AZURE
HEALTHCARE LIMITED

ASX RELEASE

Azure Healthcare Limited announces 2017 full-year results

Melbourne, Australia, August 31 2017 - Azure Healthcare Limited (ASX:AZV) attaches its preliminary report for the 12 months ended 30 June 2017.

Azure highlights:

For the 6 months ended 30 June 2017:

- Consistent with previous guidance, a return to profitability in the second half of the financial year with revenue of $16.08 million and Profit Before Tax of $0.25 million for the 6 months ended 30 June 2017.

  The following table highlights the turnaround for the last 6 months compared to the previous corresponding period:

Comparative to previous corresponding 6 months			
	6 months ended 30 June 2017 $'000	6 months ended 30 June 2016 $'000	Variance $'000
Total Revenue	16,084	14,346	1,738
EBIT	301	(3,373)	3,674
EBITDA	567	(2,910)	3,477
Overhead expenses	7,278	10,246	(2,968)
Profit/(Loss) Before Income Tax	249	(3,334)	3,583

For the 12 months ended 30 June 2017:

- Restructure completed including transition to new USA manufacturing facility, rationalisation of product lines and divestment of non-core asset completed.
- New product lines released including Pulse RTLS and Mobile Apps during the year.
- Software and Software Maintenance Agreement (SMA) revenues of $1.75 million or 6.1% of operating revenue for the financial year.

The following table highlights the turnaround for the last 12 months compared to the previous corresponding period:

Comparative to previous corresponding 12 months	12 months ended 30 June 2017 $'000	12 months ended 30 June 2016 $'000	Variance $'000
EBITDA	(928)	(3,154)	2,226
Overhead expenses	15,534	19,529	(3,995)
Profit/(Loss) Before Income Tax and Impairment write down	(1,585)	(3,651)	2,066

- Revenue of $29.65 million representing an 7.4% decrease compared to $32.02 million for the previous corresponding period in part due to the transition of manufacturing to the USA.
- Full year EBITDA loss of $0.91 million compared to EBITDA loss of $3.15 million in the previous corresponding period.
- Decrease in operating expenses of $4.00 million or 20.46% compared to the previous corresponding period.
- Full year NPAT loss of $1.59 million (excluding $2.75 million goodwill impairment and $2.08 million tax asset write down) compared to NPAT loss of $3.65 million in the previous corresponding period.
- Negative operating cashflow of $2.64 million with cash at bank of $1.72 million as at 30 June 2017 including a $0.9 million reduction in bank debt during the financial year.

Commenting on the year end results, Azure's Chief Executive Officer, Mr Clayton Astles said, "We have undertaken a number of strategies at Azure in the last 2 years and it is pleasing that we are now just starting to see the financial benefits flowing on from a substantial restructure program. We remain committed to delivering shareholder value by creating innovative products and solutions and believe that this will be the foundation to the Company's continued sustainable and consistent growth."

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About Azure Healthcare Limited (ASX:AZV)

Azure Healthcare Limited is an international provider of healthcare communication and clinical workflow management solutions. The company is headquartered in Australia, has subsidiaries in six countries and supports healthcare facilities through our global reseller network which includes growing markets in health, aged care and remand care. Azure Healthcare services markets including Australia, New Zealand, Canada, UK, USA, Asia and the Middle East. For further information please refer to the Company's website www.azurehealthcare.com.au

Azure Healthcare Limited
Appendix 4E - Year End Financial Report
For the Year Ended 30 June 2017
Results for Announcement to the Market

Current Reporting Period - Year Ended 30 June 2017
Previous Reporting Period - Year Ended 30 June 2016

	% Change Up/(down)	30 June 2017 $'000	30 June 2016 $'000
Revenue from activities	(8.4%)	28,919	31,570
Foreign Exchange	(51.0%)	222	453
Other Income		47	-
Other Income - Sale of Asset		460	-
Interest income		3	5
Revenue excluding interest income	**(7.4%)**	**29,648**	**32,023**
Operating expenses	(13.1%)	(30,579)	(35,177)
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**(70.6%)**	**(928)**	**(3,154)**
Depreciation and amortisation expenses		(521)	(639)
Impairment of goodwill expense		(2,749)	-
Earnings before interest and tax (EBIT)	10.8%	**(4,198)**	**(3,788)**
Net interest expense		(108)	(87)
Profit before income tax expense	**11.1%**	**(4,306)**	**(3,875)**
Income tax expense		(2,111)	224
Net Profit after tax from continuing operations	**75.8%**	**(6,417)**	**(3,651)**
Net Profit after tax for the period attributable to members of Azure Healthcare Limited	**75.8%**	**(6,417)**	**(3,651)**
Other comprehensive income:			
Exchange difference arising on translation of foreign operations (movement in equity reserves)		(443)	235
Total comprehensive income for the period attributable to members of Azure Healthcare Limited	**100.8%**	**(6,860)**	**(3,416)**
Net Tangible Asset per Security (cents per security)		3.86	3.74
Earnings/(losses) per share attributable to the ordinary equity holders of the company (cents per security):			
Continuing Operations (Basic and Diluted)		(3.02)	(1.92)
Overall Earnings per Share (Basic and Diluted)		(3.02)	(1.92)

Record date for determining entitlements to the dividend, (in the case of a trust, distribution) Not Applicable

Dividends (distribution)	**Amount per Security**	**Franked Amount per Security**
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 4E
Preliminary Final Report

For the Year Ended 30 June 2017

(previous corresponding period: Year Ended 30 June 2016)

To be read in conjunction with the 30 June 2016 Annual Report.
In compliance with Listing Rule 4.3A

Contents

Director's Report

The Directors of Azure Healthcare Limited are pleased to report the financial and operating results for the financial year ended 30 June 2017. The Company spent the first half of the financial year completing and implementing a substantial restructure program and also implemented many strategic initiatives for the balance of the year. The Board are committed to Azure's long-term future and recognise these actions as necessary to allow us to advance our goals of evolving into a clinical workflow management software business. These strategic initiatives included but were not limited to the following:

A return to profitability in the 2nd half of the financial year

After completing a number of strategic initiatives in the first half of the financial year, the Company returned to an operating profit in the 2nd half of the financial year reporting a Profit before tax of $0.25 million from revenues of $16.08 million. See *Financials* below for further details.

New products including Pulse RTLS and Mobile Apps

Pulse RTLS is the second module in the evolution of Austco's innovative Tacera Pulse software suite and represents an important milestone in the company's development of next generation clinical business intelligence solutions.

Pulse's built-in RTLS integration offers the flexibility to choose a locating system that meets the needs of modern healthcare organizations. The Tacera Pulse software suite provides a visual presentation of a healthcare facility, which allows for the effortless monitoring and improvements of operational performance. Pulse RTLS uses an open API for unified integration with leading RTLS solutions such as CenTrak, Ekahau, Ekotek, Elpas and Stanley without using expensive middleware.

Pulse Mobile is a smartphone application designed for iOS and Android devices that allows healthcare personnel to receive nurse call and 3rd party alarms directly on their personal devices. The easy to configure solution is available for download from the Apple and Google Play stores. Users simply connect to their facility's Wi-Fi network, and the app will communicate with the Austco Mobile Gateway (AMG).

Pulse Mobile creates the most optimized user experience with its intuitive user interface. The app is easy to learn and navigate, using technology that users are already familiar with. Caregivers can "Accept", "Reject" or "Escalate" alarms with a simple action if they are unable to get to an assigned alarm immediately.

Using VoIP audio calling and VoIP-enabled call points, staff can respond to patient/resident alarms with Pulse Mobile's callback feature. Since patient information is never stored on a recipient's smartphone, Pulse Mobile ensures complete compliance with patient privacy laws.

Pulse Mobile simplifies the day-to-day activities of healthcare personnel by increasing their mobility. Notifications are routed to assigned caregiver's smartphones, allowing them to determine which alarms require immediate attention at a quick glance. Pulse Mobile enhances staff efficiency and caregiver response times, which will help improve patient/resident outcomes.

Completion and transition to new manufacturing facility

The Company completed its transition to a new manufacturing facility in the USA during the year. The rationale for this change is a direct result of increased world awareness for FDA compliant products. The Company is of the view that this trend will continue; in particular as healthcare products expand into clinical workflow and software solutions. The US is the leader in the healthcare innovation field with the remainder of the world tending to adopt US practices. Moreover the Company is engaging the fastest growing market in the United States where a strong presence is required.

Rationalisation of product lines

The Company underwent the largest product review and rationalisation in its history which reduced the number of parts manufactured from over 800 to less than 300. This initiative will help streamline order fulfilment, reduce operational and inventory holding costs whilst simplifying regulatory compliance for the Company.

Divestment of non-core CellGuard business

In the context of the restructure and strategic initiatives, the Company completed the sale of its CellGuard business. CellGuard provides audio communication systems for custodial care facilities such as prisons. The process was completed in December 2016 and had a positive financial impact of $0.46 million as a profit on sale, as assets divested were less than the sale proceeds. Proceeds from the Transaction were used by the Company to strengthen the Group's balance sheet including a reduction in bank debt.

The divestment of the CellGuard business formed part of the Company's ongoing strategic restructuring programme, to realise operating efficiencies from the divestment of non-core business streams and consolidate focus on Azure'

Non-operating impairment loss

In December 2016 the Company undertook a total company review of its intangible Goodwill assets within all operating divisions. As a consequence of this review, the Company determined that as a one off, non-operating, non-cash transaction, it should impair the full amount of acquired goodwill of $2.75 million reducing the total Goodwill intangible assets to nil. The reasons for the write-down of goodwill are principally the reduction in revenues and operating profit for the last 2 years whilst undertaking restructuring activities, which have significantly changed the business.

Taxation - Non-operating Deferred Tax Asset (DTA) write down

In June 2017 the Company completed an assessment of the book value of its tax assets. Although these tax credits are available to offset future profits in the Australian tax consoldiated Group; it could not be readily determined if these tax credits would be utilised in a reasonable time period. As a consequence of this assessment, the Company determined that as a one-off, non-operating, non cash transaction, it should write down the book value of any available tax credits totalling $2.08 million as an income tax expense.

Completion of Placement and Rights issue

During the 2017 year the Company successfully completed a placement of 28,456,731 new fully paid ordinary shares to sophisticated, professional and institutional investors at an issue price of $0.070 per share, to raise $1,991,971.

In conjunction with the Placement, the Company also completed a 1:15 pro-rata, non-renounceable rights offer comprising an issue of 14,544,552 fully paid ordinary shares at an issue price of $0.070 to raise $1,018,119.

The Placement and the Rights Offer raised a total of $3,010,090.

Financials

Revenue from ordinary activities decreased by 8.8% in the 2017 financial year to $29.19 million versus $32.02 million in 2016 largely due to the disruption of moving manufacturing from Perth to Dallas during the year. Note that second half revenues were $16.08 million versus the first half revenue of $13.11 million.

Gross margins were 46.3% (2016: 48.9%) reflecting higher overall costs of manufacturing in two facilities for the first 6 months of the financial year including restructuring initiatives.

Net profit after tax (NPAT) was ($6.42) million including the non-cash impairment of goodwill of $2.75 million and non-cash tax asset write down of $2.08 million, compared to ($3.65) million in the previous corresponding period representing a 75.9% decrease in the 2017 financial year.

Net earnings before interest, tax, depreciation and amortisation, (EBITDA) were ($0.93) million, whilst earnings before interest and tax (EBIT) were ($4.20) million after the one off non-cash impairment of goodwill expense of $2.75 million.

Net Tangible Assets (NTA): Net Tangible assets have increased from 3.74 cents to 3.86 cents per share, an increase of 3.2%.

Final Dividend: The directors have not declared a final dividend, as the Company will continue to focus on short-term working capital requirements for production expansion, R&D investment and Group debt reduction.

Operating expenses: operating expenses decreased by 20.46% over the prior corresponding period largely due to restructuring initiatives explained above. Our Research & Development investment expenditure increased from $2.9 million in the 2016 to $3.1 million in the 2017 financial year.

Cashflow

During the year the Company generated negative operating cashflow of $2.64 million and finished the year with cash at bank of $1.72 million. Increased working capital for the North American operations included inventory increases of $1.32 million. Note that the Company repaid $0.9 million in bank debt during the financial year.

Director's Report (continued)

The following performance summary table highlights the comparative results for each 6 months over the last 2 financial years.

Comparison Between Last 4 half year results

	6 months ended 31 December 2016 $'000	6 months ended 31 December 2015 $'000	6 months ended 30 June 2017 $'000	6 months ended 30 June 2016 $'000
Revenue from Continuing Operations	13,054	17,312	15,868	14,258
Other Income	14	4	33	1
Foreign Exchange	39	366	183	87
Total Revenue	13,107	17,682	16,084	14,346
Cost of Goods Sold	(7,117)	(8,940)	(8,557)	(7,434)
Gross Profit	5,990	8,742	7,527	6,912
Gross Profit %	46%	50%	47%	48%
Other Income - Sale of Asset	460	-		-
Employee Benefits Expense	(5,020)	(6,628)	(5,117)	(5,935)
Motor Vehicle Expenses	(90)	(187)	(104)	(160)
Occupancy Expenses	(461)	(468)	(270)	(467)
Depreciation and Amortisation Expenses	(255)	(260)	(266)	(379)
Accounting, Audit and Legal Fees	(797)	(390)	(469)	(611)
Finance Costs	(56)	(37)	(52)	(50)
Travel Expenses	(389)	(483)	(378)	(338)
Other Expenses	(1,188)	(830)	(622)	(2,306)
Impairment Expense	(2,749)	-	-	-
Protif/(Loss) Before Income Tax	(4,555)	(541)	249	(3,334)
Income Tax Benefit / (Expense)	-	44	(2,111)	180
Net Loss after tax	(4,555)	(497)	(1,862)	(3,154)

The future

In 2018 we will focus on the following key objectives and initiatives to improve our business :

- Continue our focus on quality improvements including FDA and UL compliance
- Streamline manufacturing and operational efficiencies post strategic initiatives
- Establish a recurring revenue stream based on a subscription based pricing model
- Build strategic partnerships with market-leading healthcare technology companies

We have undertaken a number of bold strategies at Azure in the last 2 years and it is pleasing that we are now just starting to see the financial benefits flowing on from a substantial operational restructure program. We remain committed to delivering shareholder value by creating innovative products and solutions and believe that this will be the foundation to the Company's continued sustainable and consistent growth.

On behalf of the Board of Directors and Executive Management team, I would like to thank our dedicated and passionate staff who have delivered some exciting new products and continued fantastic customer service.

Finally, I would also like to thank you, our shareholders, for your trust and investment in our Company as we move into the future.

Yours faithfully

Clayton Astles
Chief Executive Officer

Consolidated Statement of Profit or Loss
and Other Comprehensive Income
For the Half Year Ended 30 June 2017

	Note	Consolidated Entity 30 June 2017 $'000	30 June 2016 $'000
Revenue from Continuing Operations		**28,922**	31,570
Other Income		**47**	5
Foreign Exchange		**222**	453
Total Revenue from Ordinary Activities		**29,191**	32,028
Cost of Goods Sold		**(15,674)**	(16,374)
Gross Profit		**13,517**	15,654
Other Income - Sale of Asset	8	**460**	-
Employee Benefits Expense		**(10,137)**	(12,563)
Motor Vehicle Expenses		**(194)**	(347)
Occupancy Expenses		**(731)**	(935)
Depreciation and Amortisation Expenses		**(521)**	(639)
Accounting, Audit and Legal Fees		**(1,266)**	(1,345)
Finance Costs		**(108)**	(87)
Travel Expenses		**(767)**	(821)
Other Expenses		**(1,810)**	(2,792)
Non-operating Impairment Expense	3	**(2,749)**	-
Loss Before Income Tax		**(4,306)**	(3,875)
Income Tax Benefit / (Expense)	4	**(2,111)**	224
Net Loss after tax		**(6,417)**	(3,651)
Net Loss attributable to members of Azure Healthcare Limited		**(6,417)**	(3,651)
Other Comprehensive Income			
Items that may be reclassified subsequently to profit or loss		**-**	-
Exchange Differences on Translation of Foreign Operations		**(443)**	235
Total Comprehensive Income for the Year		**(6,860)**	(3,416)
		Cents	**Cents**
Earnings per Share:			
Basic earnings/(loss) per share		(3.02)	(1.92)
Diluted earnings/(loss) per share		(3.02)	(1.92)

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position
As at 30 June 2017

	Note	Consolidated Entity 30 June 2017 $'000	30 June 2016 $'000
Current Assets			
Cash and Cash Equivalents		**1,717**	1,685
Trade and Other Receivables		**4,986**	5,803
Inventories		**9,257**	7,919
Other Assets		**775**	718
Total Current Assets		**16,735**	16,125
Non-Current Assets			
Plant and Equipment		**564**	774
Deferred Tax Assets	4	**53**	2,084
Intangible Assets	3	**-**	3,000
Total Non-Current Assets		**617**	5,858
Total Assets		**17,352**	21,983
Current Liabilities			
Trade and Other Payables		**7,202**	6,366
Short Term Borrowings		**1,128**	2,024
Current Tax Liabilities		**29**	85
Provisions		**688**	1,258
Total Current Liabilities		**9,047**	9,733
Non-Current Liabilities			
Long Term Borrowings		**22**	8
Provisions		**20**	72
Total Non-Current Liabilities		**42**	80
Total Liabilities		**9,089**	9,813
Net Assets		**8,263**	12,170
Equity			
Contributed Equity		**38,076**	35,123
Option Reserves		**48**	48
Foreign Exchange Reserve		**(869)**	(426)
Accumulated Losses		**(28,992)**	(22,575)
Total Equity		**8,263**	12,170

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity
For the Year Ended 30 June 2017

	Consolidated Entity				
	Issued Capital	Accumulated Losses	Foreign Exchange Reserve	Option Reserve	Total Equity
	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2015	35,123	(18,925)	(661)		15,537
(Loss) after income tax expense for the year		(3,651)			(3,651)
Other comprehensive income for the year, net of tax	-	-	235	-	235
Total comprehensive income for the year	-	(3,651)	235	-	(3,416)
Share based Payments	-	-	-	48	48
Balance at 30 June 2016	**35,123**	**(22,575)**	**(426)**	**48**	**12,170**
Balance at 1 July 2016	35,123	(22,575)	(426)	48	12,170
(Loss) after income tax expense for the year	-	(6,417)	-	-	(6,417)
Other comprehensive income for the year, net of tax	-		(443)	-	(443)
Total comprehensive income for the year	-	(6,417)	(443)	-	(6,860)
Transactions with equity holders in their capacity as equity holders:					
Issue of shares	2,953	-	-	-	2,953
Balance at 30 June 2017	**38,076**	**(28,992)**	**(869)**	**48**	**8,263**

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows
For the Year Ended 30 June 2017

	Note	Consolidated Entity 30 June 2017 $'000	30 June 2016 $'000
CASHFLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers		**29,543**	31,906
Payments to Suppliers and Employees		**(32,029)**	(33,897)
Interest Received		**3**	5
Borrowing Costs		**(108)**	(87)
Income Tax Paid		**(52)**	(139)
Net Cash Used in Operating Activities		**(2,643)**	(2,212)
CASHFLOWS FROM INVESTING ACTIVITIES			
Payments for Acquisition of Property, Plant and Equipment		**(18)**	(183)
Proceeds from Disposal of Property, Plant and Equipment		**16**	-
Proceeds from Sale of Assets	8	**665**	-
Net Cash Provided by/(Used in) Investing Activities		**663**	(183)
Net Cash Used in Operating and Investing Activities		**(1,980)**	(2,395)
CASHFLOWS FROM FINANCING ACTIVITIES			
Proceeds from Issue of Shares		**3,010**	-
(Repayment)/Proceeds of Borrowings		**(939)**	694
Payment of Lease and Hire Purchase Liabilities		**(7)**	(6)
Net Cash Provided by Financing Activities		**2,064**	688
Net Increase/(Decrease) in Cash Held		**84**	(1,707)
Cash and Cash Equivalents at Beginning of Year		**1,685**	3,157
Effects of Exchange Rate Changes in Cash		**(52)**	235
Cash and Cash Equivalents at End of Year		**1,717**	1,685

The accompanying notes form part of these financial statements.

Notes to the Consolidated Financial Statements

Note 1. Basis of Preparation

This preliminary 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 5.

(a) Basis of Preparation

This preliminary 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). This preliminary final report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. It is recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2017, together with any public announcements made during the 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 2017 financial report. In all instances the fair value of financial assets and financial liabilities approximates to their carrying value.

(c) 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.

Note 2. Dividends

The company resolved not to declare any dividends in the period ended 30 June 2017.

Note 3. Impairment of Goodwill

In December 2016 the Company undertook a total company review of its intangible goodwill assets within all operating divisions. As a consequence of this review, the Company has determined that as a one off, non-operating, non-cash transaction, it should impair the full amount of acquired goodwill of $2.75 million reducing the total Goodwill intangible assets to nil. The reasons for the write-down of goodwill are principally the reduction in revenues and operating profit for the last 2 years whilst undertaking restructuring activities, which have significantly changed the business.

Note 4. Write down of Deferred Tax Asset (DTA)

In June 2017 the Company completed an assessment of the book value of its tax assets. Although these tax credits are available to offset future profits in the Australian tax consolidated Group; due to the ristorical reduction in revenues and operating profit for the last 2 years whilst undertaking restructuring activities it could not be readily determined if these tax credits would be utilised in a reasonable time period. As a consequence of this assessment, the Company has determined that as a one off, non-operating, non-cash transaction, it should write down the book value of any available tax credits totalling $2.08 million as an income tax expense.

Note 5. 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 one major operating division, healthcare, which has four geographic segments. These segments are the basis on which the Group reports its segment information.

Healthcare

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

Notes to the Consolidated Financial Statements

(continued)

Note 5. Segment Information (continued)

	Healthcare: Austco Australia / NZ $'000	Healthcare: Austco Asia $'000	Healthcare: Austco Europe $'000	Healthcare: Austco North America $'000	Total	Eliminations: Inter company $'000	Corporate $'000	Group Total $'000
30 June 2017								
Revenue - external	11,643	4,854	2,335	10,356	29,188	-	-	29,188
Revenue - intersegment	3,410	33	1	9,942	13,386	(13,386)	-	-
Interest Revenue	54	0	0	-	54	(52)	1	3
Total Revenue	**15,107**	**4,887**	**2,336**	**20,298**	**42,628**	**(13,438)**	**1**	**29,191**
EBITDA	(79)	(88)	388	(667)	(446)	(693)	(2,540)	(3,677)
Depreciation	(74)	(25)	(14)	(157)	(270)	-	-	(270)
Amortisation	(251)	-	-	-	(251)	-	-	(251)
EBIT	**(402)**	**(113)**	**374**	**(824)**	**(965)**	**(693)**	**(2,540)**	**(4,198)**
Interest	(11)	(1)	-	(53)	(65)	50	(93)	(108)
Income Tax	(2,056)	(2)	(53)	-	(2,111)	-	-	(2,111)
NPAT	**(2,469)**	**(116)**	**321**	**(877)**	**(3,141)**	**(643)**	**(2,633)**	**(6,417)**
30 June 2016								
Revenue - external	11,536	5,810	1,741	12,937	32,023	-	-	32,023
Revenue - intersegment	6,586	28	-	2,964	9,578	(9,578)	-	-
Interest Revenue	54	1	-	-	55	(50)	-	5
Total Revenue	18,176	5,839	1,741	15,901	41,656	(9,628)	-	32,028
EBITDA	1,108	44	(118)	(3,550)	(2,516)	(319)	(313)	(3,148)
Depreciation	(197)	(37)	(18)	(136)	(388)	-	(1)	(389)
Amortisation	(251)	-	-	-	(251)	-	-	(251)
EBIT	660	7	(136)	(3,686)	(3,156)	(319)	(314)	(3,789)
Interest	(10)	(1)	(1)	(53)	(65)	52	(74)	(87)
Income Tax	225	-	-	(1)	224	-	-	224
NPAT	875	6	(137)	(3,740)	(2,997)	(267)	(388)	(3,651)
Segment Assets								
6/30/16	21,661	2,774	859	8,417	33,711	(29,962)	18,234	21,983
6/30/17	20,744	2,074	1,251	12,007	36,076	(38,551)	19,827	17,352
Segment Liabilities								
6/30/16	5,488	2,164	386	13,863	21,901	(14,099)	2,011	9,813
6/30/17	6,963	1,613	494	18,228	27,297	(19,323)	1,115	9,089

Notes to the Consolidated Financial Statements

(continued)

Note 5. 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 seperately.

Results of Segments

Segment revenues and expenses are those directly attributable to the segments 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 6. Contingent Liabilities and Assets

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

Note 7. Net Tangible Assets

	30 June 2017	30 June 2016
	$'000	$'000
Net Tangible Assets	8,210	7,086
Weighted Average Shares	No.	No.
	212,529,627	189,711,544
	Cents	Cents
Net Tangible Assets (cents)	3.86	3.74

Note 8. Sale of Assets

On 23 December 2016, Austco Communication Sytems Pty Ltd, a wholly owned subsidiary of Azure Healthcare Ltd, divested its CellGuard business through an asset sale agreement. This business was not a separate legal entity and its operating revenues and expenses were not material enough to disclose separately as discontinued operations. Sales, margins and costs associated with this business were not material to the financial report of the Consolidated Group for the 12 months ended 30 June 2017.

Financial information relating to the sale of the discontinued operations was as follows;

	30 June 2017
	$'000
Sale proceeds (gross)	1,000
Adjustment for entitlements not transferred	(197)
Adjustment for entitlements on transferred staff	(138)
Sale proceeds (net)	665
Legal fees on sale	(36)
Advisory fees on sale	(102)
Inventory and fixed assets sold at WDV	(205)
Capital gain on sale of assets	460

Note 9. New shares issued

On 28 November 2016 the Company raised $1,991,971 through the placement of 28,456,731 new fully paid ordinary shares to sophisticated and institutional investors at an issue price of $0.070 per share. The offer Price reflected a 5.7% discount to the 5 day volume weighted average trading price (VWAP) of the Company's shares for the period ended on 22 November 2016. The funds raised from the Placement and Rights Offer (net of offer expenses) were used by the Company to repay debt and for working capital purposes. Shares issued under the Placement rank equally in all respects with the existing fully paid ordinary shares in the Company. The total shares on issue after the placement as at 31 December 2016 are 218,168,275.

The Company completed a Rights issue on 6th January 2017 on the basis of 1 new share for every 15 existing shares. The total number of new shares issued was 14,544,552 at an issue price of $0.07 which raised a total of $1,018,119. Any new shares not applied for under the offer (shortfall shares) were offered to elligible shareholders under conditions as described in the Offer documents.

Shares on issue prior to placement and Rights issue	189,711,544
New shares issued:	43,001,283
Total shares on issue as at 30 June 2017	232,712,827