



Manalto Limited

Appendix 4E: Preliminary Final Report

MTL.ASX

Manalto Limited
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APPENDIX 4E: PRELIMINARY FINAL REPORT

Reporting Period

Reporting period: Financial year ended 30 June 2016
Comparative period: Financial year ended 30 June 2015

Results for announcement to the market

	2016 \$US	2015 \$US	Movement %
Revenues from ordinary activities	117,952	97,698	21%
Loss from ordinary activities after tax	(2,550,776)	(3,602,186)	(29%)
Loss for the period attributable to members of Manalto Ltd	(2,550,776)	(3,602,186)	(29%)

Revenue from ordinary activities is derived from enterprise solution services and has increased 21% from the comparative period as the group focuses on developing its social media management solutions and cloud distribution channel.

The loss from ordinary activities after income tax decreased by 29% to \$2.55m for the year ended 30 June 2016 from \$3.60m in the comparative period.

The operations of the Company are centered in the United States, including the majority of management, the majority of operating cash flows, and the location of the primary business address. Accordingly, the Directors have elected to present financial information in US dollars. All financial figures in this document are denominated in US dollars except where explicitly denoted.

Dividends

Manalto Limited did not declare or pay a dividend in the reporting or comparative period.

Net tangible assets per security

	2016	2015
Net tangible asset per security	1.48 cents	2.23 cents

Details of entities which control has been gained or lost during the period

On 12 February 2016, Manalto Limited completed the acquisition of 100% of issued capital in Sóshlr Limited (Ireland) for \$US1 consideration.

On 18 February 2016, Manalto Limited completed the acquisition of 100% of issued capital in Sóshlr South Africa (Proprietary) Limited for \$US1 consideration.

On 24 February 2016, Sóshlr Limited completed the acquisition of 100% of issued capital in Sóshlr B.V (Netherlands) for \$US1 consideration.

Details of associates and joint ventures

Manalto Limited does not have any holdings in joint ventures or associates.

Audit

This Preliminary Final Report is based on unaudited financial statements which are currently in the process of being audited. The accounts are likely to contain an independent audit report that is subject to an emphasis of matter paragraph relating to the Company's ability to continue as a going concern. While the raising of necessary funds is not assured, the Directors are confident that in the short term they will be able to raise the additional capital required to continue as a going concern and deemed that it is appropriate to adopt the going concern basis in preparation of the preliminary final report.

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PRELIMINARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 30 June 2016

	Note	<u>Consolidated</u>	
		2016 \$	2015 \$
Revenue	1	117,952	97,698
Other income	1	70	80,503
Total revenue and other income	1	118,022	178,201
Payroll and employees expense		(1,567,438)	(929,480)
Share based payment expense		(405,396)	(139,672)
Travel and accommodation		(509,464)	(324,407)
Consulting and professional fees	2	(447,950)	(957,578)
Listing fee		(21,261)	(1,219,401)
Advertising and marketing		(119,799)	(121,083)
Other expenses		(504,525)	(237,565)
Finance expense		(9,365)	(25,923)
Loss before income tax		(3,467,176)	(3,776,908)
Income tax benefit		916,400	174,722
Net loss for the period	10	(2,550,776)	(3,602,186)
Other comprehensive income			
Foreign currency translation reserve movement		44,196	(156,678)
Total comprehensive income/(loss) for the period		(2,506,580)	(3,758,864)
Basic and diluted loss per share (cents per share):			
Basic earnings per share	13	(0.021)	(0.050)
Diluted earnings per share	13	(0.021)	(0.050)

The accompanying notes form part of this preliminary final report

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PRELIMINARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	Note	Consolidated	
		2016 \$	2015 \$
ASSETS			
Current assets			
Cash and cash equivalents	3	1,308,515	2,091,598
Trade and other receivables	4	132,583	82,073
Prepaid expenses	4	2,704	48,764
Deferred Tax Assets		1,091,123	174,722
Total current assets		2,534,925	2,397,157
Non-current assets			
Property, plant and equipment	5	80,167	45,438
Intangible assets	6	1,469,993	593,587
Total non-current assets		1,550,161	639,025
TOTAL ASSETS		4,085,085	3,036,182
LIABILITIES			
Current liabilities			
Trade and other payables	7	127,586	96,030
Short-term provisions	8	33,854	162,507
Total current liabilities		161,440	258,537
TOTAL LIABILITIES		161,440	258,537
NET ASSETS		3,923,645	2,777,645
EQUITY			
Equity attributable to owners of the parent:			
Contributed equity	9	10,651,290	7,404,106
Reserves – Share option reserve		700,082	294,686
Foreign currency translation reserve	11	(103,411)	(147,607)
Accumulated losses	10	(7,324,316)	(4,773,540)
TOTAL EQUITY		3,923,645	2,777,645

The accompanying notes form part of this preliminary final report

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PRELIMINARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2016

		<u>Consolidated</u>				
30 June 2016		Contributed Equity \$	Foreign currency reserve \$	Accumulated Losses \$	Share option reserve \$	Total \$
	<u>Note</u>					
Balance at 1 July 2015		7,404,106	(147,607)	(4,773,540)	294,686	2,777,645
Losses for the year	10	-	-	(2,550,776)	-	(2,550,776)
Foreign currency gain/(loss)	11	-	44,196	-	-	44,196
Share based payment		-	-	-	405,396	405,396
Contributions of equity	9	3,247,184	-	-	-	3,247,174
Balance at 30 June 2016		10,651,290	(103,411)	(7,324,316)	700,082	3,923,645

		<u>Consolidated</u>				
30 June 2015		Contributed Equity \$	Foreign currency reserve \$	Accumulated Losses \$	Share option reserve \$	Total \$
	<u>Note</u>					
Balance at 1 July 2014		1,043,751	9,071	(1,171,354)	-	(118,532)
Losses for the year	10	-	-	(3,602,186)	-	(3,602,186)
Foreign currency gain/(loss)	11	-	(156,678)	-	-	(156,678)
Share based payment		-	-	-	294,686	294,686
Contributions of equity	9	6,360,355	-	-	-	6,360,355
Balance at 30 June 2015		7,404,106	(147,607)	(4,773,540)	294,686	2,777,645

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PRELIMINARY CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2016

	<u>Note</u>	Consolidated	
		2016	2015
		\$	\$
Cash flows from operating activities:			
Receipts from customers including GST		121,967	97,698
Payments to suppliers and employees including GST		(3,261,233)	(2,765,998)
Interest received		70	3
Interest paid		-	(25,923)
Income taxes received/(paid)		-	34,808
Net cash provided by (used in) operating activities	12	(3,139,196)	(2,659,412)
Cash flows from investing activities:			
Payments for plant and equipment		(58,861)	(43,747)
Payments for intangibles		(876,406)	(479,511)
Net cash provided by (used in) investing activities		(935,267)	(523,258)
Cash flows from financing activities:			
Proceeds from issue of share capital		3,461,932	4,590,653
Capital raising costs		(214,758)	(504,817)
Proceeds from borrowings		-	1,068,714
Net cash provided by financing activities		3,247,174	5,154,551
Net increase/(decrease) in cash held		(827,279)	1,971,881
Effects of currency translation on cash and cash equivalents		44,196	(156,677)
Cash at beginning of financial year		2,091,598	276,394
Cash at end of financial year	3	1,308,515	2,091,598

The accompanying notes form part of this preliminary final report

NOTES TO THE PRELIMINARY FINAL REPORT

1. Revenue and Other Income

	2016 \$	2015 \$
Revenue from operating activities		
Sales	117,952	97,698
Total operating revenue	117,952	97,698
Other income		
Interest received	70	3
GST refund Healthlinx	-	34,807
Sale of Healthlinx Intellectual Property	-	45,693
Total other income	70	80,503
Total revenue and other income	118,022	178,201

2. Consulting and professional fees

	2016 \$	2015 \$
**Directors fees	141,283	362,711
Accounting expense	47,575	157,293
Consulting expense	134,737	164,604
Legal expense	70,941	95,986
Audit fees	53,414	30,620
*Prospectus costs	-	146,364
Total	447,950	957,578

* Under AASB 132, cost that relate to the stock market listing, or are otherwise not incremental and directly attributable to issuing new shares, should be recorded as an expense in the statement of comprehensive income. The line items making up the balance of capital raise costs and ASX fees relate to the stock market listing and are therefore expensed under AASB 132.

** Prior year balance included a once off payment to an Executive Director as part of the acquisition of Manalto Inc by Healthlinx Limited.

3. Cash and cash equivalents

	2016 \$	2015 \$
Cash on hand	-	-
Cash at bank	1,308,515	2,091,598
Short-term bank deposits	-	-
Total	1,308,515	2,091,598

Cash at bank and on hand

Cash at bank in 2016 is non-interest bearing (2015: non-interest bearing).

NOTES TO THE PRELIMINARY FINAL REPORT

4. Trade and other receivables

	2016 \$	2015 \$
CURRENT		
Trade receivables	58,957	62,972
Allowance for doubtful debts	-	-
	58,957	62,972
Goods and services tax (receivable)	22,884	1,727
Deposits	32,394	16,169
Other receivables	18,348	1,205
Total	132,583	82,073
Prepayments	2,704	48,764
Total	2,704	48,764

Impaired receivables

At 30 June 2016 there were no bad or doubtful debts.

5. Property, plant and equipment

	2016 \$	2015 \$
Office Equipment		
Cost	97,422	51,839
Accumulated Depreciation	(27,813)	(6,400)
Net carrying value	69,609	45,438
Leasehold Improvements		
Cost	13,185	-
Accumulated Depreciation	(2,627)	-
Net carrying value	10,558	-
Total		
Cost	110,607	51,839
Accumulated Depreciation	(30,440)	(6,400)
Net carrying value	80,167	45,438

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NOTES TO THE PRELIMINARY FINAL REPORT

6. Intangible assets

	2016 \$	2015 \$
Capitalised Development Costs		
Opening balance 1 July	593,587	114,077
Additions	876,406	479,510
Impairment charges	-	-
Amortisation	-	-
Net carrying value	1,469,993	593,587
Total Intangibles	1,469,993	593,587

The intangible asset relates to capitalised development costs associated with the Manalto social media management product.

7. Trade and other payables

	2016 \$	2015 \$
CURRENT		
Unsecured Liabilities		
Trade payables and accrued expenses	96,700	65,410
Provision for Audit fee	30,886	30,620
Total	127,586	96,030

Payables are non-interest bearing and are payable within one year.

8. Short-term provisions

	2016 \$	2015 \$
Employee entitlements	33,854	162,507
Total	33,854	162,507

NOTES TO THE PRELIMINARY FINAL REPORT

9. Share Capital

In December 2015, 24,500,000 shares were issued under the first tranche of a placement of 44,214,286 shares at an issue price of \$A0.07 (\$US0.051). The weighted average share price at the date of exercise was \$A0.079 (\$US0.058).

On 17 February 2016, 3,314,288 shares were issued under the share purchase plan at an issue price of \$A0.07 (\$US0.050). The weighted average share price at the date of exercise was \$A0.06 (\$US0.043)

On 8 March 2016, 11,317,144 shares were issued under Part A of the second tranche of the placement of 44,214,286 shares at an issue price of \$A0.07 (\$US0.052). The weighted average share price at the date of exercise was \$A0.06 (\$US0.045).

On 28 April 2016, 8,397,143 shares were issued under Part B of the second tranche of the placement of 44,214,286 shares at an issue price of \$A0.07 (\$US0.053). The weighted average share price at the date of exercise was \$A0.065 (\$US0.050).

On 27 May 2016, 20,199,996 shares were issued under the placement at an issue price of \$A0.07 (\$US0.050). The weighted average share price at the date of exercise was \$A0.07 (\$US0.050).

Share movements:

	2016 No. of shares	2015 No. of shares
Opening contributed equity	98,054,590	62,499,998
Consolidation of Healthlinx shares pre-acquisition	-	5,554,592
Shares issued during the year for cash	67,728,571	30,000,000
Total	165,783,161	98,054,590

Reconciliation:

	2016 \$	2015 \$
Balance at 1 July	7,404,106	1,043,751
Shares issued during the year for cash	3,447,423	4,590,653
Share issue expenses	(214,758)	(504,816)
Realised foreign currency gain/(loss)	14,519	-
Net cash flow from share issue	3,247,184	4,085,837
Conversion of short term borrowing to equity	-	1,547,429
Deemed consideration on acquisition of Manalto Limited	-	882,103
*Share based payment	-	(155,014)
Contributions of equity	3,247,184	6,360,355
Balance at 30 June	10,651,290	7,404,106

*Share based payment relates to the cost of advisor options associated with the 11 March 2015 reverse acquisition recognised as an offset of the shares issued for cash.

NOTES TO THE PRELIMINARY FINAL REPORT

10. Accumulated Losses

	2016 \$	2015 \$
Accumulated losses at the beginning of the financial year	4,773,540	1,171,354
Net loss for the period	2,550,776	3,602,186
Accumulated losses at the end of the financial year	7,324,316	4,773,540

11. Foreign Currency Translation Reserve

	2016 \$	2015 \$
Balance at 1 July	(147,607)	9,071
Currency gain/(loss)	44,196	(156,678)
Balance at 30 June	(103,411)	(147,607)

12. Cash Flow Information

Reconciliation of Cash Flow from Operations with loss after Income Tax

	2016 \$	2015 \$
Non-cash flows in profit	(2,550,776)	(3,602,186)
Depreciation	24,132	5,548
Consideration for acquisition of Healthlinx	-	882,103
Share based payment expense	405,396	139,672
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
(Increase)/decrease in trade and term receivables	(50,510)	(49,876)
Increase/(decrease) in trade payables and accruals	31,556	36,592
Increase/(decrease) in deferred taxes payable	(916,401)	(174,722)
(Increase)/decrease in other current assets	46,060	(48,764)
Increase/(decrease) in provisions	(128,653)	152,221
Cash flow from operations	(3,139,196)	(2,659,412)

NOTES TO THE PRELIMINARY FINAL REPORT

13. Earnings Per Share

(a) Reconciliation of Earnings to Profit or Loss

	2016 \$	2015 \$
Loss for the year	2,550,776	3,602,186
Earnings used in calculation of basic and diluted EPS	2,550,776	3,602,186

(b) Weighted average number of ordinary shares (diluted):

	2016 \$	2015 \$
Weighted average number of ordinary shares outstanding during the period used in calculating basic EPS	119,168,181	71,388,646
Weighted average number of shares outstanding during the period used in calculating diluted EPS	119,168,181	71,388,646

As diluted EPS is calculated as a lower loss per share than basic EPS, diluted EPS is taken to be the same as basic EPS.

14. Controlled Entities

All controlled entities are included in the consolidated preliminary final report.

Name of subsidiary	Country of Incorporation	Ownership interest held by the Group	
		30 June 2016	30 June 2015
Manalto, Inc.	United States	100%	100%
Sóshlr South Africa (Pty) Ltd	South Africa	100%	-
Sóshlr Limited	Ireland	100%	-
Sóshlr B.V.	Netherlands	100%	-

Voting power in these entities is in proportion to ownership interest. All interests are in the ordinary shares of the subsidiaries.