

# Azure Healthcare Limited

## Appendix 4D - Half Year End Financial Report

### For the Year Ended 31 December 2013

### Results for Announcement to the Market

Current Reporting Period - Half Year Ended 31 December 2013

Previous Reporting Period - Year Ended 31 December 2012

	%	31 December 2013	31 December 2012
	Change Up/(down)	\$'000	\$'000
Revenue from ordinary activities	41.9%	16,046	11,307
Interest income	(50.0%)	4	8
<b>Revenue from ordinary activities excluding interest income</b>	<b>42.0%</b>	<b>16,042</b>	<b>11,299</b>
Operating expenses	31.0%	(13,574)	(10,359)
<b>Earnings before Interest, tax, depreciation and amortisation (EBITDA)</b>	<b>162.6%</b>	<b>2,468</b>	<b>940</b>
Depreciation and amortisation expenses	10.7%	(237)	(214)
<b>Earnings before interest and tax (EBIT)</b>	<b>207.3%</b>	<b>2,231</b>	<b>726</b>
Net interest expense	(20.37%)	(43)	(54)
<b>Profit before income tax expense</b>	<b>225.6%</b>	<b>2,188</b>	<b>672</b>
Income tax expense	(80.9%)	(20)	(106)
<b>Net Profit after tax from continuing operations</b>	<b>283.0%</b>	<b>2,168</b>	<b>566</b>
Net Profit after tax from discontinued operations	(100.0%)	-	74
<b>Net Profit after tax for the period attributable to members of Azure Healthcare Limited</b>	<b>238.8%</b>	<b>2,168</b>	<b>640</b>
<b>Other comprehensive income:</b>			
Exchange difference arising on translation of foreign operations (movement in equity reserves)	389.8%	(174)	60
<b>Total comprehensive income for the period attributable to members of Azure Healthcare Limited</b>	<b>184.9%</b>	<b>1,994</b>	<b>700</b>
<b>Net Tangible Asset per Security (cents per security)</b>		4.79	3.70
<b>Profit per share attributable to the ordinary equity holders of the company (cents per security):</b>			
Continuing Operations (Basic and Diluted)		1.15	0.30
Discontinued Operations (Basic and Diluted)		-	0.04
Overall Earnings per Share (Basic and Diluted)		1.15	0.34
Record date for determining entitlements to the dividend, (in the case of a trust, distribution)			
			Not Applicable
<b>Dividends (distribution)</b>		<b>Amount per Security</b>	<b>Franked Amount</b>
Final dividend		n/a	n/a
Previous corresponding period		n/a	n/a
Explanation of the above information:			
Please refer to the Directors' Report - Review of Operations for further information on the Company operations over the past 12 months.			



# Appendix 4D Half Year Financial Report

For the Half Year Ended 31 December 2013  
(previous corresponding period: Half year ended 31 December 2012)

To be read in conjunction with the 30 June 2013 Annual Report.  
In compliance with Listing Rule 4.2A

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# Directors' Report

Your directors present their report on the consolidated entity consisting of Azure Healthcare Limited and the entities it controlled at the end of, or during, the half year ended 31 December 2013.

## Directors

The following persons were directors of Azure Healthcare Limited during the half year and up to the date of this report, unless stated otherwise:

Mr Robert Grey	Executive Chairman & CEO
Mr William Brooks	Non-Executive Director
Mr Michael Howard	Non-Executive Director

## Principal Activities

The principal activities of the Company during the half year was the manufacture, supply and service of healthcare and electronic communications equipment.

## Operating Result

The consolidated profit from continuing operations of the Company after providing for income tax amounted to \$2,168K (2012: \$566K). For further detail, refer to the Review of Operations below.

## Review of Operations

### Financial Performance Highlights:

1. EBIT of \$2.230 million up 207.1% from the previous corresponding period.
2. Revenue from ordinary activities including interest income up 41.9% to \$16.046 million compared to \$11.307 million for the previous
3. Net profit after tax from continuing operations of \$2.168 million up 283.0% compared to \$0.566 million in the previous corresponding period.
4. Earnings per share from continuing operations of 1.15 cents compared to 0.30 cents in the previous corresponding period.
5. NTA up 29.46% to 4.79 cents per share compared to 3.70 cents per share in the previous corresponding period.

## Directors' Report (continued)

### Report on operations for the 6 months ended 31 December 2013

Azure Healthcare Limited continues to transition the Company from a Nurse call system manufacturer to become a provider of clinical workflow software and healthcare solutions and is further improving our penetration of key markets including North America. This is in turn resulting in improvements from the previous corresponding period with increases in revenue (up 41.9% to \$16.046 million), gross margins (up from 50.02% to 57.49% in the current period) and profitability (up 283.0% to \$2.168 million). The management team at Azure Healthcare Limited continue to work on innovative healthcare solutions both in Australia and internationally and we are both excited and pleased with our achievements based around our leading edge third generation Tacera Nurse call system which has enabled us to become an international provider of integrated healthcare and clinical workflow solutions; all of which translates to more efficient systems and solutions for our customers.

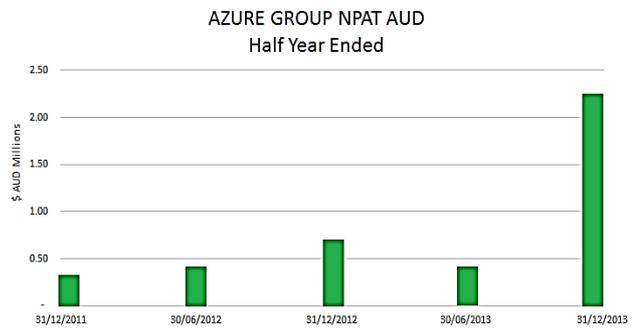
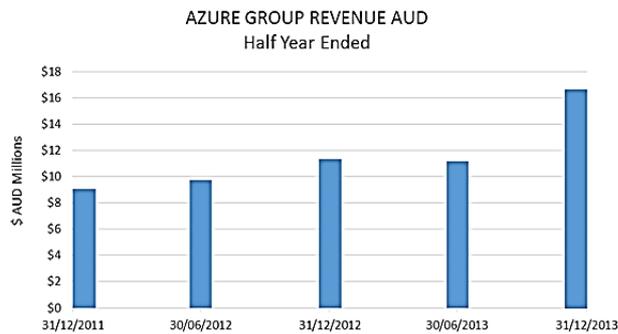
In December 2012 the Azure Group acquired the healthcare assets of Nurse call competitor Sedco Communications and this strategic acquisition continues to add sales and service growth to the Company.

With the significant increase in demand and requirement for our products in North America, the company decided to commence a second manufacture and assembly plant in the USA. This facility has now opened and will facilitate the growing US, Canadian and South American markets with reduced shipping costs, lead and transit time compared to our existing facility in Australia.

Operating expenses have increased by 31% over the prior corresponding period largely due to the increase in expenditures for research & development. Our Research & development investment expenditure increased from \$1.5 million in 2012 to \$2.5 million in the 2013 financial year with further investment in the 2014 financial year expected. In July 2013 the Company received \$0.69 million from the government's research & development tax incentive scheme and the cash impact of this has been allowed for in these financial statements although the profit impact was accounted for in the last financial year. The Company has applied again for the R&D tax incentive in this current year but will not receive a cash grant given that the turnover exceeded the \$20 million threshold in the 2013 financial year. The Company will however receive the benefit of a 40% tax deduction for the total R&D expenditure in the 2013 financial year.

We have reduced our bank debt from \$1.70 million at 30 June 2013 to \$1.3 million currently. Our cash holdings have increased from \$2.068 million as at 30 June 2013 to \$2.885 million. Operating cashflows were positive \$1.758 million for the 6 months ended 31 December 2013 compared to the previous corresponding period of negative \$0.469 million. Cashflow from investing activities recorded negative \$0.376 million as the Company invested in fixed assets for the USA production facility rollout. We expect that the increased working capital requirements for the US production facility and R&D investments will continue for the remainder of the financial year.

## Directors' Report (continued)



### Performance Summary 2012-2013

	Dec-13 \$ Mil	Dec-12 \$ Mil	% Increase
Revenue	16,046	11,307	41.9%
EBITDA	2,468	940	162.6%
EBIT	2,231	726	207.3%
NPAT	2,168	566	283.0%

**Revenue:** Consolidated revenues from ordinary activities increased by 41.9% to \$16.046 million compared to the previous corresponding period, reflecting increased demand for our new generation Tacera products.

**Earnings before Interest and Tax (EBIT):** Net earnings before interest, tax, depreciation and amortisation, (EBITDA) were \$2.468 million, whilst earnings before interest and tax (EBIT) were \$2.231 million.

**Net Profit After Tax (NPAT):** Net profit after tax (NPAT) was \$2.168 million representing a 283.0% increase from the previous corresponding period. Importantly this result came about entirely from continuing operations without any benefits from R&D grants or the impact of the discontinued operations. The Azure Group produced earnings of 1.15 cents per share compared to 0.30 cents in the previous corresponding period.

**Net Tangible Assets (NTA):** Net Tangible assets have increased from 3.70 cents to 4.79 cents per share, an increase of 29.46%.

**Final Dividend:** The directors have not declared any interim dividend as the Company will continue to focus on short term working capital requirements for production expansion, R&D investment, strategic acquisition opportunities and Group debt reduction.

**Operations Overview:** Business operations for the Group have improved since the liquidation of the Australian contracting division TSV Australia Pty Ltd. The liquidation process did not facilitate any further debt reduction for the Group for the 6 months ended 31 December 2013. Whilst this process is controlled solely by the Liquidator we anticipate the liquidation process will come to a close before the end of the 2014 financial year with no materially adverse impact to the remaining Azure Group.

## Directors' Report (continued)

**Appreciation:** No company operates successfully without the support and goodwill of both its staff and our clients, we would like to thank all our staff whose dedication to our clients has provided our turnaround and growth and to our valued clients in the trust they have placed in our business to provide the advanced Healthcare communication solutions that they need to operate their businesses efficiently. On behalf of the Board of Directors and the Executive Management, we would like to thank all our employees for their outstanding support. Our thanks go also to our customers for the trust they show in our products and services, the good business relationships and the many ways in which they inspire us.

### **Rounding of Amounts**

The Company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the Directors Report and the Interim Financial Report are rounded off to the nearest thousand dollars.

On behalf of the directors

A handwritten signature in black ink, appearing to read 'R Grey', written in a cursive style.

Mr Robert Grey  
Executive Chairman

Melbourne  
Dated 21 February 2014

# Auditor's Independence Declaration



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## DECLARATION OF INDEPENDENCE BY DAVID GARVEY TO THE DIRECTORS OF AZURE HEALTHCARE LIMITED

As lead auditor for the review of Azure Healthcare Limited for the half-year ended 31 December 2013, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Azure Healthcare Limited and the entities it controlled during the period.

**BDO East Coast Partnership**

A handwritten signature in blue ink that reads 'David Garvey'. The signature is fluid and cursive, with the first letters of each word being capitalized and prominent.

David Garvey

Partner

Melbourne, 21 February 2014

BDO East Coast Partnership ABN 83 236 985 726 is a member of a national association of Independent entities which are all members of BDO (Australia) Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO East Coast Partnership and BDO (Australia) Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the International BDO network of Independent member firms. Liability limited by a scheme approved under Professional Standards Legislation (other than for the acts or omissions of financial services licensees) in each State or Territory other than Tasmania.

# Consolidated Statement of Profit or Loss and Other Comprehensive Income For the Half Year Ended 31 December 2013

	Note	Consolidated Entity	
		31 December 2013 \$'000	31 December 2012 \$'000
Revenue from Continuing Operations	3	16,046	11,307
Cost of Goods Sold		(6,821)	(5,651)
<b>Gross Profit</b>		<b>9,225</b>	<b>5,656</b>
Other Income		-	-
Employee Benefits Expense		(4,483)	(3,174)
Motor Vehicle Expenses		(138)	(90)
Occupancy Expenses		(430)	(337)
Depreciation and Amortisation Expenses		(237)	(214)
Accounting, Audit and Legal Fees		(406)	(191)
Finance Costs		(47)	(62)
Travel Expenses		(535)	(305)
Other Expenses		(761)	(611)
<b>Profit Before Income Tax</b>		<b>2,188</b>	<b>672</b>
Income Tax Expense		(20)	(106)
<b>Net Result for the Half Year</b>		<b>2,168</b>	<b>566</b>
Profit for Discontinued Operations	1c, 7	-	74
<b>Net Result for the Half Year</b>		<b>2,168</b>	<b>640</b>
<b>Other Comprehensive Income</b>			
Exchange Differences on Translation of Foreign Operations		(174)	60
<b>Total Comprehensive Income for the Year</b>		<b>1,994</b>	<b>700</b>

		Cents	Cents
<b>Continuing Operations:</b>			
Basic profit per share	6	1.15	0.30
Diluted profit per share	6	1.15	0.30
<b>Discontinued Operations:</b>			
Basic profit per share	6	-	0.04
Diluted profit per share	6	-	0.04
<b>Overall Earnings per Share:</b>			
Basic profit per share	6	1.15	0.34
Diluted profit per share	6	1.15	0.34

The accompanying notes form part of these financial statements.

# Consolidated Statement of Financial Position

## As at 31 December 2013

	Note	31 December 2013 \$'000	Consolidated Entity 30 June 2013 \$'000
<b>Current Assets</b>			
Cash and Cash Equivalents		2,885	2,068
Trade and Other Receivables		7,246	5,365
Inventories		3,887	4,229
Other Assets		662	371
<b>Total Current Assets</b>		<b>14,680</b>	<b>12,033</b>
<b>Non-Current Assets</b>			
Plant and Equipment		929	726
Deferred Tax Assets		434	334
Intangible Assets		3,568	3,631
<b>Total Non-Current Assets</b>		<b>4,931</b>	<b>4,691</b>
<b>Total Assets</b>		<b>19,611</b>	<b>16,724</b>
<b>Current Liabilities</b>			
Trade and Other Payables		4,567	3,337
Short Term Borrowings		1,316	1,710
Current Tax Liabilities		12	56
Provisions		691	604
<b>Total Current Liabilities</b>		<b>6,586</b>	<b>5,707</b>
<b>Non-Current Liabilities</b>			
Long Term Borrowings		24	21
Deferred Tax Liabilities		325	335
Provisions		47	26
<b>Total Non-Current Liabilities</b>		<b>396</b>	<b>382</b>
<b>Total Liabilities</b>		<b>6,982</b>	<b>6,089</b>
<b>Net Assets</b>		<b>12,629</b>	<b>10,635</b>
<b>Equity</b>			
Contributed Equity		35,042	35,042
Option Reserves	8	16	16
Accumulated Losses		(21,430)	(23,598)
Foreign Exchange Reserve		(999)	(825)
<b>Total Equity</b>		<b>12,629</b>	<b>10,635</b>

The accompanying notes form part of these financial statements.

## Consolidated Statement of Changes in Equity For the Half Year Ended 31 December 2013

	Consolidated Entity				
	Issued Capital	Accumulated Losses	Foreign Exchange Reserve	Option Reserve	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2012	35,042	(25,011)	(945)	379	9,465
Profit after income tax expense for the year	-	640	-	-	640
Other comprehensive income for the year, net of tax	-	-	60	-	60
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>640</b>	<b>60</b>	<b>-</b>	<b>700</b>
<b>Transactions with equity holders in their capacity as equity holders:</b>					
Share based payments	-	-	-	11	11
Transfer to/from reserves	-	373	-	(373)	-
<b>Balance at 31 December 2012</b>	<b>35,042</b>	<b>(23,998)</b>	<b>(885)</b>	<b>17</b>	<b>10,175</b>
Balance at 1 July 2013	35,042	(23,598)	(825)	16	10,635
Profit after income tax expense for the year	-	2,168	-	-	2,168
Other comprehensive income for the year, net of tax	-	-	(174)	-	(174)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>2,168</b>	<b>(174)</b>	<b>-</b>	<b>1,994</b>
<b>Transactions with equity holders in their capacity as equity holders:</b>					
Share based payments	-	-	-	-	-
Transfer to/from reserves	-	-	-	-	-
<b>Balance at 31 December 2013</b>	<b>35,042</b>	<b>(21,430)</b>	<b>(999)</b>	<b>16</b>	<b>12,629</b>

The accompanying notes form part of these financial statements.

## Consolidated Statement of Cash Flows

### For the Half Year Ended 31 December 2013

Note	Consolidated Entity	
	31 December 2013	31 December 2012
	\$'000	\$'000
<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Customers	14,160	10,482
Payments to Suppliers	(12,185)	(10,906)
Interest Received	4	8
Borrowing Costs	(47)	(62)
Income Tax (Paid) / Refund	(174)	9
<b>10</b>	<b>1,758</b>	<b>(469)</b>
Net cash used in continuing operations	1,758	(469)
Net cash used in discontinued operations	-	-
<b>Net Cash Provided by Operating Activities</b>	<b>1,758</b>	<b>(469)</b>
<b>CASHFLOWS FROM INVESTING ACTIVITIES</b>		
Payments for Acquisition of Fixed Assets	(328)	(83)
Proceeds from Liquidations	-	100
Other	(48)	-
	(376)	17
Net cash used in continuing operations	(376)	(83)
Net cash (used in) / Provided by discontinued operations	-	100
<b>Net Cash Used in Investing Activities</b>	<b>(376)</b>	<b>17</b>
<b>CASHFLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Issue of Shares		
Repayment of Borrowings	(386)	(98)
Payment of Lease and Hire Purchase Liabilities	(6)	6
	(392)	(92)
Net cash used in continuing operations	(392)	92
Net cash (used in) / Provided by discontinued operations	-	-
<b>Net Cash Used in Financing Activities</b>	<b>(392)</b>	<b>92</b>
<b>Net Increase in Cash Held</b>	<b>990</b>	<b>(544)</b>
Cash and Cash Equivalents at Beginning of Year	2,068	2,950
Effects of Exchange Rate Changes in Cash	(173)	-
Cash and Cash Equivalents at End of Year	2,885	2,406

The accompanying notes form part of these financial statements.

# Notes to the Consolidated Financial Statements

## Note 1. Basis of Preparation

This financial report covers the consolidated entity consisting of Azure Healthcare Limited and its controlled entities. Azure Healthcare Limited is a listed public company, incorporated and domiciled in Australia. The nature of the operations and principal activities of the consolidated entity are described within Note 4.

### (a) Basis of Preparation

The half year consolidated financial report is a general purpose financial report which have been prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The half-year report does not include notes of the type normally included in annual financial report and shall be read in conjunction with the most recent annual financial report.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Azure Healthcare Limited and its controlled entity (the Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2013, together with any public announcements made during the half-year.

### (b) Financial Assets and Liabilities

Financial assets and liabilities of the Group are recognised in the statement of financial position at their fair values in accordance with accounting policies set out in the 30 June 2013 financial report. In all instances the fair value of financial assets and financial liabilities approximates to their carrying value.

### (c) Update on Liquidation of TSV Australia Pty Ltd

During the 6 months ended 31 December 2013 the consolidated entity received no distributions from the Liquidator. It is unlikely that any further distributions will be received in the FY2014 financial year and prior to the liquidation being completed.

### (d) Summary of the Significant Accounting Policies

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies and has not had any material impact on the consolidated entity. However, the application of AASB 2011-9 has resulted in a change to the Group's presentation of its Statement of Comprehensive Income.

### (e) Rounding Off of Amounts

The Company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the Directors Report and the Interim Financial Report are rounded off to the nearest thousand dollars.

## Note 2. Dividends

The company resolved not to declare any dividends in the period ended 31 December 2013.

## Note 3. Revenue

	31 December 2013	31 December 2012
	\$'000	\$'000
<b>Revenue from Operating Activities</b>		
Sales Revenue	16,042	11,299
Interest	4	8
	<b>16,046</b>	<b>11,307</b>

# Notes to the Consolidated Financial Statements

(continued)

## Note 4. Segment Information

Management has determined the operating segments based upon reports reviewed by the board and executive management that are used to make operational and strategic decisions. The group is organised into major operating divisions, healthcare which has four geographic segments. These segments are the basis on which the Group reports its segment information.

### Healthcare

The healthcare division focuses on providing electronic communications in healthcare and development of nurse call and care management systems for hospitals, aged care and detention care markets. The healthcare division is further segmented into four geographic regions consisting of North America, Europe, Asia and Australia/New Zealand.

	-----Healthcare-----				Total	Eliminations		
	Austco Australia / Sedco / NZ \$'000	Austco Asia \$'000	Austco Europe \$'000	Austco North America \$'000		Inter company \$'000	Corporate \$'000	Group Total \$'000
<b>31 December 2013</b>								
Revenue	11,010	1,626	1,156	6,120	19,912	(3,870)	-	16,042
Interest Revenue	27	-	-	-	27	(24)	1	4
<b>Total Revenue</b>	<b>11,037</b>	<b>1,626</b>	<b>1,156</b>	<b>6,120</b>	<b>19,939</b>	<b>(3,894)</b>	<b>1</b>	<b>16,046</b>
Adj EBITDA	2,434	(83)	21	136	2,508	(64)	24	2,468
Depreciation	(56)	(21)	(14)	(28)	(119)	-	(6)	(125)
Amortisation	(112)	-	-	-	(112)	-	-	(112)
<b>EBIT</b>	<b>2,266</b>	<b>(104)</b>	<b>7</b>	<b>108</b>	<b>2,277</b>	<b>(64)</b>	<b>18</b>	<b>2,231</b>
Net Interest	2	(0)	(0)	(19)	(17)	17	(43)	(43)
Income Tax	(13)	-	(2)	(2)	(17)	-	(3)	(20)
<b>NPAT</b>	<b>2,255</b>	<b>(104)</b>	<b>5</b>	<b>87</b>	<b>2,242</b>	<b>(47)</b>	<b>(28)</b>	<b>2,168</b>
<b>31 December 2012</b>								
Revenue	7,896	2,184	481	4,631	15,192	(3,893)	-	11,299
Interest Revenue	8	-	-	-	8	-	-	8
<b>Total Revenue</b>	<b>7,904</b>	<b>2,184</b>	<b>481</b>	<b>4,631</b>	<b>15,200</b>	<b>(3,893)</b>	<b>-</b>	<b>11,307</b>
Adj EBITDA	1,180	(76)	(77)	380	1,407	(76)	(391)	940
Depreciation	(39)	(19)	(17)	(19)	(94)	-	(8)	(102)
Amortisation	(112)	-	-	-	(112)	-	-	(112)
<b>EBIT</b>	<b>1,029</b>	<b>(95)</b>	<b>(94)</b>	<b>361</b>	<b>1,201</b>	<b>(76)</b>	<b>(399)</b>	<b>726</b>
Net Interest	28	0	(0)	(16)	12	(6)	(60)	(54)
Income Tax	(36)	-	-	(123)	(159)	53	-	(106)
<b>NPAT</b>	<b>1,021</b>	<b>(95)</b>	<b>(94)</b>	<b>222</b>	<b>1,054</b>	<b>(29)</b>	<b>(459)</b>	<b>566</b>
<b>Segment Assets</b>								
31/12/2012	15,840	1,394	955	4,178	22,367	(24,046)	18,204	16,525
31/12/2013	19,528	1,271	1,475	6,410	28,684	(27,222)	18,149	19,611
<b>Segment Liabilities</b>								
31/12/2012	5,912	767	151	5,854	12,684	(8,285)	1,951	6,350
31/12/2013	6,369	1,047	538	8,624	16,578	(10,934)	1,338	6,982

# Notes to the Consolidated Financial Statements

(continued)

## Note 4. Segment Information (continued)

The Board assesses the performance of the operating segments based on a measure of adjusted EBITDA. This measurement basis excludes the effects of non-recurring expenditure from the operating segments such as depreciation, amortisation and net interest and impairment to non current assets which is disclosed separately.

### Results of Segments

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists.

### Inter-segment pricing

Segment revenues, expenses and result include transfers between segments. The prices charged on inter-segment transactions are the same as those charged for similar goods to parties outside of the economic entity at arm's length. These transfers are eliminated on consolidation.

## Note 5. Contingent Liabilities and Assets

There has been no changes in contingent liabilities and assets reported since the last annual reporting date.

## Note 6. Profit/(Loss) per Share

	31 December 2013 cents	31 December 2012 cents
<b>Continuing Operations:</b>		
Basic profit per share	1.15	0.30
Diluted profit per share	1.15	0.30
<b>Discontinued Operations:</b>		
Basic profit per share	-	0.04
Diluted profit per share	-	0.04
<b>Overall Earnings per Share</b>		
Basic profit per share	1.15	0.34
Diluted profit per share	1.15	0.34
a) Net Profit/(Loss) used in the calculation of basic and diluted loss per share		
	<b>\$'000</b>	<b>\$'000</b>
Continuing Operations	2,168	566
Discontinued Operations	-	74
Overall Earnings per Share	2,168	640
	<b>No.</b>	<b>No.</b>
b) Weighted average number of ordinary shares	189,312,544	189,312,544

Options that are considered to be potential ordinary shares are excluded from the weighted average number of ordinary shares used in the calculation of basic loss per share. Where dilutive, potential ordinary shares are included in the calculation of diluted loss per share. All the options on issue do not have the effect to dilute the loss per share. Therefore they have been excluded from the calculation of diluted loss per share.

# Notes to the Consolidated Financial Statements

(continued)

## Note 7. Discontinued Operations

Former wholly controlled entities noted below were placed into Voluntary Administration by the Directors of those companies on 30 June 2011 and during a meeting of creditors held on 4 August 2011, creditors voted that all these Companies be placed into liquidation. These companies were accounted for as discontinued operations and deconsolidated as of 30 June 2011 due to loss of control. The final liquidator's report is expected to be released by 31 December 2013. Directors believe that unsecured creditors of the subsidiaries listed below are not expected to receive any monies from the liquidators.

Amatec Communications Pty Ltd  
 Calltec(Vic) Pty Ltd  
 Tecsound (NSW) Pty Ltd  
 Tecsound (SA) Pty Ltd  
 Tecsound (West Australia) Pty Ltd  
 Tecsound QLD Pty Ltd  
 TSV Australia Pty Ltd  
 Tecall Pty Ltd

Financial information relating to the discontinued operations was as follows;

	31 December 2013 \$'000	31 December 2012 \$'000
Liquidation Distributions	-	100
Expenses	-	(26)
Loss before income tax	-	74
Income tax expense	-	-
Loss after income tax of discontinued operations	-	74
Loss on removal of discontinued operations from economic entity	-	-

## Note 8. Option Reserve

	31 December 2013 \$'000	30 June 2013 \$'000
Opening Balance	16	378
Share based payments	-	11
Expired options transferred to accumulated losses	-	(373)
	16	16

## Note 9. Operating Cashflow Information

Operating cashflows were positive \$1.758 million for the 6 months ended 31 December 2013 compared to the previous corresponding period of negative \$0.469 million. Cashflow from investing activities recorded negative \$0.376 million as the Company invested in fixed assets for the USA production facility rollout.

## Note 10. Events Subsequent to Reporting Date

On the 19 Feb 2014, the Company announced that Austco Communication Systems Pty Ltd (Austco), a wholly owned subsidiary of Azure Healthcare Ltd (ASX:AZV) received UL1069 Certification for IP Based Nurse Call System Tacera, the fully IP based Nurse Call Solution designed and manufactured by Austco has been granted UL1069 approval (the United States standard for "Hospital Signaling and Nurse Call Equipment").

# Directors' Declaration

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 8 to 15 are in accordance with the Corporations Act 2001, including:
  - a. complying with Accounting Standard AASB 134: Interim Financial Reporting; and
  - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the directors



Mr Robert Grey  
Executive Chairman

Melbourne  
Dated 21 February 2014

# Independent Auditor's Review Report



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## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Azure Healthcare Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Azure Healthcare Limited, which comprises the consolidated statement of financial position as at 31 December 2013, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

#### 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 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 consolidated entity's financial position as at 31 December 2013 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 Azure Healthcare 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*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Azure Healthcare Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO East Coast Partnership ABN 83 236 985 726 is a member of a national association of independent entities which are all members of BDO (Australia) Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO East Coast Partnership and BDO (Australia) Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the International BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation (other than for the acts or omissions of financial services licensees) in each State or Territory other than Tasmania.

# Independent Auditor's Review Report

(continued)



## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Azure Healthcare Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*

BDO East Coast Partnership

A handwritten signature in blue ink, appearing to read 'David Garvey'. Above the signature is a small, stylized logo consisting of the letters 'BDO' in a circular arrangement.

David Garvey

Partner

Melbourne, 21 February 2014