

# **INTERIM FINANCIAL REPORT**

**FOR THE HALF YEAR ENDED  
31 DECEMBER 2018**

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**GLOBAL HEALTH LIMITED AND CONTROLLED ENTITIES**  
(ABN: 75 091 377 892)

**Appendix 4D**  
**Half Year Report**

**Name of entity**

**GLOBAL HEALTH LIMITED**

ABN                      Half yearly    Preliminary final    Half Year ended

75 091 377 892



31 December 2018 (Comparative period 31 December 2017)

**Results for announcement to the market**

The information in this report should be read in conjunction with the most recent annual financial report.

		%		\$
<b>Revenues</b> from ordinary activities (restated)	down	0.8	to	\$2,345,286
<b>Loss</b> from ordinary activities after tax	down	53.7	to	(\$500,881)
<b>Net loss</b> for the period attributable to members	down	53.7	to	(\$500,881)

<b>Dividends / distributions</b>	Amount per security	Franked amount per security
Final dividend	Nil ¢	Nil ¢
Interim dividend	Nil ¢	Nil ¢
Previous corresponding period	Nil	Nil

<b>Net Tangible Asset backing</b>	Current period	Previous corresponding period
Net Tangible Assets/(Liabilities) per ordinary security	(\$0.11)	(\$0.11)

Signed by:



Print name:    Mathew Cherian  
                  Chief Executive Officer

Date: 28 February 2019

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## DIRECTORS' REPORT

Your Directors submit their report for the half year ended 31 December 2018.

### Directors

The names and details of the Company's directors in office during the half year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

**Steven Leigh Pynt LLB, BBus, MBA, MTax**

(Independent Non-Executive Chairman)

**Mathew Cherian BBus (IS/IT), MACS, MAICD**

(Managing Director and Chief Executive Officer)

**Grant Smith**

(Independent Non-Executive Director)

**Robert Knowles AO**

(Independent Non-Executive Director)

**Pattie Anne Beerens (Resigned 22 November 2018)**

(Independent Non-Executive Director)

### Principal Activities

During the period the principal activities of the consolidated entity consisted of the development, licensing, implementation and provision of IT services to the healthcare industry.

### Consolidated Results

The loss of the consolidated entity for the half year was \$683,723 before income tax (2017 profit (restated): \$1,328,367) and the loss attributable to owners of the parent entity after income tax was \$500,881 (2017 profit restated: \$1,080,993).

### Dividends

No dividends were announced or paid.

**GLOBAL HEALTH LIMITED AND CONTROLLED ENTITIES**  
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**Strong Growth in Software Subscription Revenue and Mental Health Platform**

- *Software Subscription Revenue increases by 18% (up \$289,531) to \$1,882,424*
- *Operating and overhead expenses decrease by 19% (down \$678,806) to \$2,847,225*
- *EBITDA improves by 57% (down \$658,802) to (\$501,939)*
- *EPS improves by 54% from a loss of 3.234 cents per share to a loss of 1.497 cents per share*

The Company is successfully transitioning from a period of heavy investment in Research and Development with the progressive release of our consumer-centric Connected Health Records suite of Software as a Service (SaaS) cloud platforms.

The on-going success across our Business as Usual (BAU) platforms and the gradual release of our new SaaS cloud platforms has resulted in a steady growth in Monthly Recurring Revenue (MRR).

Total revenue of \$2,345,286 was similar to the Previous Corresponding Period (PCP) due to a \$313,738 reduction in Professional Services revenue. The Professional Services revenue in the PCP included approximately \$500K of project billings associated with the completion and go-live of 2 major projects in Q3 and Q4 2017.

Based on the continuation of reduced Research & Development and steady new sales, MRR alone is expected to exceed fixed expenses within the next 12 months.

Business development activities across the Company's expansion markets of ASEAN are also gathering momentum.

Existing customers are also increasing their engagement with the Company with new projects. These include:

- Mercy Mental Health
- St John of God Health Care
- Adelaide Primary Health Network, and
- Bethesda Hospital in Claremont WA

The Company's order book continues to experience strong growth with over \$1.5M in new orders to be fulfilled by 30-June 2019.

This new revenue is largely derived from the Company's flagship MasterCare EMR platform that supports a single shared health record used by multiple specialists to manage the care of people living with non-communicable, chronic or lifestyle diseases. This include new customers such as:

- The Victorian Department of Justice and Regulation
- Monash Health in South West Victoria
- Sunraysia Community Health Services in Northern Victoria, and
- Black Dog Institute in New South Wales.

## **Financial Position**

The Company has corrected an error in the accounting treatment adopted in relation to the recognition of research and development incentives received in prior financial statements. These had previously been recognised as other income instead of being offset against the capitalised

**GLOBAL HEALTH LIMITED AND CONTROLLED ENTITIES**  
**(ABN: 75 091 377 892)**

development costs to which they related. This also effects adjustments related to the Groups deferred tax position.

The transition to AASB 15 has had an impact on Unearned Income as Initial Licence Fees which were previously recognised upon go-live but are now recognised over multiple financial years.

Going forward, the Company has implemented a revised monthly subscription pricing that amortises the initial licence fees and customer acquisition cost, over 60 months.

The Company's quick ratio ((cash + receivables) / payables) is an acceptable 1.6, down slightly from the PCP ratio of 1.8. This is largely due to delays in the general release and associated new sales revenue of the Company's MasterCare Plus provider SaaS platform for Allied Health, from the originally planned May 2018 release to March 2019. This is due to the delayed implementation of mandatory new features required to support the Commonwealth Government's My Health Record (MyHR) initiative.

## **Financial Commentary**

The financial statements have been prepared in accordance with the new standards for the recognition of *Revenue from Contracts with Customers* (AASB 15) and *Financial Instruments* (AASB 9) which became effective for periods commencing on or after 1 January 2018. Accordingly, these standards apply for the first time to this set of interim financial statements. The nature and effect of material changes arising from AASB 15 are summarised in below and in Note 4. AASB 9 has not materially impacted the results.

### **AASB 15 Revenue from Contracts with Customers**

AASB 15 replaces AASB 118 *Revenue*, AASB 111 *Construction Contracts* and several revenue-related Interpretations. The new Standard has been applied as at 1 July 2018 and applied retrospectively.

Prior to the application of AASB 15, the Group recognised Initial Licence Fee from new sales in full on or around the go-live of the Company's software at customer sites. Annual renewals are amortised on a monthly basis from year 2 onwards.

Under the new standard, the Initial Licence Fee and in some cases, a portion of the professional services, are applied over 60 months – being the typical life of the software.

Annual subscription renewals have not been impacted as these are recognised on a monthly basis under the previous and current standard.

## **Forward Outlook**

The Company's focus remains on:

- Extending the reach of Global Health's Mental Health Platforms in Australia
- Considered investments in consumer health services particularly focused on connectivity, community engagement and consumer empowerment
- Possible acquisitions or joint ventures which complement the Company's existing products
- Increasing Software Subscription Revenue so that it exceeds Fixed Costs
- Ensuring our clients continue to maintain the quality, efficiencies and improved productivity of their healthcare services by fully utilising Global Health's comprehensive portfolio healthcare platforms

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**GLOBAL HEALTH LIMITED AND CONTROLLED ENTITIES  
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**Auditor's Independence Declaration**

In accordance with section 307C of the Corporations Act 2001, a Declaration of Independence was obtained from auditors Grant Thornton, a copy of which is attached and forms part of this report.

Any enquiries on the above can be directed to Mr Mathew Cherian, Chief Executive Officer, on +61 3 9675 0688 or alternatively by email to [mathew.cherian@global-health.com](mailto:mathew.cherian@global-health.com)

Signed in accordance with a resolution of Directors  
GLOBAL HEALTH LIMITED



Steven Leigh Pynt  
Non-Executive Chairman



Mathew Cherian  
Chief Executive Officer

Melbourne, 28 February 2019

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## Auditor's Independence Declaration

To the Directors of Global Health Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Global Health Limited for the year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



T S Jackman  
Partner – Audit & Assurance

Melbourne, 28 February 2019

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**GLOBAL HEALTH LIMITED AND CONTROLLED ENTITIES**  
(ABN: 75 091 377 892)

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE  
INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2018**

	Note	Half Year	
		31 December 2018	31 December 2017 Restated
		\$	\$
Revenue new and renewed product subscriptions	6	1,882,424	1,592,893
Revenue from professional services	6	377,855	691,593
Other revenues	6	85,007	80,804
<b>Total revenue from continuing operations</b>		<b>2,345,286</b>	<b>2,365,290</b>
Salaries and related costs		(1,951,443)	(2,263,002)
Direct license fee expense		(111,412)	(114,191)
Administrative costs		(784,370)	(1,148,838)
<b>Earnings before Interest, Tax, Depreciation and Amortisation</b>		<b>(501,939)</b>	<b>(1,160,741)</b>
Finance costs		(79,970)	(57,641)
Depreciation		(34,893)	(43,533)
Amortisation		(66,389)	(66,389)
Non-operating foreign exchange losses		(532)	(63)
<b>(Loss) before income tax</b>		<b>(683,723)</b>	<b>(1,328,367)</b>
Income tax benefit		182,842	247,374
<b>Net (loss) for the period</b>		<b>(500,881)</b>	<b>(1,080,993)</b>
<b>Other comprehensive income</b>			
Exchange differences on translating foreign operations <i>(may be subsequently reclassified to profit or loss)</i>		(193)	(408)
<b>Total comprehensive income for the period</b>		<b>(501,074)</b>	<b>(1,081,401)</b>
<b>Net (loss) for the period attributable to:</b>			
Owners of the parent		(500,916)	(1,080,917)
Non-controlling interest		35	(76)
		<b>(500,881)</b>	<b>(1,080,993)</b>
<b>Total comprehensive (loss) attributable to:</b>			
Owners of the parent		(501,092)	<b>(1,081,439)</b>
Non-controlling interest		18	38
		<b>(501,074)</b>	<b>(1,081,401)</b>
Basic loss per share (cents per share)		(1.497)	(3.234)
Diluted loss per share (cents per share)		(1.497)	(3.234)

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

**GLOBAL HEALTH LIMITED AND CONTROLLED ENTITIES**  
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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2018**

		31 December 2018	30 June 2018*
			Restated
	Note	\$	\$
<b>Current Assets</b>			
Cash & cash equivalents		1,082,879	1,157,536
Trade and other receivables		1,077,148	1,128,523
Other assets		230,585	187,750
<b>Total Current Assets</b>		<b>2,390,612</b>	<b>2,473,809</b>
<b>Non-Current Assets</b>			
Property, plant and equipment		52,801	87,694
Intangibles	8	3,766,243	4,110,178
Deferred Tax Asset		948,271	723,539
<b>Total Non-Current Assets</b>		<b>4,767,315</b>	<b>4,921,411</b>
<b>Total Assets</b>		<b>7,157,927</b>	<b>7,395,220</b>
<b>Current Liabilities</b>			
Payables		1,391,653	1,259,217
Interest bearing liabilities		537,249	515,657
Provisions		577,344	574,201
Unearned income		2,499,741	2,113,409
<b>Total Current Liabilities</b>		<b>5,005,987</b>	<b>4,462,484</b>
<b>Non-Current Liabilities</b>			
Interest bearing liabilities		893,565	1,170,513
Provisions		25,271	17,121
Deferred Tax Liability		1,246,859	1,257,785
<b>Total Non-Current Liabilities</b>		<b>2,165,695</b>	<b>2,445,419</b>
<b>Total Liabilities</b>		<b>7,171,682</b>	<b>6,907,903</b>
<b>Net (Liabilities) / Assets</b>		<b>(13,755)</b>	<b>487,317</b>
<b>Equity</b>			
Contributed equity	7	20,898,742	20,898,742
Reserves		152,261	152,454
Accumulated losses		(21,064,834)	(20,563,953)
<b>Total Parent Entity Interest</b>		<b>(13,831)</b>	<b>487,243</b>
Non-controlling interest		76	76
<b>Total Equity</b>		<b>(13,755)</b>	<b>487,319</b>

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

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2018**

	Issued capital ordinary	Option reserve	Currency translation reserve	Retained earnings	Total attributable to owners of the parent	Non- controlling interest	Total equity
<b>Previously reported balance 1 July 2017</b>	<b>20,836,242</b>	<b>80,845</b>	<b>24,234</b>	<b>(16,079,686)</b>	<b>4,861,635</b>	<b>76</b>	<b>4,861,711</b>
Adjustment due to prior period error	-	-	-	(2,356,988)	(2,356,988)	-	(2,356,988)
Adjustment due to AASB 15	-	-	-	(266,880)	(266,880)	-	(266,880)
<b>Restated balance 1 July 2017</b>	<b>20,836,242</b>	<b>80,845</b>	<b>24,234</b>	<b>(18,703,554)</b>	<b>2,237,767</b>	<b>76</b>	<b>2,237,843</b>
Issue of share capital	62,500	-	-	-	62,500	-	62,500
Options revaluation	-	47,375	-	-	47,375	-	47,375
Share based payments expense	-	-	-	-	-	-	-
<b>Transactions with owners</b>	<b>62,500</b>	<b>47,375</b>	<b>-</b>	<b>-</b>	<b>109,875</b>	<b>-</b>	<b>109,875</b>
Previously reported (loss) for the period	-	-	-	(503,787)	(503,787)	-	(503,787)
Adjustment due to prior period error	-	-	-	(284,737)	(284,737)	-	(284,737)
Adjustment due to AASB 15	-	-	-	(292,469)	(292,469)	-	(292,469)
<b>Restated (loss) for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,080,993)</b>	<b>(1,080,993)</b>	<b>-</b>	<b>(1,080,993)</b>
<b>Other comprehensive income:</b>							
Exchange differences on translation of foreign operations	-	-	-	(408)	(408)	-	(408)
<b>Total comprehensive income/(loss) for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,081,401)</b>	<b>(1,081,401)</b>	<b>-</b>	<b>(1,081,401)</b>
<b>Balance 31 December 2017</b>	<b>20,898,742</b>	<b>128,220</b>	<b>24,234</b>	<b>(19,784,955)</b>	<b>1,266,241</b>	<b>76</b>	<b>1,266,317</b>
<b>Previously reported balance 1 July 2018</b>	<b>20,898,742</b>	<b>128,220</b>	<b>24,234</b>	<b>(16,500,920)</b>	<b>4,550,276</b>	<b>76</b>	<b>4,550,352</b>
Adjustment due to prior period error	-	-	-	(3,583,020)	(3,583,020)	-	(3,583,020)
Adjustment due to AASB 15	-	-	-	(480,013)	(480,013)	-	(480,013)
<b>Restated balance 1 July 2018</b>	<b>20,898,742</b>	<b>128,220</b>	<b>24,234</b>	<b>(20,563,953)</b>	<b>487,243</b>	<b>76</b>	<b>487,319</b>
Issue of share capital	-	-	-	-	-	-	-
Share based payments expense	-	-	-	-	-	-	-
<b>Transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Loss for the period	-	-	-	(500,881)	(500,881)	-	(500,881)
<b>Other comprehensive income:</b>							
Exchange differences on translation of foreign operations	-	-	(193)	-	(193)	-	(193)
<b>Total comprehensive income/(loss) for the period</b>	<b>-</b>	<b>-</b>	<b>(193)</b>	<b>(500,881)</b>	<b>(501,074)</b>	<b>-</b>	<b>(501,074)</b>
<b>Balance 31 December 2018</b>	<b>20,898,742</b>	<b>128,220</b>	<b>24,041</b>	<b>(21,064,834)</b>	<b>(13,831)</b>	<b>76</b>	<b>(13,755)</b>

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

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**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2018**

	Note	Half Year	
		31 December 2018 \$	31 December 2017 \$
<b>Cash Flows from Operating Activities</b>			
Receipts from customers		2,971,780	3,607,760
Payments to suppliers and employees		(2,996,721)	(3,086,256)
		(24,941)	521,504
Interest received		2,642	14,419
Interest and finance costs paid		(74,548)	(57,641)
Net cash inflow/(outflow) from operating activities		<b>(96,847)</b>	<b>478,282</b>
<b>Cash Flows from Investing Activities</b>			
Receipts from research and development grants	5	789,905	-
Capitalised software development costs paid		(512,358)	(864,667)
Net cash inflow/(outflow) from investing activities		<b>277,547</b>	<b>(864,667)</b>
<b>Cash Flows from Financing Activities</b>			
Repayment of borrowings		(255,357)	(191,524)
Net cash outflow from financing activities		<b>(255,357)</b>	<b>(191,524)</b>
Net (decrease)/increase in cash & cash equivalents held		(74,657)	(577,909)
Cash & cash equivalents at the beginning of the financial period		1,157,536	2,543,412
<b>Cash &amp; cash equivalents at the end of the financial period</b>		<b>1,082,879</b>	<b>1,965,503</b>

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

**GLOBAL HEALTH LIMITED  
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**Notes to the Financial Statements  
for the half year ended 31 December 2018**

**1. Statement of Significant Accounting Policies**

The financial report covers the consolidated entity of Global Health Limited and controlled entities for the half year ended 31 December 2018. Global Health Limited is a listed public company, incorporated and domiciled in Australia.

**a) Basis of preparation**

This general purpose financial report for the interim half year reporting period ended 31 December 2018 have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Act 2001*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by Global Health Limited during the interim reporting period in accordance with the continuous disclosure requirements of the ASX listing rules.

The same accounting policies and methods of computation have been followed in the interim financial report as were applied in the most recent annual financial statements except as disclosed in Note 2.

The company has considered the implications of new or amended Accounting Standards. Refer to Note 4 for impact.

The financial report of Global Health Limited was authorised for issue as at the date of the directors' report.

**GLOBAL HEALTH LIMITED  
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**Notes to the Financial Statements  
for the half year ended 31 December 2018**

## **2. New Standards Adopted as at 1 July 2018**

The interim financial statements have been approved and authorised for issue by the Board of AASB 15 *Revenue from Contracts with Customers* and AASB 9 *Financial Instruments* became mandatorily effective on 1 January 2018. Accordingly, these standards apply for the first time to this set of interim financial statements. The nature and effect of changes arising from these standards are summarised in the section below and in Note 4.

### **AASB 15 Revenue from Contracts with Customers**

AASB 15 replaces AASB 118 *Revenue*, AASB 111 *Construction Contracts* and several revenue-related Interpretations. The new Standard has been applied as at 1 July 2018.

The Group has applied AASB 15 retrospectively to the comparative period. The details and quantitative impact of the changes in accounting policies are disclosed in Note 4.

Many of the Group's contracts comprise a variety of performance obligations including, but not limited to, hardware, software, elements of design and customisation, after-sales services, and installation. Under AASB 15, the Group must evaluate the separability of the promised goods or services based on whether they are 'distinct'. A promised good or service is 'distinct' if both:

- the customer benefits from the item either on its own or together with other readily available resources; and
- it is 'separately identifiable' (i.e. the Group does not provide a significant service integrating, modifying or customising it).

While this represents significant new guidance, the implementation of this new guidance did not have a significant impact on the timing or amount of revenue recognised by the Group during the year.

### **AASB 9 Financial Instruments**

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement* requirements. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for impairment of financial assets.

When adopting AASB 9, the Group has applied transitional relief and elected not to restate prior periods. Rather, differences arising from the adoption of AASB 9 in relation to classification, measurement, and impairment are recognised in opening retained earnings as at 1 July 2018. The impact of using the expected credit loss model has been assessed and determined to have an immaterial effect on the financial position of the group. On this basis we have made no changes have made to our current and prior period balances.

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**Notes to the Financial Statements  
for the half year ended 31 December 2018**

### **3. Going Concern**

As at 31 December 2018 the Company made a loss of \$683,723 before tax, had cash reserves of \$1,082,879 and a net current liability position of (\$2,615,375).

The half year interim financial statements has been prepared on a going concern basis which assumes that the consolidated entity will be able to meet their debts as and when they fall due. The following matters have been considered by the directors in determining the appropriateness of the going concern basis of preparation in the financial statements:

#### **Success in continued operations**

In the current financial year, the Group was successful in obtaining contracts with Government agencies and large community health organisations. This is expected to increase cashflows related to the operations of the entity. Management also have the ability to reduce operating costs in relation to development should the need arise. Increases in expected collections with the ability to reduce operating costs in relation to development will allow the group to increase its operating cash flows.

#### **Expansion into the ASEAN region**

The Group has expanded its activities in the ASEAN region (Malaysia, Singapore, Indonesia, Thailand, and Vietnam). Management expect to leverage this position to increase operating cashflows through the sale of software and services targeted towards international markets. This includes sales of new software developed by the company.

#### **Availability of Finance**

The Group, through its financial institutions, is able to acquire additional financial support if so required. The directors believe that the consolidated entity will be able to continue as a going concern and, accordingly, the financial statements have been prepared on that basis.

#### **Deferral of creditor payments**

The Group has reviewed current outstanding accounts payable balances and have determined that large balances can be gradually paid through payment plans with negotiations with our suppliers.

There is a material uncertainty related to these events that may cast significant doubt on the entity's ability to continue as a going concern. If the Company is not successful in these matters, the going concern basis may not be appropriate, with the result that the Group may have to realise its assets and extinguish its liabilities, other than in the ordinary course of business and at amounts different from those stated in the financial report. No allowance for such circumstances has been made in the financial report.

The financial statements have been prepared on a going concern basis as the Company directors believe that the Company will be able to pay its debts as and when they fall due and payable.

**GLOBAL HEALTH LIMITED  
AND CONTROLLED ENTITIES  
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**Notes to the Financial Statements  
for the half year ended 31 December 2018**

#### **4. Changes in Significant Accounting Policies**

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2018, except as described below. Note that the changes in accounting policies specified below only apply to the current period. The accounting policies included in the Group's last annual financial statements for the year ended 30 June 2018 are the relevant policies for the purposes of comparatives.

AASB 15 Revenue from Contracts with Customers and AASB 9 Financial Instruments (2014) became effective for periods beginning on or after 1 January 2018. Accordingly, the Group applied AASB 15 and AASB 9 for the interim period ended 31 December 2018. Changes to the Group's accounting policies arising from these standards are summarised below:

##### **AASB 9 Financial Instruments**

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

##### *Classification and initial measurement of financial assets*

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

##### *Subsequent measurement of financial assets*

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following categories upon initial recognition:

- financial assets at amortised cost
- financial assets at fair value through profit or loss (FVPL)

Classifications are determined by both:

- The entity's business model for managing the financial asset
- The contractual cash flow characteristics of the financial assets

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**Notes to the Financial Statements  
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All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

*Financial assets at amortised cost*

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as government bonds that were previously classified as held-to-maturity under AASB 139.

*Trade and other receivables and contract assets*

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

**AASB 15 Revenue from Contracts with Customers**

*Subscription Fees*

Subscription fees refer to software provided as a service and is only accessible whilst the customer maintains an active subscription. Subscription fees are a non-refundable revenue stream. Clients subscribe to software services in advance – ranging from monthly, quarterly, half-yearly to annual payments. They are proportionally accrued in arrears, at the end of each month and recognised as revenue over the subscription period. An active subscription entitles the customer to a usage of software services (and cloud based services if available), help desk telephone support, online support and product enhancements as made available.

Where a subscription fee includes an amount in excess of what normally would be charged for an annual subscription, this excess will be recognised over the expected lifespan of the client being five years.

In situations where a customer is provided with the use of a version of software as it exists at a point in time with no ongoing support/maintenance included, revenue is recognised at the point in time when access is provided to the customer.

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*Other Subscription Revenue*

Other subscription revenue can include, but is not limited to, excess usage fees, additional user accounts, SMS packages and upgrade fees. These revenue items are considered to be separate performance obligations to the customer's subscription fees.

Such revenue is recognised on the provision of the service to the customer.

*Professional Services*

Treatment of our professional services revenue is dependent on the timing of services provided, the nature of services performed and when benefits are transferred to our customers.

Professional services are split into three distinct categories to allow for identification and recognition:

**Implementation:** These services are associated with bringing the software into use. Such services are not considered to be complex and overly time consuming and where applicable can be performed by a third party. Recognition occurs on the delivery of the service to the customer. These services can include (but are not limited to): Software installation, usage training, system testing, deployment (local or cloud server) and configuration.

**Development:** Software provided to clients is done so in a ready to use capacity. Where further development and enhancement is required by the customer, it is done in addition to normal initiation and deployment services. The standard software is available for use during this process and enhancements are provided to the customer once development is finished. Recognition of revenue for these services occurs at the point in time that the modifications are completed.

**Other services:** Other services are performed for customers on an as needs basis. The scope of such services is usually significantly smaller than other services performed. Recognition of such services is performed on the completion of the services required by the customer.

Where a professional services contract includes payments not associated with a benefit to the client or fees payable to Global Health Ltd not related to any performance obligation the revenue is recognised over the longer of the life of the contract or five years.

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The resulting change to our revenue policy has led to a restatement of prior period financials of the Group. The change is summarised below:

**Consolidated Statement of Financial Position (Extract)**

30 June 2018

	Previous Amount as at 30 June 2018 (after prior period error – see note 5 below)	1 July 2018 Adjustment	Restated Amount
Deferred tax asset	517,819	205,720	723,539
<b>Total Assets</b>	<b>7,189,500</b>	<b>205,720</b>	<b>7,395,220</b>
Unearned Income	1,427,676	685,733	2,113,409
<b>Total Liabilities</b>	<b>6,222,170</b>	<b>(685,733)</b>	<b>6,907,903</b>
<b>Net Assets</b>	<b>967,332</b>	<b>(480,013)</b>	<b>487,319</b>
Accumulated losses	(20,083,940)	(480,013)	(20,563,953)
<b>Total Equity</b>	<b>967,332</b>	<b>(480,013)</b>	<b>(487,319)</b>

**Consolidated Statement of Profit or Loss and Other Comprehensive Income (Extract)**

31 December 2017

	Previous Amount (after prior period error – see note 5 below)	Adjustment	Restated Amount
Total revenue from continuing operations	2,783,103	(417,813)	2,365,290
Income Tax Benefit	122,030	125,344	247,374
<b>Net (loss) for the period</b>	<b>(788,524)</b>	<b>(292,469)</b>	<b>(1,080,993)</b>

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**Notes to the Financial Statements  
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**5. Correction of Prior Period Error**

During the period there was discovered to be an error in the recognition of research and development incentives received in prior financial statements where they had been incorrectly recognised as other income instead of being offset against the capitalised development costs to which they related. The impact of the restatement is noted below. This also resulted in adjustments related to the Group's deferred tax position related to these balances. The treatment of receipts from research and development grants in the cash flow has been amended to cash flows from investing activities respectively.

**Consolidated Statement of Financial Position (Extract)**

30 June 2018

	Previous Amount	1 July 2018 Adjustment	Restated Amount
Current Tax Asset	805,136	(805,136)	-
Trade and Other Receivables	2,262,567	(1,134,044)	1,128,523
Intangibles	6,533,971	(2,423,793)	4,110,178
<b>Total Assets</b>	<b>11,552,473</b>	<b>(4,362,973)</b>	<b>7,189,500</b>
Payables	1,312,032	(52,815)	1,259,217
Deferred Tax Liability	1,984,923	(727,138)	1,257,785
<b>Total Liabilities</b>	<b>7,002,123</b>	<b>(779,952)</b>	<b>6,222,170</b>
<b>Net Assets</b>	<b>4,550,352</b>	<b>(3,583,020)</b>	<b>967,332</b>
Accumulated Losses	(16,500,920)	(3,583,020)	<b>(20,083,940)</b>
<b>Total Equity</b>	<b>4,550,352</b>	<b>(3,583,020)</b>	<b>967,332</b>

**Consolidated Statement of Profit or Loss and Other Comprehensive Income (Extract)**

31 December 2017

	Previous Amount	Adjustment	Restated Amount
Total revenue from continuing operations	3,189,870	(406,767)	2,783,103
Income Tax Expense	-	122,030	122,030
<b>Net (loss) for the period</b>	<b>(503,787)</b>	<b>(284,737)</b>	<b>(788,524)</b>

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**6. Revenue from customers**

	<b>6 Months to 31 December 2018</b>	<b>6 Months to 31 December 2017</b>
Subscription Fees		
- Active subscription	1,868,924	1,559,393
- Point in time subscription	13,500	13,500
Other Subscription Revenue	85,007	80,804
Professional Services		
- Implementation	44,336	24,210
- Development	287,113	598,358
- Other Services	46,406	69,025
	<b><u>2,345,286</u></b>	<b><u>2,365,290</u></b>

	<b>6 Months to 31 December 2018</b>	<b>6 Months to 31 December 2017</b>
Revenue		
- Point in time	476,362	785,897
- Over time	1,868,924	1,559,393
	<b><u>2,345,286</u></b>	<b><u>2,365,290</u></b>

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**7. Contributed Equity**

	31 December 2018 Number	Consolidated Entity		30 June 2018 \$
		30 June 2018 Number	31 December 2018 \$	
Opening Balance	33,470,259	33,354,995	20,898,742	20,836,242
Add: Shares issued for the purchase of software assets of Abaki Pty Ltd	-	115,264	-	62,500
Add: shares issued from the exercise of options	-	-	-	-
(a) Ordinary shares				
<b>Total number of shares on issue</b>	<b>33,470,259</b>	<b>33,470,259</b>	<b>20,898,742</b>	<b>20,898,742</b>

(b) Options

No options were issued during the period.

31 December 2018	Exercise Price	Opening Balance	Options Granted	Options Exercised	Options Cancelled	Closing Balance
Employee Options - exercisable on or before 10 June 2020	\$0.65	310,000	-	-	-	310,000
Employee Options - exercisable on or before 26 May 2019	\$0.75	300,000	-	-	-	300,000
Employee Options - exercisable on or before 30 November 2019	\$0.75	400,000	-	-	-	400,000
Director Options - exercisable on or before 30 November 2021	\$0.75	600,000	-	-	-	600,000
		1,610,000	-	-	-	1,610,000

30 June 2018	Exercise Price	Opening Balance	Options Granted	Options Exercised	Options Cancelled	Closing Balance
Employee Options - exercisable on or before 19 December 2017	\$0.65	530,000	-	-	(530,000)	-
Employee Options - exercisable on or before 10 June 2020	\$0.65	310,000	-	-	-	310,000
Employee Options - exercisable on or before 26 May 2019	\$0.75	300,000	-	-	-	300,000
Employee Options - exercisable on or before 30 November 2019	\$0.75	400,000	-	-	-	400,000
Director Options - exercisable on or before 30 November 2021	\$0.75	600,000	-	-	-	600,000
		2,140,000	-	-	(530,000)	1,610,000

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**Notes to the Financial Statements  
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## 8. Intangibles

An intangible asset arising from the development phase of an internal project shall be recognised as an asset and upon completion are amortised over a pre-determined period. The criteria contained in AASB 138 must be satisfied for the costs to be eligible to be capitalised and amortised accordingly. The Company has capitalised amounts in accordance with the requirements of AASB 138 as shown in the table below. Any research and development grants in relation to these expenditures are offset against the asset when they are determined to be recoverable.

	<b>31 December 2018</b>	<b>30 June 2018</b>
	<b>\$</b>	<b>Restated \$</b>
Development expenditures – at cost*	7,632,221	7,119,863
R&D credits offset	(3,213,697)	(2,423,792)
Accumulated amortisation	(652,281)	(585,892)
	<b>3,766,243</b>	<b>4,110,178</b>

\* This represents costs arising from the development phase of internal projects.

## 9. Dividends

No dividend has been paid in the current financial period (2017: Nil).

## 10. Contingent Liabilities

There have been no changes in contingent assets or liabilities of the consolidated entity since the last reporting date.

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**Notes to the Financial Statements  
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## **11. Segment Information**

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

### **Operating Segments**

Global Health Limited operates in the computer technology, software and services industry with particular emphasis on healthcare and associated 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 include revenues and expenses associated with third party products and cost recoveries from customers.
- *Corporate* Expenditure associated with Corporate, Sales and Marketing activities.

### **Segment accounting policies**

The Company 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 half year there were no changes in segment accounting policies that had a material effect on the segment information.

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**Notes to the Financial Statements  
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<b>Primary Reporting Business Segments</b>	<b>Acute</b>		<b>Non-Acute</b>		<b>Other</b>		<b>Corporate</b>		<b>Consolidated</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Revenue</b>										
Sales to customers outside the consolidated entity	733,623	494,177	1,535,629	1,737,639	76,034	133,474	-	-	2,345,286	2,365,290
<b>Gross revenue</b>	<b>733,623</b>	<b>494,177</b>	<b>1,535,629</b>	<b>1,737,639</b>	<b>76,034</b>	<b>133,474</b>	<b>-</b>	<b>-</b>	<b>2,345,286</b>	<b>2,365,290</b>
<b>Less</b>										
Salaries & related costs	265,422	329,188	759,425	1,016,873	-	-	926,596	1,149,207	1,951,443	2,495,268
General and administration costs	121,838	140,196	348,603	401,132	-	-	425,341	489,435	895,782	1,030,763
Segment EBITDA	<b>346,363</b>	<b>24,793</b>	<b>427,601</b>	<b>319,634</b>	<b>76,034</b>	<b>133,474</b>	<b>(1,351,937)</b>	<b>(1,638,642)</b>	<b>(501,939)</b>	<b>(1,160,741)</b>
<b>Less</b>										
Depreciation and amortisation	25,513	17,029	57,049	85,520	2,800	7,373	15,920	-	101,282	109,922
Finance costs	-	-	-	-	-	-	79,970	57,641	79,970	57,641
Non-operating foreign exchange gains	-	-	-	-	-	-	532	63	532	63
Segment Result	<b>320,850</b>	<b>7,764</b>	<b>370,552</b>	<b>234,114</b>	<b>73,234</b>	<b>126,101</b>	<b>(1,448,359)</b>	<b>(1,696,346)</b>	<b>(683,723)</b>	<b>(1,328,367)</b>
Income tax benefit	-	-	-	-	-	-	182,842	247,374	182,842	247,374
Outside equity interests	-	-	-	-	-	-	-	-	-	-
<b>Net profit/(loss)</b>	<b>320,850</b>	<b>7,764</b>	<b>370,552</b>	<b>234,114</b>	<b>73,234</b>	<b>126,101</b>	<b>(1,265,517)</b>	<b>(1,448,972)</b>	<b>(500,881)</b>	<b>(1,080,993)</b>

**GLOBAL HEALTH LIMITED  
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**Notes to the Financial Statements  
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**12. Events subsequent to reporting date**

There were no significant events since the end of the half year that are expected to have a material effect on the results and state of affairs of the consolidated entity.

**13. Seasonality of operations**

The directors have determined that the operations of the Company are not considered to be highly seasonal and therefore have not provided additional disclosures as stated in AASB 134 Interim Financial Reporting.

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**Directors' Declaration**

In the opinion of the Directors of Global Health Limited:

- (1). The financial statements and notes are in accordance with the Corporations Act 2001, including:
  - a. giving a true and fair view of the financial position of the consolidated entity as at 31 December 2018 and of its performance, as represented by the results of its operations and cash flows for the half - year ended on that date; and
  - b. complying with Accounting Standards AASB 134: Interim Financial Reporting and Corporations Regulations 2001.
- (2). There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors made pursuant to s303(5) of the Corporation Act 2001.

Dated at Melbourne this 28th day of February 2019

On behalf of the Board



Steven Leigh Pynt  
Non-Executive Chairman

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# Independent Auditor's Review Report

To the Members of Global Health Limited

Report on the review of the half year financial report

## Conclusion

We have reviewed the accompanying half year financial report of Global Health Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of Global Health Limited does not give a true and fair view of the financial position of the Group as at 31 December 2018, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial Reporting*.

## Material uncertainty related to going concern

We draw attention to Note 3 in the financial report, which indicates that the Group incurred a net loss of \$683,723 during the half year ended 31 December 2018 and, as of that date, the Group's current liabilities exceeded its current assets by \$2,615,375. As stated in Note 3, these events or conditions, along with other matters as set forth in Note 3, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

## Directors' responsibility for the half year financial report

The Directors of the Company are responsible for the preparation of the half year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2018 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Global Health Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



T S Jackman  
Partner – Audit & Assurance

Melbourne, 28 February 2019