GLOBAL HEALTH
Connecting Clinicians and Consumers

26 August 2015

Company Announcements Office
Australian Stock Exchange Limited
4th Floor, 20 Bridge Street
SYDNEY NSW 2000

**ELECTRONIC LODGEMENT**

Dear Sir or Madam

**Global Health Limited Financial Results for the year ended 30 June 2015**

In accordance with the Listing Rules, I enclose the following:

1. Directors' Report
2. Appendix 4E
3. Full year financial report for the year ended 30 June 2015

Yours faithfully,

Global Health Limited

**Peter Curigliano**
Chief Financial Officer and Company Secretary

# Directors' Report
# For the year ended 30 June 2015

Your Directors submit their report for financial year ended 30 June 2015. The Previous Corresponding Period (PCP) for this report is the twelve months to 30 June 2014.

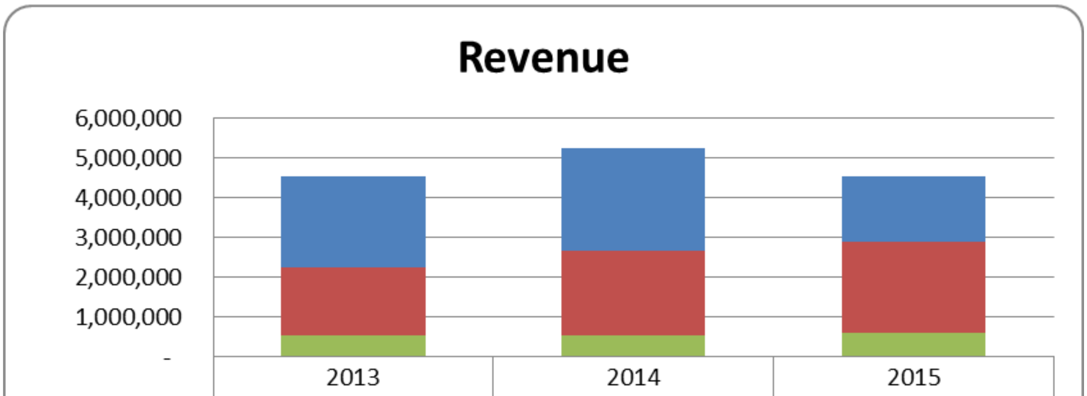
## Summary

- Increasing customer base across MasterCare ePAS, MasterCare EMR and ReferralNet
- Over 500 new customers further reducing reliance on few bulky clients
- Net Profit After Tax of $1,059,908
- EPS of 3.24 cents per share in line with guidance announced in November 2014

## Operational Review

The Company's core Operational Revenue is derived from the sale of software licences and annual subscriptions to:

- Overnight and Day Hospitals (the acute or Hospital sector) and,
- Specialists, General Practitioners, Community Health and Allied Health Providers (the non-acute or Community sector).




| | 2013 | 2014 | 2015 |
|---|---|---|---|
| Hospitals | 2,287,973 | 2,593,842 | 1,650,504 |
| Community | 1,720,747 | 2,119,686 | 2,306,270 |
| Other | 535,043 | 537,559 | 582,335 |

An AusIndustry Research and Development Grant of $532K represents the bulk of Other Revenue received in the reporting period.

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### ***Hospital Segment Customers***

Customers operating in the Hospital segment are those that use the Company's Patient Administration System (PAS) to manage patient workflow from pre-admission through to discharge including the management of beds, theatres, medical records, billing and receipting.

During the reporting period, the final remaining contract for the use of the Company's superseded CHIRON PAS expired on 31 March 2015. This contract provided for the use of CHIRON at 68 public hospitals across South Australia.

Over the reporting period, the Company implemented MasterCare ePAS (enhanced Patient Administration System) at four new private hospitals consolidating its position as a leading provider of Hospital PAS systems to the private sector in Australia.

The maturity of the Company's MasterCare PAS and the focus on software as a subscription commodity has resulted in lower average revenue per client because of the minimal customization and implementation services. In combination with the conclusion of the 20 year legacy contract with SA Health in this reporting period, overall revenue from Hospital customers decreased by $933K (-36%).

The 36% revenue decline resulted in a 9% drop in operating margins for this segment, to a 70% operating margin pre-R&D (PCP: 79%). This ratio validates the Company's "commodity subscription" model and augers well for a strong earnings contribution in the future as new customers are acquired.

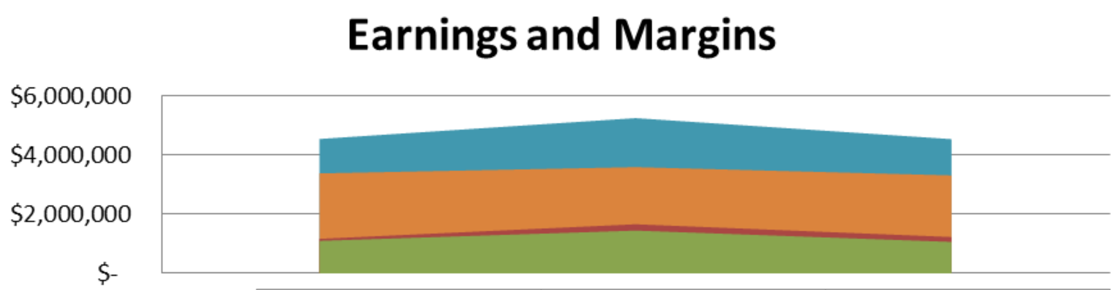
### ***Community Segment Customers***

Customers operating in this segment are those that use the Company's ReferralNet connectivity platform and MasterCare clinical and practice management systems in community settings.

Revenue from this segment grew by approximately 9% with MasterCare and ReferralNet both contributing equally to the growth. The growth was lower than normal due to a major re-organisation of community health services by the Commonwealth effective from 1 July 2015. This uncertainty inhibited new buying decisions from Community Health providers due to the heavy involvement of the public-sector in this segment.

Operations related to the Community Segment delivered a 43% (PCP: 51%) operating margin excluding R&D. The reduction in margins is largely through the initiation of "freemium", try-before-you-buy models of customer acquisition which provides a risk-free trial period of new customers which are converted to paid ("premium") subscriptions in future periods.

## *Earnings and Margins*

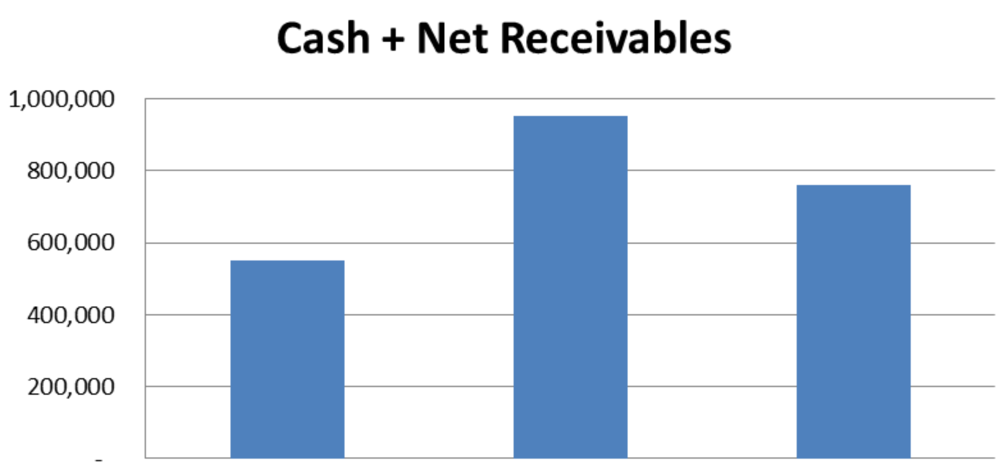



| | Jun-13 | Jun-14 | Jun-15 |
|---|---|---|---|
| Revenue | $4,543,763 | $5,251,086 | $4,539,109 |
| Operating Expense | $3,379,338 | $3,591,600 | $3,312,810 |
| EBITDA | $1,164,425 | $1,659,486 | $1,226,299 |
| EBITDA Margin | 26% | 32% | 27% |
| NPAT | $1,096,848 | $1,443,513 | $1,059,907 |
| NPAT Margin | 24% | 27% | 23% |

Operating expenses decreased by $278,791 (-8.4%) over the reporting period with staffing levels maintained at around 30 full-time equivalents.

The Company's EBITDA Margin reduced by 5% to 27% while NPAT margins reduced by 4% to an acceptable 23%. This represents Earnings Per Share (EPS) of 3.24 cents for the reporting period.

## *Financial Position*




| | Jun-13 | Jun-14 | Jun-15 |
|---|---|---|---|
| Cash + Net Receivables | 552,031 | 951,526 | 762,004 |

At 30 June 2015, the Company had Net Assets of $3,628,006 – an improvement of $952,954 from 30 June 2014. Closing cash plus Net Receivables was down $189,522 (-20%) to $762,004.

The major current liability is represented by Unearned Income of $1,029,282 representing non-refundable Annual Licence Fees (ALFs) paid in advance.

In addition to a “Right-to-Use” Licence, the ALF entitles customers to help desk services, software updates and upgrades and is consequently recognised as pro-rata revenue at the end of each month.

Other than the remaining balance of short to medium term funding for the new head office fit-out of $67,923, the Company has no debt.

## Forward Outlook

In line with market trends, the Company is mid-way through a transition from higher-priced, customized product, and process intensive project implementation services to a more volume-based, commodity model based on Commercial-off-the-Shelf (COTS) products delivered as a managed, cloud service ( “Software as a Service” / SaaS).

The SaaS model reduces the reliance on few high-value clients requiring physical proximity, to a broader base of lower-value, remote clients that can access commodity-based Software as a Service, with no or minimal implementation services.

This model will provide improved margins over the long term as scale is achieved.

The transition from high-value On-Premises to Software as a Service is targeted to be completed by 2017.

In support of the longer term growth objectives, the Company continues to invest approximately 20% of total revenue to the research and development of a connected healthcare eco-system that is consumer centric and offered as a Software Service in the Cloud, across multiple devices.

The provision of integrated Cloud applications that connect clinicians and consumers is based on “Streamlining the Patient Journey”. This is the focus of our R&D activity with the initial early adapter in the community segment implemented in May 2015.

Three additional early adapters in the hospital segment are in various states of implementation as the next phase which will trial further functionality and features.

Early feedback has been overwhelmingly positive with considerable productivity gains, improved decision-support and enhanced user experiences for all stakeholders - administrators, clinicians and patients. These pilot projects will integrate our MasterCare Health Provider platform to our LifeCard Patient platform and ReferralNet connectivity platform offering customers a single comprehensive technology partner for the connected healthcare eco-system emerging.

Standards-based Inter-connectivity is inherent across all Global Health products enabling our customers to seamlessly integrate to best-of-breed and pre-existing software investments.

Over the past 15 months, the Company has commenced business development activities overseas with an initial focus on our ASEAN neighborhood. In July, the Company announced the acquisition of Abaki Pty Ltd - a well-regarded Australian healthcare software vendor with over 400 customers and offshore development and support capability in Vietnam.

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The provision of integrated Cloud applications extends the Company's sales reach to the global marketplace and significant new revenue opportunities in subsequent years.

Enquiries can be directed to Mathew Cherian, Chief Executive Officer, on +61 3 9675 0600 or alternatively by email to mathew.cherian@global-health.com.

For and on behalf of Global Health Limited

Mathew Cherian
Chief Executive Officer and Managing Director

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# Appendix 4E
## Preliminary Final Report

Name of entity:

**GLOBAL HEALTH LIMITED**

| ABN or equivalent company reference | Half yearly (tick) | Preliminary final (tick) | Financial year ended ('current period') | Financial year ended ('previous period') |
|---|---|---|---|---|
| **75 091 377 892** | | ✓ | **30 June 2015** | **30 June 2014** |

**RESULTS FOR ANNOUNCEMENT TO THE MARKET**

| | | | | $'000 |
|---|---|---|---|---|
| **Revenues from ordinary activities** | down | 14% | to | 4,539 |
| **Profit from ordinary activities after tax attributable to members** | down | 27% | to | 1,060 |
| **Profit for the period attributable to members** | down | 27% | to | 1,060 |

| **Dividends (distributions)** | Amount per security | Franked amount per security |
|---|---|---|
| **Final dividend**<br>**Interim dividend** | Nil ¢ | Nil ¢ |
| **Previous corresponding period** | Nil ¢ | Nil ¢ |

| **Net Tangible Asset backing** | Current period | Previous corresponding period |
|---|---|---|
| Net tangible assets per ordinary security | (0.9325)¢ | (1.24)¢ |

**Other significant information needed by an investor to make an informed assessment of the entity's financial performance and financial position**

**Other significant information:** As previously announced to the market (21 November 2014 & 2 April 2015), SA Health declined its entitlement to upgrade to the Company's MasterCare ePAS product. In accordance with the agreement, SA Health's licence to use the Company's CHIRON product expired on 31 March 2015. From this date, SA Health has continued to use CHIRON without payment to the Company. With legal action underway, these events have impacted the Company's gross revenue and corresponding net profit result for the full year.

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**Commentary on the Results for the Period**

| | |
|---|---|
| The earnings per security and the nature of any dilution aspects : | |
| Net Profit/(loss) after Tax | $1,059,907 |
| Calculation of EPS | |
| Total number of shares used in calculation of basic EPS | 32,659,758 |
| Basic EPS (cents) | 3.246 |
| Calculation of diluted EPS | |
| Weighted average number of shares | 32,659,758 |
| Effect of dilutive shares | 59,786 |
| Total number of shares used in calculation of diluted EPS | 32,719,544 |
| Diluted EPS (cents) | 3.240 |
| Returns to shareholders including distributions and buy backs: | N/A |
| **Significant features of operating performance:** Refer to Directors Report | |
| **The results of segments that are significant to an understanding of the business as a whole:** Refer to Segment Note on Page 29. | |
| **Discussion of trends in performance:** Refer to Directors Report | |
| **Any other factor which has affected the results in the period or which are likely to affect results in the future, including those where the effect could not be quantified:** N/A | |

**Audit/Review Status**

| | | | |
|---|---|---|---|
| **This report is based on accounts to which one of the following applies:** *(Tick one)* | | | |
| **The accounts have been audited** | | **The accounts have been subject to review** | |
| **The accounts are in the process of being audited or subject to review** | ✓ | **The accounts have not yet been audited or reviewed** | |
| **If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification:** N/A | | | |
| **If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification:** N/A | | | |

**Attachments forming part of Appendix 4E**

| **Attachment #** | Details |
|---|---|
| **1** | Preliminary Financial Statements |

| | |
|---|---|
| **Sign here** | |
| **Print name** | Mathew Cherian<br>Director |
| **Date** | 26 August 2015 |

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2015

| | Consolidated Group | |
|---|---|---|
| | **2015** | **2014** |
| | **$** | **$** |
| Revenue from the sale of licenses and maintenance contracts | 3,504,313 | 4,102,836 |
| Revenue from professional services | 450,023 | 666,065 |
| Other revenues | 584,773 | 482,185 |
| **Total revenue from continuing operations** | **4,539,109** | **5,251,086** |
| Salaries and related costs | (2,508,020) | (2,614,639) |
| Direct external costs | (27,436) | (136,803) |
| General and administration costs | (777,354) | (840,158) |
| **Earnings before interest, tax, depreciation and amortisation** | **1,226,299** | **1,659,486** |
| Finance costs | (17,759) | 31,397 |
| Depreciation | (47,502) | (8,402) |
| Amortisation | (211,371) | (209,953) |
| Non-operating foreign exchange gains/(losses) | 110,240 | (29,015) |
| **Profit before income tax** | **1,059,907** | **1,443,513** |
| Income tax benefit/(expense) | - | - |
| **Net profit for the period** | **1,059,907** | **1,443,513** |
| **Other comprehensive income** | | |
| Exchange differences on translating foreign operations | (106,953) | 28,494 |
| **Total comprehensive profit for the period** | **952,954** | **1,472,007** |
| | | |
| **Net profit/(loss) for the period attributable to:** | | |
| Owners of the parent | 1,060,120 | 1,443,725 |
| Non-controlling interest | (213) | (212) |
| | **1,059,907** | **1,443,513** |
| | | |
| **Total comprehensive profit/(loss) attributable to:** | | |
| Owners of the parent | 953,243 | 1,472,135 |
| Non-controlling interest | (289) | (128) |
| | **952,954** | **1,472,007** |
| | | |
| **Earnings per share** | **Cents** | **Cents** |
| Basic earnings per share (cents per share) | 3.246 | 4.420 |
| Diluted Earning per share (cents per share) | 3.240 | 4.420 |

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## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

| | Consolidated Group | |
|---|---|---|
| | 2015 | 2014 |
| | $ | $ |
| **Current Assets** | | |
| Cash and cash equivalents | 548,404 | 1,117,444 |
| Receivables | 931,730 | 500,899 |
| Other | 185,691 | 166,479 |
| **Total Current Assets** | **1,665,825** | **1,784,822** |
| | | |
| **Non-Current Assets** | | |
| Receivables | 135,047 | 97,680 |
| Property, plant and equipment | 146,971 | 10,664 |
| Other Financial Assets | 50,298 | - |
| Intangibles | 4,025,198 | 3,080,101 |
| **Total Non-Current Assets** | **4,357,514** | **3,188,445** |
| **Total Assets** | **6,023,339** | **4,973,267** |
| | | |
| **Current Liabilities** | | |
| Payables | 718,130 | 666,817 |
| Interest bearing liabilities | 28,508 | 44,715 |
| Provisions | 452,510 | 455,439 |
| Unearned income | 1,029,282 | 997,646 |
| **Total Current Liabilities** | **2,228,430** | **2,164,617** |
| | | |
| **Non-Current Liabilities** | | |
| Interest bearing liabilities | 39,415 | - |
| Provisions | 127,488 | 133,598 |
| **Total Non-Current Liabilities** | **166,903** | **133,598** |
| **Total Liabilities** | **2,395,333** | **2,298,215** |
| | | |
| **Net Assets** | **3,628,006** | **2,675,052** |
| | | |
| **Equity** | | |
| Contributed equity | 20,656,242 | 20,656,242 |
| Reserves | 79,256 | 186,133 |
| Accumulated Losses | (16,969,316) | (18,029,436) |
| **Total Parent Entity Interest** | **3,766,182** | **2,812,939** |
| Non-controlling Interest | (138,176) | (137,887) |
| **Total Equity** | **3,628,006** | **2,675,052** |

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## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2015

| Consolidated Group | Issued capital ordinary | Option reserve | Currency translation reserve | Retained earnings | Total attributable to owners of the parent | Non-controlling interest | Total equity |
|---|---|---|---|---|---|---|---|
| **Balance 1 July 2014** | 20,656,242 | 29,978 | 156,155 | (18,029,436) | 2,812,939 | (137,887) | 2,675,052 |
| Share based payments | - | - | - | - | - | - | - |
| **Transactions with owners** | - | - | - | - | - | - | - |
| Profit/(loss) for the period | - | - | - | 1,060,120 | 1,060,120 | (213) | 1,059,907 |
| **Other comprehensive income:** | | | | | | | |
| Exchange difference on translation of foreign operations | - | - | (106,877) | - | (106,877) | (76) | (106,953) |
| **Total comprehensive profit/(loss) for the period** | - | - | (106,877) | 1,060,120 | 953,243 | (289) | 952,954 |
| **Balance 30 June 2015** | 20,656,242 | 29,978 | 49,278 | (16,969,316) | 3,766,182 | (138,176) | 3,628,006 |
| | | | | | | | |
| **Balance 1 July 2013** | 20,656,242 | 29,978 | 127,745 | (19,473,161) | 1,340,804 | (137,759) | 1,203,045 |
| Share based payments | - | - | - | - | - | - | - |
| **Transactions with owners** | - | - | - | - | - | - | - |
| Profit/(loss) for the period | - | - | - | 1,443,725 | 1,443,725 | (212) | 1,443,513 |
| **Other comprehensive income:** | | | | | | | |
| Exchange difference on translation of foreign operations | - | - | 28,410 | - | 28,410 | 84 | 28,494 |
| **Total comprehensive profit/(loss) for the period** | - | - | 28,410 | 1,443,725 | 1,472,135 | (128) | 1,472,007 |
| **Balance 30 June 2014** | 20,656,242 | 29,978 | 156,155 | (18,029,436) | 2,812,939 | (137,887) | 2,675,052 |

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## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2015

| | Consolidated Group | |
|---|---|---|
| | **2015** | **2014** |
| | **$** | **$** |
| **Cash Flows from Operating Activities** | | |
| Receipts from customers | 4,453,495 | 5,534,917 |
| Payments to suppliers and employees | (3,661,177) | (4,167,132) |
| | 792,318 | 1,367,785 |
| Interest received | 22,506 | 14,921 |
| Interest and finance costs paid | (17,759) | 31,397 |
| *Net cash inflow from operating activities* | *797,065* | *1,414,103* |
| | | |
| **Cash Flows from Investing Activities** | | |
| Proceed from sale of plant and equipment | 1,650 | - |
| Purchase of property, plant and equipment | (184,711) | (11,188) |
| Purchase of investment | (50,298) | - |
| Purchase of intangibles | (1,156,469) | (1,100,460) |
| *Net cash outflow from investing activities* | *(1,389,828)* | *(1,111,648)* |
| | | |
| **Net Operating and Investing Activities** | *(592,763)* | *302,455* |
| | | |
| **Cash Flows from Financing Activities** | | |
| Proceeds from borrowings | 176,337 | 66,301 |
| Repayment of borrowings | (152,614) | (76,666) |
| *Net cash inflow/(outflow) from financing activities* | *23,723* | *(10,365)* |
| | | |
| Net (decrease)/increase in cash and cash equivalents held | (569,040) | 292,090 |
| Cash and cash equivalents at the beginning of the financial year | 1,117,444 | 825,354 |
| **Cash and cash equivalents at the end of the financial year** | **548,404** | **1,117,444** |

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# GLOBAL HEALTH LIMITED AND CONTROLLED ENTITIES

## 1. Statement of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements cover Global Health Limited and its controlled entities as a consolidated entity ('Group').

The financial report covers the consolidated entity of Global Health Limited and controlled entities. Global Health Limited is a listed public company, incorporated and domiciled in Australia.

The following is a summary of the material accounting policies adopted by the Group in the preparation of the financial report.

### Basis of preparation

This preliminary financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

*Compliance with IFRSs*
Compliance with Australian Accounting Standards ensures that the consolidated financial statements and notes of Global Health Limited and its controlled entities comply with International Financial Reporting Standards (IFRSs).

*Historical cost convention*
These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

*Critical Accounting Estimates & Judgements*
The preparation of a financial report in conformity with Australian Accounting Standards requires management to make estimates, judgements and assumptions based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group. Actual results may differ from these estimates. The accounting policy detailed in Note 1 provides details of these estimates, judgements and assumptions.

**(a) Principles of Consolidation**

A controlled entity is any entity that Global Health Limited has the power to control the financial and operating policies of the entity so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

All controlled entities have a June financial year end.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the Group during the year, their operating results have been included (excluded) from the date control was obtained (ceased).

All inter-company balances and transactions between entities in the Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Non-controlling interests, being that portion of the profit or loss and net assets of subsidiaries attributable to equity interests held by persons outside the Group, are shown separately within the equity section of the consolidated statement of financial position and in the consolidated statement of comprehensive income.

**Principles of Consolidation**

Business combinations occur where control over another business is obtained and results in the consolidation of its assets and liabilities. All business combinations, including those involving entities under common control, are accounted for by applying the purchase method. The purchase method requires an acquirer of the business to be identified and for the cost of the acquisition and fair values of identifiable assets, liabilities and contingent liabilities to be determined as at acquisition date, being the date that control is obtained. Cost is determined as the aggregate of fair values of assets given, equity issued and liabilities assumed in exchange for control together with costs directly attributable to the business combination. Any deferred consideration payable is discounted to present value using the entity’s incremental borrowing rate.

Goodwill is recognised initially at the excess of cost over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If the fair value of the acquirer's interest is greater than cost, the surplus is immediately recognised in profit or loss after the fair value of the acquired assets and liabilities have been reassessed.

Non-controlling interests in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

**(b) Impairment of assets**

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

**(c) Revenue Recognition**

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. Revenue is recognised for the major business activities as follows:

**Sales Revenue**
Sales revenue comprises revenue earned (net of returns, discount and allowances) from the provision of products or services to entities outside the Group. Sales revenue is categorised and recognised as follows:

- **Initial Licence Fees and Upgrade Fees**
  Initial Licence Fees and Upgrade Fees are brought to account on the earlier of:

  1. The date of signing the contract or agreement or;
  2. The date stipulated in the executed contract or agreement.

  The significant risks and rewards of ownership are transferred from the entity to the buyer when one of the above conditions is met. It follows that the entity is then able to recognise the revenue.

- **Maintenance Fees**
  Maintenance fees are a non-refundable deferred revenue stream. Clients subscribe to their licences in advance – ranging from quarterly, half-yearly to annual payments. They are proportionally accrued in arrears, at the end of each month. These entitle the customer to a usage licence, help desk telephone support and rights to extended warranty and product enhancements.

- **Professional Services**
  Professional services are brought to account on the issue of invoice on completion of work that may be performed on a time and materials or a project milestone basis. This includes work done in the health and non-health segments.

***Grants***
Grant monies are recognised as revenue at the time of receipt.

***Rent recharge***
Revenue received from the sub-let of office premises is recognised monthly.

***Interest Income***
Interest income is recognised using the effective interest method.

***Asset Sales***
The net profit on asset sales is included as revenue of the Group. The profit or loss on disposal of assets is brought to account at the date an unconditional contract of sale is signed.

**(d) Goods and services tax**

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flow on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flow.

**(e) Income Tax**

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying values in the financial statements, and to unused tax losses. Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are substantially enacted for each jurisdiction.

The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

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. Current and deferred tax balances attributable to amounts directly in equity are also recognised directly in equity.

***Tax consolidation legislation***
Global Health Limited and its wholly-owned Australian entities have implemented the tax consolidation legislation. These were formally adopted on lodgement of the 2004 income tax returns.

On forming a tax consolidated group, the Global Health Limited is now responsible for recognising the deferred tax assets relating to tax losses for the Tax Consolidated Group. The Tax Consolidated Group has entered into a tax-sharing agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the Tax Consolidated Group.

**(f) Intangible assets**

***Goodwill***
Goodwill, representing excess of the purchase consideration plus incidental costs over the fair value of the identifiable net assets acquired on the acquisition of a controlled entity or business, is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

***Research and development***
Expenditure on research activities, undertaken with the prospect of obtaining new scientific or technical knowledge and understanding, is recognised in the income statement as an expense when it is incurred. Costs that qualify as development under the accounting standards are capitalised and amortised over a pre-determined period after certain criteria have been met.

**(g) Plant and Equipment**

***Cost and valuation***
Plant and equipment are carried at cost.

***Depreciation***
Plant and equipment, leasehold improvements and furniture and fittings of the consolidated entity are depreciated on a diminishing value basis. Rates of depreciation are calculated to allocate the cost or valuation, less estimated residual value at the end of the useful lives of the assets, against revenue over those estimated useful lives.

The depreciation rates used for each class of depreciable assets are:

| Class of Asset | Depreciation Rate (%) | |
|---|---|---|
| | Straight Line | Diminishing Value |
| Leasehold Improvements | - | 25-35 |
| Plant & Equipment | - | 27 – 40 |
| Furniture and Fittings | - | 13 |
| Motor Vehicles | - | 22.5 |

**(h) Trade Debtors**

Trade debtors to be settled within 90 days are carried at amounts due. The collectability of debts is assessed at balance date and specific provision is made for any doubtful accounts. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.”

**(i) Foreign Currency**

***Functional and presentation currency***
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency). The consolidated financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

***Translation of controlled foreign entities***
The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

- Income and expenses for each income statement are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

- All resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold or borrowings repaid, a proportionate share of such exchange differences are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

### (j) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Finance leases, which effectively transfer to the consolidated entity substantially all of the risks and benefits incidental to ownership of the leased item, are capitalised at the present value of the minimum lease payments and amortised over the period the consolidated entity is expected to benefit from the use of the leased assets. Operating lease payments, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased items, are included in the determination of the operating profit or loss in equal instalments over the lease term.

### (k) Acquisition of assets

The purchase method of accounting is used to account for all acquisitions of assets (including business combinations) regardless of whether equity instruments or other assets are acquired. Cost of acquisition at the date of acquisition is measured as the fair value of the asset. Transaction costs arising on the issue of equity instruments are recognised directly in equity subject to the extent of proceeds received, otherwise expensed.

When settlement of any part of cash consideration is deferred, the amounts payable are recorded at their present value discounted at the rate applicable if a similar borrowing were obtained from an independent financier under comparable terms and conditions.

### (l) Employee Benefits

Provision is made for benefits accruing to employees in respect of salaries and wages, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

***Wages, Salaries & Annual Leave***

Liabilities arising in respect of wages, salaries, annual leave and other employee benefits expected to be settled within 12 months represent the amount which the consolidated entity has a present obligation to pay resulting from employees' services provided up to the balance date. Liabilities have been calculated at the amounts expected to apply at the time of settlement. On-costs are included in this amount.

***Long Service Leave***

The liability for employee entitlements to long service leave represents the present value of the estimated future cash outflows to be made by the employer resulting from employees' services provided up to the balance date.

Liabilities for employee entitlements which are not expected to be settled within twelve months are discounted using the rates attaching to national government securities at balance date, which most closely match the terms of maturity of the related liabilities.

In determining the liability for long service leave, consideration has been given to future increases in wage and salary rates, and the Group's experience with staff departures. Related on-costs have also been included in the liability.

***Share-based payments***

Share-based compensation benefits are provided to employees via the Company's Employee Option Plan and an employee share scheme.

*Share options vested after 1 July 2004*

The fair value of options granted under the Company's Employee Option Plan is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using a pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, 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.

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital.

The market value of shares issued to employees for no cash consideration under the employee share scheme is recognised as an employee benefits expense with a corresponding increase in equity when the employees become entitled to the shares.

**(m) Accounts Payable**

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Group. The amounts are unsecured and are usually paid within 30 days of recognition.

**(n) Financial Instruments**

***Initial recognition and measurement***
Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instrument classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

*Effective interest rate method*

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis for debt instruments other than those financial assets 'at fair value through profit or loss'.

***Classification and subsequent measurement***

*Financial assets at fair value through profit or loss*

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

*Held-to-maturity investments*

These investments have fixed maturities, and it is the Group's intention to hold these investments to maturity. Held-to-maturity investments held by the Group are stated at amortised cost using the effective interest rate method.

*Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments. They are held at fair value with changes in fair value taken through the financial assets reserve directly to other comprehensive income.

*Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

***Fair value***

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

***Impairment of financial assets***
At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

The carrying amount of financial assets including uncollectible trade receivables is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in other comprehensive income.

***Financial Guarantees***
Where material, financial guarantees issued, which require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as a financial liability at fair value on initial recognition. The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118 Revenue. Where the entity gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

The fair value of financial guarantee contracts has been assessed using the probability weighted discounted cash flow approach. The probability has been based on:

- the likelihood of the guaranteed party defaulting in a 12 month period;
- the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and

- the maximum loss exposed if the guaranteed party were to default.

***Derecognition***
Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in profit or loss.

**(o) Investments**

***Controlled Entities***
Investments in controlled entities are carried in the Company's financial statements at the lower of cost and recoverable amount

**(p) Contributed Equity**

Issued and paid up capital is recognised at the fair value of the consideration received by the Company.

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate.

**(q) Earnings Per Share**

Basic earnings per share (EPS) is calculated as net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit attributable to members, adjusted for:

- Costs of servicing equity (other than dividends) and preference share dividends;
- The after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- Other non discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

**(r) 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 with 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.

**(s) Dividends**

No provision is made for dividends on or before the end of the year.

### (u) Going Concern

At 30 June 2015, the Company reported an EBITDA profit of $1,226,299 (2014: $1,659,486). A net asset surplus of $3,628,006 (2014: $2,675,052) and a net current asset deficiency of $562,605 (2014: $379,795) was also recorded.

This net current asset deficiency is primarily represented by an unearned revenue balance of $1,029,282. Unearned revenue comprises annual subscriptions (licence to use, help desk telephone support, rights to enhancements and extended warranties), paid in advance but recognised monthly. These subscriptions in advance are not subject to refunds or cancellation but do incur an obligation by the Group to provide monthly help-desk and warranty services with revenue being recognised monthly in the group's statement of comprehensive income. The reporting of unearned revenue has always been shown on the Company's statement of financial position and is a normal business operation.

The Board believes it is appropriate to prepare the financial statements on a going concern basis.

## 2. Segment Information

Segment information is provided in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

**Operating Segments**
The Group operates in the computer technology, software and services industry with particular emphasis on healthcare and professional services.

The consolidated entity comprises the following main operating segments:

- *Acute* — Information system applications for the hospital and day surgery market sector to deliver better and more integrated healthcare.
- *Non-Acute* — Comprehensive suite of applications that provide the management of population outcomes for communities of common interest.
- *Other* — Products and services delivered to non-healthcare customers and includes revenues and expenses associated with third party products and cost recovery from customers.
- *Corporate* — Expenditure associated with Corporate, Sales and Marketing activities.

**Segment accounting policies**
The group generally accounts for inter-segment sales and transfers as if the sales or transfers were to third parties at current market prices. Revenues are attributed to geographic areas based on the location of the assets producing the revenues.

During the financial year there were no changes in segment accounting policies that had a material effect on the segment information.

**Geographical Segments**
Although the group's divisions are managed on a global basis they operate in two main geographical areas:

*Australia*
This is the home country of the parent entity which is also the main operating entity. The corporate head office is based in Melbourne, Victoria. The Company also has a presence in Western Australia for the provision of professional services and product development.

*Malaysia*
In prior years, the Group operated in the ASEAN region with local resources employed to provide support to Southeast Asian clients of the Group. Currently, there is a presence in the region with a view to future engagement in the market.

## 2. Segment Information (continued)

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

| Primary Reporting Business Segments | Acute | | Non-Acute | | Other | | Corporate | | Consolidated | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 | **2015** | 2014 | **2015** | 2014 | **2015** | 2014 |
| **Revenue** | | | | | | | | | | |
| Sales to customers outside the consolidated entity | **1,650,504** | 2,593,842 | **2,306,270** | 2,119,686 | **582,335** | 537,559 | **-** | - | **4,539,109** | 5,251,087 |
| Total segment revenue | **1,650,504** | 2,593,842 | **2,306,270** | 2,119,686 | **582,335** | 537,559 | **-** | - | **4,539,109** | 5,251,087 |
| Total consolidated revenue | | | | | | | | | **4,539,109** | 5,251,087 |
| | | | | | | | | | | |
| **Results** | | | | | | | | | | |
| Segment result | **1,412,339** | 1,449,478 | **850,240** | 1,341,072 | **406,160** | 198,870 | **(1,608,832)** | (1,545,907) | **1,059,907** | 1,443,513 |
| Income tax expense | | | | | | | | | | |
| Non-controlling interests | | | | | | | | | | |
| Net profit/(loss) | | | | | | | | | | |
| | | | | | | | | | | |
| **Assets** | | | | | | | | | | |
| Segment assets | **2,190,198** | 2,456,609 | **3,060,391** | 2,007,539 | **772,750** | 509,119 | **-** | - | **6,023,339** | 4,973,267 |

GLOBAL HEALTH LIMITED AND CONTROLLED ENTITIES

## 2. Segment Information (continued)

| Primary Reporting Business Segments | Acute | | Non-Acute | | Other | | Corporate | | Consolidated | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 | **2015** | 2014 | **2015** | 2014 | **2015** | 2014 |
| **Liabilities** | | | | | | | | | | |
| Segment liabilities | **870,987** | 1,135,232 | **1,217,042** | 927,711 | **307,304** | 235,271 | **-** | - | **2,395,333** | 2,298,214 |
| | | | | | | | | | | |
| Cash flows from operating activities | **34,655** | 408,101 | **318,676** | 271,858 | **34,397** | 83,536 | **409,337** | 650,608 | **797,065** | 1,414,103 |
| | | | | | | | | | | |
| Cash flows from investing activities *(includes acquisition of property, plant & equipment, intangible assets and other non-current assets)* | **(60,427)** | (320,812) | **(555,670)** | (213,710) | **(59,978)** | (65,668) | **(713,753)** | (511,458) | **(1,389,828)** | (1,111,648) |
| | | | | | | | | | | |
| Cash flows from financing activities | **1,031** | (2,995) | **9,485** | (1,995) | **1,024** | (613) | **12,183** | (4,762) | **23,723** | (10,365) |
| **Other segment information** | | | | | | | | | | |
| Depreciation | **2,065** | 2,425 | **18,992** | 1,615 | **2,050** | 740 | **24,395** | 3,622 | **47,502** | 8,402 |

GLOBAL HEALTH LIMITED AND CONTROLLED ENTITIES

## 2. Segment Information (continued)

| Secondary Reporting Geographical | Australia | | International | | Consolidated | |
|---|---|---|---|---|---|---|
| | **2015** | 2014 | **2015** | 2014 | **2015** | 2014 |
| **Segment revenue** | **4,534,731** | 5,251,086 | **4,378** | - | **4,539,109** | 5,251,086 |
| | | | | | | |
| **Segment assets** | **7,158,377** | 6,089,142 | **(1,135,038)** | (1,115,875) | **6,023,339** | 4,973,267 |
| | | | | | | |
| **Segment Result** | **1,059,907** | 1,443,513 | **-** | - | **1,059,907** | 1,443,513 |
| | | | | | | |
| **Other segment information** | | | | | | |
| **Acquisition of property, plant and equipment, intangible assets and other non-current assets** | **1,389,828** | 1,111,648 | **-** | - | **1,389,828** | 1,111,648 |