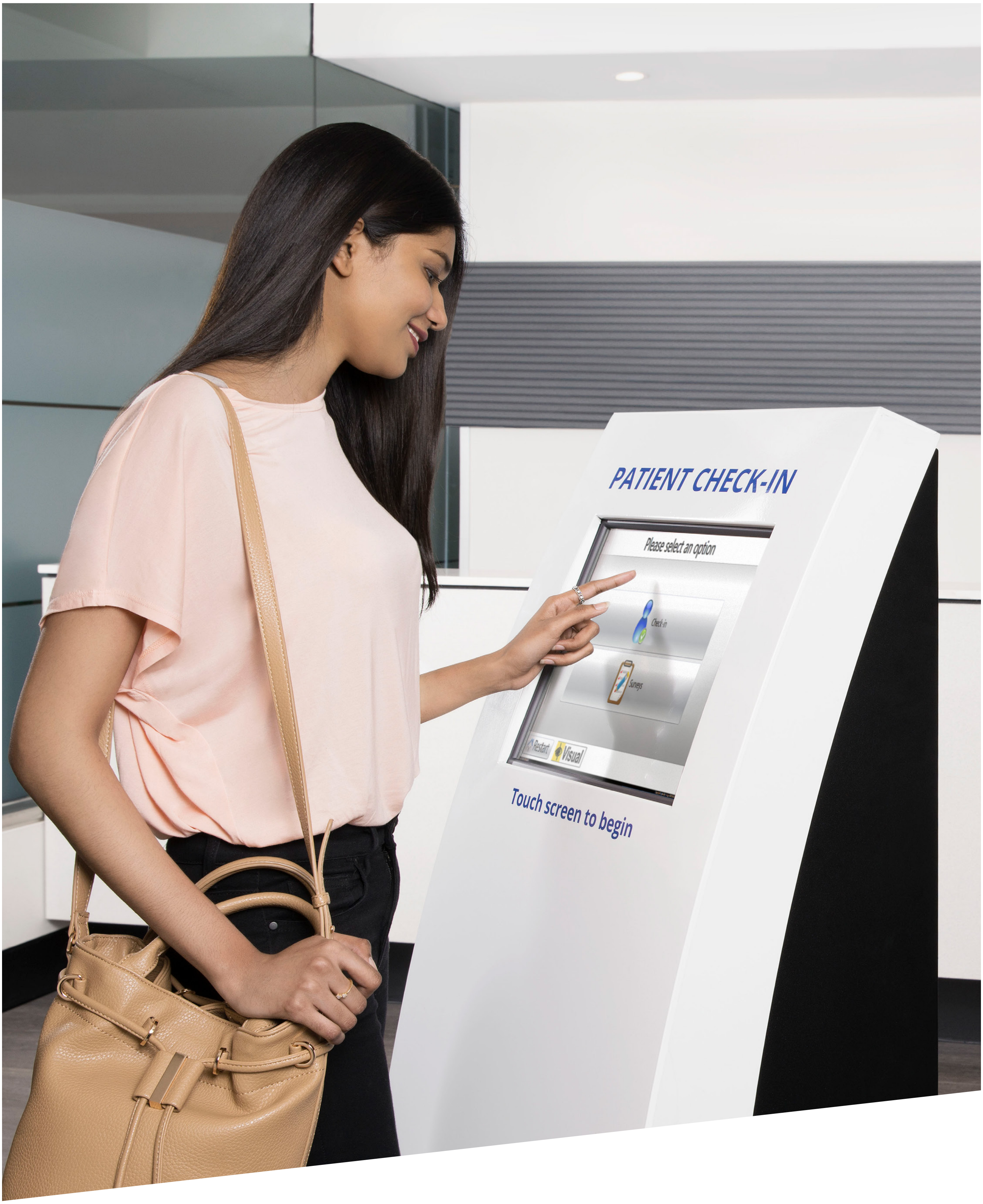

Jayex Healthcare Ltd

ANNUAL REPORT 2016

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Jayex Healthcare Ltd
ANNUAL REPORT - Contents
31 December 2016

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.

During the previous financial period, Jayex Healthcare Limited changed its financial year end from 30 June to 31 December, in order to align the consolidated entity's financial year end with that of its major subsidiary, Jayex Technology Limited, which is based in the United Kingdom. The financial year ends of Jayex Healthcare Limited's other subsidiaries, and of the consolidated entity, were also amended to 31 December in order to synchronise them with the financial year end of Jayex Healthcare Limited.

As a result of these changes:

- the previous financial year, for which comparative information is disclosed in these financial statements, is the six month period ended 31 December 2015;
- the amounts presented in these financial statements are not entirely comparable, as the current period amounts disclosed in the statement of profit and loss and other comprehensive income, statement of changes in equity, statement of cash flow and supporting information are for the twelve month period ended 31 December 2016, whereas the comparative information is for the six month ended 31 December 2015.

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 28 February 2017. The directors have the power to amend and reissue the financial statements.

Directors	Michael Boyd Brian Renwick Agam Jain
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 The Rialto Level 30, 525 Collins Street Melbourne VIC 3000
Solicitors	McCabes 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

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 2016.

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 (Executive Chairman)
Brian Renwick (Non-Executive Director)
Agam Jain (Executive Director) (appointed 14 January 2016)
John Allinson (Non-Executive Director) (resigned 29 July 2016)
Shane Tanner (Non-Executive Director) (resigned 12 July 2016)

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 $5,063,000 (31 December 2015: $2,671,000).

The 2016 year proved to be a challenging one for the consolidated entity following its round of business acquisitions and ASX listing in 2015.

Overall, the Group focussed on the integration of the businesses acquired during 2015 and, in particular, growing the Australian-based operations.

The overall financial result for the year and financial position at year end were influenced by the following matters:

- The Australian overall operations generated an overall operating loss, due mainly to lower than expected sales, coupled with the costs of establishing a sales and administrative base to support the Australian operations and corporate function following the Company's ASX listing in late 2015;
- intangible assets decreased by a net amount of $6.6m, from $16.108 million to $9.508 million due mainly to the following:
    - impairment of $4.085 million to goodwill in relation to the Appointuit business, following an assessment by the Board; and
    - foreign exchange-related adjustments to the carrying value of goodwill and other intangible assets related to the Jayex United Kingdom business. Following the decline in the UK Pound relative to the Australian dollar during the year, the intangible assets were revalued downward by $1.923 million to reflect the exchange rate movement, with the amount of the revaluation being transferred to the revaluation reserve in the consolidated entity's Statement of Financial Position;
    - recording of amortisation expenses;
- re-measurement of the contingent consideration payable in relation to the prior period's acquisition of Appointuit Pty Ltd, which resulted in a $2.116 million other income item in the consolidated entity's Statement of Profit or Loss.

Australian operations

The Australian operation undertook a program to expand its management team and to increase sales of its Enlighten and Appointuit products.

Sales of the Enlighten patient workflow platform increased in the year to 31 December 2016, with a total of approximately 115 subscriptions sold during the year, compared to approximately 60 subscriptions in the corresponding 2015 period. The majority of these were placed with GP clinics. In addition, the platform was successfully deployed into a third major hospital in Melbourne following a successful trial period and required a unique customisation of the Enlighten platform to serve the Hospitals individual requirements. Up to the end of December 2016, the Company had deployed approximately 230 Enlighten services to approximately 170 locations across Australia.

In addition to the above sales, the Australian operation successfully tendered for the provision of Enlighten to Cohealth, a major not for profit community health organisation located in Melbourne's western suburbs. The system is scheduled to be commissioned in in March 2017 and the accompanying service contract is for a term of four years.

The Company also submitted proposals for the supply of Enlighten to other hospitals, both in Australia and in Sri Lanka, and is awaiting decisions on these, expected to be made during 2017.

In addition, Enlighten was marketed into the New Zealand territory during the year and a number of Enlighten services were deployed there on a trial basis. The results of those trials were promising and have resulted in orders for the system being placed from New Zealand clinics. Supply of Enlighten to New Zealand is therefore expected to commence in H1 2017.

While sales of Enlighten showed strong growth over previous periods, sales did not reach targeted levels for a number of reasons, including delays in securing a stable sales team and marketing resources, and integration issues with the Group's new-acquired Appointuit product.

The Group acquired the Appointuit product, a patient engagement solution enabling payments to easily communicate with their doctors and make on-line appointments, via its acquisition of Appointuit Pty Ltd in September 2015. Sales of Appointuit grew in 2016, with clinical subscribers growing from 254 locations and 2,318 GPs at the time of the Company's prospectus in September 2015, to 325 locations and 2,998 GPs at the end of December 2016. However, a number of difficulties arose with the integration of the Appointuit product with the other Group technologies which resulted in the Appointuit operational and financial results falling below expectations. In addition, Mr Gordon Cooper and Ms Rosemary Cooper, the founders of Appointuit who continued as employees of Appointuit following its acquisition by the Group, and a company owned by them, served the Company with a Federal Court application during the year, which remains in progress at the date of this report. The employment of Mr Cooper and Ms Cooper has been terminated. These matters proved to be a significant distraction for the Group plan during the year. It is hoped that reorganisation of the Appointuit administrative structure and implementation of system improvements will result in improved Appointuit results during the coming year.

Development of the Group's P2U prescription processing and delivery solution is proceeding as planned, with successful trials taking place during the year. Completion work on the product is underway with product roll-out currently expected in H2 2017.

Development of the Company's Bluepoint Remote Dispensing Terminal technology for pharmacy products took a lower priority during the year, while the Company concentrated its resources on its other technologies. The Company continues to investigate opportunities for application of this technology.

United Kingdom operations

The operations of the Group's United Kingdom-based subsidiary, Jayex technology Limited ("Jayex UK"), for the 2016 were pleasing. Jayex UK was acquired by the Group in December 2015 and had a history of strong profit results, delivering strong revenues and customer growth. In 2016 revenue increased to £3.85m, up 6% on the previous year and full year EBITDA increased by 69% over the same period.

Jayex UK successfully delivered and commissioned more than 40 live systems to a Health Board in Wales, with similar commissionings to clinical commission groups (CCGs) in the North-East of England, West of England, and three CCGs in the South-East of England. Jayex UK was also awarded a number of significant deployments of Enlighten services in major Acute hospitals in England. As well as updating existing customers to the latest Patient Check-in and Patient Calling solutions, Jayex UK signed up 283 new GP surgeries/clinics and 12 new hospital deployments in 2016.

Jayex UK undertook significant developments to the Enlighten product, releasing a new version in September, while undertaking a number of bespoke system enhancements for specific clients. In addition NHS Digital approved and certified the integration of Enlighten with SystmOne's Clinical Management System, enabling practices using SystmOne to implement Enlighten.

Profitability was enhanced by a program of cost control and reduction, including a re-focusing of activity on more profitable areas. Jayex UK also invested in its internal infrastructure, customer service, software development and sales and marketing capabilities. It also implemented a strategic planning and management framework to support growth.

Significant changes in the state of affairs
- issued 125,000 shares in the Company upon the exercise of share options in June 2016;

- issued 1,000,000 shares in the Company upon the exercise of share options in October 2016.

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
No matter or circumstance has arisen since 31 December 2016 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:

The business objectives for 2017 will be a continued focus on the successful commercialisation of the Enlighten patient workflow platform, and ongoing development and commercialisation of the Appointuit patient engagement solution in the Australian market. The Company will continue to target growth in its market share for its products through Australian GP clinics and hospitals. The Group also plans to complete development of it P2U script management product during 2017 and introduce it to the market in the second half of the year. The Group will also continue to pursue opportunities in the Asia-Pacific region.

With regards to the United Kingdom business, the Company's aim is to continue to grow the profitability of the business through gaining greater market share with Enlighten product and continue to explore opportunities to introduce some of the Company's other technologies to the UK market. Further, the UK business is examining opportunities in both Europe and North America in which to extend the Enlighten product range.

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):	-
Interests in shares:	80,937,685 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, member of Remuneration and Nomination Committee
Interests in shares:	115,000 fully paid ordinary shares

Name:	Agam Jain (appointed 14 January 2016)
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:	-
Interests in shares:	19,003,763 fully paid ordinary shares

Name:	John Allinson (resigned 29 July 2016)
Title:	Non-Executive Director
Qualifications:	B.Design (Industrial) RMIT, P.Cert (Tech Comm) Melb Uni, MAICD
Experience and expertise:	Mr. Allinson has worked as a new product development consultant, business manager and director with technology start-up companies, small to medium enterprises and multinational corporations both in Australia and internationally. He held the positions of General Manager of Solectron Technical Centre, Singapore, OEM Product Development Manager and Industrial Design Manager of Patria Design and Group General Manager, Inventure Development responsible for operations in the US and Singapore. Prior to joining Jayex Healthcare he was the interim CEO of BioSenz Pty Ltd involved in the early stage commercialisation of a rapid pathogen detection system. He presently holds the position of Manager Automated Medication Dispensing Solutions for Lamson Healthcare Solutions P/L.
Other current directorships:	-
Former directorships (last 3 years):	-
Special responsibilities:	Member of Remuneration and Nomination Committee, member of Audit and Risk Committee
Interests in shares:	75,000 fully paid ordinary shares (as at date of resignation)

Name:	Shane Tanner (resigned 12 July 2016)
Title:	Non-executive director
Qualifications:	FCPA, ACIS
Experience and expertise:	Mr Tanner is a former senior executive of the Mayne Group of companies, including inaugural CEO of Symbion Health, one of Australia's leading Pathology, Diagnostic Imaging and Primary Care businesses. He is also a former Optus Communications Board member and led the IPO of Optus. Mr Tanner has vast commercial experience and is a leading healthcare professional, focusing on growing and consolidating various sectors of the Australian healthcare market.
Other current directorships:	Paragon Care Limited (appointed December 2005), Funtastic Limited (appointed March 2009), Zenitas Heathcare Limited (appointed November 2014)
Former directorships (last 3 years):	Vision Eye Institute Limited (appointed December 2001 – retired November 2015), IPB Petroleum Limited (appointed October 2010 – retired May 2014)
Special responsibilities:	Chairman of Remuneration and Nomination Committee, member of Audit and Risk Committee
Interests in shares:	Nil

'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 24 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 technology, oil and gas, junior mining and exploration 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 2016, 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	11	11	1	1	-	-
Brian Renwick	10	11	3	3	1	1
Agam Jain	11	11	1	1	-	-
John Allinson	6	7	1	2	1	1
Shane Tanner	7	7	2	2	1	1

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 2016.

The key management personnel of the consolidated entity consisted of the following directors of Jayex Healthcare Ltd:
- Michael Boyd (Executive Chairman)
- Brian Renwick (Non-Executive Director)
- Agam Jain (Executive Director)
- John Allinson (Non-Executive Director) - resigned 29 July 2016
- Shane Tanner (Non-Executive Director) - resigned 12 July 2016

And the following persons:
- Nick Fernando (Chief Executive Officer - Jayex Technology Limited)
- Tony Panther (Chief Financial Officer) - appointed 8 August 2016
- Cameron Knox (Chief Financial Officer) - appointed 1 February 2016, resigned 17 August 2016
- Rob Mantel (Chief Executive Officer - Jayex Australia Pty Ltd) - changed roles within the company effective 1 July 2016 and ceased to be a member of key management personnel as from that date

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
	Cash salary and fees	Cash bonus	Cash allowance	Super-annuation	Long service leave	Equity-settled - options	Total
2016	$	$	$	$	$	$	$
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.

2015	Short-term benefits Cash salary and fees $	 Cash bonus $	 Non-monetary $	Post-employment benefits Super-annuation $	Long-term benefits Long service leave $	Share-based payments Equity-settled $	 Total $
Non-Executive Directors:							
Mr B Renwick	7,500	-	-	-	-	-	7,500
Mr J Allinson	7,500	-	-	-	-	-	7,500
Mr S Tanner *	15,000	-	-	-	-	-	15,000
Executive Directors:							
Mr M Boyd	30,000	-	-	-	-	-	30,000
Other Key Management Personnel:							
Mr R Mantel	82,500	-	9,167	7,837	-	448,000	547,504
Mr N Fernando **	8,882	-	-	-	-	-	8,882
	151,382	-	9,167	7,837	-	448,000	616,386

* Mr Tanner was appointed as Non-Executive Director on 17 September 2015
** Mr Jain and Mr Fernando became a members of key management personnel on 15 December 2015, the date the consolidated entity acquired Jayex Technology Limited. Mr Jain was appointed as an Executive Director on 16 January 2016.

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

Name	Fixed remuneration 2016	 2015	At risk - STI 2016	 2015	At risk - LTI 2016	 2015
Non-Executive Directors:						
Mr B Renwick	100%	100%	-	-	-	-
Mr J Allinson	100%	100%	-	-	-	-
Mr S Tanner	100%	100%	-	-	-	-
Executive Directors:						
Mr M Boyd	100%	100%	-	-	-	-
Mr M Jain	100%	-	-	-	-	-
Other Key Management Personnel:						
Mr N Fernando	100%	100%	-	-	-	-
Mr T Panther	100%	-	-	-	-	-
Mr C Knox	100%	-	-	-	-	-
Mr R Mantel	46%	18%	-	-	54%	82%

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:	Michael Boyd
Title:	Executive Chairman
Agreement commenced:	1 November 2015
Term of agreement:	No fixed term. Company may terminate agreement with 10 business days' notice. Mr Boyd may terminate the agreement with 30 business days' notice.
Details:	For the year ended 31 December 2016, fees payable were $15,000 per month (including superannuation) for provision of Executive Chairman services. As from 1 January 2017 fees payable are $5,000 per month (including superannuation).

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:	Fixed term of eight months. Each party may terminate the agreement by giving one 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 year ended 31 December 2016.

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 2016.

However, a grant of options to Mr R Mantel made on 2 February 2016 was made 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 period ended 31 December 2015 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 current period remuneration disclosed in this report.

The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial period or future reporting years are as follows:

Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
2 February 2016 - 1,000,000 options	2 February 2016	2 February 2019	$0.00	$0.320
2 February 2016 - 750,000 options	31 December 2016, subject to continued employment at that date	2 February 2019	$0.00	$0.320
2 February 2016 - 750,000 options	31 December 2017, subject to continued employment at that date	2 February 2019	$0.00	$0.320

For details of movements in these options for the period during which the option holder was a member of key management personnel, refer to the “Additional disclosures relating to key management personnel” section of the Remuneration Report below.

Options granted carry no dividend or voting rights.

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 2016 are set out below:

Name	Number of options granted during the period 2016	Number of options granted during the period 2015	Number of options vested during the period 2016	Number of options vested during the period 2015
Mr R Mantel	2,500,000	-	1,750,000	-

Values of options over ordinary shares granted, exercised and lapsed for directors and other key management personnel as part of compensation during the period ended 31 December 2016 are set out below:

Name	Value of options granted during the period $	Value of options exercised during the period $	Value of options lapsed during the period $	Remuneration consisting of options for the period %
Mr R Mantel	800,000	-	-	54%

Details of options over ordinary shares granted, vested and lapsed for directors and other key management personnel as part of compensation during the period ended 31 December 2016 are set out below:

Name	Grant date	Vesting date	Number of options granted	Value of options granted $	Value of options vested $	Number of options lapsed	Value of options lapsed $
Mr R Mantel	2 February 2016	2 February 2016	1,000,000	320,000	320,000	-	-
Mr R Mantel	2 February 2016	31 December 2016	750,000	240,000	240,000	-	-
Mr R Mantel	2 February 2016	31 December 2017	750,000	240,000	-	-	-

Additional information
The earnings of the consolidated entity for the two years to 31 December 2016 are summarised below:

	2016 $'000	2015 $'000
Sales revenue	8,747	1,181
EBITDA	(4,555)	(2,468)
EBIT	(5,346)	(2,535)
Loss after income tax	(5,063)	(2,671)

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

	2016	2015	Listing date - 17 December 2015
Share price at listing date/financial year end ($)	0.05	0.30	0.30

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 six month financial reporting period ended 31 December 2015 and the financial year ended 31 December 2016; and
- the closing market price of the Company's shares on the ASX on the listing date of 17 December 2015 and the last day of the following reporting periods.

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	80,937,385	-	550,000	-	81,487,385
Mr B Renwick	95,000	-	20,000	-	115,000
Mr A Jain	19,003,378	-	210,000	-	19,213,378
Mr J Allinson	75,000	-	-	(75,000)	-
Mr R Mantel	150,000	-	-	(150,000)	-
	100,260,763	-	780,000	(225,000)	100,815,763

* Includes shares held when the person ceased to be a member of key management personnel.

Option holding
The number of options over ordinary 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	Granted	Exercised	Expired/ forfeited/ other*	Balance at the end of the period
Options over ordinary shares					
Mr R Mantel	-	2,500,000	-	(2,500,000)	-
	-	2,500,000	-	(2,500,000)	-

* Includes options held when the person ceased to be a member of key management personnel

Other transactions with key management personnel and their related parties
During the financial period:
- existing loans from directors were repaid by 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 31 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	1,750,000

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 2016 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	1,125,000

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 29 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 29 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 18.

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
Executive Chairman

28 February 2017
Melbourne

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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 2016, 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 AUDIT PTY LTD
Chartered Accountants

B. A. Mackenzie
Partner - Audit & Assurance

Melbourne, 28 February 2017

Jayex Healthcare Ltd
Statement of profit or loss and other comprehensive income
For the period ended 31 December 2016

	Note	Consolidated 2016 $'000	2015 $'000
Revenue and other income	5	8,750	1,181
Other income	6	2,116	-
Expenses			
Raw materials and consumables used		(2,564)	(521)
Employee benefits expense	7	(5,388)	(942)
Professional services expenses		(749)	(212)
Depreciation and amortisation expense	7	(791)	(67)
Impairment of assets	15	(4,085)	-
Consultancy expenses		(614)	(313)
Travel expenses		(323)	(127)
Marketing expenses		(309)	(29)
Net foreign exchange loss		(282)	-
Rental expense		(288)	(39)
Other expenses		(816)	(244)
Finance costs	7	(21)	(110)
Listing and acquisition expenses		-	(1,222)
Loss before income tax (expense)/benefit		(5,364)	(2,645)
Income tax (expense)/benefit	8	301	(26)
Loss after income tax (expense)/benefit for the period attributable to the owners of Jayex Healthcare Ltd		(5,063)	(2,671)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(1,730)	(49)
Other comprehensive income for the period, net of tax		(1,730)	(49)
Total comprehensive income for the period attributable to the owners of Jayex Healthcare Ltd		(6,793)	(2,720)
		Cents	**Cents**
Basic earnings per share	38	(3.3)	(2.6)
Diluted earnings per share	38	(3.3)	(2.6)

Refer to note 3 for detailed information on Restatement of comparatives.

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 2016

	Note	Consolidated 2016 $'000	2015 $'000
Assets			
Current assets			
Cash and cash equivalents	9	1,334	4,637
Trade and other receivables	10	1,122	1,446
Inventories	11	359	273
Other	12	65	75
Total current assets		2,880	6,431
Non-current assets			
Receivables	13	43	-
Property, plant and equipment	14	94	128
Intangibles	15	9,508	16,108
Total non-current assets		9,645	16,236
Total assets		12,525	22,667
Liabilities			
Current liabilities			
Trade and other payables	16	1,470	3,066
Borrowings	17	620	32
Employee benefits	18	60	85
Provisions	19	278	272
Other	20	1,532	1,492
Total current liabilities		3,960	4,947
Non-current liabilities			
Borrowings	21	-	17
Deferred tax	22	934	1,415
Payables	23	-	2,214
Total non-current liabilities		934	3,646
Total liabilities		4,894	8,593
Net assets		7,631	14,074
Equity			
Issued capital	24	24,940	24,588
Reserves	25	(1,333)	399
Accumulated losses	26	(15,976)	(10,913)
Total equity		7,631	14,074

Refer to note 3 for detailed information on Restatement of comparatives.

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 2016

Consolidated	**Issued capital $'000**	**Options reserve $'000**	**Foreign exchange reserve $'000**	**Accumulated losses $'000**	**Total equity $'000**
Balance at 1 July 2015	7,650	-	-	(8,242)	(592)
Loss after income tax expense for the period	-	-	-	(2,671)	(2,671)
Other comprehensive income for the period, net of tax	-	-	(49)	-	(49)
Total comprehensive income for the period	-	-	(49)	(2,671)	(2,720)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 24)	16,938	-	-	-	16,938
Share-based payments (note 39)	-	448	-	-	448
Balance at 31 December 2015	24,588	448	(49)	(10,913)	14,074

Refer to note 3 for detailed information on Restatement of comparatives.

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 income for the period, net of tax	-	-	(1,730)	-	(1,730)
Total comprehensive income for the period	-	-	(1,730)	(5,063)	(6,793)
Transactions with owners in their capacity as owners:					
Share-based payments (note 39)	-	350	-	-	350
Exercise of options	352	(352)	-	-	-
Balance at 31 December 2016	24,940	446	(1,779)	(15,976)	7,631

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 2016

	Note	Consolidated 2016 $'000	2015 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		10,747	1,261
Payments to suppliers and employees (inclusive of GST)		(13,028)	(3,449)
		(2,281)	(2,188)
R&D tax incentive received		-	82
Interest received		3	-
Interest and other finance costs paid		(7)	(4)
Net cash used in operating activities	36	(2,285)	(2,110)
Cash flows from investing activities			
Payment for business acquisitions (net of cash acquired upon acquisitions)		(1,196)	(511)
Payments for property, plant and equipment	14	(16)	-
Payments for intangibles	15	(168)	(7)
Net cash used in investing activities		(1,380)	(518)
Cash flows from financing activities			
Proceeds from issue of shares		-	8,000
Proceeds from issues of convertible notes		-	1,000
Proceeds from borrowings		600	-
Repayment of borrowings		(5)	(1,241)
Repayment of shareholders loan		-	(216)
Mortgage payments		(28)	(5)
Share issue transaction costs		-	(240)
Net cash from financing activities		567	7,298
Net increase/(decrease) in cash and cash equivalents		(3,098)	4,670
Cash and cash equivalents at the beginning of the financial period		4,637	29
Effects of exchange rate changes on cash and cash equivalents		(205)	(62)
Cash and cash equivalents at the end of the financial period	9	1,334	4,637

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.

During the previous financial period, Jayex Healthcare Limited changed its financial year end from 30 June to 31 December, in order to align the consolidated entity's financial year end with that of its major subsidiary, Jayex Technology Limited, which is based in the United Kingdom. The financial year ends of Jayex Healthcare Limited's other subsidiaries, and of the consolidated entity, were also amended to 31 December in order to synchronise them with the financial year end of Jayex Healthcare Limited.

As a result of these changes:

- the previous financial year, for which comparative information is disclosed in these financial statements, is the six month period ended 31 December 2015; and
- the amounts presented in these financial statements are not entirely comparable, as the current period amounts disclosed in the statement of profit and loss and other comprehensive income, statement of changes in equity, statement of cash flow and supporting information are for the twelve month period ended 31 December 2016, whereas the comparative information is for the six month period ended 31 December 2015.

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 2016 of the consolidated entity, as disclosed in the Statement of financial position, is an apparent excess of current liabilities over current assets of $1,080,000 (2015: $1,484,000 surplus). However, the current liabilities as at 31 December 2016 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 payable, or likely to become payable, to third parties. If these liability accounts are removed from the calculation of working capital at 31 December 2016, the adjusted working capital has a surplus of approximately $1,000,000.

The cash balance at 31 December 2016 was $1,334,000 (2015: $4,637,000).

The consolidated entity incurred a net loss after tax for the financial year ended 31 December 2016 of $5,063,000 (financial period ended 31 December 2015: $2,671,000) and had net cash outflows from operating activities of $2,285,000 (financial period ended 31 December 2015: $2,110,000). However It should be noted that approximately $1,969,000 of this loss was due to non-operating matters, in particular:

- impairments of goodwill relating to the acquisition of Appointuit Pty Ltd, amounting to $4,085,000; and
- a partially offsetting adjustment of $2,116,000 reducing the non-current liability for contingent consideration payable for the Appointuit acquisition.

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:

Note 1. Significant accounting policies (continued)

- the operating and financial results of the consolidated entity in the 2016 financial year were adversely affected by integration issues arising from the Appointuit acquisition made in the preceding financial year. The Board is confident that those integration issues will not recur in the coming financial year and expects improved operational and financial performance;
- the Company expects to have access to a new loan facility of $2 million to be made available during early 2017;
- the ability of the Group to 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 the 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').

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 2016 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 34.

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.

Note 1. Significant accounting policies (continued)

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.

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.

Note 1. Significant accounting policies (continued)

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.

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.

Note 1. Significant accounting policies (continued)

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.

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 2016. 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 impact of its adoption is yet to be assessed in detail by the consolidated entity but is not expected to have 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 impact of its adoption is yet to be assessed in detail by the consolidated entity but is not expected to have 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 flows 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 14 and 15)
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 15)
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 15)
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)

Contingent consideration (Note 23)
The contingent consideration liability is the difference between the total purchase consideration, usually on an acquisition of a business combination, and the amounts paid or settled up to the reporting date, discounted to net present value. The consolidated entity applies provisional accounting for any business combination. Any reassessment of the liability during the earlier of the finalisation of the provisional accounting or 12 months from acquisition-date is adjusted for retrospectively as part of the provisional accounting rules in accordance with AASB 3 'Business Combinations'. Thereafter, at each reporting date, the contingent consideration liability is reassessed against revised estimates and any increase or decrease in the net present value of the liability will result in a corresponding gain or loss to profit or loss. The increase in the liability resulting from the passage of time is recognised as a finance cost.

Business combinations (Note 33)
As discussed in note 1, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

The business combinations also included estimations to be made regarding the probability of contingent consideration payments. These estimations will be assessed at each reporting date and adjusted as required.

Revenue recognition - Primary sales (Note 5)
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.

Note 3. Restatement of comparatives

Retrospective fair value adjustments on finalisation of business combination accounting
During the financial period ended 31 December 2015 the consolidated entity made a number of business acquisitions, details of which are set out in Note 33.

In relation to the business acquisitions, the consolidated entity originally performed a provisional assessment of the fair value of the assets and liabilities as at the date of the acquisition and for the purposes of the balance sheet as at 31 December 2015, the assets and liabilities were originally recorded at provisional fair values.

Under Australian Accounting Standards, the consolidated entity had up to 12 months from the date of acquisition to complete its initial acquisition accounting. The consolidated entity has completed this exercise to consider the fair value of intangible assets acquired in the acquisitions and, in accordance with Accounting Standards, has retrospectively adjusted the values of the relevant identifiable intangible assets and has transferred the differences between the provisional valuation and the finalised fair value to the respective Goodwill accounts.

The adjustments to the fair values have an equal and opposite impact on the goodwill recorded on acquisition. Accordingly, such adjustments have no impact on the aggregate of the net assets or the consolidated entity's net profit after tax with the exception of any amortisation charges.

Details of specific adjustments are set out in Note 33.

Note 3. Restatement of comparatives (continued)

Statement of profit or loss and other comprehensive income

	Consolidated		
Extract	**2015 $'000 Reported**	**$'000 Adjustment**	**2015 $'000 Restated**
Expenses			
Depreciation and amortisation expense	(397)	330	(67)
Loss before income tax (expense)/benefit	(2,975)	330	(2,645)
Income tax (expense)/benefit	73	(99)	(26)
Loss after income tax (expense)/benefit for the period attributable to the owners of Jayex Healthcare Ltd	(2,902)	231	(2,671)
Other comprehensive income			
Foreign currency translation	(84)	35	(49)
Other comprehensive income for the period, net of tax	(84)	35	(49)
Total comprehensive income for the period attributable to the owners of Jayex Healthcare Ltd	(2,986)	266	(2,720)

	Cents Reported	**Cents Adjustment**	**Cents Restated**
Basic earnings per share	(2.8)	0.2	(2.6)
Diluted earnings per share	(2.8)	0.2	(2.6)

Note 3. Restatement of comparatives (continued)

Statement of financial position at the end of the earliest comparative period

	Consolidated		
Extract	**2015 $'000 Reported**	**$'000 Adjustment**	**2015 $'000 Restated**
Assets			
Non-current assets			
Intangibles	17,161	(1,053)	16,108
Total non-current assets	17,289	(1,053)	16,236
Total assets	23,720	(1,053)	22,667
Liabilities			
Non-current liabilities			
Deferred tax	2,734	(1,319)	1,415
Total non-current liabilities	4,965	(1,319)	3,646
Total liabilities	9,912	(1,319)	8,593
Net assets	13,808	266	14,074
Equity			
Reserves	364	35	399
Accumulated losses	(11,144)	231	(10,913)
Total equity	13,808	266	14,074

Note 4. 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.

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Note 4. Operating segments (continued)

Operating segment information

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)

Consolidated December 2015	Australia $'000	United Kingdom $'000	Total reportable segments $'000
Revenue			
Sales to external customers	827	354	1,181
Total sales revenue	827	354	1,181
Operating expenses	(1,586)	(393)	(1,979)
EBITDA	(759)	(39)	(798)

Note 4. Operating segments (continued)

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 2016 $'000	31 December 2015 $'000
Revenue		
Total reportable segment revenues	8,747	1,181
Interest income	3	-
Other revenue	-	-
Group revenues	8,750	1,181

	31 December 2016 $'000	31 December 2015 $'000
Profit or loss		
Total reportable segment EBITDAs	(4,205)	(798)
Interest income	3	-
Depreciation and amortisation expense	(791)	(67)
Share-based payments expense	(350)	(448)
Capital raising and acquisition expenses	-	(1,222)
Interest expense	(21)	(110)
Income tax (expense)/benefit	301	(26)
Group profit/(loss) after income tax expense/benefit	(5,063)	(2,671)

Geographical information

	Sales to external customers 31 December 2016 $'000	Sales to external customers 31 December 2015 $'000	Geographical non-current assets 31 December 2016 $'000	Geographical non-current assets 31 December 2015 $'000
Australia	1,719	827	659	4,927
United Kingdom	7,028	354	8,986	11,309
	8,747	1,181	9,645	16,236

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 5. Revenue and other income

	Consolidated	
	2016	**2015**
	$'000	**$'000**
Sales revenue		
Sales revenue	8,747	1,181
Other income		
Interest	3	-
Revenue and other income	8,750	1,181

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

Some parts of these businesses were acquired at different times during the previous reporting period and relevant revenue for that period, as disclosed in the comparative financial information, was recognised by the consolidated entity from the respective acquisition dates as follows:
- Appointuit (through acquisition of Appointuit Pty Ltd): 22 September 2015;
- Enlighten UK (through acquisition of Jayex Technology Limited): 15 December 2015.

Note 6. Other income

	Consolidated	
	2016	**2015**
	$'000	**$'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. Refer to Note 23 for further details.

Note 7. Expenses

	Consolidated	
	2016	2015
	$'000	$'000
Loss before income tax includes the following specific expenses:		
Depreciation		
Plant and equipment	31	5
Amortisation		
Development	-	29
Software	257	12
Customer relationships	503	21
Total amortisation	760	62
Total depreciation and amortisation	791	67
Finance costs		
Interest and finance charges paid/payable	21	110
Rental expense relating to operating leases		
Minimum lease payments	288	39
Superannuation expense		
Defined contribution superannuation expense	299	29
Share-based payments expense		
Share-based payments expense	350	448
Employee benefits expense excluding superannuation and share based payments		
Employee benefits expense excluding superannuation and share based payments	4,739	465
Total employee benefits	5,388	942

Note 8. Income tax expense/(benefit)

	Consolidated 2016 $'000	Consolidated 2015 $'000
Income tax expense/(benefit)		
Current tax	(27)	36
Deferred tax - origination and reversal of temporary differences	(274)	(10)
Aggregate income tax expense/(benefit)	(301)	26
Deferred tax included in income tax expense/(benefit) comprises:		
Decrease in deferred tax liabilities (note 22)	(274)	(10)
Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate		
Loss before income tax (expense)/benefit	(5,364)	(2,645)
Tax at the statutory tax rate of 30%	(1,609)	(794)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Impairment of goodwill	1,225	-
Share-based payments	105	134
Fair value remeasurement of financial liability	(635)	-
Non-assessable R&D tax incentive receivable	(85)	-
Difference in overseas tax rates	(146)	8
Sundry items	(37)	52
	(1,182)	(600)
Current period tax losses not recognised	1,169	269
Prior period tax losses not recognised now recouped	(103)	-
Current period temporary differences not recognised	(111)	357
Prior period temporary differences not recognised now recognised	(74)	-
Income tax expense/(benefit)	(301)	26

	Consolidated 2016 $'000	Consolidated 2015 $'000
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	8,650	4,916
Potential tax benefit @ 30%	2,595	1,475

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 9. Current assets - cash and cash equivalents

	Consolidated 2016 $'000	Consolidated 2015 $'000
Cash at bank	1,334	4,637

Note 10. Current assets - trade and other receivables

	Consolidated	
	2016	2015
	$'000	$'000
Trade receivables	1,047	1,326
Other receivables	14	17
GST receivable	61	103
	1,122	1,446

As at 31 December 2016 there were no material receivables amounts past due therefore there were no amounts past due but not impaired (31 December 2015 - Nil).

Note 11. Current assets - inventories

	Consolidated	
	2016	2015
	$'000	$'000
Stock on hand - at cost	359	273

Note 12. Current assets - other

	Consolidated	
	2016	2015
	$'000	$'000
Prepayments	65	75

Note 13. Non-current assets - receivables

	Consolidated	
	2016	2015
	$'000	$'000
Other receivables	43	-

Note 14. Non-current assets - property, plant and equipment

	Consolidated 2016 $'000	Consolidated 2015 $'000
Motor vehicles - at cost	69	76
Less: Accumulated depreciation	(37)	(29)
	32	47
Computer equipment - at cost	-	8
Less: Accumulated depreciation	-	(6)
	-	2
Office equipment - at cost	236	278
Less: Accumulated depreciation	(187)	(204)
	49	74
Furniture and fittings - at cost	53	52
Less: Accumulated depreciation	(40)	(47)
	13	5
	94	128

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 July 2015	-	-	-	30	30
Additions through business combinations (note 33)	5	75	2	21	103
Depreciation expense	-	(1)	-	(4)	(5)
Balance at 31 December 2015	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

Note 15. Non-current assets - intangibles

	Consolidated 2016 $'000	Consolidated 2015 $'000
Goodwill - at cost	9,624	10,856
Less: Impairment	(4,085)	-
	5,539	10,856
Patents and trademarks - at cost	586	586
Software platform - at cost	1,009	960
Less: Accumulated amortisation - software	(269)	(12)
	740	948
Customer relationships - at cost	3,166	3,738
Less: Accumulated amortisation - Customer relationships	(523)	(20)
	2,643	3,718
	9,508	16,108

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 July 2015	-	586	-	-	586
Additions through business combinations (note 33)	10,856	-	953	3,738	15,547
Additions	-	-	7	-	7
Amortisation expense	-	-	(12)	(20)	(32)
Balance at 31 December 2015	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

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.

Note 15. Non-current assets - intangibles (continued)

The valuation of intangibles recognised as part of the various business combinations was initially provisionally measured as at 31 December 2015. The company finalised the acquisition accounting during the current financial period.

The estimated useful lives of the Software Platform and Customer Relationships of Appointuit were reassessed during the period resulting in an increase in the amortisation charge of $194,000 (2015: Nil). 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: 4 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: 9 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.

Goodwill

The factors comprising goodwill include the following:

- certainty over access to the Enlighten and Appointuit products and the Jayex brand;
- control of, and access to technical expertise which has created more opportunities for the Group to market its product to a wider range of potential clients in Australia and elsewhere;
- acquisition of management expertise and R&D experience in relation to the Enlighten product;
- enhanced ability For the Company to integrate its other products (including P2U and Bluepoint, and Appointuit) into Enlighten;
- in relation to Jayex, 30 years of experience, a proven product and a trusted name and service;
- acquiring new services that complemented the Group's existing product offering to create an “end-to-end” value chain in relation to provision of services to patients;
- operational and administrative efficiencies.

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	
	2016	**2015**
	$'000	**$'000**
Jayex Technology (United Kingdom)	5,539	6,771
Appointuit (Australia)	-	4,085
Goodwill allocation at period end	5,539	10,856

Note 15. Non-current assets - intangibles (continued)

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 has recognised an impairment to goodwill, 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. For the Appointuit CGU, while the recoverable amount represents management's best estimate at 31 December 2016, any variation in the key assumptions used to determine value in use would result in a change of the assessed recoverable amount. If the variation in assumptions were to have a negative impact on the recoverable amount, it could, in the absence of other factors indicate a requirement for additional write down to non-current assets.

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 0.5842
- 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

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 recognised an impairment to goodwill asset of $4.085 million in relation to the Appointuit CGU for the year ended 31 December 2016.

The Company determined that the recoverable amount in relation the Jayex Technology CGU exceeded its carrying value of assets as at 31 December 2016, therefore no adjustment to its carrying value was required.

Note 16. Current liabilities - trade and other payables

	Consolidated	
	2016	2015
	$'000	$'000
Trade payables	756	1,419
Accrued expenses	339	231
Current consideration payable on business acquisition	-	1,098
GST payable	114	93
Other payables	261	225
	1,470	3,066

Refer to note 27 for further information on financial instruments.

The current consideration payable on business acquisition disclosed at previous period end related to the acquisition of Jayex Technology Limited and was paid in full during the current financial year. Refer Note 33 for further information.

Note 17. Current liabilities - borrowings

	Consolidated	
	2016	2015
	$'000	$'000
Short term loans	613	-
Loans	7	21
Chattel mortgage	-	11
	620	32

Refer to note 27 for further information on financial instruments.

Total secured liabilities
The total secured current liabilities are as follows:

	Consolidated	
	2016	2015
	$'000	$'000
Chattel mortgage	-	28

The chattel mortgage had a term of 4 years from September 2014 and was paid out during the current financial year.

The carrying amounts of assets pledged as security for current borrowings are:

	Consolidated	
	2016	2015
	$'000	$'000
Motor vehicle	-	27

Note 18. Current liabilities - employee benefits

	Consolidated	
	2016	2015
	$'000	$'000
Annual leave	60	85

Note 19. Current liabilities - provisions

	Consolidated	
	2016	2015
	$'000	$'000
Provision for warranties	237	219
Provision for credit notes	41	53
	278	272

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 - 2016	Warranties $'000	Credit notes $'000
Carrying amount at the start of the period	219	53
Additional provisions recognised	18	-
Reduction in provision required	-	(12)
Carrying amount at the end of the period	237	41

Note 20. Current liabilities - other

	Consolidated	
	2016	2015
	$'000	$'000
Contingent consideration	-	100
Deferred revenue	1,461	1,392
Revenue received in advance	71	-
	1,532	1,492

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

Note 21. Non-current liabilities - borrowings

	Consolidated	
	2016	2015
	$'000	$'000
Chattel mortgage	-	17

Refer to note 27 for further information on financial instruments.

Note 22. Non-current liabilities - deferred tax

	Consolidated	
	2016	**2015**
	$'000	**$'000**
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Intangible assets arising from business combinations	962	1,415
Property, plant and equipment	11	-
Development costs	35	-
Carry forward tax losses	(74)	-
Deferred tax liability	934	1,415
Movements:		
Opening balance	1,415	-
Credited to profit or loss (note 8)	(274)	(10)
Additions through business combinations (note 33)	-	1,425
Credited to equity	(207)	-
Closing balance	934	1,415

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 23. Non-current liabilities - payables

	Consolidated	
	2016	**2015**
	$'000	**$'000**
Contingent consideration payable on business acquisition	-	2,214

Contingent consideration payable on business acquisition
The contingent consideration payable on business acquisition related to the acquisition of Appointuit Pty Ltd. Refer Note 33 for further information.

During the year ended 31 December 2016 the Company re-measured the contingent consideration payable in relation to the prior period's acquisition of Appointuit Pty Ltd. This resulted in a $2.116 million other income item in the consolidated entity’s Statement of Profit or Loss. The amount of the reduction in the liability arising from the re-measurement adjustment was recorded as Other Income. In assessing the fair value of the contingent consideration payable, the Company has reviewed the components that calculate the contingent consideration, these being discount rate, probability factor, share price and timing of first payment. Management agreed that a significant change to the probability was required due to changes in the competitive market place and difficulties with the integration of the product with other Group technologies. These factors have had a substantial impact on the subsidiary’s ability to achieve the EBITDA Targets set as part of the contingent consideration payable.

Note 24. Equity - issued capital

	Consolidated			
	2016 Shares	**2015 Shares**	**2016 $'000**	**2015 $'000**
Ordinary shares - fully paid	152,122,874	150,997,874	24,940	24,588

Movements in ordinary share capital

Details	**Date**	**No of shares**	**Issue price**	**$'000**
Balance	1 July 2015	19,342,114		7,650
Issue of shares in lieu of Directors fees	21 August 2015	45,000	$1.30	59
Share split 1:5	21 August 2015	77,548,456	$0.00	-
Issue of shares to Appointuit vendors	22 September 2015	6,286,187	$0.32	2,012
Conversion of convertible notes	15 December 2015	3,772,739	$0.27	1,026
Issue of shares to JUK vendors	15 December 2015	19,003,378	$0.32	6,081
Initial public offering	15 December 2015	25,000,000	$0.32	8,000
Capital raising costs		-	$0.00	(240)
Balance	31 December 2015	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

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.

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 25. Equity - reserves

	Consolidated 2016 $'000	Consolidated 2015 $'000
Foreign currency reserve	(1,779)	(49)
Share-based payments reserve	446	448
	(1,333)	399

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 July 2015	-	-	-
Foreign currency translation	(49)	-	(49)
Amortisation of share based employee incentives	-	448	448
Balance at 31 December 2015	(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)

Note 26. Equity - accumulated losses

	Consolidated 2016 $'000	Consolidated 2015 $'000
Accumulated losses at the beginning of the financial period	(10,913)	(8,242)
Loss after income tax (expense)/benefit for the period	(5,063)	(2,671)
Accumulated losses at the end of the financial period	(15,976)	(10,913)

Note 27. 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.

Note 27. Financial instruments (continued)

Financial assets and liabilities

	Consolidated 2016 $'000	Consolidated 2015 $'000
Financial assets		
Cash at bank	1,334	4,637
Trade and other receivables - current	1,122	1,446
Receivables - non-current	43	-
	2,499	6,083
Financial liabilities		
Trade and other payables	1,470	1,968
Deferred revenue	1,532	1,392
Short term loans	620	21
Chattel mortgage - current	-	11
Chattel mortgage - non-current	-	17
Consideration payable on business acquisition - current	-	1,098
Contingent consideration payable on business acquisition	-	2,214
	3,622	6,721

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 80% of its revenue and 51% its operating costs, and has 92% of its assets and 36% 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). (Note: for the purposes of this comparison, the JUK-related Goodwill intangible asset is deemed not to be denominated in GBP as this asset essentially arises on consolidation and accrues to the benefit of the JHL consolidated entity as a whole, rather than specifically to the JUK entity.)

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.

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

	Average exchange rate 2016	Average exchange rates 2015	Reporting date exchange rate 2016	Acquisition date exchange rate 2015
Australian dollars				
Pound sterling (GBP)	0.5481	0.4843	0.5842	0.4929

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.

Note 27. Financial instruments (continued)

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 $1,334,000 and borrowings of $620,000. 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 rate on borrowings is a fixed rate of 8 percent per annum. Any feasible change in 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 27. 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 - 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						
Other loans	8.00%	620	-	-	-	620
Total non-derivatives		3,622	-	-	-	3,622

Consolidated - 2015	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	-	1,737	-	-	-	1,737
Accruals	-	231	-	-	-	231
Deferred revenue	-	1,392	-	-	-	1,392
Current consideration payable on business acquisition	-	1,098	-	-	-	1,098
Contingent consideration payable on business acquisition	-	100	-	2,649	-	2,749
Interest-bearing - fixed rate						
Other loans	10.00%	5	-	-	-	5
Chattel mortgage	7.65%	12	12	8	-	32
Total non-derivatives		4,575	12	2,657	-	7,244

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 28. 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	
	2016	**2015**
	$	**$**
Short-term employee benefits	824,513	160,549
Post-employment benefits	24,368	7,837
Share-based payments	128,000	448,000
	976,881	616,386

Note 29. 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	
	2016	**2015**
	$	**$**
Audit services - Grant Thornton		
Audit or review of the financial statements	79,000	50,000
Other services - Grant Thornton		
Investigating Accountant's Report and due diligence review	-	123,000
Tax consulting	25,230	14,600
	25,230	137,600
	104,230	187,600
Audit services - network firms		
Audit of the financial statements	42,000	48,000
	146,230	235,600

Note 30. Commitments

	Consolidated	
	2016	**2015**
	$'000	**$'000**
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	275	182
One to five years	610	615
	885	797

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 4 years.

Note 31. Related party transactions

Parent entity
Jayex Healthcare Ltd is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 34.

Key management personnel
Disclosures relating to key management personnel are set out in note 28 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	
	2016	**2015**
	$	**$**
Other transactions:		
Interest accrued to Lirho Pty Ltd (an entity related to director Michael Boyd)	4	2,805
Interest accrued to Zezall Pty Ltd trading as Product Partners International Pty Ltd (an entity related to director John Allinson)	-	84
Premises rent paid or payable by Jayex Technology Limited to Jayex Group Limited (an entity controlled by Agam Jain, a director of the consolidated entity	136,829	6,453

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

	Consolidated	
	2016	**2015**
	$	**$**
Current payables:		
Trade payables to Michael Boyd (director)	-	12,222
Trade payables to Covenant Holdings (WA) Pty Ltd (an entity related to director Michael Boyd)	-	143,934

The trade 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	
	2016	**2015**
	$	**$**
Current borrowings:		
Loan from Lirho Pty Ltd (an entity related to director Michael Boyd)	-	4,722

Note 31. Related party transactions (continued)

Terms and conditions
The loan to the Company from Lirho Pty Ltd was repaid in 2016. The terms of the loan were as follows:

a. The period of the Lirho Loan commenced at the time of advancing of funds to Jayex Healthcare Limited (JHC), and ceases with the final payment being received by Lirho.
b. JHC could draw down loaned funds by making a written request to Lirho. At Lirho's discretion, the request funds may be loaned. Lirho will not unreasonably withhold requested funds.
c. The loan shall be repaid within 2 years of the date of ASX listing of JHC shares (Listing Date) in equal quarterly instalments, or in lump sum in full within 2 years of the Listing Date if the net cash balance of JHC is sufficient to repay the loan in full.
d. Simple Interest payable of 10% per annum applies.

Note 32. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	2016 $'000	**2015 $'000**
Loss after income tax	(4,559)	(2,460)
Total comprehensive income	(4,559)	(2,460)

Statement of financial position

	Parent	
	2016 $'000	**2015 $'000**
Total current assets	164	2,776
Total assets	11,799	19,380
Total current liabilities	958	2,116
Total liabilities	958	4,330
Equity		
Issued capital	24,940	24,588
Share-based payments reserve	446	448
Accumulated losses	(14,545)	(9,986)
Total equity	10,841	15,050

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 2016 or 31 December 2015.

Contingent liabilities
With the exception of any matter referred to Note 40 Contingent liabilities, the parent entity had no contingent liabilities as at 31 December 2016 or 31 December 2015.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 31 December 2016 or 31 December 2015.

Note 32. Parent entity information (continued)

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 33. Business combinations

There were no business combinations completed during the year ended 31 December 2016.

During the period ended 31 December 2015, the Consolidated Group undertook two separate acquisitions of businesses owned by Jayex Technology Limited (Jayex UK) and Appointuit Pty Ltd (Appointuit) as part of its business strategy to acquire a set of complementary technologies in the health services sector.

Full details of these acquisitions were disclosed in the Consolidated Group's Annual Report for the period ended 31 December 2015.

In relation to the business acquisitions, the Consolidated Group initially performed a provisional assessment of the fair value of the assets and liabilities as at the date of the acquisition. For the purposes of the balance sheet, the assets and liabilities were recorded at their provisional fair values. Under Australian Accounting Standards, the Consolidated Group has up to 12 months from the date of acquisition to complete its initial acquisition accounting.

The Consolidated Group has carried out this exercise to consider the fair value of intangible assets acquired in the acquisitions. This has resulted in Purchase Price Adjustments to the carrying values of certain intangible assets, and a restatement of the amortisation of those assets as from the respective dates of acquisition, as set out below. In all cases, the amounts of the adjusted values have been reallocated from the valued assets to the Goodwill asset of the relevant business. Accordingly, the adjustments have no impact on the aggregate of the net assets or the Consolidated Group's net profit after tax with the exception of any amortisation charges.

Note 33. Business combinations (continued)

Enlighten Business - Jayex Technology Limited
Jayex Technology Limited (Jayex UK), was established in 1978 and has developed a number of technologies, including a patient self-arrival and check-in solution which has been developed into its current form as 'Enlighten'. On 15 December 2015 Jayex Healthcare Limited (JHL) acquired 100% of the shares in Jayex UK. The total consideration paid by JHL for the Jayex UK shares was $9,165,000, comprising: 19,003,378 JHL shares issued at their IPO issue price of $0.32, totalling $6,081,000; and cash of $3,084,000, $2,038,000 of which was payable upon acquisition date, and $1,046,000 of which was payable in January 2016.

Following completion of acquisition accounting the following purchase price adjustments were made:
- an amount of $4,455,000 was reallocated from the acquisition value of Software;
- an amount of $2,597,000 was reallocated to the acquisition value of Customer relationships;
- an amount of $214,000 was reallocated from the deferred tax liability relating to the acquired intangible assets;
- net of these adjustments increasing amount allocated to goodwill by $1,644,000.

Details of the acquisition are as follows:

	Fair value $'000
Cash and cash equivalents	1,501
Trade and other receivables	1,228
Inventories	317
Other current assets	213
Plant and equipment	101
Software	865
Customer relationships	3,591
Trade and other payables	(1,067)
Provisions	(277)
Revenue received in advance	(1,491)
Bank loans	(1,232)
Deferred tax liability	(18)
Deferred tax liability relating to acquired intangible assets	(1,337)
Net assets acquired	2,394
Goodwill	6,771
Acquisition-date fair value of the total consideration transferred	9,165
Representing:	
Cash paid or payable to vendor	3,084
Jayex Healthcare Ltd shares issued to vendor	6,081
	9,165
Acquisition costs expensed to profit or loss (Acquisition expenses)	168
Cash used to acquire business, net of cash acquired:	
Cash paid	2,037
Cash acquired	(1,501)
Net cash used	536

Note 33. Business combinations (continued)

Appointuit Business - Appointuit Pty Ltd
Appointuit is a patient engagement solution that optimises clinic workflow, replaces appointment systems, enables staff to engage with patients to provide tailored health care services, and allows patients to control booking of their medical appointments at their convenience with an on-line appointment booking function. The Appointuit business was developed and owned by Appointuit Pty Ltd.

On 22 September 2015 Jayex Healthcare Limited (JHL) acquired 100% of the shares in Appointuit Pty Ltd. The total consideration for the Appointuit Pty Ltd shares acquisition comprised:

- 6,286,187 JHL shares issued to the vendors upon acquisition. The shares were issued at their IPO issue price of $0.32, totalling $2,012,000;

- contingent consideration of up to 3,384,870 JHL shares to be issued to the vendors upon the Appointuit business achieving certain earnings targets over the period 1 July 2015 to 30 June 2019. The acquisition date fair value of this consideration component was estimated to be $411,000; and

- contingent consideration of a cash incentive payment of up to $10,000,000 to be paid to the vendors upon the Appointuit business achieving certain earnings targets over the period 1 July 2015 to 30 June 2019. The acquisition date fair value of this consideration component was estimated to be $1,803,000.

Following completion of acquisition accounting the following purchase price adjustments were made:
- an amount of $3,669,000 was reallocated from the acquisition value of Software;
- an amount of $346,000 was reallocated from the acquisition value of Customer relationships;
- an amount of $1,205,000 was reallocated from the deferred tax liability relating to the acquired intangible assets;
- net of these adjustments increasing amount allocated to goodwill by $2,810,000.

Details of the acquisition are as follows:

	Fair value $'000
Cash and cash equivalents	25
Trade and other receivables	109
Plant and equipment	2
Software	88
Customer relationships	147
Trade and other payables	(96)
Provisions	(64)
Deferred tax liability relating to acquired intangible assets	(70)
Net assets acquired	141
Goodwill	4,085
Acquisition-date fair value of the total consideration transferred	4,226
Representing:	
Jayex Healthcare Ltd shares issued to vendor	2,012
Contingent consideration	2,214
	4,226
Acquisition costs expensed to profit or loss (Acquisition expenses)	76
Cash used to acquire business, net of cash acquired:	
Cash acquired	(25)

Note 33. Business combinations (continued)

Reconciliation of Business Combinations cash paid to acquire businesses and cash acquired

Business combination	Net cash acquired/(paid) $000s
Jayex Technology Limited	(536)
Appointuit Pty Ltd	25
Total cash paid for business acquisitions (net of cash acquired) as per Statement of cash flows	(511)

Note 34. 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:

		Ownership interest	
Name	**Principal place of business / Country of incorporation**	**2016 %**	**2015 %**
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%

Note 35. Events after the reporting period

No matter or circumstance has arisen since 31 December 2016 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 36. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2016 $'000	**2015 $'000**
Loss after income tax (expense)/benefit for the period	(5,063)	(2,671)
Adjustments for:		
Depreciation and amortisation	791	67
Impairment of goodwill	4,085	-
Write off of non-current assets	5	-
Share-based payments	350	448
Non-cash interest expense	13	80
Interest expense on convertible notes settled by share issues	-	26
Fair value remeasurement of financial liabilities	(2,116)	-
Change in operating assets and liabilities:		
Decrease in trade and other receivables	282	89
Decrease/(increase) in inventories	(86)	80
Decrease/(increase) in prepayments	10	139
(Increase)/Decrease in Other receivables - non-current	(43)	-
Decrease in trade and other payables	(360)	(274)
Decrease in deferred tax liabilities	(274)	(11)
Increase/(decrease) in employee benefits	(25)	21
Decrease in other provisions	6	(5)
Increase/(decrease) in deferred revenue	140	(99)
Net cash used in operating activities	(2,285)	(2,110)

Note 37. Non-cash investing and financing activities

	Consolidated	
	2016 $'000	**2015 $'000**
Shares issued as consideration for business acquisitions	-	8,093
Deferred consideration payable for business acquisitions	-	3,260
Conversion of convertible notes and accrued interest to shares	-	1,026
	-	12,379

Note 38. Earnings per share

	Consolidated 2016 $'000	Consolidated 2015 $'000
Loss after income tax attributable to the owners of Jayex Healthcare Ltd	(5,063)	(2,671)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	151,269,390	104,442,834
Weighted average number of ordinary shares used in calculating diluted earnings per share	151,269,390	104,442,834
	Cents	**Cents**
Basic earnings per share	(3.3)	(2.6)
Diluted earnings per share	(3.3)	(2.6)

Note 39. Share-based payments

(a) Employee options

A share option 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 key management personnel of the consolidated entity. The options are issued for nil consideration and are granted in accordance with performance guidelines established by the Nomination and Remuneration Committee.

As at 31 December 2015 no options had been issued under the share option plan, however options granted on 2 February 2016 to the Chief Executive Officer of Jayex Australia after 31 December 2015 were determined to relate to services performed during the period ended 31 December 2015 and, in accordance with Accounting Standards, amortisation of the value of the options was recognised as a share based payment expense during that period as well as during the current period. The amount of the expense recognised in the previous financial year was $448,000.

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

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

Of the options shown in the above table, 750,000 remain unvested as at 31 December 2016.

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

The weighted average share price during the financial period was $0.15 (2015: $0.32).

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

Note 39. Share-based payments (continued)

For the options granted during the current financial period, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Deemed share price at effective grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
02/02/2016	02/02/2019	$0.32	$0.00	100.00%	-	1.87%	$0.320
02/02/2016	02/02/2019	$0.25	$0.00	100.00%	-	1.87%	$0.250

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

The Company may, from time to time, issue shares to employee 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.

During the period ended 31 December 2015 the Company issued shares to directors to settle prior years' outstanding directors' fees, in accordance with shareholder approval given in August 2015.

Details of these issues are as follows:

	Consolidated	
	2016	**2015**
Shares issued to directors to settle outstanding prior year fees	-	58,500

The fair value of the shares issued was based on other recent share transactions. The full amount detailed above was recognised as an expense in the statement of profit or loss and other comprehensive income.

Note 40. Contingent liabilities

(a) Federal Court application

In October 2016 the Company was served with an Application filed with the Federal Court of Australia by Australian Medical Consulting Group Pty Ltd and its owners, Mr Gordon Cooper and Ms Rosemary Cooper. Australian Medical Consulting Group Pty Ltd represented 59.8% of the legal vendors of Appointuit Pty Ltd. Appointuit Pty Ltd was 100% acquired by the Company on 22 September 2015. As at the date of this report the application is progressing through preliminary procedural stages.

The Company and its advisors do not believe there is any merit to the claims and will defend them vigorously.

(b) Contingent consideration on acquisition of Appointuit Pty Ltd

The contingent consideration payable on business acquisition related to the acquisition of Appointuit Pty Ltd ("Appointuit") made by the consolidated entity in 2015. Refer Note 33 for further information.

As noted in Note 23, 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 2016

In the directors' opinion:

- the attached consolidated financial statements and notes comply, and the Remuneration report set out on pages 8 to 16 of the Directors' report, 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 2016 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
Executive Chairman

28 February 2017
Melbourne

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Independent Auditor's Report
To The Directors 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 2016, 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 consolidated financial report of Jayex Healthcare Limited, 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 2016 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 *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 identifies that during the year ended 31 December 2016 the Group incurred a net loss of $5.063m, had net cash outflows from operating activities of $2.285m, and that the Group's current liabilities exceeded its current assets by $1.080m. 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.

Key Audit Matters

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

Key audit matter	How our audit addressed the key audit matter
Goodwill and intangible balances **Note 1 and 15**	
At 31 December 2016, the Group has goodwill and other intangible assets amounting to $9.508m following an impairment of $4.085m to the Appointuit Cash Generating Unit. The Group is required to consider triggers for impairment in accordance with AASB 136: Impairment of Assets. The assessment of impairment of the Group's goodwill and other intangible assets incorporated significant judgement in assumptions included, such as discount rates, future cash inflows and outflows and changes to working capital. This is a key audit matter due to the Group's use of a value-in-use model for impairment and the subjectivity relating to assumptions and key inputs.	Our procedures included, amongst others: • Assessment of management's determination of the Group's Cash Generating Unit (CGUs) based on our understanding of the Group's business and the economic environment in which the Group operates; • Evaluation of management's process for the preparation and review of value-in-use model, taking into consideration the impacts of the sector specific challenges that the Group faces; • Utilised valuations specialists to review the appropriateness of the value-in-use model, appropriateness of benchmarks to external data and its compliance with the requirements of AASB 136; • Challenging the Group's assumptions and estimates used in the value-in-use model to determine the recoverable value of its assets, including those relating to forecast revenue, expenses, and discount rates; • Verification of the mathematical accuracy of the cash flow models and agreeing of relevant data to the latest forecasts; • Assessment of the historical accuracy of forecasting of the Group; • Performance of sensitivity analysis in two main areas. These included the discount rate and terminal growth assumptions on the CGUs with a higher risk of impairment; and • Assessing the adequacy of the Group's disclosures within the financial statements.

Key audit matter	How our audit addressed the key audit matter
Acquisition of Jayex Technology Ltd and Appointuit Pty Ltd **Note 1 and 33**	
During the year, the company completed the purchase accounting of Jayex Technology Limited (Jayex UK) and Appointuit Pty Ltd (Appointuit) which was acquired in the prior year for purchase consideration of $9.165m and $4.226m respectively. The company employed provisional accounting for 31 December 2015. The Group engaged an valuation specialist to assist in the measurement of the fair value of intangible assets acquired. This is a key audit matter as the acquisition accounting required complex judgements, including requiring management to determine the fair value of acquired assets and liabilities. In particular the assessment and allocation of purchase consideration to goodwill and separately identifiable intangible assets (such as customer contracts and relationships).	Our procedures included, amongst others: • Reviewing the sale and purchase agreements to understand key terms and conditions; • Evaluation of the assumptions and methodology used by the independent valuation specialist engaged by the Group, such as forecast revenues, operating costs and discount rates, used to determine the fair value of software and customer relationships to the Group; • Consultation with our valuation specialist to assess certain assumptions with external benchmarks ; • Consideration of the Group's determination of the final fair value adjustments at 31 December 2016, comparing them to the provisionally reported values at 31 December 2015. We performed testing on material fair value adjustments to understand how they related to new information obtained about facts and circumstances that existed on acquisition date, their eligibility for recognition, resulting in a net adjustment to net assets of $266k; and • Assessing the adequacy of the Group's disclosures in respect of business acquisitions.

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 in the Group's annual report for the year ended 31 December 2016, but does not include the financial report and the 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_files/ar2.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 pages 8 to 16 of the directors' report for the year ended 31 December 2016.

In our opinion, the Remuneration Report of Jayex Healthcare Limited, for the year ended 31 December 2016, 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, 28 February 2017

Jayex Healthcare Ltd
Shareholder information
31 December 2016

The shareholder information set out below was applicable as at 14 February 2017.

Use of Cash

In accordance with ASX Listing Rule 4.10.10, the Consolidated Entity reports that, for the whole of the reporting period, it used the cash and assets readily convertible to cash that it had at the time of admission in a way consistent with its business objectives.

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 shares - ASX escrowed to 17 December 2017	Number of holders of ordinary shares
1 to 1,000	-	-	8
1,001 to 5,000	-	-	52
5,001 to 10,000	-	-	146
10,001 to 100,000	-	3	213
100,001 and over	2	3	69
	2	6	488
Holding less than a marketable parcel	-	-	7

Jayex Healthcare Ltd
Shareholder information
31 December 2016

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)	16,127,280	10.60
MR DEAN HENRY CLEARY (THE CLEARWAY INVESTMENT A/C)	4,140,000	2.72
STAINTON PTY LTD (BOYD FAMILY A/C)	3,353,256	2.20
MR MUN KEE CHANG	2,651,433	1.74
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	1,801,365	1.18
MR PETER HOWELLS	1,401,993	0.92
MR ROBERT JOHN MANTEL	1,400,000	0.92
DR CHOON-JOO KHO	1,158,500	0.76
DONOVAN PRODUCTS PTY LTD (FAMILY ACCOUNT)	1,075,000	0.71
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
HSBC CUSTODY NOMINEES	1,010,314	0.66
HENSLOW PTY LTD	994,236	0.65
CITICORP NOMINEES PTY LIMITED	820,834	0.54
EQUITAS NOMINEES PTY LIMITED (PB- 601187 A/C)	810,000	0.53
MR DENNIS CRAIG TELFORD	800,000	0.53
DR CHOON HUAT LEE	765,000	0.50
E2GO LTD	756,262	0.50
MR DUNCAN STUART MCLAUCHLAN	700,000	0.46
TRUEBELL CAPITAL PTY LTD (TRUEBELL INVESTMENT FUND)	625,000	0.41
	42,469,223	27.89

Unquoted equity securities

	Number on issue	**Number of holders**
Options over ordinary shares issued	1,750,000	2
Shares - ASX Escrowed 24 Months to 17 December 2017	87,647,307	7

The following persons hold 20% or more of unquoted equity securities:

Name	**Class**	**Number held**
COVENANT HOLDINGS (WA) PTY LTD (BOYD#4 A/C)	Shares - ASX Escrowed 24 Months to 17 December 2017	58,304,575
VECTOR CAPITAL LIMITED	Shares - ASX Escrowed 24 Months to 17 December 2017	19,003,378

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	53.21
Agam Jain/Vector Capital Limited	19,003,378	12.49

The Company is also regarded as being substantial holder in relation to 87,647,307 of the Company's shares as, due to escrow arrangements over those shares, the Company has a "relevant interest" in its own shares as defined by the Corporations Act. However the Company has no right to acquire those shares or to control the voting rights attaching to those shares.

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.

Shares subject to escrow (Restricted Securities)
Voting rights relating to shares subject to escrow are the same as for ordinary shares except that, during a breach of the ASX Listing Rules relating to Shares which are Restricted Securities, or a breach of a restriction agreement, the holder of the relevant Restricted Securities is not entitled to any voting rights in respect of those Restricted Securities.

Options
Options do not have voting rights attached.

There are no other classes of equity securities.

Restricted securities

Class	Expiry date	Number of shares
Shares - ASX Escrowed 24 Months to 17 December 2017	17 December 2017	87,647,307

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JAYEX