

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	<input type="checkbox"/>	<input checked="" type="checkbox"/>	30 June 2016	30 June 2015
-----------------------	--------------------------	-------------------------------------	---------------------	---------------------

RESULTS FOR ANNOUNCEMENT TO THE MARKET

				\$'000
Revenues from ordinary activities	up	42.1%	to	6,449
Profit from ordinary activities after tax attributable to members	up	29.7%	to	1,375
Profit for the period attributable to members	up	29.5%	to	1,373

Dividends (distributions)	Amount per security	Franked amount per security
Final dividend	Nil ¢	Nil ¢
Interim dividend		
Previous corresponding period	Nil ¢	Nil ¢

Net Tangible Asset backing	Current period	Previous corresponding period
Net tangible assets per ordinary security	1.202¢	(0.9325)¢

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 (4 August 2016) the Company and its subsidiary Working Systems Software Pty Ltd and SA Health have reached settlement regarding SA Health's continuing use of CHIRON software. Part of the settlement required SA Health to pay an initial licence fee of \$5,000,000 plus GST for the period of 1 April 2015 - 31 March 2020. As at 30 June 2016, receipt of the settlement amount was considered virtually certain. This amount has since been received in full by the Company on 16 August 2016.

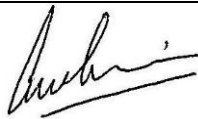
Commentary on the Results for the Period

The earnings per security and the nature of any dilution aspects :	
Net profit for the period attributable to Owners of the parent	\$1,373,270
Calculation of EPS	
Total number of shares used in calculation of basic EPS	32,794,621
Basic EPS (cents)	4.187
Calculation of diluted EPS	
Weighted average number of shares	32,794,621
Effect of dilutive shares	115,493
Total number of shares used in calculation of diluted EPS	32,910,114
Diluted EPS (cents)	4.173
Returns to shareholders including distributions and buy backs:	N/A
Significant features of operating performance: Refer to FY2016 Results Announcement.	
The results of segments that are significant to an understanding of the business as a whole: Refer to Segment Note on Page 23.	
Discussion of trends in performance: Refer to FY2016 Results Announcement.	
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 Director
Date	18 August 2016

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016

	Consolidated Group	
	2016	2015
	\$	\$
Revenue from the sale of licenses and maintenance contracts	4,837,110	3,504,313
Revenue from professional services	906,187	450,023
Other revenues	706,153	584,773
Total revenue from continuing operations	6,449,450	4,539,109
Salaries and related costs	(3,496,079)	(2,508,020)
Direct external costs	(170,475)	(27,436)
General and administration costs	(990,406)	(777,354)
Earnings before interest, tax, depreciation and amortisation	1,792,490	1,226,299
Finance costs	(97,568)	(17,759)
Depreciation	(122,048)	(47,502)
Amortisation	(211,951)	(211,371)
Non-operating foreign exchange gains/(losses)	14,231	110,240
Profit before income tax	1,375,154	1,059,907
Income tax benefit/(expense)	-	-
Net profit for the period	1,375,154	1,059,907
Other comprehensive income		
Exchange differences on translating foreign operations	(18,757)	(106,953)
Total comprehensive profit for the period	1,356,397	952,954
Net profit/(loss) for the period attributable to:		
Owners of the parent	1,373,270	1,060,120
Non-controlling interest	1,884	(213)
	1,375,154	1,059,907
Total comprehensive profit/(loss) attributable to:		
Owners of the parent	1,354,477	953,243
Non-controlling interest	1,920	(289)
	1,356,397	952,954
Earnings per share	Cents	Cents
Basic earnings per share (cents per share)	4.187	3.246
Diluted Earning per share (cents per share)	4.173	3.240

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

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	Consolidated Group	
	2016	2015
	\$	\$
Current Assets		
Cash and cash equivalents	1,149,028	548,404
Receivables	2,786,734	931,730
Other	403,680	235,989
Total Current Assets	4,339,442	1,716,123
Non-Current Assets		
Receivables	276,645	135,047
Property, plant and equipment	172,613	146,971
Intangibles	5,118,324	4,025,198
Total Non-Current Assets	5,567,582	4,307,216
Total Assets	9,907,024	6,023,339
Current Liabilities		
Payables	1,067,257	718,130
Interest bearing liabilities	355,351	28,508
Provisions	423,370	452,510
Unearned income	1,471,764	1,029,282
Total Current Liabilities	3,317,742	2,228,430
Non-Current Liabilities		
Interest bearing liabilities	1,386,378	39,415
Provisions	146,001	127,488
Total Non-Current Liabilities	1,532,379	166,903
Total Liabilities	4,850,121	2,395,333
Net Assets	5,056,903	3,628,006
Equity		
Contributed equity	20,728,742	20,656,242
Reserves	60,463	79,256
Accumulated Losses	(15,596,046)	(16,969,316)
Total Parent Entity Interest	5,193,159	3,766,182
Non-controlling Interest	(136,256)	(138,176)
Total Equity	5,056,903	3,628,006

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

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2016

	Issued capital ordinary	Option reserve	Currency translation reserve	Retained earnings	Total attributable to owners of the parent	Non-controlling interest	Total equity
Consolidated Group							
Balance 1 July 2015	20,656,242	29,978	49,278	(16,969,316)	3,766,182	(138,176)	3,628,006
Issue of share capital	72,500	-	-	-	72,500	-	72,500
Share based payments	-	-	-	-	-	-	-
Transactions with owners	72,500	-	-	-	72,500	-	72,500
Profit/(loss) for the period	-	-	-	1,373,270	1,373,270	1,884	1,375,154
Other comprehensive income:							
Exchange difference on translation of foreign operations	-	-	(18,793)	-	(18,793)	36	(18,757)
Total comprehensive profit/(loss) for the period	-	-	(18,793)	1,373,270	1,354,477	1,920	1,356,397
Balance 30 June 2016	20,728,742	29,978	30,485	(15,596,046)	5,193,159	(136,256)	5,056,903
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

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2016

	Consolidated Group	
	2016	2015
	\$	\$
Cash Flows from Operating Activities		
Receipts from customers	4,839,316	3,921,599
Receipts from Research and Development Grants	518,089	531,896
Payments to suppliers and employees	(4,743,208)	(3,711,475)
	<u>614,197</u>	<u>742,020</u>
Interest received	15,069	22,506
Interest and finance costs paid	(97,568)	(17,759)
<i>Net cash inflow from operating activities</i>	<u>531,698</u>	<u>746,767</u>
Cash Flows from Investing Activities		
Proceed from sale of plant and equipment	1,850	1,650
Purchase of property, plant and equipment	(149,273)	(184,711)
Purchase of intangibles	(1,457,457)	(1,156,469)
<i>Net cash outflow from investing activities</i>	<u>(1,604,880)</u>	<u>(1,339,530)</u>
Net Operating and Investing Activities	(1,073,182)	(592,763)
Cash Flows from Financing Activities		
Proceeds from borrowings	1,915,578	176,337
Repayment of borrowings	(241,772)	(152,614)
<i>Net cash inflow/(outflow) from financing activities</i>	<u>1,673,806</u>	<u>23,723</u>
Net (decrease)/increase in cash and cash equivalents held	600,624	(569,040)
Cash and cash equivalents at the beginning of the financial year	548,404	1,117,444
Cash and cash equivalents at the end of the financial year	<u>1,149,028</u>	<u>548,404</u>

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



GLOBAL HEALTH LIMITED AND CONTROLLED ENTITIES

Notes to the Consolidated Financial Statements For the year ended 30 June 2016

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.



GLOBAL HEALTH LIMITED AND CONTROLLED ENTITIES

Notes to the Consolidated Financial Statements For the year ended 30 June 2016

1. Statement of Significant Accounting Policies (continued)

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.



GLOBAL HEALTH LIMITED AND CONTROLLED ENTITIES

Notes to the Consolidated Financial Statements For the year ended 30 June 2016

1. Statement of Significant Accounting Policies (continued)

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.



GLOBAL HEALTH LIMITED AND CONTROLLED ENTITIES

Notes to the Consolidated Financial Statements For the year ended 30 June 2016

1. *Statement of Significant Accounting Policies (continued)*

(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:



GLOBAL HEALTH LIMITED AND CONTROLLED ENTITIES

Notes to the Consolidated Financial Statements For the year ended 30 June 2016

1. *Statement of Significant Accounting Policies (continued)*

- **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.



GLOBAL HEALTH LIMITED AND CONTROLLED ENTITIES

Notes to the Consolidated Financial Statements For the year ended 30 June 2016

1. *Statement of Significant Accounting Policies (continued)*

Grants

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

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.



GLOBAL HEALTH LIMITED AND CONTROLLED ENTITIES

Notes to the Consolidated Financial Statements For the year ended 30 June 2016

1. *Statement of Significant Accounting Policies (continued)*

(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.



GLOBAL HEALTH LIMITED AND CONTROLLED ENTITIES

Notes to the Consolidated Financial Statements For the year ended 30 June 2016

1. *Statement of Significant Accounting Policies (continued)*

(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.



GLOBAL HEALTH LIMITED AND CONTROLLED ENTITIES

**Notes to the Consolidated Financial Statements
For the year ended 30 June 2016**

1. Statement of Significant Accounting Policies (continued)

(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	-	29 - 37
Plant & Equipment	-	25 - 50
Furniture and Fittings	-	13 - 33



GLOBAL HEALTH LIMITED AND CONTROLLED ENTITIES

Notes to the Consolidated Financial Statements For the year ended 30 June 2016

1. *Statement of Significant Accounting Policies (continued)*

(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.



GLOBAL HEALTH LIMITED AND CONTROLLED ENTITIES

Notes to the Consolidated Financial Statements For the year ended 30 June 2016

1. Statement of Significant Accounting Policies (continued)

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.



GLOBAL HEALTH LIMITED AND CONTROLLED ENTITIES

Notes to the Consolidated Financial Statements For the year ended 30 June 2016

1. *Statement of Significant Accounting Policies (continued)*

(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.



GLOBAL HEALTH LIMITED AND CONTROLLED ENTITIES

Notes to the Consolidated Financial Statements For the year ended 30 June 2016

1. *Statement of Significant Accounting Policies (continued)*

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.



GLOBAL HEALTH LIMITED AND CONTROLLED ENTITIES

Notes to the Consolidated Financial Statements For the year ended 30 June 2016

1. *Statement of Significant Accounting Policies (continued)*

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.



GLOBAL HEALTH LIMITED AND CONTROLLED ENTITIES

Notes to the Consolidated Financial Statements For the year ended 30 June 2016

1. Statement of Significant Accounting Policies (continued)

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.



GLOBAL HEALTH LIMITED AND CONTROLLED ENTITIES

Notes to the Consolidated Financial Statements For the year ended 30 June 2016

1. Statement of Significant Accounting Policies (continued)

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.



GLOBAL HEALTH LIMITED AND CONTROLLED ENTITIES

Notes to the Consolidated Financial Statements For the year ended 30 June 2016

1. *Statement of Significant Accounting Policies (continued)*

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.



GLOBAL HEALTH LIMITED AND CONTROLLED ENTITIES

Notes to the Consolidated Financial Statements For the year ended 30 June 2016

1. *Statement of Significant Accounting Policies (continued)*

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.



GLOBAL HEALTH LIMITED AND CONTROLLED ENTITIES

**Notes to the Consolidated Financial Statements
For the year ended 30 June 2016**

1. Statement of Significant Accounting Policies (continued)

(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.



GLOBAL HEALTH LIMITED AND CONTROLLED ENTITIES

Notes to the Consolidated Financial Statements For the year ended 30 June 2016

1. Statement of Significant Accounting Policies (continued)

(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.



GLOBAL HEALTH LIMITED AND CONTROLLED ENTITIES

Notes to the Consolidated Financial Statements For the year ended 30 June 2016

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.



GLOBAL HEALTH LIMITED AND CONTROLLED ENTITIES

Notes to the Consolidated Financial Statements For the year ended 30 June 2016

2. Segment Information (continued)

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.



GLOBAL HEALTH LIMITED AND CONTROLLED ENTITIES

**Notes to the Consolidated Financial Statements
For the year ended 30 June 2016**

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	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Revenue										
Sales to customers outside the consolidated entity	2,486,041	1,994,501	3,263,242	1,962,273	700,167	582,335	-	-	6,449,450	4,539,109
Total segment revenue	2,486,041	1,994,501	3,263,242	1,962,273	700,167	582,335	-	-	6,449,450	4,539,109
Total consolidated revenue									6,449,450	4,539,109
Results										
Segment result	1,717,871	1,736,718	1,010,028	525,862	593,415	406,159	(1,946,160)	(1,608,832)	1,375,154	1,059,907
Income tax expense										
Non-controlling interests										
Net profit/(loss)										
Assets										
Segment assets	3,818,816	2,646,677	5,012,680	2,603,911	1,075,528	772,751	-	-	9,907,024	6,023,339



GLOBAL HEALTH LIMITED AND CONTROLLED ENTITIES

**Notes to the Consolidated Financial Statements
For the year ended 30 June 2016**

2. Segment Information (continued)

Primary Reporting Business Segments	Acute		Non-Acute		Other		Corporate		Consolidated	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Liabilities										
Segment liabilities	1,869,516	1,052,511	2,453,976	1,035,511	526,629	307,311	-	-	4,850,121	2,395,333
Cash flows from operating activities	71,275	34,655	136,380	318,676	24,320	34,397	299,723	409,337	531,698	797,065
Cash flows from investing activities (includes acquisition of property, plant & equipment, intangible assets and other non-current assets)	(220,358)	(60,427)	(718,263)	(555,670)	(24,294)	(59,978)	(641,965)	(713,753)	(1,604,880)	(1,389,828)
Cash flows from financing activities	229,829	1,031	439,760	9,485	37,750	1,024	966,467	12,183	1,673,806	23,723
Other segment information										
Depreciation	16,758	2,065	54,623	18,992	1,847	2,050	48,820	24,395	122,048	47,502



GLOBAL HEALTH LIMITED AND CONTROLLED ENTITIES

**Notes to the Consolidated Financial Statements
For the year ended 30 June 2016**

2. Segment Information (continued)

Secondary Reporting Geographical	Australia		International		Consolidated	
	2016	2015	2016	2015	2016	2015
Segment revenue	6,359,607	4,534,731	89,843	4,378	6,449,450	4,539,109
Segment assets	10,973,275	7,158,377	(1,066,251)	(1,135,038)	9,907,024	6,023,339
Segment Result	1,375,154	1,059,907	-	-	1,375,154	1,059,907
Other segment information						
Acquisition of property, plant and equipment, intangible assets and other non-current assets	1,604,880	1,389,828	-	-	1,604,880	1,389,828



GLOBAL HEALTH LIMITED AND CONTROLLED ENTITIES

Notes to the Consolidated Financial Statements For the year ended 30 June 2016

3. Events Subsequent to Reporting Date

On 2 August 2016, the Company, its subsidiary Working Systems Software Pty Ltd and the Crown of South Australia settled a Federal Court Proceeding at mediation conducted by the Federal Court of South Australia. The Proceeding concerned allegations by Working Systems that SA Health had breached its contract and infringed copyright by SA Health's continued use of the CHIRON Patient Administration System.

The settlement terms included an obligation that SA Health pay an initial fee of \$5,000,000 plus GST, for the period 1 April 2015 – 31 March 2020, payable in full by 30 August 2016. As at 30 June 2016, receipt of the settlement amount was considered virtually certain. This amount has since been received in full by the Company on 16 August 2016.

A formal announcement regarding the settlement terms was made to the share market on 4 August 2016.