Nomination Committee
Interests in shares:	81,822,554 fully paid ordinary shares

Name:	Brian Renwick
Title:	Non-Executive Director
Qualifications:	MBA, FCA, B.Bus (Accounting) Monash
Experience and expertise:	Mr. Renwick is very broadly experienced across the pharmaceutical and healthcare sector in Australia. His involvement with sector commenced in finance roles that led into commercial analysis, marketing and sales. From this broad commercial experience in the manufacturing end of the supply chain he moved into the wholesaling segment with various business development roles in retail and hospital pharmacy. Mr Renwick's roles broadened into commercial and business development including as general manager for a corporate pharmacy business. He has completed two Business Development roles within the CSL Limited group. With his detailed commercial knowledge and broad experience across the healthcare segment, Brian has provided consulting advice to Jayex since 2006 and is an important member of the team.
Other current directorships:	-
Former directorships (last 3 years):	-
Special responsibilities:	Chairman of Audit and Risk Committee, Chairman of Remuneration and Nomination Committee
Interests in shares:	115,000 fully paid ordinary shares

Name:	Agam Jain
Title:	Executive Director
Qualifications:	B Sc.
Experience and expertise:	Based in London, Mr Jain has over 30 years' experience as Managing Director of Jayex Technology Limited, with extensive hands on experience in mentoring management teams, sales, international business, CRM and Accounting systems. He is a graduate in Physics from Imperial College, London and had many years of sales experience with multinationals in his early career, subsequently progressing to managing diverse business operations. Mr Jain has been the founder of several successful companies in IT, finance, electronics and media.
Other current directorships:	-
Former directorships (last 3 years):	-
Special responsibilities:	Member of Audit and Risk Committee, member of Remuneration and Nomination Committee
Interests in shares:	19,213,378 fully paid ordinary shares

Name:	Michael Chan (appointed 27 March 2017)
Title:	Non-Executive Director
Qualifications:	Diploma of Financial Services
Experience and expertise:	Mr Chan has extensive experience in broad based financial services for the past 30 years with hands on knowledge in both consumer and commercial segments. Michael is the founder and Managing Director at AMG Corporate Pty Ltd, a holder of an Australian Credit Licence which is primarily a debt advisory business. Prior to establishing AMG, Michael worked in key roles involved with strategic business development and marketing at several companies, both in the private and public sectors. Michael has had a past affiliation with Make a Wish Foundation and more recently is the founder and chairman of The Mate Foundation – a men's health initiative with its principal purpose to help raise awareness of men's health diseases, which is due to launch shortly. He has over the years also undertaken philanthropic work for various other charities and causes in his community.
Other current directorships:	-
Former directorships (last 3 years):	-
Interests in shares:	300,000 fully paid ordinary shares

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary

Ms Melanie Leydin was appointed Company Secretary on 19 August 2015. Ms Leydin graduated from Swinburne University in 1997, became a Chartered Accountant in 1999 and since February 2000 has been the principal of chartered accounting firm, Leydin Freyer. Ms Leydin has over 25 years' experience in the accounting profession and has extensive experience in relation to public company responsibilities, including ASX and ASIC compliance, control and implementation of corporate governance, statutory financial reporting, reorganisation of Companies and shareholder relations and is a director and company secretary for a number of entities listed on the Australian Securities Exchange.

Meetings of directors
The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the period ended 31 December 2017, and the number of meetings attended by each director were:

	Full Board		Audit & Risk Committee	Audit & Risk Committee	Remuneration & Nomination Committee	Remuneration & Nomination Committee
	Attended	Held	Attended	Held	Attended	Held
Michael Boyd	10	11	-	1	-	-
Brian Renwick	10	11	1	1	-	-
Agam Jain	11	11	1	1	-	-
Michael Chan	8	8	-	-	-	-

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Remuneration report (audited)
The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration
The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Nomination and Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

In past consultation with external remuneration consultants, the Nomination and Remuneration Committee has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the consolidated entity.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:
- having economic profit as a core component of plan design
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:
- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors remuneration
Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration. Non-executive directors do not receive share options or other incentives.

Directors may also be reimbursed for travel and other expenses reasonably incurred in attending to the Company's affairs.

Non-executive directors may be paid such additional or special remuneration as the directors decide is appropriate where a director performs extra work or services which are not in the capacity as Director of the Company or a subsidiary.

Executive remuneration
The consolidated entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:
- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

Consolidated entity performance and link to remuneration
The remuneration of the Non-Executive Directors is not linked to the performance, share price or earnings of the consolidated entity.

Remuneration for certain executives is expected to be directly linked to the performance of the consolidated entity. As noted above the Company is currently reviewing proposals for the STI and LTI programs, which may be linked to the performance, share price or earnings of the consolidated entity.

Refer to the section 'Additional information' below for details of the earnings and total shareholders return for the last five years or, if the Company has been listed on the ASX for less than five years, the period from ASX listing to the date of this report.

Details of remuneration

Amounts of remuneration
Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables. Unless otherwise noted, the named persons were key management personnel for the whole of the period ended 31 December 2017.

The key management personnel of the consolidated entity consisted of the following directors of Jayex Healthcare Ltd:
- Michael Boyd (Chairman)
- Brian Renwick (Non-Executive Director)
- Agam Jain (Executive Director)
- Michael Chan (Non-Executive Director) - appointed 27 March 2017

And the following persons:
- Nick Fernando (Chief Executive Officer)
- Tony Panther (Chief Financial Officer)

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2017	Cash salary and fees ** $	Cash bonus $	Cash allowance $	Super-annuation $	Long service leave $	Equity-settled - options $	Total $
Non-Executive Directors:							
Mr M Boyd (Chair)	60,000	-	-	-	-	-	60,000
Mr B Renwick	30,000	-	-	-	-	-	30,000
Mr M Chan*	22,500	-	-	-	-	-	22,500
Executive Directors:							
Mr A Jain	54,318	-	-	-	-	-	54,318
Other Key Management Personnel:							
Mr N Fernando	226,853	-	-	-	-	-	226,853
Mr T Panther	185,000	-	-	17,575	-	-	202,575
	578,671	-	-	17,575	-	-	596,246

* Mr Chan was appointed on 27 March 2017

** As from 1 February 2017 the Mr Boyd and Mr Jain have not drawn cash fees for their services and these fees have been accrued. Mr Renwick has not drawn cash fees for his services as from 1 July 2017 and Mr Chan has not drawn cash fees for his services as from 1 August 2017 and their respective fees have been accrued.

All directors have agreed that, as from 1 July 2017 until further notice, any accrued and ongoing directors' fees will be paid by way of issues of the Company's shares in lieu of cash payments, subject to obtaining requisite shareholder approvals.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2016	Cash salary and fees $	Cash bonus $	Non-monetary $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Non-Executive Directors:							
Mr B Renwick	30,000	-	-	-	-	-	30,000
Mr J Allinson*	17,500	-	-	-	-	-	17,500
Mr S Tanner*	35,000	-	-	-	-	-	35,000
Executive Directors:							
Mr M Boyd	180,000	-	-	-	-	-	180,000
Mr A Jain	49,213	-	-	-	-	-	49,213
Other Key Management Personnel:							
Mr N Fernando	246,292	-	-	-	-	-	246,292
Mr T Panther**	65,352	-	-	6,208	-	-	71,560
Mr C Knox**	101,156	-	-	9,610	-	-	110,766
Mr R Mantel***	90,000	-	10,000	8,550	-	128,000	236,550
	814,513	-	10,000	24,368	-	128,000	976,881

* Mr Allinson resigned 29 July 2016; Mr Tanner resigned 12 July 2016

** Mr Knox was appointed as Chief Financial Officer 1 February 2016 and resigned 17 August 2016; Mr Panther was appointed as Chief Financial Officer 8 August 2016.

*** Mr Mantel changed roles within the company effective 1 July 2016 and ceased to be a member of key management personnel as from that date. His remuneration as disclosed relates only to the period during which he was a member of key management personnel.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	2017	2016	2017	2016	2017	2016
Non-Executive Directors:						
Mr M Boyd	100%	-	-	-	-	-
Mr B Renwick	100%	100%	-	-	-	-
Mr M Chan	100%	-	-	-	-	-
Mr J Allinson	-	100%	-	-	-	-
Mr S Tanner	-	100%	-	-	-	-
Executive Directors:						
Mr M Boyd	-	100%	-	-	-	-
Mr M Jain	100%	100%	-	-	-	-
Other Key Management Personnel:						
Mr N Fernando	100%	100%	-	-	-	-
Mr T Panther	100%	100%	-	-	-	-
Mr C Knox	-	100%	-	-	-	-
Mr R Mantel	-	46%	-	-	-	54%

Service agreements
Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Nick Fernando
Title:	Chief Executive Officer, Jayex Technology Limited
Agreement commenced:	Effective commencement date with Jayex Healthcare Limited Group - 15 December 2015
Term of agreement:	No fixed term. Each party may terminate the agreement by giving one months' notice. The Company may make payment in lieu of part of all of the notice period.
Details:	Base salary £135,000 per annum.

Name:	Tony Panther
Title:	Chief Financial Officer
Agreement commenced:	8 August 2016
Term of agreement:	No fixed term. Each party may terminate the agreement by giving three months' notice.
Details:	Base salary at rate of $185,000 per annum plus superannuation at 9.5%

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares
There were no shares issued to directors and other key management personnel as part of compensation during the years ended 31 December 2017 or 31 December 2016.

The Board has agreed in principle to accept directors' in shares in lieu of cash payments with effect from 1 July 2017, subject to necessary shareholder approval.

Options
There were no options over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 31 December 2017.

A grant of options to Mr R Mantel was made during the previous financial year on 2 February 2016 in accordance with an executive service agreement made prior to 31 December 2015. Accordingly a relevant amount of the options was recorded as an expense during the previous financial year and is included in the details of Mr Mantel's remuneration for that period disclosed in this report. Mr Mantel's role with the Group changed as from 1 July 2016 and he therefore ceased as a member of key management personnel as from that date. Accordingly the amount of the relevant options expense for the period up to that date is included in the details of Mr Mantel's prior period remuneration disclosed in this report.

The number of options over ordinary shares granted to and vested by directors and other key management personnel as part of compensation during the period ended 31 December 2017 and the previous year are set out below:

Name	Number of options granted during the period 2017	Number of options granted during the period 2016	Number of options vested during the period 2017	Number of options vested during the period 2016
Mr R Mantel	-	2,500,000	-	1,750,000

Additional information
The earnings of the consolidated entity for the two years to 31 December 2017 are summarised below:

	2017 $'000	2016 $'000
Sales revenue	7,503	8,747
EBITDA	(1,919)	(4,555)
EBIT	(2,437)	(5,346)
Loss after income tax	(2,496)	(5,063)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2017	2016	2015
Share price at financial year end (cents)	1.6	5.0	30.0

As the Company was first listed on the Australian Securities Exchange (ASX) on 17 December 2015, there is limited relevant information regarding the consolidated entity's earnings and performance for past financial years. The tables above show, for information purposes:
- earnings data for the full financial years since the Company's ASX listing; and
- the closing market price of the Company's shares on the ASX on the last day of the reporting periods since the Company's ASX listing.

Additional disclosures relating to key management personnel

Shareholding
The number of shares in the Company held during the financial period by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the period	Received as part of remuneration	Shares acquired	Disposals/ other*	Balance at the end of the period
Ordinary shares					
Mr M Boyd	81,487,385	-	335,169	-	81,822,554
Mr B Renwick	115,000	-	-	-	115,000
Mr A Jain	19,213,378	-	-	-	19,213,378
Mr M Chan	-	-	150,000	150,000	300,000
	100,815,763	-	485,169	150,000	101,450,932

* Includes shares held when the person commenced or ceased as a member of key management personnel.

Other transactions with key management personnel and their related parties
During the financial period:
- loans were made the Company's chairman to the consolidated entity; and
- payments of rental of premises were made to a related entity of a director of the consolidated entity.

Details of these transactions are disclosed in note 29 of the accompanying financial statements.

This concludes the remuneration report, which has been audited.

Shares under option
Unissued ordinary shares of Jayex Healthcare Ltd under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
2 February 2016	2 February 2019	$0.00	250,000

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

Shares issued on the exercise of options
The following ordinary shares of Jayex Healthcare Ltd were issued during the period ended 31 December 2017 and up to the date of this report on the exercise of options granted:

Date options granted	Exercise price	Number of shares issued
2 February 2016	$0.00	1,500,000

Indemnity and insurance of officers
The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial period, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor
The Company has not, during or since the end of the financial period, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial period, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-audit services
Details of the amounts paid or payable to the auditor for non-audit services provided during the financial period by the auditor are outlined in note 27 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial period, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 27 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:
- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Officers of the Company who are former partners of Grant Thornton Audit Pty Ltd
There are no officers of the Company who are former partners of Grant Thornton Audit Pty Ltd.

Rounding of amounts
The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 15.

Auditor

Grant Thornton Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Michael Boyd
Chairman

27 February 2018
Melbourne

Grant Thornton

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Auditor's Independence Declaration to The Directors of Jayex Healthcare Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Jayex Healthcare Limited for the year ended 31 December 2017, I declare that, to the best of my knowledge and belief, there have been:

a No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b No contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

B A Mackenzie
Partner - Audit & Assurance

Melbourne, 27 February 2018

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Jayex Healthcare Ltd
Statement of profit or loss and other comprehensive income
For the period ended 31 December 2017

	Note	Consolidated 2017 $'000	2016 $'000
Revenue	4	7,503	8,750
Other income	5	-	2,116
Expenses			
Raw materials and consumables used		(2,097)	(2,564)
Employee benefits expense	6	(4,562)	(5,388)
Professional services expenses		(683)	(749)
Depreciation and amortisation expense	6	(518)	(791)
Impairment of assets	14	-	(4,085)
Consultancy expenses		(511)	(614)
Travel expenses		(246)	(323)
Marketing expenses		(246)	(309)
Net foreign exchange loss		(138)	(282)
Rental expense		(326)	(288)
Other expenses		(614)	(816)
Finance costs	6	(184)	(21)
Loss before income tax benefit		(2,622)	(5,364)
Income tax benefit	7	126	301
Loss after income tax benefit for the period attributable to the owners of Jayex Healthcare Ltd		(2,496)	(5,063)
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(76)	(1,730)
Other comprehensive loss for the period, net of tax		(76)	(1,730)
Total comprehensive loss for the period attributable to the owners of Jayex Healthcare Ltd		(2,572)	(6,793)
		Cents	**Cents**
Basic earnings per share	34	(1.6)	(3.3)
Diluted earnings per share	34	(1.6)	(3.3)

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

Jayex Healthcare Ltd
Statement of financial position
As at 31 December 2017

	Note	Consolidated 2017 $'000	2016 $'000
Assets			
Current assets			
Cash and cash equivalents	8	1,015	1,334
Trade and other receivables	9	1,262	1,122
Inventories	10	314	359
Other	11	95	65
Total current assets		2,686	2,880
Non-current assets			
Receivables	12	50	43
Property, plant and equipment	13	83	94
Intangibles	14	9,293	9,508
Total non-current assets		9,426	9,645
Total assets		12,112	12,525
Liabilities			
Current liabilities			
Trade and other payables	15	1,256	1,470
Borrowings	16	9	620
Employee benefits	17	77	60
Provisions	18	303	278
Other	19	1,600	1,532
Total current liabilities		3,245	3,960
Non-current liabilities			
Borrowings	20	2,885	-
Deferred tax	21	827	934
Total non-current liabilities		3,712	934
Total liabilities		6,957	4,894
Net assets		5,155	7,631
Equity			
Issued capital	22	25,420	24,940
Reserves	23	(1,793)	(1,333)
Accumulated losses	24	(18,472)	(15,976)
Total equity		5,155	7,631

The above statement of financial position should be read in conjunction with the accompanying notes

Jayex Healthcare Ltd
Statement of changes in equity
For the period ended 31 December 2017

Consolidated	Issued capital $'000	Options reserve $'000	Foreign exchange reserve $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 January 2016	24,588	448	(49)	(10,913)	14,074
Loss after income tax benefit for the period	-	-	-	(5,063)	(5,063)
Other comprehensive loss for the period, net of tax	-	-	(1,730)	-	(1,730)
Total comprehensive loss for the period	-	-	(1,730)	(5,063)	(6,793)
Transactions with owners in their capacity as owners:					
Share-based payments (note 35)	-	350	-	-	350
Exercise of options	352	(352)	-	-	-
Balance at 31 December 2016	24,940	446	(1,779)	(15,976)	7,631

Consolidated	Issued capital $'000	Options reserve $'000	Foreign exchange reserve $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 January 2017	24,940	446	(1,779)	(15,976)	7,631
Loss after income tax benefit for the period	-	-	-	(2,496)	(2,496)
Other comprehensive loss for the period, net of tax	-	-	(76)	-	(76)
Total comprehensive loss for the period	-	-	(76)	(2,496)	(2,572)
Transactions with owners in their capacity as owners:					
Share-based payments (note 35)	-	96	-	-	96
Exercise of options	480	(480)	-	-	-
Balance at 31 December 2017	25,420	62	(1,855)	(18,472)	5,155

The above statement of changes in equity should be read in conjunction with the accompanying notes

Jayex Healthcare Ltd
Statement of cash flows
For the period ended 31 December 2017

	Note	Consolidated 2017 $'000	2016 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		8,789	10,747
Payments to suppliers and employees (inclusive of GST)		(10,991)	(13,028)
		(2,202)	(2,281)
Interest received		-	3
Interest and other finance costs paid		(139)	(7)
Net cash used in operating activities	33	(2,341)	(2,285)
Cash flows from investing activities			
Payment for business acquisitions (net of cash acquired upon acquisitions)		-	(1,196)
Payments for property, plant and equipment	13	(17)	(16)
Payments for intangibles	14	(223)	(168)
Net cash used in investing activities		(240)	(1,380)
Cash flows from financing activities			
Proceeds from borrowings		2,955	600
Repayment of borrowings		(670)	(5)
Mortgage payments		-	(28)
Net cash from financing activities		2,285	567
Net decrease in cash and cash equivalents		(296)	(3,098)
Cash and cash equivalents at the beginning of the financial period		1,334	4,637
Effects of exchange rate changes on cash and cash equivalents		(23)	(205)
Cash and cash equivalents at the end of the financial period	8	1,015	1,334

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted
The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern
The financial report has been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The working capital position as at 31 December 2017 of the consolidated entity, as disclosed in the statement of financial position, is an apparent excess of current liabilities over current assets of $559,000 (2016: $1,080,000). However, the current liabilities as at 31 December 2017 contain a number of liability accounts, including provision accounts, revenue received in advance accounts and unearned revenue accounts, which represent the results of accounting adjustments and do not represent amounts currently payable, or expected to become payable, to third parties. If these liability accounts are removed from the calculation of working capital at 31 December 2017, the adjusted working capital has a surplus of approximately $1,344,000.

The cash balance at 31 December 2017 was $1,015,000 (2016: $1,334,000).

The consolidated entity incurred a net loss after tax for the financial year ended 31 December 2017 of $2,496,000 (financial year ended 31 December 2016: $5,063,000) and had net cash outflows from operating activities of $2,341,000 (financial year ended 31 December 2016: $2,285,000).

Notwithstanding these results, the directors believe that the company will be able to continue as a going concern and as a result the financial statements have been prepared on a going concern basis. The accounts have been prepared on the assumption that the company is a going concern for the following reasons:

- the operating and financial results of the consolidated entity in the 2017 financial year continued to be adversely affected by integration issues arising from the Appointuit acquisition. The Board is confident that those integration issues will not recur in the coming financial year and expects improved operational and financial performance;
- the consolidated entity's main product, the Enlighten system, remains viable and competitive, and is capable of further technical development and improvement and therefore remains an important source of profitable and cash-generating activity for the consolidated entity;
- the consolidated entity has undertaken, and is continuing to carry out, organisational restructuring with the objective of minimising costs without compromising revenue and cash-generating capacity. These measures have already generated cost savings, with further savings expected to be made in the forthcoming financial year;
- the ability of the consolidated entity to further scale back parts of its operations and reduce costs if required;
- the Board is of the opinion that the consolidated entity has, or shall have access to, sufficient funds to meet planned corporate activities and working capital requirements; and
- as the Company is an ASX-listed entity, the consolidated entity has the ability to raise additional funds if required.

This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Note 1. Significant accounting policies (continued)

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Jayex Healthcare Ltd ('Company' or 'parent entity') as at 31 December 2017 and the results of all subsidiaries for the period then ended. Jayex Healthcare Ltd and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'. Details of subsidiaries are included in Note 31.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Foreign currency translation
The financial statements are presented in Australian dollars, which is Jayex Healthcare Ltd's functional and presentation currency.

Foreign currency transactions
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition
Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Sale of goods
Sale of goods revenue is recognised at the point of sale, which is where the customer has taken delivery of the goods, the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns and trade discounts.

Note 1. Significant accounting policies (continued)

Sale of contracted services
Revenue from sales of contracted software services is recognised on a basis reflecting the pattern of the provision of those services to the client and the relative costs thereof. These include: initial setting up of those services, such as the provision, delivery, installation and commissioning of on-site kiosks to deliver the software services, initial software preparation and systems integration, software costs and training; and ongoing supply of software, maintenance and client service. Where contract fees are invoiced at the commencement of the contract period, the component of the fees representing initial set up services are recognised as revenue at that time and where, for accounting purposes, such initial service provision takes the accounting form of the provision of a finance lease, the relevant revenue is recognised at the commencement of the contract. Any remaining fees representing the provision of future services, including ongoing provision of software, maintenance and customer support, are brought to account as a revenue received in advance liability in the statement of financial position and the relevant revenue is recognised on a straight line basis across the term of the contract.

Rendering of services
Rendering of services revenue from computer maintenance/service fees is recognised by reference to the stage of completion of the contracts.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

Note 1. Significant accounting policies (continued)

Inventories
Stock on hand is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Motor vehicles	4 - 5 years
Computer equipment	3 years
Office equipment	3 - 5 years
Furniture and fittings	4 - 5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Leases
The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the consolidated entity will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Note 1. Significant accounting policies (continued)

Intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition.

Intangible assets acquired separately are initially recognised at cost.

Intangible assets with indefinite useful lives are not amortised, but treated for impairment annually, either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis

Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. Amortisation expense is included in depreciation and amortisation expense in the Statement of profit or loss and other comprehensive income.

The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset.

The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill
Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date).

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for any non-controlling interests in the acquiree, and the fair value of the acquirer’s previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group’s interest in the fair value of the acquiree’s identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer’s previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purposes of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash generating unit retained.

Patents and trademarks
All patent and trademark costs for the year are capitalised in the statement of financial position at cost. The patents and trademarks have not yet commenced to be amortised as the technology related to the relevant patents and trademarks is still under development and has not yet reached the stage where it is ready for use by the Company as intended by management.

Note 1. Significant accounting policies (continued)

Software
Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and service and direct payroll and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight-line basis generally over 5-7 years. IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the Group has an intention and ability to use the asset.

When these assets are acquired as part of a business combination they are recognised separately from goodwill. The assets are carried at their fair value at the date of acquisition less accumulated amortisation and impairment losses.

Customer relationships
When these assets are acquired as part of a business combination they are recognised separately from goodwill. The assets are carried at their fair value at the date of acquisition less accumulated amortisation and impairment losses.

Amortisation is calculated on a straight-line basis generally over the assets' estimated useful lives of 10 years.

Impairment of non-financial assets
Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Provisions
Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Note 1. Significant accounting policies (continued)

Share-based payments
Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Business combinations
The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

Note 1. Significant accounting policies (continued)

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Jayex Healthcare Ltd, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial period, adjusted for share splits or bonus elements in ordinary shares issued during the financial period.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Note 1. Significant accounting policies (continued)

Rounding of amounts
The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

New Accounting Standards and Interpretations issued, not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 31 December 2017. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9 Financial Instruments
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces 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 solely principal and interest. All other financial instrument assets are to be 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) in other comprehensive income ('OCI'). For financial liabilities, 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 will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under 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. The standard introduces additional new disclosures. The consolidated entity will adopt this standard from 1 January 2018. The adoption of this standard is not expected to have a material impact on the consolidated entity.

AASB 15 Revenue from Contracts with Customers
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be 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. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgements made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The consolidated entity will adopt this standard from 1 January 2018. The adoption of this standard is not expected to have a material impact on the consolidated entity.

Note 1. Significant accounting policies (continued)

AASB 16 Leases
This standard is applicable to annual reporting periods beginning on or after 1 January 2019.

This standard:
- replaces AASB 117 Leases and some lease-related Interpretations;
- requires all leases to be accounted for ‘on-balance sheet’ by lessees, other than short-term and low value asset leases;
- provides new guidance on the application of the definition of lease and on sale and lease back accounting;
- largely retains the existing lessor accounting requirements in AASB 117;
- requires new and different disclosures about leases.

The consolidated entity will adopt this standard from 1 January 2019. The entity is yet to undertake a detailed assessment of the impact of AASB 16. However, based on the entity’s preliminary assessment, the likely impact on the first time adoption of the Standard for the year ending 31 December 2019 includes:
- there will be a significant increase in lease assets and financial liabilities recognised on the balance sheet;
- the reported equity will reduce as the carrying amount of lease assets will reduce more quickly than the carrying amount of lease liabilities;
- EBIT in the statement of profit or loss and other comprehensive income will be higher as the implicit interest in lease payments for former off balance sheet leases will be presented as part of finance costs rather than being included in operating expenses; and
- Operating cash outflows will be lower and financing cash outflows will be higher in the statement of cash flows as principal repayments on all lease liabilities will now be included in financing activities rather than operating activities.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Estimation of useful lives of assets (Notes 13 and 14)
The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Goodwill and other indefinite life intangible assets (Note 14)
The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets (Note 14)
The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Revenue recognition - Primary sales (Note 4)
Recognition of revenue on sales of Enlighten subscriptions to primary care customers reflects the expected pattern of provision of relevant goods and services pursuant to those subscription contracts. Management have determined that the value of goods and services provided to customers at the commencement of those contracts reflects 80 to 85 percent of the total value of services to be provided over the life of those subscription contracts, with the remaining 15 to 20 percent of the total contract service value being provided over the three year term of the respective contracts. Accordingly, 80 to 85 percent of the value of those sales is recognised as revenue at the inception of the contracts, while the remaining 15 to 20 percent is recognised on a straight line basis over the three year lives of the contracts. Where a kiosk is provided to a customer in connection with the provision of Enlighten subscriptions, the ownership of the kiosk effectively remains with the consolidated entity and the arrangement has the accounting nature of a lease. Management have assessed the lease criteria and have determined these transactions to in in the nature of a finance lease as opposed to an operating lease, meaning that the relevant revenue is able to be recognised at the inception of the contract.

Note 3. Operating segments

Identification of reportable operating segments
The consolidated entity is organised into two operating segments: Australia and United Kingdom (UK). These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation), excluding capital-raising expenses and share-based payments. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

No changes to the policy above have occurred during the financial year.

Intersegment transactions
Intersegment transactions were made at market rates. The Australian operating segment charges a management fee to the United Kingdom operating segment. Intersegment transactions are eliminated on consolidation.

Major customers
The consolidated entity does not have a major customer that contributes more than 10% or more to the consolidated entity's revenue.

Operating segment information

Consolidated December 2017	Australia	United Kingdom	Total reportable segments
	$'000	$'000	$'000
Revenue			
Sales to external customers	1,038	6,465	7,503
Total sales revenue	1,038	6,465	7,503
Other revenue	107	-	107
Segment operating expenses	(4,171)	(5,263)	(9,434)
EBITDA	(3,026)	1,202	(1,824)

Note 3. Operating segments (continued)

Consolidated December 2016	Australia $'000	United Kingdom $'000	Total reportable segments $'000
Revenue			
Sales to external customers	1,719	7,028	8,747
Total sales revenue	1,719	7,028	8,747
Other revenue	155	-	155
Segment operating expenses	(5,377)	(5,761)	(11,138)
Fair value adjustment to financial liabilities	2,116	-	2,116
Impairment of goodwill	(4,085)	-	(4,085)
EBITDA	(5,472)	1,267	(4,205)

The total Revenue and Loss after income tax presented in the Consolidated Entity's operating segments reconcile to the corresponding key financial figures as presented in its Statement of profit or loss and other comprehensive income as follows:

	31 December 2017 $'000	31 December 2016 $'000
Revenue		
Total reportable segment revenues	7,503	8,747
Interest income	-	3
Other revenue	-	-
Group revenues	7,503	8,750

	31 December 2017 $'000	31 December 2016 $'000
Profit or loss		
Total reportable segment EBITDAs	(1,824)	(4,205)
Interest income	-	3
Depreciation and amortisation expense	(518)	(791)
Share-based payments expense	(96)	(350)
Interest expense	(184)	(21)
Income tax (expense)/benefit	126	301
Group profit/(loss) after income tax expense/benefit	(2,496)	(5,063)

Note 3. Operating segments (continued)

Geographical information

	Sales to external customers		Geographical non-current assets	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Australia	1,038	1,719	502	659
United Kingdom	6,465	7,028	8,924	8,986
	7,503	8,747	9,426	9,645

The geographical non-current assets above are exclusive of, where applicable, financial instruments, deferred tax assets, post-employment benefits assets and rights under insurance contracts.

Note 4. Revenue

	Consolidated	
	2017 $'000	2016 $'000
Sales revenue	7,503	8,747
Interest	-	3
Revenue	7,503	8,750

Sales revenue is revenue generated from the consolidated entity's healthcare industry service provision businesses.

Note 5. Other income

	Consolidated	
	2017 $'000	2016 $'000
Fair value remeasurement of financial liabilities	-	2,116

During the year ended 31 December 2016 the Company remeasured the contingent consideration payable in relation to the prior period's acquisition of Appointuit Pty Ltd, reducing the payable to nil as at 31 December 2016. The amount of the reduction in the liability arising from the remeasurement adjustment was recorded as other income.

Note 6. Expenses

	Consolidated	
	2017	**2016**
	$'000	**$'000**
Loss before income tax includes the following specific expenses:		
Depreciation		
Plant and equipment	29	31
Amortisation		
Software	201	257
Customer relationships	288	503
Total amortisation	489	760
Total depreciation and amortisation	518	791
Finance costs		
Interest and finance charges paid/payable	184	21
Rental expense relating to operating leases		
Minimum lease payments	326	288
Superannuation expense		
Defined contribution superannuation expense	123	299
Share-based payments expense		
Share-based payments expense	96	350
Employee benefits expense excluding superannuation and share based payments		
Employee benefits expense excluding superannuation and share based payments	4,343	4,739
Total employee benefits	4,562	5,388

Note 7. Income tax benefit

	Consolidated 2017 $'000	Consolidated 2016 $'000
Income tax benefit		
Current tax	(19)	(27)
Deferred tax - origination and reversal of temporary differences	(107)	(274)
Aggregate income tax benefit	(126)	(301)
Deferred tax included in income tax benefit comprises:		
Decrease in deferred tax liabilities (note 21)	(107)	(274)
Numerical reconciliation of income tax benefit and tax at the statutory rate		
Loss before income tax benefit	(2,622)	(5,364)
Tax at the statutory tax rate of 27.5% (2016: 30%)	(721)	(1,609)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Impairment of goodwill	-	1,225
Share-based payments	26	105
Fair value remeasurement of financial liability	-	(635)
Non-assessable R&D tax incentive receivable	(95)	(85)
Difference in overseas tax rates	(119)	(146)
Sundry items	24	(37)
	(885)	(1,182)
Current period tax losses not recognised	926	1,169
Prior period tax losses not recognised now recouped	(60)	(103)
Current period temporary differences not recognised	(46)	(111)
Prior period temporary differences not recognised now recognised	-	(74)
Adjustment to deferred tax balances as a result of change in statutory tax rate	(61)	-
Income tax benefit	(126)	(301)

	Consolidated 2017 $'000	Consolidated 2016 $'000
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	11,596	8,650
Potential tax benefit @ 27.5% (2016: 30%)	3,189	2,595

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

Note 8. Current assets - cash and cash equivalents

	Consolidated 2017 $'000	Consolidated 2016 $'000
Cash at bank	1,015	1,334

Note 9. Current assets - trade and other receivables

	Consolidated 2017 $'000	Consolidated 2016 $'000
Trade receivables	1,226	1,047
Other receivables	18	14
GST receivable	18	61
	1,262	1,122

As at 31 December 2017 there were no material receivables amounts past due therefore there were no amounts past due but not impaired (31 December 2016 - Nil).

Note 10. Current assets - inventories

	Consolidated 2017 $'000	Consolidated 2016 $'000
Stock on hand - at cost	314	359

Note 11. Current assets - other

	Consolidated 2017 $'000	Consolidated 2016 $'000
Prepayments	95	65

Note 12. Non-current assets - receivables

	Consolidated 2017 $'000	Consolidated 2016 $'000
Other receivables	50	43

Note 13. Non-current assets - property, plant and equipment

	Consolidated 2017 $'000	Consolidated 2016 $'000
Motor vehicles - at cost	70	69
Less: Accumulated depreciation	(48)	(37)
	22	32
Office equipment - at cost	241	236
Less: Accumulated depreciation	(202)	(187)
	39	49
Furniture and fittings - at cost	68	53
Less: Accumulated depreciation	(46)	(40)
	22	13
	83	94

Note 13. Non-current assets - property, plant and equipment (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial period are set out below:

Consolidated	Furniture & fittings $'000	Office equipment $'000	Computer equipment $'000	Motor vehicle $'000	Total $'000
Balance at 1 January 2016	5	74	2	47	128
Additions	11	2	3	-	16
Exchange differences	(1)	(11)	-	(3)	(15)
Write off of assets	(1)	-	(4)	-	(5)
Depreciation expense	(2)	(16)	(1)	(11)	(30)
Balance at 31 December 2016	12	49	-	33	94
Additions	15	1	1	-	17
Depreciation expense	(5)	(13)	-	(10)	(28)
Balance at 31 December 2017	22	37	1	23	83

Note 14. Non-current assets - intangibles

	Consolidated 2017 $'000	**Consolidated 2016 $'000**
Goodwill - at cost	9,676	9,624
Less: Impairment	(4,085)	(4,085)
	5,591	5,539
Patents and trademarks - at cost	586	586
Software platform - at cost	1,201	1,009
Less: Accumulated amortisation - Software	(444)	(772)
	757	237
Customer relationships - at cost	3,113	3,166
Less: Accumulated amortisation - Customer relationships	(754)	(20)
	2,359	3,146
	9,293	9,508

Note 14. Non-current assets - intangibles (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial period are set out below:

Consolidated	Goodwill $'000	Patents & trademarks $'000	Software platform $'000	Customer relationships $'000	Total $'000
Balance at 1 January 2016	10,856	586	948	3,718	16,108
Additions	-	-	168	-	168
Exchange differences	(1,232)	-	(119)	(572)	(1,923)
Impairment of assets	(4,085)	-	-	-	(4,085)
Amortisation expense	-	-	(257)	(503)	(760)
Balance at 31 December 2016	5,539	586	740	2,643	9,508
Additions	-	-	223	-	223
Exchange differences	52	-	(5)	4	51
Amortisation expense	-	-	(201)	(288)	(489)
Balance at 31 December 2017	5,591	586	757	2,359	9,293

In 2015 the consolidated entity acquired Jayex Technology Limited (JUK), which is based in the United Kingdom, and Appointuit Pty Ltd (Appointuit). Both of these companies operate technologies which are complementary to the technology which is the subject of the patents and therefore enhanced technology business relationships upon which to pursue discussions in key world markets. The majority of the consolidated entity's technologies were acquired through the acquisitions of JUK and Appointuit.

The estimated useful lives of the Software Platform and Customer Relationships of Appointuit were reassessed during the previous financial year resulting in an increase in the amortisation charge in 2016 of $194,000. Descriptions of these items and their estimated remaining useful lives are as follows:

- Software Platform - value attributed to the respective Enlighten/Appointuit computer software systems and all enhancements, based on the net earnings/cost savings they are expected to generate over their useful lives (estimated remaining useful life - JUK: 3 years; Appointuit: Nil)
- Customer Relationships - value attributed to the respective existing JUK/Appointuit customer bases based on the net earnings they are expected to generate over their useful lives (estimated remaining useful life - JUK: 8 years; Appointuit: Nil)

Patents & trademarks

The carrying value of patents & trademarks has been assessed on a fair value less costs to sell methodology. An independent valuation was obtained during the year ended 30 June 2015 which made several key assumptions about the potential sizes of the markets for the patents and trademarks, adoption rates and revenues and costs associated with transactions. The directors have re-considered the carrying value in reference to this report and believe that there have been no material changes to the assumption used that would result in impairment to the patents and trademarks.

Note 14. Non-current assets - intangibles (continued)

Goodwill

For the purpose of ongoing annual impairment testing goodwill is allocated to the following cash-generating units, which are the units expected to benefit from the synergies of the business combinations in which the goodwill arises:

	Consolidated	
	2017	**2016**
	$'000	**$'000**
Jayex Technology (United Kingdom)	5,591	5,539

Methodology

An impairment loss expense in the profit or loss is recognised when the carrying amount of an asset exceeds its recoverable amount. The Company determined the recoverable amounts of both the Appointuit CGU and Jayex Technology CGU using a value in use approach.

The recoverable amounts of both CGUs have been determined by valuation models that estimated the future cash flows relying on historical performance and growth, discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to each particular CGU.

The discounted cash flow model used in the assessment of value in use is sensitive to a number of key assumptions, including revenue growth rates, discount rates, operating costs and foreign exchange rates. These assumptions can change over short periods of time and can have a significant impact on the carrying value of the assets.

Based on the estimated recoverable amount for the Appointuit CGU, the Group recognised an impairment to goodwill in the year ended 31 December 2016, due primarily to the effect of changes in competition and market conditions, expectations around performance and growth not being achieved, and ongoing difficulties regarding integration.

Impairment testing for CGUs containing goodwill

Goodwill arose in the business combinations for the acquisition of Jayex Technologies and Appointuit Pty Ltd in 2015. It represented the excess of the cost of the acquisition over the fair value of the Group's share of the identifiable net assets acquired and contingent liabilities assumed at the date of acquisition. Goodwill is allocated to the Group's cash generating units (CGUs) identified according to the Group's operating segments for impairment testing purposes.

In assessing whether an impairment adjustment is required for the carrying value of an asset, its carrying value is compared with its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value-in-use.

Value in use and key assumptions

The Company estimates the value-in-use of the Appointuit CGU and Jayex Technology CGU using discounted cash flows.

The calculation of value-in-use used the following assumptions:

- Discount rate - 14.75%
- Foreign exchange rate - £/$A 0.5787
- Period over which cash flows projected - 5 years
- Growth projections - revenue increase at average rates of 5 - 5.5% per annum, based on past trends
- Expenses increase at average rates of 3.2 - 3.8% per annum, based on past trends of reducing cost base compared to revenues
- Long term growth rate used to extrapolate cash flow projections beyond forecast period - 2% per annum

Note 14. Non-current assets - intangibles (continued)

Impairment

Company has performed an impairment assessment based on its cash generating units (CGU), which were the Appointuit CGU and Jayex Technology CGU.

As a result of the assessment the Company has maintained the impairment to the goodwill asset of $4.085 million in relation to the Appointuit CGU which was previously recognised in the year ended 31 December 2016. This impairment has not changed during the current financial year.

The Company determined that the recoverable amount in relation the Jayex Technology CGU exceeded its carrying value of assets as at 31 December 2017, therefore no adjustment to its carrying value was required.

Note 15. Current liabilities - trade and other payables

	Consolidated	
	2017 $'000	2016 $'000
Trade payables	506	756
Accrued expenses	409	339
GST payable	137	114
Other payables	204	261
	1,256	1,470

Refer to note 25 for further information on financial instruments.

Note 16. Current liabilities - borrowings

	Consolidated	
	2017 $'000	2016 $'000
Short term loans	-	613
Other loans	9	7
	9	620

Refer to note 25 for further information on financial instruments.

Note 17. Current liabilities - employee benefits

	Consolidated	
	2017 $'000	2016 $'000
Annual leave	77	60

Note 18. Current liabilities - provisions

	Consolidated 2017 $'000	Consolidated 2016 $'000
Provision for warranties	275	237
Provision for credit notes	28	41
	303	278

Warranties
The provision represents the estimated warranty claims in respect of products sold which are still under warranty at the reporting date. The provision is estimated based on historical warranty claim information, sales levels and any recent trends that may suggest future claims could differ from historical amounts.

Credit notes
The provision represents the estimated credit notes which may be granted in future periods in respect of products sold prior to the reporting date. The provision is estimated based on historical credit note information, sales levels and any recent trends that may suggest future issues of credit notes could differ from historical amounts.

Movements in provisions
Movements in each class of provision during the current financial period, other than employee benefits, are set out below:

Consolidated - 2017	Warranties $'000	Credit notes $'000
Carrying amount at the start of the period	237	41
Additional provisions recognised	38	-
Reduction in provision required	-	(13)
Carrying amount at the end of the period	275	28

Note 19. Current liabilities - other

	Consolidated 2017 $'000	Consolidated 2016 $'000
Deferred revenue	1,482	1,461
Revenue received in advance	118	71
	1,600	1,532

Deferred revenue represents sales invoiced in advance of the provision of contracted services.

Note 20. Non-current liabilities - borrowings

	Consolidated 2017 $'000	Consolidated 2016 $'000
Borrowings - non-current	2,885	-

Refer to note 25 for further information on financial instruments.

These loans have been advanced to the consolidated entity by a related party. Refer Note 29 for further information.

Note 21. Non-current liabilities - deferred tax

	Consolidated	
	2017	**2016**
	$'000	**$'000**
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Intangible assets arising from business combinations	765	962
Property, plant and equipment	8	11
Development costs	64	35
Carry forward tax losses	(10)	(74)
Deferred tax liability	827	934
Movements:		
Opening balance	934	1,415
Credited to profit or loss (note 7)	(107)	(274)
Credited to equity	-	(207)
Closing balance	827	934

Included in the above balance is the recognised benefit of carry forward tax losses of Jayex Technology Ltd (JUK), the consolidated entity's UK-based subsidiary. The benefit has been recognised as it is expected that JUK will generate sufficient future taxable profits to utilise these tax losses, and will comply with the relevant regulatory requirements for the utilisation of those losses.

Note 22. Equity - issued capital

	Consolidated			
	2017 Shares	**2016 Shares**	**2017 $'000**	**2016 $'000**
Ordinary shares - fully paid	153,622,874	152,122,874	25,420	24,940

Movements in ordinary share capital

Details	**Date**	**No of shares**	**Issue price**	**$'000**
Balance	1 January 2016	150,997,874		24,588
Issue of shares upon exercise of options	20 June 2016	125,000	$0.25	32
Issue of shares upon exercise of options	18 October 2016	1,000,000	$0.32	320
Balance	31 December 2016	152,122,874		24,940
Issue of shares upon exercise of options	12 January 2017	750,000	$0.32	240
Issue of shares upon exercise of options	24 November 2017	750,000	$0.32	240
Balance	31 December 2017	153,622,874		25,420

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 22. Equity - issued capital (continued)

Share buy-back
There is no current on-market share buy-back.

Capital risk management
The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital. No external requirements have been imposed on the consolidated entity in regards to capital management.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

No changes to what is regarded as capital nor how it is managed have occurred during the financial year.

Note 23. Equity - reserves

	Consolidated	
	2017	**2016**
	$'000	**$'000**
Foreign currency reserve	(1,855)	(1,779)
Share-based payments reserve	62	446
	(1,793)	(1,333)

Foreign currency reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Movements in reserves
Movements in each class of reserve during the current and previous financial period are set out below:

Consolidated	Foreign currency reserve $'000	Share-based payments reserve $'000	Total $'000
Balance at 1 January 2016	(49)	448	399
Foreign currency translation	(1,730)	-	(1,730)
Amortisation of share based employee incentives	-	350	350
Exercise of options	-	(352)	(352)
Balance at 31 December 2016	(1,779)	446	(1,333)
Foreign currency translation	(76)	-	(76)
Amortisation of share based employee incentives	-	96	96
Exercise of options	-	(480)	(480)
Balance at 31 December 2017	(1,855)	62	(1,793)

Note 24. Equity - accumulated losses

	Consolidated 2017 $'000	Consolidated 2016 $'000
Accumulated losses at the beginning of the financial period	(15,976)	(10,913)
Loss after income tax benefit for the period	(2,496)	(5,063)
Accumulated losses at the end of the financial period	(18,472)	(15,976)

Note 25. Financial instruments

Financial risk management objectives

The entity's principal financial instruments comprise cash and cash equivalents and loans receivable and payable. The main purpose of these financial instruments is to finance the entity's operations. The entity has various other financial assets and liabilities such as receivables and trade payables, which arise directly from its operations. It is, and has been throughout the entire period, the entity's policy that no trading in financial instruments shall be undertaken.

There are no major risks arising from the entity's financial instruments, as no term deposits/cash investments are maintained. Minor risks are summarised below. The Board reviews and agrees policies for managing each of these risks.

Financial assets and liabilities

	Consolidated 2017 $'000	Consolidated 2016 $'000
Financial assets		
Cash at bank	1,015	1,334
Trade and other receivables - current	1,262	1,122
Receivables - non-current	50	43
	2,327	2,499
Financial liabilities		
Trade and other payables	1,256	1,470
Deferred revenue	1,600	1,532
Short term loans	-	620
Other loans	9	-
Borrowings - non-current	2,885	-
	5,750	3,622

Market risk

Foreign currency risk

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The consolidated entity derives approximately 86% of its revenue and 55% its operating costs, and has 89% of its assets and 44% of its liabilities located in, or arising from activities carried out by, a subsidiary company, Jayex Technology Limited (JUK), incorporated in the United Kingdom. The activities, assets and liabilities of JUK are denominated in its functional currency, the Pound Sterling (GBP).

This exposure could have a material effect on the results of the consolidated entity in the long term, in particular the exchange differences arising from the translation of the consolidated entity's net investment in JUK, and its future revenue and expense streams.

Note 25. Financial instruments (continued)

The average exchange rates and reporting date exchange rates applied were as follows:

	Average exchange rate 2017	Average exchange rates 2016	Reporting date exchange rate 2017	Acquisition date exchange rate 2016
Australian dollars				
Pound sterling (GBP)	0.5951	0.5481	0.5787	0.5842

As noted above, foreign currency risk arises when future commercial transactions and recognised financial assets and liabilities are denominated in a currency that is not the entity's functional currency. As there is no material exposure to foreign currency risk within the financial assets and financial liabilities outside of each operating entity's functional currency, the consolidated entity as a whole did not face a material foreign currency risk as at reporting date and no sensitivity analysis has been prepared.

Price risk
The consolidated entity is not exposed to any significant price risk.

Interest rate risk
The consolidated entity is not exposed to any significant interest rate risk.

As at reporting date the consolidated entity has cash at bank of $1,015,000 and borrowings of $2,885,000. Cash at bank as at reporting date is held in a number of bank accounts, operated by the consolidated entity's parent entity and its subsidiaries and its head office function. Interest on bank accounts is insignificant. The interest rates on borrowings are at fixed rates of 8 percent per annum on a loan of $2,000,000 and 12 percent per annum on a loan of $830,000. Any feasible change in market rates is not expected to have a material impact on the financial results of the consolidated entity.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Group’s policy is to deal only with creditworthy counterparties.

Other than trade receivables, the consolidated entity's main counterparties are major, reputable banks and government sales tax authorities. The consolidated entity is satisfied that the risk of default on the part of these counterparties is low.

The Group’s management considers that all of the financial assets referred to above that are not impaired or past due at the reporting date are of good credit quality.

Liquidity risk
The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Note 25. Financial instruments (continued)

Remaining contractual maturities
The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2017	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade and other payables	-	850	-	-	-	850
Accruals	-	409	-	-	-	409
Deferred revenue	-	1,600	-	-	-	1,600
Borrowings - non-current	-	-	55	-	-	55
Interest-bearing - fixed rate						
Other loans	7.80%	9	-	-	-	9
Borrowings - non-current	8.00%	160	2,040	-	-	2,200
Borrowings - non-current	12.00%	100	855	-	-	955
Total non-derivatives		3,128	2,950	-	-	6,078

Consolidated - 2016	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade and other payables	-	1,131	-	-	-	1,131
Accruals	-	339	-	-	-	339
Deferred revenue	-	1,532	-	-	-	1,532
Interest-bearing - fixed rate						
Short term loans	8.00%	639	-	-	-	639
Total non-derivatives		3,641	-	-	-	3,641

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 26. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	2017 $	2016 $
Short-term employee benefits	578,671	824,513
Post-employment benefits	17,575	24,368
Share-based payments	-	128,000
	596,246	976,881

Note 27. Remuneration of auditors

During the financial period the following fees were paid or payable for services provided by Grant Thornton Audit Pty Ltd, the auditor of the Company, and its network firms:

	Consolidated	
	2017 $	2016 $
Audit services - Grant Thornton		
Audit or review of the financial statements	74,000	79,000
Other services - Grant Thornton		
Tax consulting	45,512	25,230
	119,512	104,230
Audit services - network firms		
Audit or review of the financial statements	44,000	42,000
	163,512	146,230

Note 28. Commitments

	Consolidated	
	2017 $'000	2016 $'000
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	276	275
One to five years	360	610
	636	885

The operating lease commitments relate to leases of business premises used by the consolidated entity in Australia and the United Kingdom to accommodate its business activities. The leases are non-cancellable and have terms ranging from 6 months to 3 years.

Note 29. Related party transactions

Parent entity
Jayex Healthcare Ltd is the parent entity.

Note 29. Related party transactions (continued)

Subsidiaries
Interests in subsidiaries are set out in note 31.

Key management personnel
Disclosures relating to key management personnel are set out in note 26 and the remuneration report included in the directors' report.

Transactions with related parties
The following transactions occurred with related parties. All transactions were carried out on arm's length terms on a basis which is no more or less favourable than if the transactions had occurred with non-related entities.

	Consolidated	
	2017	2016
	$	$
Other transactions:		
Loan interest paid or payable to Covenant Holdings (WA) Pty Ltd (an entity related to director Michael Boyd)	115,347	-
Interest accrued to Lirho Pty Ltd (an entity related to director Michael Boyd)	-	4
Premises rent paid or payable by Jayex Technology Limited to Vector Capital Limited (an entity controlled by Agam Jain, a director of the consolidated entity)	126,029	136,829

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	2017	2016
	$	$
Current payables:		
Accrued loan interest payable to Covenant Holdings (WA) Pty Ltd (an entity related to director Michael Boyd)	8,702	-

The payables due to related parties were payable on demand and did not bear interest.

Loans to/from related parties
The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated	
	2017	2016
	$	$
Non-current borrowings:		
Loans from Covenant Holdings (WA) Pty Ltd (an entity related to director Michael Boyd)	2,885,000	-

Terms and conditions
The terms of the loans made by Covenant Holdings (WA) Pty Ltd to companies within the consolidated entity are as follows:

Loan to Jayex Healthcare Limited: Balance at 31 December 2017 - $2,000,000; interest rate - 8% per annum
Loan to Jayex Healthcare Limited: Balance at 31 December 2017 - $830,000; interest rate - 12% per annum
Loan to P2U Pty Ltd: Balance at 31 December 2017 - $55,000; loan is interest free.

All loans are unsecured and are repayable on 1 April 2019.

Note 30. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2017	**2016**
	$'000	**$'000**
Loss after income tax benefit	(2,840)	(6,064)
Total comprehensive loss	(2,840)	(6,064)

Statement of financial position

	Parent	
	2017	**2016**
	$'000	**$'000**
Total current assets	117	164
Total assets	9,754	10,294
Total current liabilities	322	958
Total liabilities	3,161	958
Equity		
Issued capital	25,420	24,940
Share-based payments reserve	63	446
Accumulated losses	(18,890)	(16,050)
Total equity	6,593	9,336

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 31 December 2017 or 31 December 2016.

Contingent liabilities
With the exception of any matter referred to Note 36 Contingent liabilities, the parent entity had no contingent liabilities as at 31 December 2017 or 31 December 2016.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 31 December 2017 or 31 December 2016.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:
- investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- dividends received from subsidiaries are recognised as other income by the parent entity.

Note 31. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest 2017 %	2016 %
Bluepoint International Pty Ltd	Australia	100.00%	100.00%
P2U Pty Ltd	Australia	100.00%	100.00%
Jayex Australia Pty Ltd	Australia	100.00%	100.00%
Express RX Pty Ltd	Australia	100.00%	100.00%
Jayex Technology Limited	United Kingdom	100.00%	100.00%
Appointuit Pty Ltd	Australia	100.00%	100.00%
Jayex New Zealand Limited	New Zealand	100.00%	-

Note 32. Events after the reporting period

During January 2018 the Federal Court action served by Australian Medical Consulting Group Pty Ltd (AMCG) and Mr Gordon Cooper and Ms Rosemary Cooper (the Coopers) upon the Company was concluded with AMCG and the Coopers discontinuing the proceedings and releasing JHL from all claims. JHL has not paid any settlement sum and each party agreed to bear their own costs.

On 25 January 2018 the Company amended its Loan Agreement (Agreement) with Covenant Holdings (WA) Pty Ltd (‘Covenant’), a related entity of the Company’s Chairman and major shareholder, Mr Michael Boyd, to secure further funding for the Company. Under the revision to the Agreement, Covenant increased the Company’s loan facility by $170,000 in order to fund the Company’s working capital requirements. The loan facility will bear interest of 12% per annum with a repayment date of 1 April 2019 and is an unsecured loan.

No other matter or circumstance has arisen since 31 December 2017 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 33. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated 2017 $'000	Consolidated 2016 $'000
Loss after income tax benefit for the period	(2,496)	(5,063)
Adjustments for:		
Depreciation and amortisation	518	791
Impairment of goodwill	-	4,085
Write off of non-current assets	-	5
Share-based payments	96	350
Non-cash interest expense	45	13
Fair value remeasurement of financial liabilities	-	(2,116)
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(184)	282
Decrease/(increase) in inventories	45	(86)
Decrease/(increase) in prepayments	(30)	10
(Increase)/Decrease in Other receivables - non-current	(7)	(43)
Decrease in trade and other payables	(337)	(360)
Decrease in deferred tax liabilities	(101)	(274)
Increase/(decrease) in employee benefits	17	(25)
Increase in other provisions	25	6
Increase/(decrease) in deferred revenue	68	140
Net cash used in operating activities	(2,341)	(2,285)

Note 34. Earnings per share

	Consolidated 2017 $'000	Consolidated 2016 $'000
Loss after income tax attributable to the owners of Jayex Healthcare Ltd	(2,496)	(5,063)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	152,928,353	151,269,390
Weighted average number of ordinary shares used in calculating diluted earnings per share	152,928,353	151,269,390
	Cents	**Cents**
Basic earnings per share	(1.6)	(3.3)
Diluted earnings per share	(1.6)	(3.3)

Number of contingent shares not included in the diluted earnings per share calculation as they are anti-dilutive: 944,521 (2016: 2,512,117).

Note 35. Share-based payments

(a) Employee options

A share option plan (Plan) has been established by the consolidated entity and approved by shareholders at a general meeting, whereby the consolidated entity may, at the discretion of the Nomination and Remuneration Committee, grant options over ordinary shares in the Company to certain employees of the consolidated entity. In accordance with the Plan options were issued in 2016 for nil consideration and were granted in accordance with performance guidelines established by the Nomination and Remuneration Committee. As the instruments issued in 2016 have a nil exercise price, they represent performance rights; these are referred to as "options" in these financial statements and the accompanying directors' report.

Set out below are summaries of options granted under the plan:

2017

Grant date	Expiry date	Exercise price	Balance at the start of the period	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the period
02/02/2016	02/02/2019	$0.00	1,750,000	-	(1,500,000)	-	250,000
			1,750,000	-	(1,500,000)	-	250,000

The options issued on 2 February 2016, and exercised during the financial year, had a nil exercise price, therefore the weighted average exercise price of options issued, exercised and outstanding at year end was nil.

2016

Grant date	Expiry date	Exercise price	Balance at the start of the period	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the period
02/02/2016	02/02/2019	$0.00	-	2,875,000	(1,125,000)	-	1,750,000
			-	2,875,000	(1,125,000)	-	1,750,000

The weighted average share price during the financial period was $0.024 (2015: $0.15).

The weighted average remaining contractual life of options outstanding at the end of the financial period was 1.09 years (2015: 2.09).

(b) Shares issued to employees and third parties in return for services

The Company may, from time to time, issue shares to employees and third parties as consideration for goods and/or services provided to the consolidated entity by those parties. All such transactions are settled in equity and vest immediately, unless otherwise stated. No such shares were issued in the year ended 31 December 2017.

Note 36. Contingent liabilities

(a) Contingent consideration on acquisition of Appointuit Pty Ltd

A contingent consideration payable on business acquisition relates to the acquisition of Appointuit Pty Ltd ("Appointuit") made by the consolidated entity in 2015.

During the year ended 31 December 2016 the Company remeasured the contingent consideration payable in relation to the Appointuit acquisition, reducing the payable from $2.214 million as at 31 December 2015 to nil as at 31 December 2016 due to a number of factors having a substantial impact on Appointuit's ability to achieve the EBITDA targets during the period 1 July 2015 to 30 June 2019, set as part of the contingent consideration payable.

In the event that Appointuit achieves the relevant EBITDA targets during the relevant future time period, then an amount of contingent consideration would then become payable and would be recognised as a liability at that time.

Jayex Healthcare Ltd
Directors' declaration
31 December 2017

In the directors' opinion:

- the attached consolidated financial statements and notes, and the Remuneration report set out on pages 7 to 12 of the Directors' report, comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached consolidated financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;

- the attached consolidated financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the financial period ended on that date; and

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

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Michael Boyd
Chairman

27 February 2018
Melbourne

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Independent Auditor's Report to the Members of Jayex Healthcare Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Jayex Healthcare Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, 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 year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a Giving a true and fair view of the Group's financial position as at 31 December 2017 and of its performance for the year ended on that date; and

b Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Group incurred a net loss of $2,496,000 and net cash out flows from operating activities of $2,341,000 during the year ended 31 December 2017, and as of that date, the Group's current liabilities exceeded its total assets by $559,000. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Goodwill and intangible balances **Note 14**	
At 31 December 2017, the Group has goodwill and other intangible assets amounting to $9,293,000 relating to the Jayex Technology Limited cash generating unit. The Group is required to perform an impairment test, where goodwill is allocated to a CGU acquired in a business combination during the current period, before the end of the current period. Management has assessed that the group has four CGUs, and has allocated the goodwill and other intangible assets to these CGUs. Management has tested the CGU's for impairment by comparing their carrying amounts with their recoverable amounts. The recoverable amounts were determined using the greater of fair value less costs of disposal and the value-in-use. We have determined this is a key audit matter due to the judgements and estimates required in determining the appropriate CGU's and calculating the recoverable amount.	Our procedures included, amongst others: • Enquiring with management to obtain and document an understanding of management's process and controls related to the assessment of impairment, including management's identification of CGUs and the calculation of the recoverable amount for the CGU; • Evaluating the recoverable amounts against the requirements of AASB 136: *Impairment of Assets*, including consultation with our valuations experts; • Reviewing management's value-in-use calculations to: – Test the mathematical accuracy of the calculations; – Evaluate management's ability to perform accurate estimates; – Test forecast cash inflows and outflows to be derived by the CGUs assets; and – Agree discount rates applied to forecast future cash flows; and • Performing sensitivity analysis on the significant inputs and assumptions made by management in preparing its calculation; and • Assessing the adequacy of financial report disclosures.

Information Other than the Financial Report and Auditor's Report Thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors' for the Financial Report

The Directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 31 December 2017.

In our opinion, the Remuneration Report of Jayex Healthcare Limited, for the year ended 31 December 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

B A Mackenzie
Partner – Audit & Assurance

Melbourne, 27 February 2018

Jayex Healthcare Ltd
Shareholder information
31 December 2017

The shareholder information set out below was applicable as at 9 February 2018.

Corporate governance

Refer to the Company's Corporate Governance statement at: http://jayexhealthcare.com.au/investor/corporate-governence/.

There is no current on-market buy-back.

Distribution of equity securities
Analysis of number of equity security holders by size of holding:

	Number of unquoted options	Number of holders of ordinary shares
1 to 1,000	-	9
1,001 to 5,000	-	42
5,001 to 10,000	-	113
10,001 to 100,000	-	185
100,001 and over	1	75
	1	424
Holding less than a marketable parcel	-	8

Equity security holders

Twenty largest quoted equity security holders
The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
COVENANT HOLDINGS (WA) PTY LTD (BOYD#4 A/C)	74,431,855	48.45
VECTOR LONDON LTD	19,003,378	12.37
NEW MEDICAL ENTERPRISES PTY LTD (BOYD#4 A/C)	6,505,530	4.23
MR DEAN HENRY CLEARY (THE CLEARWAY INVESTMENT A/C)	4,140,000	2.69
MR GORDON ASHLEY COOPER	3,143,903	2.05
STAINTON PTY LTD (BOYD FAMILY A/C)	2,815,942	1.83
DONOVAN PRODUCTS PTY LTD (FAMILY ACCOUNT)	2,746,916	1.79
MR MUN KEE CHANG	2,651,433	1.73
MR ROBERT JOHN MANTEL & MRS FIONA MANTEL (R & F MANTEL SUPER FUND A/C)	2,250,000	1.46
DR CHOON-JOO KHO	1,818,000	1.18
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	1,801,365	1.17
MR PETER HOWELLS	1,558,243	1.01
BERNE NO 132 NOMINEES PTY LTD (W 1253672 A/C)	1,053,750	0.69
DONOVAN PRODUCTS PTY LTD (THE DONOVAN PRODUCTS FAM A/C)	1,025,000	0.67
MR DENNIS CRAIG TELFORD	1,000,000	0.65
TWIN OAKS SUPER PTY LTD (TWIN OAKS SUPER FUND A/C)	1,000,000	0.65
EQUITAS NOMINEES PTY LIMITED (PB- 601187 A/C)	810,000	0.53
E2GO LTD	756,262	0.49
A & D HOLDINGS 2 PTY LTD (A & D HILL SUPERFUND A/C)	658,000	0.43
TOUCH SCREEN INFORMATION SYSTEMS PTY LTD	638,000	0.42
	129,807,577	84.49

Jayex Healthcare Ltd
Shareholder information
31 December 2017

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares issued	250,000	1

Substantial holders

Substantial holders in the Company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Michael Boyd/Covenant Holdings (WA) Pty Ltd	80,937,385	52.69
Agam Jain/Vector Capital Limited	19,003,378	12.37

The information set out above regarding the names and number of shares held by substantial holders is as disclosed in substantial holding notices given to the Company.

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Options
Options do not have voting rights attached.

There are no other classes of equity securities.

Jayex Healthcare Ltd

Phone No: 1300 330 611

ABN 15 119 122 477