



# 2021 ANNUAL REPORT



# Chairman's Letter

## 2021 Annual Report



Dear Shareholder

I am pleased to present the company's annual report for FY2021 and highlight our accomplishments and challenges. Despite a year that remained dominated by supply chain issues and restricted access to customer sites, Austco Healthcare increased FY21 net profit after tax to \$3.4 million, up from \$2.5 million in FY20.

This is also the first year in which we have operated under our new name – Austco Healthcare. The adoption of the new corporate name has aligned all of Austco's global subsidiaries as the company continues to focus on enhancing its market leading software suite with advanced clinical workflow, task management and business intelligence solutions.

Just like last year, FY2021 was a year of two distinct halves, presenting both challenges and opportunities for our team. The first half saw revenue continue to be hampered by supply chain issues and customer site access restrictions throughout most of our regions due to COVID-19 disruptions. Despite continuing to win orders from customers, our revenues dropped to \$13.9 million in 1H21. In the second half of the financial year, regional site access restrictions still existed but were shorter in duration and in fewer regions at any one time. These opportunities allowed second half revenue of \$17.3 million, which was a 25% increase compared to the first-half sales revenue.

Part way through the year we reached a strategic milestone as we completed the outsourcing of product manufacturing to contract manufacturers. This strategic initiative has assisted Austco Healthcare in successfully navigating the COVID-19 related supply chain challenges we and the whole industry have had to address. This has also allowed the Company to produce higher gross margins, with 2H margins growing to 55.2%, up from 51.4% in 1H.

We believe the long-term investment in the global nurse call and workflow solutions market will accelerate as governments and health care operators across the globe increase investment in healthcare infrastructure required to manage the COVID-19 crisis and future pandemics. As such we continue our investment in R&D, expending \$3.2 million during the year to continue enhancing our market-leading solution. In the last quarter of FY21, the Company successfully delivered its new real-time-locating (RTLS) and proximity enabled call points to customers around the world.

We are hopeful that higher community vaccination rates will lead to reduced interruptions to our business and enable confidence for all parties to plan for installations on-site and also go some way in reducing the bottlenecks in our supply chain. When this occurs across our regions, we will start to see the benefit of the high open sales order book flow through to higher recognised revenues and profits.

In every region, we see first-hand the impact of this virus on our community in which we operate, and it is easy to be inspired by the dedication and care provided by the front-line staff of our customers and the broader healthcare industry. Their commitment in the face of unimagined events was, and still is, unparalleled. It is truly an honor to support and stand beside the many organisations who are devoted to the care of the world's most vulnerable. Also, I continue to be impressed by the Austco Healthcare team for their dedication and ability to adapt during these unprecedented times.

Thank you

A handwritten signature in black ink, appearing to read "Graeme Billings", with a long horizontal flourish extending to the right.

**Graeme Billings**  
Chairman

**Austco Healthcare Limited**  
**(previously Azure Healthcare Limited)**  
ABN 67 108 208 760

**Financial Statements**  
**For the year ended 30 June 2021**

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## Directors' Report

Your Directors present their report on the consolidated entity consisting of Austco Healthcare Limited (**Austco**) (previously Azure Healthcare Limited) and the entities it controlled at the end of, or during, the year ended 30 June 2021.

### Directors

The names of the Directors in office during the financial year and at the end of the year were:

#### **Mr Clayton Astles** (Chief Executive Officer & Executive Director)

Mr Astles was appointed in July 2015 as CEO and Executive Director. Over his 13 years at Austco, he has held various roles including President of Austco Healthcare's operating subsidiary Austco Marketing & Services (USA) Ltd. Clayton has helped build Austco's reputation as a leader in the nurse call and clinical software solutions market and has been instrumental in the establishment of a Software Development Centre in Dallas, which is responsible for developing the Company's next generation products.

Clayton has over 20 years leadership experience in the healthcare technology industry and holds a diploma in Electronics Engineering.

#### **Mr Graeme Billings** (Non-Executive Chairman)

Mr Billings was appointed Chairman in October 2015. He has been a Chartered Accountant since 1980 and retired from PriceWaterhouseCoopers in 2011 after 34 years. He is a former head of the Melbourne assurance practice as well as heading the firm's Australian and global industrial products business. He has had extensive experience providing assurance, transaction and consulting services to multinational and national companies across a variety of industries.

Graeme is Chairman and Non-Executive Director of GUD Holdings Limited and Korvest Limited and Non-Executive Director of Clover Corporation Limited. Graeme also serves as the Chairman of the audit and compliance committee of Clover Corporation Limited.

#### **Mr Brett Burns** (Non-Executive Director)

Mr Burns was appointed Non-Executive Director in October 2015. Brett Burns is a founding Partner of law firm CBW Partners having worked in a variety of roles within ASX Top 50 companies, government, national and international law firms. During Brett's 25 year career he has served as Company Secretary and General Counsel for the ASX listed Transurban Group (ASX:TCL), in private practice with international law firm Baker & McKenzie and in regulatory roles with the Australian Securities and Investments Commission. Brett specialises in mergers, acquisitions, capital markets and governance for ASX Listed companies.

Brett also serves as a Non-Executive Director of two private companies, one being one of Australia's largest tapware manufacturers, and the other a consumer finance Company. Brett is a member of the Australian Institute of Company Directors.

#### **Mr Tony Glenning** (Non-Executive Director)

Mr Glenning was appointed Non-Executive Director in September 2018. Mr Glenning is a seasoned Chief Executive and Non-Executive Director with a career spanning 25 years in the software development industry, 14 of those years living and working in Silicon Valley. In 1999, he founded Tonic Systems, a web application development Company which he built up over 8 years and sold to Google in 2007 as part of the Google doc suite of products. He transferred to Google post acquisition where he worked as Senior Software Engineer for two years. From 2010 to 2018, Mr Glenning was an Investment Director for Starfish Ventures, based in Melbourne, a venture capital firm that specialises in Australian high growth technology businesses, and during that time held directorships at Aktana, Atmail, DesignCrowd, MetaCDN and Nitro Software. Currently Mr Glenning is the Fund Manager at Skalata Ventures, investing in early stage companies, preparing them to scale and grow into significant and sustainable businesses.

Mr Glenning is also a Non-Executive Director of ASX listed Pro Medicus (PME). He holds a Bachelor of Engineering (Electrical) and a Bachelor of Computer Science from The University of Melbourne, and a Master of Science (MSEE) from Stanford University in California.

## Directors' Report

### Company Secretary

The following persons held the position of Company Secretary during and at the end of the financial year:

#### Mr Brendan Maher (Company Secretary)

Mr Maher was appointed Company Secretary on 22 October 2018, joining Austco as a qualified Chartered Accountant with over 29 years' experience gained both in Australia and overseas with Arthur Andersen, National Westminster Bank, Skilled Group and Adslot Limited. Mr Maher has extensive experience in financial reporting, corporate transactions and was Chief Financial Officer at Adslot as well as Company Secretary of Skilled Group and Adslot prior to joining Austco. Mr Maher is a member of the Institute of Chartered Accountants in Australia and New Zealand and is a graduate of the Australian Institute of Company Directors.

### Directors' Interests in the shares and options of the Company

The following table sets out each director's relevant interest in shares or options in shares of the Company at the date of this report.

	# of ordinary shares	# of options over ordinary shares
Clayton Astles	2,173,441	5,538,828
Graeme Billings	289,114	-
Brett Burns	703,128	-
Anthony Glenning	975,758	-

### Directors' meetings

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director were as follows:

	Director Meetings		Audit & Risk Management Committee		Nomination & Remuneration Committee	
	Held	Attended	Held	Attended	Held	Attended
Graeme Billings	17	17	4	4	1	1
Brett Burns	17	17	4	4	1	1
Clayton Astles	17	17	4	4	1	1
Anthony Glenning	17	17	4	4	1	1

Mr Billings is Chairman of the Company's Board of Directors and of the Audit & Risk Management Committee. Mr Burns is Chairman of the Nomination & Remuneration Committee.

### Principal Activities

The principal activities of the Group during the financial year were:

- Development of software and manufacture of hardware relating to healthcare and electronic communications systems.
- Global marketing and sales of electronic healthcare communication systems into established and new customers.

## Directors' Report

### Operating and financial review

In a challenging year with COVID-19 supply chain issues and restricted access to customer sites, Austco Healthcare ended FY21 with a statutory net profit after tax of \$3.4 million.

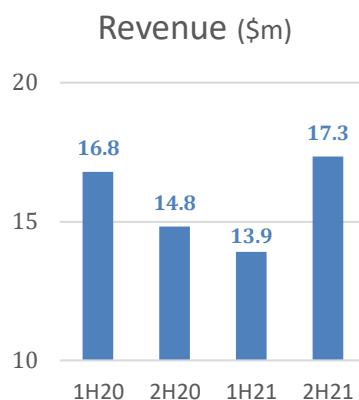
Included in the profit for the year was \$1.5 million of grant Income arising from COVID-19 related government stimulus packages received from various jurisdictions in which the Group operates as well as \$0.5 million of proceeds from a legal settlement stemming from a breach by a third party of a non-compete clause.

#### Revenues from customers

This year was again one of two distinct halves. The first half saw revenue continue to be hampered by supply chain issues and customer site access restrictions throughout most of our regions due to COVID-19. Despite continuing to win orders from customers, our revenues dropped to \$13.9 million in 1H21.

In the second half of the financial year, regional site access restrictions still existed but were shorter in duration and in fewer regions at any one time. The second half revenue performance was \$17.3 million, a 25% increase on first-half sales revenue.

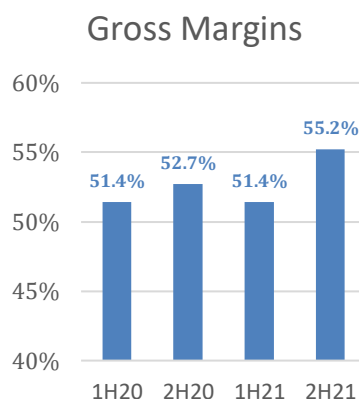
Total FY21 revenues from customers ended at \$31.3 million, slightly below last year at \$31.6 million.



#### Gross Margins on revenues from customers

Part way through the year we reached a strategic milestone being the complete outsourcing of the manufacture of our products to contract manufacturers. This strategic initiative has helped Austco Healthcare successfully navigate the COVID-19 related supply chain challenges where we and the whole industry have had to deal with but has also allowed the Company to produce higher Gross Margins, with 2H margins growing to 55.2%, up from 51.4% in 1H.

Whilst we did benefit from some foreign exchange rate improvement in the \$A throughout the year, the Gross Margin improvement also arose from higher margin new products released throughout the year, in particular, its new proximity enabled call points.



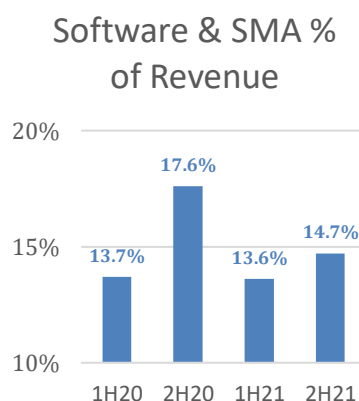
The improved gross margins on improved revenues allowed the Company to materially increase gross margin dollars from \$7.1 million in 1HFY21 to \$9.6 million in 2HFY21.

#### Software and SMA revenues from customers

High margin software and SMA revenues form a key part of our strategic growth; however, COVID-19 restrictions continue to impact our ability to drive software sales as high solution sales require face to face interactions.

Despite the limitations that COVID-19 has on Software revenues, we managed to increase Software and SMA revenues from 13.6% in 1HFY21 to 14.7% in 2HFY21.

Software and SMA revenues decreased \$0.5 million year on year, however we saw a \$0.6 million increase in 2HFY21 as compared to 1HFY21.



## Directors' Report

### COVID-19 impact to business

The well documented pandemic continues to impact the business in two ways:

- restricting our ability to deliver our products to hospitals and aged-care facilities and install our solutions; and
- global shortages of critical raw materials shared with other industries has impacted delivery timelines and put price pressure on these components.

The impact of limited site access, which has varied region by region throughout the year, has given rise to a build-up in our Open Sales Order (confirmed orders) book. The Open Sales Order book currently stands at \$20.1 million.

Whilst the supply chain challenges have been successfully managed by the Company, as evidenced by our increased Gross Margins, risks still exist for the business, which will need to be navigated throughout FY22, and possibly beyond. The most significant risk for the Company remains a global shortage of certain semiconductors, which has resulted in higher prices and historically long delivery timelines.

As regions enter their fourth, fifth and sixth waves, uncertainty persists regarding the potential impact on revenue for FY22. However, as shown in FY21, the Company has successfully navigated the last 18 months of COVID-19 in a profitable manner.

Moreover, the Company still believes the long-term investment into the global nurse call and workflow solutions market will accelerate further as governments and health care operators across the globe increase investment in healthcare infrastructure required to manage the COVID-19 crisis and future pandemics.

During the year, the Company recognised \$1.5 million of grant income arising from government stimulus packages from four of the six regions in which it operates. The significant majority of these funds have come from USA based programs, where we employ the most staff. All of this grant income has been received by the Company at 30 June 2021. Currently, all programs are complete. At this stage, no further grant income is expected by the Company.

### Indirect Cost Base

Whilst we continue to operate in a COVID-19 impacted market, we have maintained a prudent approach to costs, and in FY21 we reduced our cost base with total overhead expenses of \$14.7 million compared to the \$15.2 million in FY20.

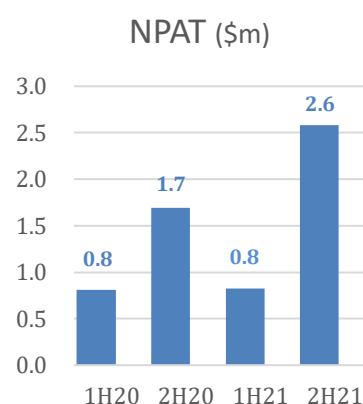
Once we have confidence that we are entering into a post COVID-19 marketplace in the majority of our regions, we will recommence our investment in sales and marketing resources to focus on further growing our sales pipeline and increasing revenues, specifically in the North American and European markets.

### Net Profit after Tax

Statutory NPAT is \$3.4 million for FY21 compared to \$2.5 million for FY20.

The second half NPAT of \$2.6 million drove the full-year result as we benefited from a rebound in revenues, particularly in the last quarter.

Included in the profit for the year was \$1.5 million of grant Income arising from COVID-19 related government stimulus packages received from various jurisdictions in which the Group operates.



## Directors' Report

### ***Improved Cash and Working Capital Position***

Cash on hand was \$7.8 million as at 30 June 2021, up \$1.4 million from June 2020. Solid cash generated from operating activities of \$3.2 million drove the increase in cash.

Whilst the move to contract manufacturing will see us ultimately reduce the level of investment in inventory levels, especially raw materials, the supply chain challenges faced as a result of COVID-19 have required us to maintain higher levels of inventory that otherwise will not be needed once these challenges are removed. As a result, total inventory holdings were only down \$0.1 million to \$5.1 million compared to the prior year, and prepayments increased \$0.5 million to \$1.5 million as compared to the prior year.

The Company has no debt other than nominal balances outstanding from its corporate credit cards.

### ***Research & Development***

Continued investment in research and development remains core to the prospects of the Company. During FY21, the Company expended a further \$3.2 million (FY20; \$3.7 million) in research and development on its core Tacera flagship product as well as its Pulse Mobile and Enterprise Reporting software-based solutions. We believe this allows us to retain Tacera as a best-in-class product within its market.

In the last quarter of FY21, the Company successfully delivered its new real-time-locating (RTLS), and proximity enabled call points to customers around the world.

This new locating technology supports automated workflows, including auto-presence and auto-cancellation of alarms, auto-logging of completed rounds, and one-touch mobile assistance with exact location notifications delivered directly to iPhone and Android mobile devices.

The Company has also continued to focus on enhancing its market-leading software suite with advanced clinical workflow, task management, and business intelligence solutions.



RTLS enabled call point

Austco's Tacera and Pulse brands are recognized globally as best-in-class healthcare communications and clinical workflow systems. The development of an open architecture, VOIP capable system that delivers IP to the patient bedside, is key to the evolution of the Tacera and Pulse brands well into the future.

### ***The Future/Outlook***

Our open sales order book is very strong at \$20.1 million, which is historically high due to increasing demand for our products and recent large contract wins. However, the Company's ability to deliver on the order backlog will depend on hospital and aged-care site access restrictions and supply chain lead times.

We are hopeful that higher community vaccination rates will lead to reduced interruptions to our business and enable confidence for all parties to plan for installations on-site, and also go some way in reducing the bottlenecks in our supply chain. When this occurs across our regions, we will start to see the benefit of the high open sales order book flow through to higher recognised revenues and profits.

As mentioned above, we will also increase our investments in marketing and sales capabilities when appropriate to further assist in revenue growth longer term.

The Group believes one of the outcomes of COVID-19 on the global nurse call and workflow solutions market will be recognition by numerous governments of their level of underinvestment and unpreparedness to manage the pandemic. We believe the Group is extremely well placed to benefit from this market growth due to its broad coverage across multiple regions and its market-leading products, subject to COVID-19 constraints and the supply chain risks resolving.

## Directors' Report

### Significant changes in the state of affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the consolidated entity during the financial year under review not otherwise disclosed in this Annual Report.

### Events after the reporting date

There were no material events after the reporting date.

### Likely future developments and expected results of operations

The likely developments in the Group's operations, to the extent that such matters can be commented upon, are covered in the Directors' Report contained elsewhere in this Annual Report.

Over the next financial year we will continue to focus on the following key objectives and initiatives to improve our business:

- Invest in additional sales capabilities, especially in the North American and European markets;
- Invest in additional developers, especially software developers, to increase our product developments cadence;
- Continue our focus on quality new products that will differentiate us from our competitors;
- Continue the ramp up of recurring revenue based on our subscription based pricing model; and
- Build further strategic partnerships with market leading healthcare technology companies.

### Environmental regulation

The Group's operations are not significantly impacted by any environmental regulation under a law of the Commonwealth or of a State or Territory of Australia.

### Dividends

No dividends were paid or declared for the year ended 30 June 2021 (2020: Nil)

### Shares under options

As at the date of this report, there were 14,209,027 unissued ordinary shares under options (14,209,027 at reporting date). Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company.

### Shares issued on the exercise of options

No ordinary shares of Austco Healthcare Limited were issued during the year ended 30 June 2021 (2020: nil) and up to the date of this report on the exercise of options granted.

### Insurance and indemnifying directors and officers

The Group has paid premiums to insure each of the directors and officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the Group, other than conduct involving a wilful breach of duty in relation to the Group. Under the Company's Constitution, the Company indemnifies the Directors and officers of the Company and its wholly owned subsidiaries to the full extent permitted by law against any liability and all legal costs in connection with proceedings incurred by them in their respective capacities.

The Group has a Directors & Officers Liability Insurance policy in place for all current and former officers of the Group and its controlled entities. The policy affords cover for loss in respect of liabilities incurred by Directors and Officers where the Group is unable to indemnify them and covers the Group for indemnities provided to its Directors and officers. This does not include liabilities that arise from conduct involving dishonesty. The Directors have not included the details of the premium paid with respect to this policy as this information is confidential under the terms of the policy.

## **Directors' Report**

### **Indemnification of auditors**

To the extent permitted by law, the Company has agreed to indemnify its auditors, Grant Thornton Australia, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Grant Thornton Australia during or since the financial year.

### **Proceedings on behalf of company**

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

### **Rounding of amounts**

The Company is an entity to which corporations instrument 2016/191 applies and, accordingly, amounts in the financial statements and Directors' report have been rounded to the nearest thousand dollars.

## Auditor's Independence Declaration

To the Directors of Austco Healthcare Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Austco Healthcare Limited for the year ended 30 June 2021, 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 audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



Michael Climpson  
Partner

Melbourne, 27 August 2021

## Directors' Report

### Non audit services

The following non-audit services were provided by the entity's auditor, Grant Thornton Australia. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Grant Thornton Australia received or are due to receive the following amounts for the provision of non-audit services:

	\$
Tax compliance services	11,000
Assurance related	-
Special audits as required by jurisdictional regulators	-
Total	<u>11,000</u>

Taxation compliance services totalling \$11,000 were paid to Grant Thornton Australia and its overseas affiliates (Note 24).

# Remuneration Report

## REMUNERATION REPORT (Audited)

The remuneration report is set out under the following headings:

Section 1:	Remuneration report overview
Section 2:	Remuneration policy
Section 3:	Executive employment agreements
Section 4:	Details of directors' and key management personnel fees and remuneration
Section 5:	Share based compensation
Section 6:	Equity holdings and transactions
Section 7:	Other transactions with key management personnel

### 1. Remuneration report overview

The Directors of Austco Healthcare Limited present the Remuneration Report (the Report) for the Company and its controlled entities for the year ended 30 June 2021. This Report forms part of the Directors' Report and has been audited in accordance with section 200A of the *Corporations Act 2001*. The Report details the remuneration arrangements for the Group's key management personnel (KMP):

- Non-executive directors (NEDs); and
- Executive directors and senior executives (collectively the executives).

KMP are those persons who, have authority and responsibility for planning, directing and controlling the major activities of the Group. The table below outlines the KMP of the Group and their movements during FY21:

Name	Position	Term as KMP
<b>Non-executive directors</b>		
Graeme Billings	Non-executive Chair	Full financial year
Brett Burns	Non-executive Director	Full financial year
Anthony Glenning	Non-executive Director	Full financial year
<b>Executive directors</b>		
Clayton Astles	Managing Director/Chief Executive Officer	Full financial year
<b>Senior executives</b>		
Brendan Maher	Chief Financial Officer, Chief Operating Officer ANZ	Full financial year

### 2. Remuneration policy

The remuneration policy of the Group has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Group's financial results.

The Board of Austco Healthcare Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Company, as well as create goal congruence between directors, executives and shareholders.

The Board's policies for determining the nature and amount of remuneration for Board members and senior executives of the Group are detailed below.

## Remuneration Report

The remuneration policy, setting the terms and conditions for the Executive Directors and other senior executives, was developed by the Nomination & Remuneration Committee and approved by the Board. All executives receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits, and are entitled to options and performance incentives if performance targets are met and incentives are approved by the Directors. The Nomination & Remuneration Committee reviews executive packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

The performance of executives is measured against criteria agreed biannually with each executive and is based predominately on the forecast growth of the Group's profits and shareholder value. All bonuses and incentives must be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can recommend changes to the Committee's recommendations. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre executives and reward them for performance that results in long term growth in shareholder wealth.

Executives are also entitled to participate in the employee share and option plan.

All remuneration paid to directors and executives is valued at the cost to the Group and expensed. Options are valued using the Black Scholes methodology.

The Board's policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Nomination & Remuneration Committee (excluding those being assessed) determine payments to the Non-Executive Directors and review their remuneration annually based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at the Annual General Meeting. Fees for Non-Executive Directors are not linked to the performance of the Group. However, to align the directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company and are able to participate in the employee share plan.

### Principles used to determine the nature and amount of remuneration

#### a) Executive Compensation

The objective of the Group's executive remuneration and reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders and conforms to market best practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency
- capital management

The Group has structured an executive remuneration framework that is market competitive and complimentary to the reward strategy of the organisation.

The remuneration and reward strategy of the Group seeks to align executives and shareholders' interests which:

- has economic profit as a core component of plan design;
- focuses on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering a constant return on assets as well as focusing the executive on key non-financial value drivers; and
- attracts and retains high calibre executives.

## Remuneration Report

The remuneration and reward strategy of the Group seeks to align program participants' interests which:

- rewards capability and experience;
- reflects competitive reward for contribution to growth in shareholder wealth;
- provides a clear structure for earning rewards; and
- provides recognition for contribution.

The framework provides a mix of fixed and variable pay, and a blend of short and long term incentives. As executives gain seniority with the Group, the balance of this mix shifts to a higher proportion of "at risk" rewards.

### b) Non-Executive Directors

Fees and payments to Non-Executive Directors reflect the demands which are made on, and the responsibilities of, the Directors. Non-Executive Directors' fees and payments are reviewed annually by the Board. The maximum fees payable to Non-Executive Directors as agreed to by the Company's members at a previous Annual General Meeting are \$250,000.

### Overview of Group performance

The following table shows the gross revenue, profits and dividends for the last five years as well as the share price at the end of each year.

	2021 \$'000	2020 \$'000	2019 \$'000	2018 \$'000	2017 \$'000
Revenue from customers	31,250	31,598	31,697	28,940	28,919
Profit/(Loss) for the year	3,424	2,504	637	1,194	(6,417)
Overall Earnings Per Share (cents)	1.20	0.96	0.27	0.51	(3.02)
Share price at year end	\$0.125	\$0.075	\$0.079	\$0.06	\$0.08
Dividends paid	0.00	0.00	0.00	0.00	0.00

Performance payments, in the form of cash bonuses or share based payments, to Key Management Personnel are disclosed in the report and table below and are paid in accordance with employment agreements and on achievement of set milestones which may be based on financial and non-financial outcomes. Payment of cash bonuses and options or shares are assessed on an annual basis by the board of directors and payment of incentive bonuses is at the discretion of the board of directors.

### Voting at the Company's 2020 Annual General Meeting ("AGM")

At the 2020 AGM the majority of shareholders votes cast, 63.81%, were in favour of adopting the 2020 Remuneration Report. However, 36.19% of the votes cast were against the Remuneration Report, constituting a first strike under the *Corporations Act 2001*.

## Remuneration Report

### 3. Executive employment agreements

The employment conditions of the key executives are formalised in contracts of employment or service agreements. Contractual terms for most executives are similar but do, on occasions, vary to suit different needs. The following table summarises the key contractual terms for all key management personnel.

<b>Fixed Remuneration</b>	Remuneration comprises salary and statutory superannuation contributions where the executive is employed in Australia
<b>Incentive Plans</b>	Eligible to participate. Incentive criteria and award opportunities vary for each executive.
<b>Notice Period</b>	The Chief Executive Officer has a 1-year notice period, the Chief Financial Officer at reporting date has a 3-month notice period.
<b>Resignation</b>	Employment may be terminated by giving notice consistent with the notice period.
<b>Retirement</b>	There are no financial entitlements due from the Group on retirement of an executive.
<b>Termination by the Group</b>	The Group may terminate the employment by providing notice consistent with the notice period or payment in lieu of the notice period.
<b>Redundancy</b>	There are no contractual commitments to pay redundancy over and above any statutory entitlement.
<b>Termination for serious misconduct</b>	The Group may terminate the employment agreement at any time without notice, and the executive will be entitled to payment of remuneration only up to the date of termination.

## Remuneration Report

### 4. Details of directors' and key management personnel fees and remuneration

2021	<u>Short Term Employee Benefits</u>			<u>Share Based Payments</u>	<u>Post Employment Expenses</u>	<u>Performance Related</u>	
	Salaries, Fees and Commissions	Cash Bonus	Other Benefit	Equity settled Options	Super-annuation	Total	%
	\$	\$	\$	\$	\$	\$	
<i>Directors</i>							
Clayton Astles	496,663	196,203	38,203	60,188	-	791,257	25%
Graeme Billings	77,626	-	-	-	7,374	85,000	0%
Brett Burns	63,927	-	-	-	6,073	70,000	0%
Anthony Glenning	63,927	-	-	-	6,073	70,000	0%
<i>Other key management personnel:</i>							
Brendan Maher	319,801	67,980	-	31,683	24,000	443,464	15%
	<b>1,021,944</b>	<b>264,183</b>	<b>38,203</b>	<b>91,871</b>	<b>43,520</b>	<b>1,459,721</b>	

2020	<u>Short Term Employee Benefits</u>			<u>Share Based Payments</u>	<u>Post Employment Expenses</u>	<u>Performance Related</u>	
	Salaries, Fees and Commissions	Cash Bonus	Other Benefit	Equity settled Options	Super-annuation	Total	%
	\$	\$	\$	\$	\$	\$	
<i>Directors</i>							
Clayton Astles	547,401	241,229	40,598	46,076	-	875,304	28%
Graeme Billings	77,626	-	-	-	7,374	85,000	0%
Brett Burns	63,927	-	-	-	6,073	70,000	0%
Anthony Glenning	63,927	-	-	-	6,073	70,000	0%
<i>Other key management personnel:</i>							
Brendan Maher	309,224	66,000	-	13,831	24,000	413,055	16%
	<b>1,062,105</b>	<b>307,229</b>	<b>40,598</b>	<b>59,907</b>	<b>43,520</b>	<b>1,513,359</b>	

The proportion of the cash bonus paid/payable or forfeited is as follows:

	Cash bonus paid/payable			Cash bonus forfeited	
	2021	2020		2021	2020
Clayton Astles	79%	88%		21%	12%
Brendan Maher	100%	100%		0%	0%

## Remuneration Report

### 5. Share Based Compensation

The services and performance criteria set to determine share-based compensation under the shareholder approved Employee Share Option Plan are discussed under remuneration policy in section 2 of the Remuneration Report. All options were granted by Austco Healthcare Limited over ordinary shares for Nil consideration.

The following table shows the grants of share-based compensation to directors and KMP during the year ended 30 June 2021:

Name	Balance at beginning of the year	Granted during the year	Expired during the year	Exercised during the year	Balance at the end of the year
Clayton Astles	4,188,828	1,350,000	-	-	5,538,828
Brendan Maher	3,141,621	1,000,000	-	-	4,141,621
	<b>7,330,449</b>	<b>2,350,000</b>	-	-	<b>9,680,449</b>

The options are valued using the Black-Scholes pricing model and are subject to the employees meeting continuity of service conditions. The model inputs for options granted during the year ended 30 June 2021 included:

Model Inputs	Series 5	Model Inputs	Series 5
Grant Date	10 September 2020	Share Price at Grant Date	7.8 cents
Expiry Date	11 September 2024	Expected Volatility	96%
Exercise Price	13 cents	Risk Free Interest Rate	0.42%

The following table shows the grants of share-based compensation to directors and KMP during the year ended 30 June 2020:

Name	Balance at beginning of the year	Granted during the year	Expired during the year	Exercised during the year	Balance at the end of the year
Clayton Astles	2,792,552	1,396,276	-	-	4,188,828
Brendan Maher	2,094,414	1,047,207	-	-	3,141,621
	<b>4,886,966</b>	<b>2,443,483</b>	-	-	<b>7,330,449</b>

The options are valued using the Black-Scholes pricing model and are subject to the employees meeting continuity of service conditions. The model inputs for options granted during the year ended 30 June 2020 included:

Model Inputs	Series 4	Model Inputs	Series 4
Grant Date	12 February 2020	Share Price at Grant Date	8.8 cents
Expiry Date	12 February 2024	Expected Volatility	79%
Exercise Price	13 cents	Risk Free Interest Rate	0.93%

## Remuneration Report

Details of Options over ordinary shares in the Company provided as remuneration of directors and Key Management personnel are set out below:

	<b>2021 Number</b>	<b>2021 \$</b>		<b>2020 Number</b>	<b>2020 \$</b>
Graeme Billings	-	-		-	-
Brett Burns	-	-		-	-
Clayton Astles	5,538,828	\$60,188		4,188,828	\$46,076
Anthony Glenning	-	-		-	-
Brendan Maher	4,141,621	\$31,683		3,141,621	\$13,831
	<b>9,680,449</b>	<b>\$91,871</b>		<b>7,330,449</b>	<b>\$59,907</b>

The assessed fair value at issue date of the options granted to the executive are allocated equally over the period from issue date to vesting date and the amount is included in the remuneration tables above.

### Shares issued on exercise of compensation options

No options were exercised during the year ended 30 June 2021.

### Options Holdings

Number of options held by Directors and Key Management Personnel:

<b>2021</b>	<b>Balance at 1 July</b>	<b>Granted as Compensation</b>	<b>Forfeited During Year</b>	<b>Exercised During Year</b>	<b>Balance at 30 June</b>	<b>Total Unvested</b>
Graeme Billings	-	-	-	-	-	-
Brett Burns	-	-	-	-	-	-
Clayton Astles	4,188,828	1,350,000	-	-	5,538,828	4,142,552
Anthony Glenning	-	-	-	-	-	-
Brendan Maher	3,141,621	1,000,000	-	-	4,141,621	3,094,414
	<b>7,330,449</b>	<b>2,350,000</b>	-	-	<b>9,680,449</b>	<b>7,236,966</b>

## 6. Equity holdings and transactions

Number of shares held by Directors and Key Management Personnel:

	<b>Balance 1 July 2020</b>	<b>Received as Compensation</b>	<b>Net Change Other</b>	<b>Balance 30 June 2021</b>
Graeme Billings	289,114	-	-	289,114
Brett Burns	492,602	-	210,526	703,128
Clayton Astles	2,173,441	-	-	2,173,441
Anthony Glenning	975,758	-	-	975,758
Brendan Maher	1,660,100	-	133,925	1,794,025
	<b>5,591,015</b>	-	<b>344,451</b>	<b>5,935,466</b>

# Remuneration Report

## 7. Other transactions with key management personnel

	2021	2020
	\$'000	\$'000
Legal fees paid to CBW Partners, a firm controlled by Mr Brett Burns, for legal services rendered at rates equal to or better than CBW Partners usual commercial rates in respect of legal services provided.	8	56

Signed in accordance with a resolution of the Board of Directors made pursuant to section 298(2)(a) of the Corporations Act 2001.



Clayton Astles

Chief Executive Officer

Dated this 27<sup>th</sup> day of August 2021, Melbourne

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2021

		Group	
	Notes	2021 \$'000	2020 \$'000
<b>Revenue</b>	2(a)	31,250	31,598
Materials and direct labour		(14,538)	(15,157)
<b>Gross Profit</b>		<b>16,712</b>	<b>16,441</b>
Other income	2(b)	<b>1,929</b>	<b>1,443</b>
Employee Benefits Expense	3	(10,783)	(10,538)
Motor Vehicle Expenses		(44)	(112)
Occupancy Expenses		(378)	(297)
Depreciation and Amortisation Expenses	3	(1,027)	(912)
Accounting, Audit and Legal Fees		(716)	(988)
Allowance for expected credit loss		(44)	(8)
Finance Costs	3	(50)	(91)
Travel Expenses		(361)	(806)
Other Expenses		(1,301)	(1,482)
Total Overhead Expenses		(14,704)	(15,234)
<b>Profit Before Income Tax</b>		<b>3,937</b>	<b>2,650</b>
Income Tax Expense	5	(513)	(146)
Net Profit after income tax		3,424	2,504
<b>Net Profit attributable to members of Austco Healthcare Limited</b>		<b>3,424</b>	<b>2,504</b>
<b>Other Comprehensive Income</b>			
<i>Items that may be reclassified subsequently to Profit or Loss</i>			
Exchange difference arising on translation of foreign operations		(518)	(184)
<b>Total Comprehensive Income for the Year</b>		<b>2,906</b>	<b>2,320</b>
<b>Earnings per share</b>		<b>Cents</b>	<b>Cents</b>
Basic per share	17	1.205	0.96
Diluted per share	17	1.201	0.96

\* The accompanying notes form part of these financial statements

**Consolidated Statement of Financial Position***As at 30 June 2021*

	Notes	Group 2021 \$'000	2020 \$'000
<b>Current Assets</b>			
Cash and cash equivalents	6	7,770	6,447
Trade and other receivables	7	6,049	4,936
Inventories	8	5,129	5,246
Other assets	9	2,716	1,510
<b>Total Current Assets</b>		<b>21,664</b>	<b>18,139</b>
<b>Non-Current Assets</b>			
Plant and equipment	10	393	453
Right-of-use assets	11	759	845
Deferred tax assets	5 (c)	751	774
Intangible assets	12	3,614	2,881
<b>Total Non-Current Assets</b>		<b>5,517</b>	<b>4,953</b>
<b>Total Assets</b>		<b>27,181</b>	<b>23,092</b>
<b>Current Liabilities</b>			
Trade and other payables	13	4,155	3,562
Contract liabilities	2 (d)	1,224	1,374
Short term borrowings		26	26
Current tax liabilities		441	219
Lease liabilities	14	512	301
Provisions	15	884	772
<b>Total Current Liabilities</b>		<b>7,242</b>	<b>6,254</b>
Lease liabilities	14	615	565
Provisions	15	28	15
<b>Total Non-Current Liabilities</b>		<b>643</b>	<b>580</b>
<b>Total Liabilities</b>		<b>7,885</b>	<b>6,834</b>
<b>Net Assets</b>		<b>19,296</b>	<b>16,258</b>
<b>Equity</b>			
Contributed Equity	16	41,435	41,435
Option Reserves	16	154	69
Foreign Exchange Reserve	16	(1,017)	(499)
Accumulated Losses		(21,276)	(24,747)
<b>Total Equity</b>		<b>19,296</b>	<b>16,258</b>

\* The accompanying notes form part of these financial statements

## Consolidated Statement of Changes in Equity

for the year ended 30 June 2021

	Issued Capital	Option Reserve	Accumulated Losses	Foreign Exchange Reserve	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2019	38,076	8	(27,251)	(315)	10,518
Profit after income tax expense for the year	-	-	2,504	-	2,504
Other comprehensive income for the year, net of tax	-	-	-	(184)	(184)
Total comprehensive income for the year	-	-	2,504	(184)	2,320
Transactions with owners in their capacity as equity holders:					
Issue of Shares (note 16)	3,359	-	-	-	3,359
Share based payments	-	61	-	-	61
<b>Balance at 30 June 2020</b>	<b>41,435</b>	<b>69</b>	<b>(24,747)</b>	<b>(499)</b>	<b>16,258</b>
Balance at 1 July 2020	41,435	69	(24,747)	(499)	16,258
Profit after income tax expense for the year	-	-	3,424	-	3,424
Other comprehensive income for the year, net of tax	-	-	-	(518)	(518)
Total comprehensive income for the year	-	-	3,424	(518)	2,906
Transactions with owners in their capacity as equity holders:					
Share based payments	-	132	-	-	132
Transfer to Accumulated Losses		(47)	47		-
<b>Balance at 30 June 2021</b>	<b>41,435</b>	<b>154</b>	<b>(21,276)</b>	<b>(1,017)</b>	<b>19,296</b>

\* The accompanying notes form part of these financial statements

**Consolidated Statement of Cash Flows***for the year ended 30 June 2021*

	Notes	Group 2021 \$'000	2020 \$'000
<b>Cash Flows from Operating Activities</b>			
Receipts from Customers (inclusive of GST)		30,093	33,573
Payments to Suppliers and Employees (inclusive of GST)		(28,550)	(31,567)
Grant Income received		1,420	1,465
Interest Received		2	4
Finance Costs		-	(91)
Proceeds from legal settlement		491	-
Income Tax Paid		(248)	(85)
<b>Net Cash From/(used) by Operating Activities</b>	20(a)	<b>3,208</b>	<b>3,299</b>
<b>Cash Flows from Investing Activities</b>			
Payments for Acquisition of Property, Plant, Equipment		(147)	(238)
Payments for Acquisition of & Intangible Assets		(1,155)	(1,275)
<b>Net Cash From/(used) in Investing Activities</b>		<b>(1,302)</b>	<b>(1,513)</b>
<b>Cash Flows from Financing Activities</b>			
Proceeds from Issue of Shares		-	3,359
Proceeds from borrowings		-	15
Repayment of borrowings		-	(266)
Payment of lease liabilities		(474)	(326)
<b>Net Cash Provided/(used) by Financing Activities</b>		<b>(474)</b>	<b>2,782</b>
<b>Net Increase in Cash and Cash Equivalents</b>		<b>1,432</b>	<b>4,568</b>
<b>Cash and Cash Equivalents at Beginning of the Year</b>		<b>6,447</b>	<b>1,945</b>
Effects of exchange rate changes on cash		(109)	(66)
<b>Cash and Cash Equivalents at End of the Year</b>	6	<b>7,770</b>	<b>6,447</b>

\* The accompanying notes form part of these financial statements

## GENERAL INFORMATION

The consolidated financial statements of Austco Healthcare Limited (previously Azure Healthcare Limited) and controlled entities (collectively, the Group or the Company) were authorised for issue in accordance with a resolution of the directors on 27 August 2021. Austco Healthcare Limited is a for profit public Company listed on the ASX, incorporated and domiciled in Australia. The principle activities of the business are the manufacture, service, supply and distribution of Healthcare and communications equipment and software.

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

### Statement of Compliance

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001 as is appropriate for profit oriented entities.

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards. Compliance with Australian Accounting Standards ensures the consolidated financial statements and notes comply with International Financial Reporting Standards.

### New Accounting Standards adopted by the Group

There were no new accounting standards adopted by the Group in the current reporting period.

### Going Concern

The consolidated entity reported a profit after tax of \$3.4m (2020: \$2.5m), has had cash inflows from operating activities of \$3.2m (2020: \$3.3m) for the year ended 30 June 2021 and cash and cash equivalents at 30 June 2021 was \$7.8m (2020: \$6.5m).

These financial statements have been prepared on the basis that the Group is a going concern, which contemplates the continuity of its business, realisation of assets and settlement of liabilities in the normal course of business.

Based on the cash flow forecasts prepared, the directors are of the opinion that the consolidated entity is well positioned to meet its objectives and obligations going forward and therefore the basis upon which the financial statements are prepared is appropriate in the circumstances.

### Basis of Preparation and Historical Cost Convention

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values. Cost is based on the fair values of the consideration given in exchange for assets. The financial report is presented in Australian dollars, unless otherwise noted.

The following is a summary of the material accounting policies adopted by the Group in the preparation of the financial report. The accounting policies have been consistently applied unless otherwise stated:

#### (a) Critical accounting estimates and judgements

In the application of Australian Accounting Standards management is required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revisions affect both current and future periods.

Judgments made in the application of Australian Accounting Standards that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed where applicable in the relevant notes to the financial statements.

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****INTANGIBLE ASSETS**

The Group capitalises costs for product development projects. During the financial year the International Financial Reporting Interpretations Committee (IFRIC) identified that various approaches to customisation and configuration costs for cloud computing arrangements were utilised by companies depending on internal policy. These policies varied from expensing all costs in full to capitalisation of all costs in full, with most entities taking a more nuanced approach in their capitalisation policy and differentiating between expenditure with different underlying fact patterns.

The Committee's decision requires that management capitalise those elements of expenditure that meet the definition of an "Intangible Asset" as defined by AASB 138 Intangible Assets and recognise any additional amounts as an expense as the entity benefits from the expenditure – either by applying AASB 138 or applying another accounting standard.

The impact of the IFRIC decision has not had a material impact on the consolidated entity's financial statements.

Initial capitalisation of costs is based on management's analysis that technological and economic feasibility is confirmed once a product development project has reached defined milestones according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, product life cycle and expected period of benefits. At 30 June 2021, the carrying amount of capitalised development costs was \$3,614,418. (2020: \$2,880,703)

**ALLOWANCE FOR EXPECTED CREDIT LOSSES**

The Group assesses expected credit loss regularly. The allowance for expected credit loss represents management's estimate of the Group's credit loss risk as at 30 June 2021 based on age of debt, past experience, current information at hand and management's assessment of forward-looking factors specific to the debtors and the economic environment and subsequent collectability. At 30 June 2021, the allowances for doubtful debts was \$63,960 (2020: \$24,384).

**ALLOWANCE FOR WARRANTY PROVISION**

The Group has a policy in relation to return of products and claims for warranty purposes which can be found here: <http://www.austco.com/legal/>. The Group has made an allowance for future warranty claims based on historical claims experience and management's estimate of the Group's potential claims as at 30 June 2021. At 30 June 2021, the allowance for warranty provision was \$226,643 (2020: \$256,153).

**SHARE BASED PAYMENTS**

Share based payments are accounted for at fair value using the Black-Scholes model, see Note 18 for the underlying assumptions used and further discussion.

**ESTIMATION OF USEFUL LIVES OF ASSETS**

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

**JUDGEMENT INCLUDED IN GRANT INCOME**

Included in the profit for the year was \$1.472 million of grant income arising from COVID-19 related government stimulus packages received from various jurisdictions in which the Group operates (2020: \$1.419 million). This includes forgivable loans, where the group considers there is reasonable certainty that the entity will meet the terms for forgiveness.

**RECOGNITION OF DEFERRED TAX ASSET**

The Group has carried forward tax losses available to offset future tax obligations in a number of tax jurisdictions. In those jurisdictions with carried forward losses where there is a track record of sustained taxable profits, and an outlook of expected future taxable profits, the Group recognises a Deferred Tax Asset. In the year to 30 June 2021 the Group did not recognise any additional Deferred Tax Assets (2020: Nil).

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(b) Principles of Consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Austco Healthcare Limited ('Parent Entity') as at 30 June 2021 and the results of all subsidiaries for the year then ended. Austco Healthcare Limited and its subsidiaries together are referred to in these financial statements as the 'Company' or the 'Group'.

Subsidiaries are all those entities over which the Company has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been aligned where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(c) Business combinations**

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination one of the combining entities must be identified as the acquirer (i.e. parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent shall recognise, in the consolidated financial statements, and subject to certain limited exceptions, the fair value of the identifiable assets acquired, and liabilities assumed. In addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and its fair value can be reliably measured.

The acquisition may result in the recognition of goodwill or a gain from a bargain purchase. The method adopted for the measurement of goodwill will impact on the measurement of any non-controlling interest to be recognised in the acquiree where less than 100% ownership interest is held in the acquiree.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements. Consideration may comprise the sum of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer.

Fair value adjustments in the value of pre-existing equity holdings are taken to profit or loss.

Included in the measurement of consideration transferred is any asset or liability resulting from a contingent consideration arrangement. Any obligation incurred relating to contingent consideration is classified as either a financial liability or equity instrument, depending upon the nature of the arrangement. Rights to refunds of consideration previously paid are recognised as a receivable.

Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a liability is remeasured each reporting period to fair value through the statement of profit or loss and other comprehensive income unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of profit or loss and other comprehensive income except in separate financial statements where transaction costs should be capitalised.

**(d) Income Tax**

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

**CURRENT TAX**

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or recoverable).

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(d) Income Tax (continued)****DEFERRED TAX**

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax assets and liabilities are recognised for temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the consolidated entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group/consolidated entity intends to settle its current tax assets and liabilities on a net basis.

**CURRENT AND DEFERRED TAX FOR THE PERIOD**

Current and deferred tax is recognised as an expense or income in profit or loss, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly to equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or bargain on acquisition.

**TAX CONSOLIDATION REGIME**

Austco Healthcare Limited and its wholly owned Australian subsidiaries (as indicated below), have formed an income tax consolidated group under the tax consolidation regime, a group allocation approach, under which the current and deferred tax amounts for the tax consolidated group are allocated among each entity in the group. Each entity in the group recognises its own current and deferred tax liabilities, except for any deferred tax resulting from unused tax losses and tax credits, which are immediately assumed by the parent entity. The current tax liability of each group entity is then subsequently assumed by the parent entity. The tax consolidated group has entered into tax funding and sharing agreements whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

Austco Healthcare Limited has formed a tax consolidated group with Austco Communication Systems Pty Ltd and Sedco Communications Pty Ltd. Austco Healthcare Limited's overseas subsidiaries are not part of its tax consolidated group as they have been incorporated overseas and are not Australian resident taxpayers.

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(e) Financial Assets and Liabilities****(e) (i) Financial assets****Initial recognition and measurement**

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under AASB 15. Refer to the accounting policies in note 1 (m) Revenue from contracts with customers.

**Subsequent measurement***Financial assets at amortised cost (debt instruments)*

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes cash and cash equivalents and trade receivables.

**Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(e) (i) Financial assets (continued)**

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

**(e) (ii) Financial liabilities**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and loans and borrowings including bank overdrafts.

The Group has not designated any financial liability as at fair value through profit or loss.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

**Loans and borrowings**

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 13.

**(f) Inventories**

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on a first-in first-out basis and include direct materials, freight and labour.

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(g) Leases – Right-of-use assets and Lease Liabilities*****Right-of-use assets***

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the lease term or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the right-of-use asset is depreciated over its useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

***Lease liabilities***

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. Variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred. Lease liabilities are measured at amortised cost using the effective interest method.

The carrying amounts of lease liabilities are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee amount; lease term; assessment to purchase the underlying asset and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

***Short-term leases and leases of low-value assets***

The Group applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e. below \$5,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

***Significant judgement in determining the lease term of contracts with renewal options***

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms of two to three years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g. a change in business strategy).

The Group has not included the renewal period as part of the lease term for leases of rented properties due to the expected availability of replacement right-of-use assets in the future at competitive rates. The non-discounted future cash outflows relating to options to renew for extended lease terms the Group is potentially exposed to that are not reflected in the measurement of lease liabilities is estimated to be \$724,000.

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(h) Property, Plant and Equipment**

Each class of property, plant and equipment is carried at cost less any accumulated depreciation and impairment, if any.

**DEPRECIATION**

The depreciable amount of all fixed assets including capitalised leased assets are depreciated on a straight line basis over their useful lives to the Group commencing from the time the asset is held ready for use. Leasehold Improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable asset are:

<b>Class of Fixed Asset</b>	<b>Depreciation Rate</b>
Leasehold Improvements	20.00% - 50.00%
Plant and Equipment	22.50% - 50.00%
Motor Vehicles	18.75% - 22.50%
Furniture and Fittings	7.50% - 30.00%
Office Equipment	7.50% - 50.00%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. At the current and prior financial year there has been no material change. An asset's carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount. Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains and losses are included in the profit and loss.

**(i) Intangibles****GOODWILL**

Goodwill is initially recorded at the amount by which the purchase price for the business or for an ownership interest in the controlled entity exceeds the fair value attributed to its net assets at date of acquisition. Goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, in accordance with AASB 136 Impairment of Assets.

**RESEARCH AND DEVELOPMENT COSTS**

Where the criteria to capitalise costs in relation to internally generated intangible assets is not met, expenditure on research activities is recognised as an expense in the period in which it is incurred.

An intangible asset arising from development expenditure is recognised if, and only if all of the following are demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project. The life of an average project is estimated between 6 and 8 years.

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(j) Foreign Currency Transactions and Balances****FOREIGN CURRENCY**

The individual financial statements of each entity are presented in its functional currency being the currency of the primary economic environment in which the entity operates. For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Australian dollars, which is the functional currency of Austco Healthcare Limited and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the reporting date. Non monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

**FOREIGN OPERATIONS**

On consolidation, the assets and liabilities of the Group's overseas operations are translated at exchange rates prevailing at the reporting date. Income and expense items are translated at the average monthly exchange rates. Exchange differences arising on translation of foreign operations, are recognised in the foreign exchange reserve in the statement of financial position. These differences are recognised in the statement of profit or loss on disposal of the foreign operation.

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(k) Employee Benefits***Short term employee benefits*

Liabilities for wages and salaries, including non monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

*Other long term employee benefits*

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

*Defined contribution superannuation expense*

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

*Share based payments*

Share based compensation benefits are provided to employees.

Equity settled transactions are awards of shares, or options over shares that are provided to employees in exchange for the rendering of services.

The cost of equity settled transactions is measured at fair value on grant date. Fair value is determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If the non vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

If equity awards are made subject to future shareholder approval, fair value is estimated at the time of the award and remeasured upon shareholder approval.

**(l) Cash and Cash Equivalents**

Cash and cash equivalents consist of cash on hand, balances with banks and investments in money market instruments.

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(m) Revenue**

Revenue from customers is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

*Revenue from the sale of inventory* is recognised at the point in time when control of the asset is transferred to the customer.

The Group offers warranties for its nurse call products ranging from one year to five years, and estimates a related provision for future warranty claims based on historical warranty claim information, as well as recent trends that might suggest that past cost information may differ from future claims. The assumptions made in relation to the current period are consistent with those in the prior year. Factors that could impact the estimated claim information include the success of the group's productivity and quality initiatives, as well as parts and labour costs. As at 30 June 2021, this particular provision had a carrying amount of \$226,643 (2020: \$256,153). If claims costs were to differ by 10% from management's estimates, the warranty provisions would be an estimated \$22,664 higher or lower (2020 – \$25,615 higher/lower).

*Revenue from the rendering of a service*, primarily the installation of the nurse call systems, is recognised upon the delivery of the service to the customer using an input method to measure progress towards complete satisfaction of the service, as the customer simultaneously receives and consumes the benefits provided by the Group.

*Revenue from software contracts or service and maintenance agreements (SMA's)*. Revenue for software sold with a perpetual right is recognised in full on the sale of the software as no future performance obligations are required. Revenue for SMA's and Software sold as a licence over a finite time period, are recognised over time, using an input method to measure progress towards complete satisfaction of the service as the customer simultaneously receives and consumes the benefits provided by the Group. Note 2(d) includes deferred revenue (Contract Liabilities) relating to these SMA's and finite time period Software sales.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Grant Income is recognised once there are reasonable grounds that the Group will comply with the conditions attached to the grant and is recognised over the period to which the grant relates.

Dividend revenue is recognised when the right to receive a dividend has been established.

**(n) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

**(o) Impairment of Assets**

At each reporting date, the Group reviews the carrying amounts of its fixed and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such

indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash generating unit to which the asset belongs.

Goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired. An impairment of goodwill is not subsequently reversed.

Recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. The value-in-use is the present value of the estimated future cashflows relating to the asset using a pre-tax discount rate specific to the asset or cash generating unit to which the asset belongs. Assets that do not have independent cashflows are grouped together to form a cash generating unit.

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(p) Share Based Payment Arrangements**

Goods or services received or acquired in a share based payment transaction are recognised as an increase in equity if the goods or services were received in an equity settled share based payment transaction or as a liability if the goods and services were acquired in a cash settled share based payment transaction.

For equity settled share based payments, goods or services received are measured directly at fair value of the goods and services received provided this can be estimated reliably. If a reliable estimate cannot be made the value of the goods or services is determined indirectly by reference to the prevailing share price.

**(q) Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the profit or loss in the period in which they are incurred.

**(r) Dividends**

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date.

**(s) Earnings per share (EPS)****BASIC EARNINGS PER SHARE**

Basic EPS is calculated by dividing the profit attributable to the members of Austco Healthcare Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

**DILUTED EARNINGS PER SHARE**

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

**(t) Rounding Amounts**

The parent entity has applied the relief available to it under ASIC Legislative Investment 2016/191 and accordingly, amounts within this financial report have been rounded off to the nearest \$1,000, unless otherwise stated.

**(u) New and Revised Accounting Standards Not Yet Effective**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2021. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

***AASB 101 Presentation of Financial Statements***

The AASB issued a narrow-scope amendment to AASB 101 Presentation of Financial Statements to clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Management is yet to complete its assessment of the likely impact on the Group's financial statements, although it is likely to only impact the classification of the Group's Provision for Warranty.

The revised standard will apply to the Group from its reporting period commencing 1 July 2023.

**NOTE 2: REVENUE AND OTHER INCOME****(a) Revenue from customers**

		<b>2021</b>	<b>2020</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Continuing Operations</b>			
Revenue from contracts with customers	2 (c)	31,250	31,598
<b>Total Revenue</b>		<b>31,250</b>	<b>31,598</b>

**(b) Other Income**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Other income</b>		
- Interest Received	8	4
- Grant Income	1,472	1,419
- Proceeds from Legal Settlement	491	-
- Foreign Exchange Gain/(loss)	(42)	20
<b>Total Other Income</b>	<b>1,929</b>	<b>1,443</b>

**(c) Revenue from contracts with customers**

<b>Revenue from Contracts with Customers, 12 months to June 2021</b>	<b>Equipment</b>	<b>Installation</b>	<b>Software/SMA</b>	<b>Total</b>
<b>Type of Good or Service</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Sale of equipment	21,726	-	-	21,726
Installation services	-	5,086	-	5,086
Software & Maint. Agreements	-	-	4,438	4,438
<b>Total</b>	<b>21,726</b>	<b>5,086</b>	<b>4,438</b>	<b>31,250</b>
<b>Geographical Markets</b>				
Australia/New Zealand	9,400	1,109	1,074	11,583
North America	7,562	3,121	2,267	12,950
Europe	2,030	774	303	3,107
Asia	2,734	82	794	3,610
<b>Total</b>	<b>21,726</b>	<b>5,086</b>	<b>4,438</b>	<b>31,250</b>
<b>Timing of revenue recognition</b>				
Goods transferred at a point in time	21,726	-	1,973	23,699
Services transferred over time	-	5,086	2,465	7,551
<b>Total</b>	<b>21,726</b>	<b>5,086</b>	<b>4,438</b>	<b>31,250</b>

**NOTE 2: REVENUE AND OTHER INCOME (continued)**

Revenue from Contracts with Customers, 12 months to June 2020	Equipment	Installation	Software/SMA	Total
<i>Type of Good or Service</i>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Sale of equipment	20,455	-	-	20,455
Installation services	-	6,243	-	6,243
Software & Maint. Agreements	-	-	4,900	4,900
<b>Total</b>	<b>20,455</b>	<b>6,243</b>	<b>4,900</b>	<b>31,598</b>
<b><i>Geographical Markets</i></b>				
Australia/New Zealand	8,340	957	893	10,190
North America	7,745	4,596	3,159	15,500
Europe	1,695	541	159	2,395
Asia	2,675	149	689	3,513
<b>Total</b>	<b>20,455</b>	<b>6,243</b>	<b>4,900</b>	<b>31,598</b>
<b><i>Timing of revenue recognition</i></b>				
Goods transferred at a point in time	20,455	-	2,607	23,062
Services transferred over time	-	6,243	2,293	8,536
<b>Total</b>	<b>20,455</b>	<b>6,243</b>	<b>4,900</b>	<b>31,598</b>

**(d) Assets and liabilities related to contracts with customers**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Current contract assets relating to SMA contracts	252	141
<b>Total Contract Asset</b>	<b>252</b>	<b>141</b>
Contract liabilities – income in advance	1,224	1,374
<b>Total Contract Liabilities</b>	<b>1,224</b>	<b>1,374</b>

**(e) Revenue recognised in relation to contract liabilities**

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in a prior year:

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Amounts included in contract liabilities at the beginning of the year or partially satisfied in previous year	380	598

**NOTE 3: EXPENSES FOR THE YEAR**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Finance Costs</b>		
- interest expense on financing activities	-	14
- interest expense on lease liabilities	50	77
Total Finance Costs	<b>50</b>	<b>91</b>
<b>Depreciation and Amortisation of Non Current Assets</b>		
- depreciation of plant and equipment	162	189
- depreciation of right-of-use assets	393	370
- amortisation of development costs	472	353
Total Depreciation and Amortisation	<b>1,027</b>	<b>912</b>
- Loss on Disposal	22	2
	<b>1,049</b>	<b>914</b>
Foreign currency translation gain/(loss)	(42)	20
<b>Occupancy Expenses on Operating Leases</b>		
- variable lease payments ( <i>body corp etc</i> )	302	218
- minimum lease payments	76	79
<b>Employee Expenses</b>		
Direct Labour Wages (included in Cost of Sales)	208	411
Other employees' wages and benefits expense	10,368	10,222
Superannuation contributions	283	255
Share based payment	132	61
Total Employee Expenses excluding direct labour	<b>10,783</b>	<b>10,538</b>
Research and development expenditure before Capitalisation	3,158	3,724
Capitalisation of development costs	(1,156)	(1,275)
Net research and development expense	2,002	2,449
Increase in warranty provision	83	119
Increase (decrease) in inventory provision	147	309
Increase in expected credit loss provision	44	8

**NOTE 4: SEGMENT REPORTING**

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

**Basis of accounting for purposes of reporting by operating segments****(a) Accounting policies adopted**

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief operating decision makers with respect to operating segments, are determined in accordance with accounting policies that are consistent with those adopted in previous years.

**(b) Intersegment transactions**

An internally determined transfer price is set for all intersegment sales. This price is reset quarterly and is based on what would be realised in the event the sale was made to an external party at arm's length. All such transactions are eliminated on consolidation of the Group's financial statements. Corporate charges are allocated to reporting segments based on the segments' overall proportion of revenue generation within the Group. The Board of Directors believes this is representative of likely consumption of head office expenditure that should be used in assessing segment performance and cost recoveries. Intersegment loans payable and receivable are initially recognised at the consideration received/to be received net of transaction costs. If intersegment loans and accounts receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates. This policy represents a departure from that applied to the statutory financial statements.

**(c) Segment assets**

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of the economic value from the asset. In most instances, segment assets are clearly identifiable on the basis of their nature and physical location.

**(d) Segment liabilities**

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

**(e) Unallocated items**

The following items are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Impairment of assets and other non recurring items of revenue or expense;
- Income tax expense, Current tax liabilities, and Deferred tax assets and liabilities;
- Other financial liabilities, Intangible assets and Discontinued operations.

**Results of Segments**

Segment revenues and expenses are those directly attributable to the segments and include revenue and expenses where a reasonable basis of allocation exists. The Board assesses the performance of the operating segments based on a measure of adjusted EBITDA. This measurement basis excludes the effects of expenses from the operating segments such as depreciation, amortisation, net interest and impairment to non current assets which is disclosed separately.

**NOTE 4: SEGMENT REPORTING (CONTINUED)****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 Group. These transfers are eliminated on consolidation.

Revenue earned from external customers in Australia (the Group's country of domicile) for the year ended 30 June 2021 is \$5,484k (2020: \$5,477k).

**Eliminations**

	Aust & NZ \$'000	Asia \$'000	Europe \$'000	North America \$'000	Total \$'000	Inter Company \$'000	Corporate \$'000	Company Total \$'000
<b>2021</b>								
Revenue – external	11,583	3,610	3,107	12,950	31,250	-	-	31,250
Revenue – intersegment	49	-	5	6,879	6,933	(6,933)	-	-
Interest Revenue	80	-	-	6	86	(78)	-	8
<b>Total Revenue</b>	<b>11,712</b>	<b>3,610</b>	<b>3,112</b>	<b>19,835</b>	<b>38,269</b>	<b>(7,011)</b>	<b>-</b>	<b>31,258</b>
Adj EBITDA	3,006	562	731	1,490	5,789	(1,315)	539	5,013
Depreciation	(109)	(97)	(52)	(297)	(555)	-	-	(555)
Amortisation	(8)	-	-	(463)	(471)	-	-	(471)
<b>EBIT</b>	<b>2,889</b>	<b>465</b>	<b>679</b>	<b>730</b>	<b>4,763</b>	<b>(1,315)</b>	<b>539</b>	<b>3,987</b>
Interest Expense	(5)	(9)	(9)	(104)	(127)	76	-	(51)
Income Tax	(399)	-	(113)	-	(512)	-	-	(512)
<b>NPAT</b>	<b>2,485</b>	<b>456</b>	<b>557</b>	<b>626</b>	<b>4,124</b>	<b>(1,239)</b>	<b>539</b>	<b>3,424</b>

<b>2020</b>								
Revenue – external	10,188	3,514	2,395	15,501	31,598	-	-	31,598
Revenue – intersegment	113	12	2	7,430	7,557	(7,557)	-	-
Interest Revenue	79	-	-	-	79	(75)	-	4
<b>Total Revenue</b>	<b>10,380</b>	<b>3,526</b>	<b>2,397</b>	<b>22,931</b>	<b>39,234</b>	<b>(7,632)</b>	<b>-</b>	<b>31,602</b>
Adj EBITDA	2,184	27	(12)	2,107	4,306	(257)	(396)	3,653
Depreciation	(108)	(105)	(68)	(278)	(559)	-	-	(559)
Amortisation	-	-	-	(353)	(353)	-	-	(353)
<b>EBIT</b>	<b>2,076</b>	<b>(78)</b>	<b>(80)</b>	<b>1,476</b>	<b>3,394</b>	<b>(257)</b>	<b>(396)</b>	<b>2,741</b>
Interest Expense	(10)	(14)	(13)	(132)	(169)	83	(5)	(91)
Income Tax	(146)	-	2	(2)	(146)	-	-	(146)
<b>NPAT</b>	<b>1,920</b>	<b>(92)</b>	<b>(91)</b>	<b>1,342</b>	<b>3,079</b>	<b>(174)</b>	<b>(401)</b>	<b>2,504</b>

Segment Assets								
30/06/2020	28,133	1,870	1,413	13,835	45,251	(33,193)	11,034	23,092
30/06/2021	29,218	2,113	1,894	15,212	48,437	(32,965)	11,709	27,181
Segment Liabilities								
30/06/2020	6,954	1,652	873	21,928	31,407	(24,575)	2	6,834
30/06/2021	7,580	1,430	785	22,401	32,196	(24,317)	6	7,885

**NOTE 5: INCOME TAX EXPENSE**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>(a) Income Tax Recognised in Profit or Loss</b>		
Current tax expense	496	223
Recognition of Deferred Tax Liability (Asset)	17	(81)
Prior year under / over	-	4
<b>Total Income Tax Expense</b>	<b>513</b>	<b>146</b>

The prima facie income tax expense on pre-tax accounting profit for the continuing operations reconciles to the income tax expense in the financial statements as follows:

Profit from continuing operations	3,937	2,650
Income tax expense calculated at 26% (2020: 27.5%)	1,024	729
Non-deductible expenses	28	18
Non-assessable income	(86)	(117)
Other	12	-
Impact of change in corporate tax rate	31	(5)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(124)	(124)
Utilisation of prior year losses and R&D offsets previously not recognised	(373)	(359)
Origination and reversal of other timing differences	1	-
Amount recognised for prior period	-	4
<b>Total Income Tax Expense</b>	<b>513</b>	<b>146</b>

The tax rate used in the above reconciliation is the corporate tax rate of 26% payable by the Company on taxable profits under Australian tax law. Overseas jurisdictions have differing corporate tax rates.

**(b) Group Tax Carry Forward Losses and Tax Credit Offsets**

The following summarises the Group's carry forward tax losses and tax credit offsets, some of which have been recognised as an Asset, and others which have not been recognised but are available:

	<b>As at 30 June 2021</b>		
<b>Region</b>	<b>Deferred Tax Asset Recognised for Tax Offset Credits \$'000</b>	<b>Gross Unrecognised Carry Forward Tax Losses \$'000</b>	<b>Unrecognised Deferred Tax Asset for Tax Offset Credits \$'000</b>
Australia	600	-	668
Canada	-	1,158	-
New Zealand	-	-	-
Singapore	-	382	-
UK	-	-	-
US	-	5,964	474
<b>TOTAL</b>	<b>600</b>	<b>7,504</b>	<b>1,142</b>

**NOTE 5: INCOME TAX EXPENSE (CONTINUED)**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>(c) Deferred Tax Balances</b>		
Deferred tax assets comprise temporary differences arising from the following:		
Provisions	90	158
Accruals	134	103
Deferred revenue	18	-
Carried forward Tax Losses	600	600
Non refundable tax offsets	188	188
Leases	-	3
	<b>1,030</b>	<b>1,052</b>
Deferred tax liabilities comprise temporary differences arising from the following:		
Other	(279)	(278)
<b>Net deferred tax asset</b>	<b>751</b>	<b>774</b>

**NOTE 6: CASH AND CASH EQUIVALENTS**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Cash at bank and in hand	7,770	6,447
	<b>7,770</b>	<b>6,447</b>

**NOTE 7: TRADE AND OTHER RECEIVABLES**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Trade receivables	6,113	4,960
Less: Allowance for expected credit losses	(64)	(24)
	<b>6,049</b>	<b>4,936</b>

**Receivables past due but not impaired**

The consolidated entity did not consider a significant credit risk on the aggregate balances after reviewing credit terms of customers based on recent collections practices.

The ageing analysis of trade receivables is as follows:

	<b>As at 30 June 2021</b>		
	<b>Gross</b>	<b>Expected</b>	<b>Net Receivables</b>
<b>Group</b>	<b>\$'000</b>	<b>Credit Loss</b>	<b>\$'000</b>
		<b>\$'000</b>	
0 - 30 days	5,080	-	5,080
30 - 60 days	665	-	665
60 - 90 days	214	(3)	211
Over 90 days	154	(61)	93
<b>Closing Balance</b>	<b>6,113</b>	<b>(64)</b>	<b>6,049</b>

	<b>As at 30 June 2020</b>		
	<b>Gross</b>	<b>Allowance</b>	<b>Net Receivables</b>
<b>Group</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
0 - 30 days	3,762	-	3,762
30 - 60 days	332	-	332
60 - 90 days	141	(3)	138
Over 90 days	725	(21)	704
<b>Closing Balance</b>	<b>4,960</b>	<b>(24)</b>	<b>4,936</b>

**Allowance for Expected Credit Losses**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Opening balance	24	16
Foreign exchange impact	-	1
Additional provision	44	8
Write off	(4)	-
Amounts recovered	-	(1)
<b>Closing Balance</b>	<b>64</b>	<b>24</b>

The Group assesses outstanding receivables in each region on a monthly basis and creates specific allowances for expected credit losses based on management's estimate of the Group's credit loss risk based on age of debt, past experience, current information at hand, adjusted for forward-looking factors specific to the debtors and the economic environment. At 30 June 2021, the allowances for expected credit loss was \$63,960 (2020: \$24,384).

**NOTE 8: INVENTORIES**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Finished goods on hand - at cost	4,041	2,799
Finished goods provision	(338)	(383)
Finished goods on hand at recoverable amount	3,703	2,416
Raw materials on hand – at cost	2,005	3,214
Raw materials provision	(579)	(388)
Raw materials on hand at recoverable amount	1,426	2,826
Work in progress	-	4
<b>Total Inventory carrying amount at end of year</b>	<b>5,129</b>	<b>5,246</b>

The amount of inventories recognised as an expense during the period is \$10.40m (2020: \$10.81m).

The Group reviews the condition of its inventories and makes provision against obsolete and slow moving inventory items. An inventory item or product line is deemed obsolete if there have been no external sales of that product or item in any region for a period of 24 months prior to the balance date. In this situation all of the inventory for that product or part code will be provided for as obsolete inventory.

**NOTE 9: OTHER ASSETS**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Prepayments	1,464	955
Contract assets	252	141
Sublease receivable	335	-
Other	665	414
	<b>2,716</b>	<b>1,510</b>

**NOTE 10: PROPERTY, PLANT AND EQUIPMENT**

	<b>Leasehold Improvements</b>	<b>Plant and Equipment</b>	<b>Motor Vehicles</b>	<b>Furniture and Fittings</b>	<b>Office Equipment</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Cost at 1 July 2020	96	565	102	212	1,334	2,309
Foreign Exchange Difference	(3)	(20)	(3)	(12)	(54)	(92)
Additions	-	34	-	50	63	147
Disposals	-	(226)	(28)	(160)	(654)	(1,068)
Cost at 30 June 2021	<b>93</b>	<b>353</b>	<b>71</b>	<b>90</b>	<b>689</b>	<b>1,296</b>
Accumulated Depreciation at 1 July 2020	96	433	76	170	1,081	1,856
Foreign Exchange Difference	(3)	(13)	(4)	(10)	(41)	(71)
Depreciation	-	33	15	16	98	162
Disposals	-	(225)	(28)	(138)	(653)	(1,044)
Accumulated Depreciation at 30 June 2021	<b>93</b>	<b>228</b>	<b>59</b>	<b>38</b>	<b>485</b>	<b>903</b>
Net Book Value at 30 June 2020	-	<b>132</b>	<b>26</b>	<b>42</b>	<b>253</b>	<b>453</b>
Net Book Value at 30 June 2021	-	<b>125</b>	<b>12</b>	<b>52</b>	<b>204</b>	<b>393</b>

**NOTE 11: RIGHT OF USE ASSETS**

Set out below, are the carrying amounts of the Group's right-of-use assets and the movements during the period:

	Properties	Motor Vehicles	Other equipment	Total
	\$'000	\$'000	\$'000	\$'000
<b>As at 1 July 2019</b>	<b>1,009</b>	<b>61</b>	<b>51</b>	<b>1,121</b>
Additions	85	-	-	85
Depreciation expense	(322)	(33)	(15)	(370)
Foreign Exchange	9	(1)	1	9
<b>As at 30 June 2020</b>	<b>781</b>	<b>27</b>	<b>37</b>	<b>845</b>
As at 1 July 2020	781	27	37	845
Additions	730	-	1	731
Derecognition	(379)	-	-	(379)
Depreciation expense	(363)	(16)	(14)	(393)
Foreign Exchange	(45)	-	-	(45)
<b>As at 30 June 2021</b>	<b>724</b>	<b>11</b>	<b>24</b>	<b>759</b>

**NOTE 12: INTANGIBLE ASSETS**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Product development	6,939	5,784
Less: accumulated amortisation	(3,325)	(2,903)
<b>Total Intangibles</b>	<b>3,614</b>	<b>2,881</b>

**Movement in Carrying Amounts**

Balance at beginning	2,881	1,955
Additions	1,156	1,275
Foreign exchange variation	49	4
Amortisation	(472)	(353)
<b>Balance at end</b>	<b>3,614</b>	<b>2,881</b>

**NOTE 13: TRADE AND OTHER PAYABLES**

	<b>2021</b>	<b>2020</b>
<b>Current</b>	<b>\$'000</b>	<b>\$'000</b>
Trade and other payables	3,618	2,453
Indirect taxes payable	537	1,109
	<b>4,155</b>	<b>3,562</b>

Due to their short-term nature trade payables are measured at amortised cost and are not discounted.

**NOTE 14: LEASE LIABILITIES**

Set out below, are the carrying amounts of the Group's lease liabilities and the movements during the period:

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Balance at beginning</b>	<b>866</b>	<b>1,138</b>
Additions	731	45
Interest expense	50	77
Payments	(474)	(403)
Foreign Exchange	(46)	9
<b>Balance at end</b>	<b>1,127</b>	<b>866</b>

Represented by:

Current Lease Liabilities	512	301
Non-Current Lease Liabilities	615	565

**NOTE 15: PROVISIONS**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Employee Entitlements	619	476
Make Good on Premises Leases	38	40
Warranty Allowance (note 1(m))	227	256
	<b>884</b>	<b>772</b>
<b>Non current</b>		
Employee entitlements	28	15
	<b>28</b>	<b>15</b>

**(a) Movement in Current Provisions**

	<b>Employee Entitlements</b>	<b>Make Good</b>	<b>Warranty Allowance</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>2021</b>				
Carrying amount at 1 July 2020	476	40	256	772
Additional provisions	266	-	83	349
Amounts incurred and or charged against provision	(123)	-	(98)	(221)
Foreign Exchange	-	(2)	(14)	(16)
<b>Carrying amount at 30 June 2021</b>	<b>619</b>	<b>38</b>	<b>227</b>	<b>884</b>

**(b) Movement in Non Current Provisions**

	<b>Employee Entitlements</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>2021</b>		
Carrying amount at 1 July 2020	15	15
Additional provisions	13	13
<b>Carrying amount at 30 June 2021</b>	<b>28</b>	<b>28</b>

**NOTE 16: ISSUED CAPITAL AND OPTION RESERVE**

		<b>2021</b>	<b>2020</b>
	<b>Note</b>	<b>\$'000</b>	<b>\$'000</b>
Ordinary shares fully paid	16(a)	41,435	41,435
		<b>41,435</b>	<b>41,435</b>

**(a) Movement in Ordinary Shares on Issue**

	<b>No. of shares</b>	<b>2021</b>	
		<b>Price</b>	<b>\$'000</b>
At the beginning of the reporting period:	<b>284,188,951</b>		<b>41,435</b>
<b>At Reporting Date</b>	<b>284,188,951</b>		<b>41,435</b>

	<b>No. of shares</b>	<b>2020</b>	
		<b>Price</b>	<b>\$'000</b>
At the beginning of the reporting period:	<b>232,712,827</b>		<b>38,076</b>
Placement Issue of Shares	29,411,764	\$0.068	2,000
Rights Offer Issue of Shares	22,064,360	\$0.068	1,500
Transaction costs	-		(141)
<b>At Reporting Date</b>	<b>284,188,951</b>		<b>41,435</b>

The Company has unlimited authorised share capital of no-par value.

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

**(b) Movement in Options on Issue and Option Reserve**

	<b>2021</b>		<b>2020</b>	
	<b>No. of options</b>	<b>\$'000</b>	<b>No. of options</b>	<b>\$'000</b>
At the beginning of the reporting period:	11,497,527	69	7,832,306	8
Options exercised during the year	-	-	-	-
Options forfeited during the year	(1,200,000)	-	-	-
Options granted during the year	3,911,500	-	3,665,221	-
Transfer to accumulated losses	-	(47)	-	-
Share based payment expense	-	132	-	61
<b>At Reporting Date</b>	<b>14,209,027</b>	<b>154</b>	<b>11,497,527</b>	<b>69</b>

**Nature and Purpose of Reserve**

The Share Option Reserve contains amounts received on the issue of options over unissued capital of the Company, or the value of options attributable to share based payments.

**(c) Employee Share Scheme**

For information relating to the Austco Healthcare Limited Employee Share Scheme, including details of shares issued during the financial year, refer to Note 18.

**NOTE 16: ISSUED CAPITAL AND OPTION RESERVE (CONTINUED)****(d) Capital Management**

Management controls the capital of the Group to provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern. The Group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Total borrowings	26	26
Less cash and cash equivalents	(7,770)	(6,447)
<b>Net (Cash)/Debt</b>	<b>(7,744)</b>	<b>(6,421)</b>
Total equity	19,296	16,258
Total capital	11,552	9,837

**(e) Foreign Currency Reserve**

The Foreign Currency Reserve is used to recognise exchange differences arising from translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

**NOTE 17: EARNINGS PER SHARE**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Overall operations</b>		
Profit/(Loss) for the year attributable to members of Austco Healthcare Limited	3,424	2,504
	<b>No.</b>	<b>No.</b>
(b) Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	284,188,951	262,187,954
Effect of dilutive share options	829,038	-
Weighted average number of ordinary shares outstanding during the year used in calculation of dilutive earnings per share	285,017,989	262,187,954
<b>Overall Earnings per share</b>		
Basic earnings per share (cents per share)	1.205	0.96
Diluted earnings per share (cents per share)	1.201	0.96

**NOTE 18: SHARE BASED PAYMENTS**

The Company established its Employee Share Scheme as a means to reward employees for their contribution to the Group. All employee options are unlisted and non-transferable. Options are granted pursuant to the Company's employee option plan with the conversion price set at a premium to the share price at grant date. Options have a vesting period ranging between two and three years, with continuity of employment a condition up to vesting date.

The Black-Scholes valuation model inputs used to determine fair value at grant date are as follows:

Series name	Grant Date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk free interest rate	Fair value at grant date
Series 2	19 Mar 2019	18 Mar 2022	\$0.05	\$0.10	65%	Nil	3.0%	\$0.01
Series 3	19 Mar 2019	17 Mar 2023	\$0.05	\$0.13	65%	Nil	3.0%	\$0.01
Series 4	12 Feb 2020	12 Feb 2024	\$0.088	\$0.13	79%	Nil	0.93%	\$0.04
Series 5	10 Sep 2020	11 Sep 2024	\$0.078	\$0.13	96%	Nil	0.42%	\$0.04

The expected volatility assumptions used were based on historical volatility.

All options granted to employees (including Key Management Personnel) are over ordinary shares in Austco Healthcare Limited and confer a right to one ordinary share for every option held. A summary of the Options Issued outstanding at 30 June 2021 is:

Options Issued	Grant date	Expiry date	Exercise price	#
Series 2	19 March 2019	18 March 2022	\$0.10	3,316,153
Series 3	19 March 2019	17 March 2023	\$0.13	3,316,153
Series 4	12 February 2020	12 February 2024	\$0.13	3,665,221
Series 5	10 September 2020	11 September 2024	\$0.13	3,911,500
			Total	14,209,027

Vesting conditions for the options are the following:

Series	Vesting Conditions	Probability of vesting 2021	Probability of vesting 2020
2	<ul style="list-style-type: none"> <li>years from the grant date; and</li> <li>Conditional on remaining employed by the Group</li> </ul>	100%	100%
3	<ul style="list-style-type: none"> <li>years from the grant date; and</li> <li>Conditional on remaining employed by the Group</li> </ul>	100%	100%
4	<ul style="list-style-type: none"> <li>years from the grant date; and</li> <li>Conditional on remaining employed by the Group</li> </ul>	100%	100%
5	<ul style="list-style-type: none"> <li>years from the grant date; and</li> <li>Conditional on remaining employed by the Group</li> </ul>	100%	-

**NOTE 18: SHARE BASED PAYMENTS (continued)**

		2021		2020	
	Note	Number of Options	Weighted Average Exercise Price \$	Number of Options	Weighted Average Exercise Price \$
Outstanding at the beginning of the year		11,497,527	0.127	7,832,306	0.125
Exercised	16	-	-	-	-
Granted	16	3,911,500	0.130	3,665,221	0.130
Forfeited	16	(1,200,000)	0.182	-	-
Outstanding at year end		14,209,027	0.123	11,497,527	0.127
Exercisable at year end		3,316,153	0.100	-	-

The options outstanding at 30 June 2021 have a weighted average exercise price of 12.3 cents and an average remaining contractual life of 2.12 years.

**NOTE 19: DIVIDENDS AND FRANKING CREDITS**

	2021 \$'000	2020 \$'000
<b>Amount of franking credits available for subsequent reporting periods:</b>		
- franking account balance as at the end of the financial year at 26% (2020: 27.5%)	2,374	2,374
The amount of franking credits available for future reporting periods	<b>2,374</b>	<b>2,374</b>

**NOTE 20: CASH FLOW INFORMATION****(a) Reconciliation of Cash Flow from Operations with Profit/(loss) After Income Tax**

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit after income tax	3,424	2,504
<b>Non Cash Flows in profit or loss</b>		
Depreciation and amortisation	1,027	912
Loss on disposal of property, plant and equipment	22	5
Share based payments expense	132	61
Expected credit loss	44	8
Net foreign exchange difference	(52)	(1)
Non Cash Flows in profit or loss	1,173	985
<b>Changes in Assets and Liabilities</b>		
Decrease/(Increase) in trade and other receivables	(1,113)	1,983
Decrease/(Increase) in prepayments and other assets	(1,206)	(624)
Decrease/(Increase) in inventories	117	1,501
Decrease/(Increase) in deferred tax assets	25	(43)
Increase/(Decrease) in trade and other creditors	443	(3,099)
Increase/(Decrease) in provisions	125	(12)
Increase/(Decrease) in income taxes payable	222	139
Increase/(Decrease) in deferred tax liabilities	(2)	(35)
Total changes in Assets and Liabilities	(1,389)	(190)
<b>Net Cash Used in Operating Activities</b>	<b>3,208</b>	<b>3,299</b>

**(b) Credit Standby Arrangements with Banks**

The Group does not have access to any financing facilities at reporting date.

**NOTE 21: CONTROLLED ENTITIES**

	<b>Country of Incorporation</b>	<b>Percentage Owned (%)</b>	
		<b>2021</b>	<b>2020</b>
<b>Parent Entity:</b>			
Austco Healthcare Limited	Australia		
<b>Subsidiaries of Austco Healthcare Limited</b>			
Austco Communication Systems Pty Ltd	Australia	100%	100%
Sedco Communications Pty Ltd	Australia	100%	100%
Austco Marketing & Service (Asia) Pte Ltd	Singapore	100%	100%
Austco Marketing & Service (USA) Ltd	USA	100%	100%
Austco Marketing & Service (Canada) Ltd	Canada	100%	100%
Austco Marketing & Service (UK) Ltd	UK	100%	100%
Austco Communications (NZ) Ltd	New Zealand	100%	100%

**NOTE 22: KEY MANAGEMENT PERSONNEL COMPENSATION**

Key Management Personnel comprise directors and other persons having authority and responsibility for planning, directing and controlling the activities of Austco Healthcare Limited.

During the year the following persons were key management personnel:

Mr Clayton Astles	Chief Executive Officer and Executive Director
Mr Graeme Billings	Non Executive Chairman
Mr Brett Burns	Non Executive Director
Mr Anthony Glenning	Non Executive Director
Mr Brendan Maher	Chief Financial Officer and Company Secretary

	2021	2020
	\$	\$
<b>Summary</b>		
Short term employee benefits	1,324,330	1,409,932
Post employment benefits	43,520	43,520
Share Based Payments	91,871	59,907
	<b>1,459,721</b>	<b>1,513,359</b>

**NOTE 23: RELATED PARTY TRANSACTIONS**

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Remuneration of Key Management Personnel are disclosed in Note 22 and the Remuneration Report.

Transactions with related parties:	2021 \$'000	2020 \$'000
Legal fees paid to CBW Partners, a firm controlled by Mr Brett Burns, for legal services rendered at rates equal to or better than CBW Partners usual commercial rates in respect of legal services provided.	8	56

**NOTE 24: AUDITORS REMUNERATION**

	2021 \$	2020 \$
<b>Audit or Review of Financial Reports</b>		
- Grant Thornton Australia	133,000	-
- Grant Thornton related practices	24,583	-
- Ernst & Young Australia <sup>1</sup>	3,120	201,842
- Ernst & Young related practices <sup>1</sup>	3,976	64,991
- Other <sup>2</sup>	27,203	-
Total remuneration for audit services	191,882	266,833
<b>Tax Compliance Services</b>		
- Grant Thornton Tax Services	11,000	-
- Ernst & Young Tax Services	5,965	93,048
Total remuneration for tax services	16,965	93,048
<b>Total Remuneration</b>	<b>208,847</b>	<b>359,881</b>

<sup>1</sup> Cost incurred during the 2021 fiscal year related to the transfer of audit files from Ernst & Young to Grant Thornton.

<sup>2</sup> Other costs incurred during the 2021 fiscal year related to the UK local audit and preparation of local statutory accounts.

**NOTE 25: FINANCIAL INSTRUMENTS**

The Group's principal financial instruments comprise receivables, payables, bank loans and overdraft, cash and short term deposits. These expose the Group to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The Directors meet monthly to monitor and discuss the current market conditions and the impact on the Group. This monthly analysis and review considers the Group's market risk and exposure, credit risk and liquidity risk. Ageing analysis and monitoring of specific credit allowances are undertaken to manage credit risk. Liquidity risk is monitored through annual budgets and regular forecasts. The analysis undertaken enables the Board to determine the overseas price list, the level of debt appropriate to the business and other factors which may impact on the Group's risk profile.

The method of monitoring risk has not altered from the previous corresponding period.

**Currency risk**

		<b>2021</b>	<b>2020</b>
<b>Financial Assets</b>		<b>\$'000</b>	<b>\$'000</b>
Current assets (inc. cash and trade receivables)	USD	2,480	3,398
	NZD	1,912	1,079
	CAN	2,219	1,695
	GBP	1,413	923
	SGD	1,636	1,255
<b>Financial Liabilities</b>			
Current liabilities (inc. trade and other payables)	USD	1,573	763
	NZD	378	157
	CAN	184	69
	GBP	266	489
	SGD	854	1,156

**Sensitivity Analysis**

The Group currently has material exposures to the currencies in the table below.

At 30 June, had the Australian Dollar moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

	<b>Post Tax Profit</b>		<b>Equity</b>	
	<b>Higher/(Lower)</b>		<b>Higher/(Lower)</b>	
<b>Group</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
AUD/USD +10%	47	(29)	(717)	(651)
AUD/USD -10%	(47)	29	717	651
AUD/NZD +10%	(130)	(84)	(164)	(103)
AUD/NZD -10%	130	84	164	103
AUD/CAN +10%	(76)	(117)	(178)	(127)
AUD/CAN -10%	76	117	178	127
AUD/GBP +10%	(64)	(24)	(101)	(47)
AUD/GBP -10%	64	24	101	47
AUD/SGD +10%	(42)	(19)	(62)	(20)
AUD/SGD -10%	42	19	62	20

Management believe the balance date risk exposures are representative of the risk exposure inherent in the financial instruments. A movement of + and – 10% is selected because a review of recent exchange rate movements and economic data suggests this range is reasonable. All the amounts in the table above are displayed in \$AUD.

### Interest Rate Risk

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Weighted average interest rate	Floating interest rate	Non interest bearing		Fixed Interest Rate 1 year or less	Total
			1 year or less	1 to 5 years		
		\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial Assets 2021</b>						
Cash and cash equivalents	0.11%	7,770	-	-	-	7,770
Trade and other receivables	-	-	6,049	-	-	6,049
<b>Total</b>		<b>7,770</b>	<b>6,049</b>	<b>-</b>	<b>-</b>	<b>13,819</b>
<b>Financial Liabilities 2021</b>						
Trade and other payables	-	-	4,155	-	-	4,155
Contract Liabilities	-	-	1,244	-	-	1,244
Lease liability	4.72%	1,127	-	-	-	1,127
Other current liabilities	0.00%	26	-	-	-	26
<b>Total</b>		<b>1,153</b>	<b>5,379</b>	<b>-</b>	<b>-</b>	<b>6,532</b>
<b>Financial Assets 2020</b>						
Cash and cash equivalents	0.10%	6,447	-	-	-	6,447
Trade and other receivables	-	-	4,936	-	-	4,936
<b>Total</b>		<b>6,447</b>	<b>4,936</b>	<b>-</b>	<b>-</b>	<b>11,383</b>
<b>Financial Liabilities 2020</b>						
Trade and other payables	-	-	3,562	-	-	3,562
Contract Liabilities	-	-	1,379	-	-	1,370
Bank loans	7.72%	866	-	-	-	866
Other current liabilities	0.00%	26	-	-	-	26
<b>Total</b>		<b>892</b>	<b>4,936</b>	<b>-</b>	<b>-</b>	<b>5,828</b>

At 30 June 2021 the Group did not have any material exposures to interest rates. The following table illustrates, with all other variables held constant, if there was a movement of + and – 10% then pre tax profit would have been affected as follows. A movement of + and – 10% is selected because a review of recent exchange rate movements and economic data suggests this range is reasonable

	Cash and Cash Equivalents Higher/(Lower)		Short term liabilities Higher/(Lower)	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<b>Interest</b>				
+10%	1	1	-	-
-10%	(1)	(1)	(-)	(-)

### Risk Exposure and Responses

The Group's exposure to market interest rates relates primarily to short term deposits and short term borrowings held. The effect of volatility of interest rates within expected reasonable possible movement would not be material.

**NOTE 25: FINANCIAL INSTRUMENTS (CONTINUED)****Fair Value Measurement**

The carrying amounts of cash and cash equivalent, trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

**Credit Risk**

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 7.

The Group trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to securitise its trade and other receivables. It is the Group's policy to consider the credit worthiness of all customers who wish to trade on credit terms. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. There are no significant concentrations of credit risk.

**Price Risk**

The Group's exposure to raw material commodities is minimal.

**Liquidity Risk**

The Group manages liquidity risk by monitoring cash flow, maintaining sufficient liquid assets (mainly cash and cash equivalents) and has maintained borrowing facilities to be able to pay debts as and when they become due and payable.

*Remaining contractual maturities*

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

	Weighted average interest rate	1 year or less \$'000	Between 1 to 2 years \$'000	Between 2 to 5 years \$'000	Over 5 years \$'000	Remaining contractual maturities \$'000
<b>2021</b>						
<i>Non interest bearing</i>						
Trade and other payables		4,155	-	-	-	4,155
Contract liabilities		1,244	-	-	-	1,244
Other current liabilities		26	-	-	-	26
<i>Interest bearing</i>						
Lease liability	4.72%	419	294	179	-	892
<b>Total</b>		<b>5,824</b>	<b>294</b>	<b>179</b>	<b>-</b>	<b>6,297</b>
<b>2020</b>						
<i>Non interest bearing</i>						
Trade and other payables		3,562	-	-	-	3,562
Contract liabilities		1,374	-	-	-	1,374
Other current liabilities		26	-	-	-	26
<i>Interest bearing</i>						
Lease liability	7.72%	354	289	271	-	914
<b>Total</b>		<b>5,316</b>	<b>289</b>	<b>271</b>	<b>-</b>	<b>5,876</b>

**NOTE 26: EVENTS AFTER THE REPORTING DATE**

No matters or circumstances, other than those listed below, have arisen since the end of the reporting date, not otherwise disclosed in this report, which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

**NOTE 27: CONTINGENT LIABILITIES AND ASSETS****Outstanding Bank Guarantees**

Outstanding bank guarantees held as at 30 June 2021 amounted to \$16,500 (2020: \$18,838), being a financial guarantee relating to the lease of the registered office at 1/31 Sabre Drive, Port Melbourne.

**NOTE 28: PARENT ENTITY INFORMATION**

The following information related to the parent entity, Austco Healthcare Limited as at 30 June 2021. This information has been prepared using consistent accounting policies as presented in Note 1.

	<b>Parent Entity</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Current assets	5,792	5,117
Non current assets	5,917	5,917
<b>Total Assets</b>	<b>11,709</b>	<b>11,034</b>
Current liabilities	7	2
Non current liabilities	-	-
<b>Total Liabilities</b>	<b>7</b>	<b>2</b>
<b>Net Assets</b>	<b>11,702</b>	<b>11,032</b>
Issued Capital	41,435	41,435
Accumulated losses	(29,887)	(30,472)
Option Reserve	154	69
<b>Total Equity</b>	<b>11,702</b>	<b>11,032</b>
Net Income (Loss) for the year	538	(400)
<b>Total comprehensive income for the year</b>	<b>538</b>	<b>(400)</b>

**Contingent Liabilities**

The parent entity had no contingent liabilities as at 30 June 2021 and 30 June 2020.

The Directors of Austco Healthcare Limited declare that:

(a) in the Directors' opinion the financial report as set out on pages 3 to 59 and remuneration report as set out on pages 12 to 19, are in accordance with the Corporation Act 2001, including:

(i) giving a true and fair view of consolidated entity's financial position as at 30 June 2021 and of its performance, for the financial year ended on that date;

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001; and

(iii) the remuneration disclosures contained in the remuneration report comply with s300A of the Corporations Act 2001.

(b) the financial report also complies with International Financial Reporting standards issued by the International Accounting Standards Board as disclosed in note 1; and

(c) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they became due and payable.

The directors have been given the declarations by the chief executive and chief financial officer for the financial year ended 30 June 2021, required by Section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of the directors.



Clayton Astles  
Chief Executive Officer

Dated this 27<sup>th</sup> day of August 2021, Melbourne

# Independent Auditor's Report

## To the Members of Austco Healthcare Limited

### Report on the audit of the financial report

#### Opinion

We have audited the financial report of Austco Healthcare Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, 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 year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<b>Revenue recognition (Note 2)</b>	
<p>Revenue recorded from contracts with customers amounted to \$31.598 million for the year ended 30 June 2021.</p> <p>The Group enters into transactions that involve a range of products and services. Revenue is recognised either at a point in time or over time as the Group satisfies the performance obligations in line with AASB 15 <i>Revenue from Contracts with Customers</i>.</p> <p>This represents a key audit matter given management judgement is required in determining the appropriate recognition of revenue and material nature of revenue to the Group's overall performance.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• Documenting the nature of revenue streams and reviewing recognition policies for compliance with AASB 15;</li> <li>• Performing detailed testing on a sample of revenue transactions during the year and assessing whether revenue has been recognised in accordance with AASB 15, which included; <ul style="list-style-type: none"> <li>- Reviewing the relevant contracts with customers;</li> <li>- Assessing management's determination of performance obligations with contracts and the allocation of the transaction price to those obligations;</li> </ul> </li> <li>• Performing an analytical review of revenue recognised and gross margins to identify anomalies from our expectations;</li> <li>• Testing sales immediately pre and post year-end to assess whether revenue is recognised in the correct period; and</li> <li>• Assessing the adequacy of relevant financial statement disclosures.</li> </ul>
<b>Capitalisation of product development costs (Note 12)</b>	
<p>As at 30 June 2021, the carrying value of capitalised product development costs was \$3.614 million.</p> <p>The Group capitalises costs as intangible assets that are directly attributable to the development of software related to nurse on call technology in accordance with AASB 138 <i>Intangible Assets</i>.</p> <p>This represents a key audit matter due to the inherent judgement involved in determining projects and related costs which satisfy the strict criteria within AASB 138. The determination of intangible asset useful life is also subject to management judgement.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• Documenting our understanding of processes and controls, including review of management's capitalisation policy for compliance with AASB 138;</li> <li>• Testing a sample of costs capitalised to supporting documentation and assessing for compliance with recognition criteria within AASB 138;</li> <li>• Discussing with management the nature of activities undertaken and status of key projects;</li> <li>• Evaluating management's assessment of impairment indicators for intangible assets held;</li> <li>• Assessing management's useful economic life and the amortisation charge for consistency with accounting policies adopted; and</li> <li>• Assessing the adequacy of relevant financial statement disclosures.</li> </ul>

### **Information other than the financial report and auditor's report thereon**

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of the Directors for the financial report**

The Directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [https://www.auasb.gov.au/auditors\\_responsibilities/ar1\\_2020.pdf](https://www.auasb.gov.au/auditors_responsibilities/ar1_2020.pdf). This description forms part of our auditor's report.

### **Report on the remuneration report**

#### **Opinion on the remuneration report**

We have audited the Remuneration Report included in pages 12 to 19 of the Directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Austco Healthcare Limited, for the year ended 30 June 2021 complies with section 300A of the *Corporations Act 2001*.

### Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



Grant Thornton Audit Pty Ltd  
Chartered Accountants



Michael Climpson  
Partner

Melbourne, 27 August 2021

## Corporate Governance Statement

In accordance with Listing Rule 4.10.3, Austco's Corporate Governance Statement can be found at <http://www.austcohealthcare.com/>

## Shareholder Information

Additional information required by the Australian Securities Exchange Limited and not shown elsewhere in this report is as follows. This information is correct as at 25 August 2021.

### Distribution of Holders In Each Class Of Equity Securities

Fully paid ordinary shares	Number of shareholders
1 – 1,000	56
1,001 – 5,000	181
5,001 – 10,000	206
10,001 – 100,000	565
100,001 and over	152
Total Number of shareholders	1,160
Unmarketable parcels	132

### Twenty largest Holders Of Quoted Securities

	Number	%
National Nominees Limited	52,774,455	18.57
Mr Robert Grey + Ms Aurawan Grey <Cetau Super Fund A/C>	44,191,645	15.55
Asia Pac Holdings Pty Ltd	18,775,345	6.61
Asia Pac Technology Pty Ltd	17,214,758	6.06
Mr Robert Edward Grey <Austco A/C>	11,015,141	3.88
Bill Brooks Pty Ltd <Bill Brooks Super Fund A/C>	9,213,154	3.24
Asia Pac Holdings Pty Ltd <Asia Pac Holdings A/C>	8,948,764	3.15
Moat Investments Pty Ltd <Moat Investment A/C>	8,690,731	3.06
Dixon Trust Pty Ltd	7,784,076	2.74
Lz New Century Pty Ltd	5,000,000	1.76
Mast Financial Pty Ltd <A To Z Investment A/C>	5,000,000	1.76
Sean Elias Family Investments Pty Ltd <Sean Elias Investments A/C>	4,348,773	1.53
Asia Pac Technology Pty Ltd <John Bennetts S/F A/C>	4,083,245	1.44
Mrs Emma Jane Gracey	4,000,000	1.41
Asia Pac Holdings Pty Ltd	3,502,735	1.23
Mr Erich Gustav Brosell	3,000,000	1.06
Mr David Leroy Boyles	2,000,000	0.70
HSBC Custody Nominees (Australia) Limited	1,802,106	0.63
Mr Michael Murray	1,116,669	0.39
Mr David John Lightfoot	1,093,993	0.38

### Substantial shareholder notices lodged with the Company as at 25 August 2021

Robert Edward Grey	54,504,139 shares	19.18%
Australian Ethical Investment Ltd	41,447,475 shares	17.8%
Asia Pac Holding Pty Ltd	51,305,288 shares	18.05%

## Corporate Information

Austco Healthcare Limited  
(previously Azure Healthcare Limited)  
ABN 67 108 208 760

### DIRECTORS

Mr Clayton Astles – Chief Executive Officer & Executive Director  
Mr Graeme Billings – Non-Executive Chairman  
Mr Brett Burns – Non-Executive Director  
Mr Tony Glenning – Non-Executive Director

### COMPANY SECRETARY

Mr Brendan Maher

### REGISTERED OFFICE

Unit 1, 31 Sabre Drive  
Port Melbourne, VIC 3207  
Australia

### SHARE REGISTRY

Computershare Investor Services Pty Limited  
Yarra Falls  
452 Johnson Street  
Abbotsford, VIC 3067  
Australia

Austco Healthcare Limited shares are listed on the Australian Securities Exchange (ASX:AHC)

### BANKERS

Commonwealth Bank of Australia  
Level 12, 385 Bourke Street  
Melbourne, VIC 3000  
Australia

### AUDITORS

Grant Thornton  
727 Collins Street  
Melbourne, VIC 3008  
Australia



[www.austcohealthcare.com](http://www.austcohealthcare.com)