



AZURE
HEALTHCARE LIMITED



End of Financial Year Report

For the Year Ended
30 June 2014



REGISTERED OFFICE

AZURE HEALTHCARE LIMITED
Level 18, 60 Albert Road
South Melbourne VIC 3205
Australia

DIRECTORS

Mr Robert Grey – Executive Chairman
Mr William Brooks – Non Executive Director
Mr Greg Lewis – Non Executive Director

COMPANY SECRETARY

Mr Jason D’Arcy

AUDITORS

BDO East Coast Partnership
Level 14, 140 William Street
Melbourne Vic 3000
Australia

SHARE REGISTRY

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

BANKERS

Australia and New Zealand Banking Group Limited
Business Banking
Level 1, 91 Maroondah Highway
Ringwood Vic 3134
Australia

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

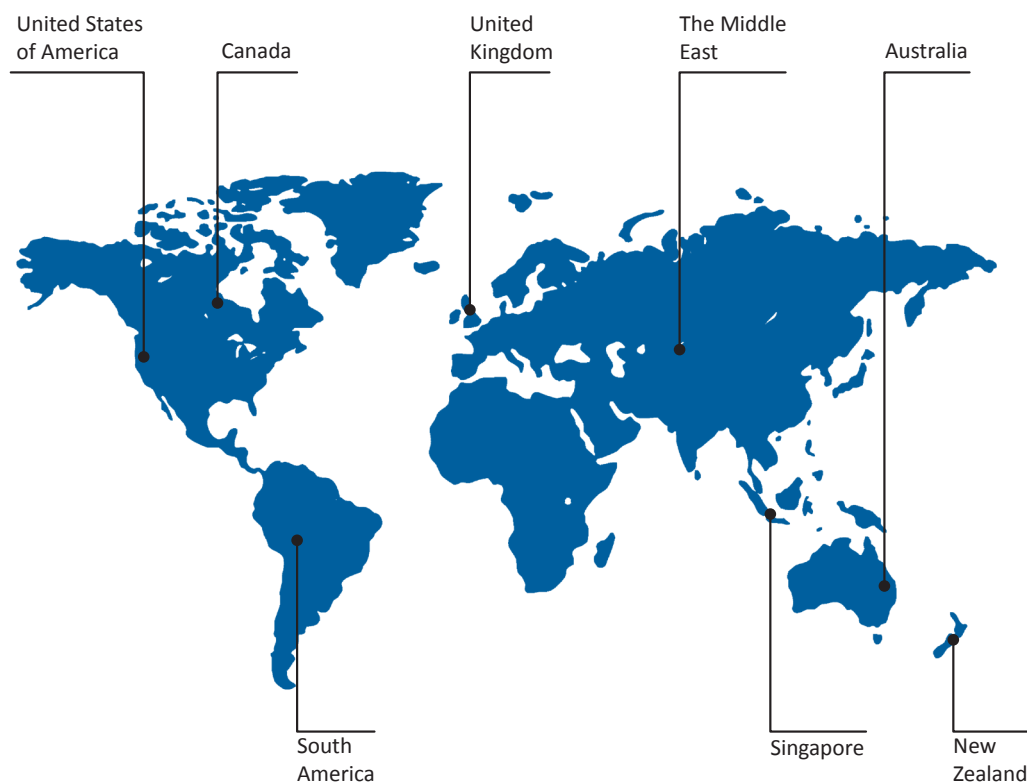
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Azure Healthcare Ltd

Azure Healthcare Ltd is a global healthcare communication and clinical management solutions provider. We are a dedicated team that operates with the highest level of integrity, using reliable hardware and forward thinking software solutions, which comply with global healthcare standards. We help our customers improve operating efficiency, cut costs and increase the level of patient accountability and care.

Azure Healthcare operates from eight different offices, serving over 8500 sites across 60 countries.



Our Mission

Our mission is to create a better care environment and transform the way information is exchanged in communication critical environments to the benefit of healthcare stakeholders, the business, staff and those to whom they have a duty of care.

Our Values

At Azure we believe that we make a real difference; that what we do can save lives. As such we continuously strive for excellence in our work and operate according to 7 core values.

Focus on Customers

Our customers are the core of our business. We believe that success comes by listening, collaborating, and responding to our customer's needs.

Relationships

We actively build and nurture strong relationships with our partners, investors and stakeholders, so we can understand their needs and exceed their expectations.

Innovation and flexibility

Our goal is to embrace new technologies and to evolve our thinking and products so that our customers can continue to thrive in a changing environment.

Safety

Austco is committed to the safety of our employees; contractors and customers. To achieve this, Austco design and manufacture its products according to international standards and compliances.

Quality

We are committed to quality. We are constantly striving to make improvements in products, processes and services.

Transparency and Integrity

We strive to be open and transparent in all our work and carry out our business with integrity and highest level of professionalism.

Teamwork

Our most valuable asset is our multi-disciplinary, talented and diverse team. We respect and rely on one another in order to achieve great results.

Austco Signs OEM Partnership with Active Tagging's Baby Abduction Prevention Technology

November 28th, 2013

Austco is pleased to announce it has signed a worldwide OEM partnership agreement with Active Tagging Ltd of the UK with its Xtag technology being integrated onto the Austco Tacera Nurse Call system. Tacera Tag solution offers advanced risk protection for the prevention of baby abduction or mother baby mismatch in Maternity wards.

The Tacera Tag system works by tagging both the mother and baby with real time sensors that detect both the location of the baby within a Maternity Ward and ensures that only the correct mother is holding and feeding her baby. This is especially important in open wards and where staff numbers are limited. In such situations, baby abduction and Mother/Baby mismatch at feeding time can be serious issues. The Tacera Tag system alerts staff wirelessly and via the Austco IP Nurse Call System if the baby is moved towards any exit or the active tag strap is cut, slipped off, or tampered with.

The risk of the wrong mother taking a baby from Nursery is also minimised as the system will alert staff if the tag on the mothers wrist becomes too close to the wrong infant.

The Tacera Tag system provides a versatile, secure and simple to use monitoring solution that saves time and provides peace of mind for nurses.

"Austco's partnership with Xtag reduces the risk of abductions and provides peace of mind to both the family and Healthcare personnel. Austco has successfully integrated and supplied abduction prevention technology for many years and has various Hospital installations across the globe but this is the first time the Xtag technology will now be a part of the Austco range and we look forward to working with Active Tagging Ltd installing Tacera Tag through our worldwide reseller network," commented Robert Grey, CEO.

"I am delighted to be partnered with Austco as its advanced IP Nurse Call system allows our technology to reach Healthcare providers in real-time, minimising risk and increasing security at Healthcare facilities. Integrating our technologies together completes the circle of care, focusing on the protection of all vulnerable patients within the medical environment," commented Chris Bullock, Managing Director, Active Tagging Ltd, UK.



Baby with Tag

My fellow Shareholders,

The Directors of Azure Healthcare Limited are pleased to report continued and substantive improvements in the operating performance and financial results for the financial year ended 30 June 2014. Our strategy to transition the Company from a Nurse call system manufacturer to become a provider of clinical workflow software and healthcare solutions is proving to be successful with continued improvements in revenue, gross margins and profitability.

The Board and management team at Azure Healthcare Limited continue to expand and deliver on our leading third generation Tacera Nurse call platform which has enabled us to become an international provider of integrated healthcare and clinical workflow solutions. Our customer base is growing both locally and internationally as we expand our product offering and realize the benefits of our improved software offering and integrated solutions.

The Azure Group now has its products installed in more than 8,500 sites globally. This footprint of installed Nurse call systems is one of the largest in the world and enables us to leverage off our existing relationships and create further opportunities emerging from the rapid increase in clinical workflow requirements in the Healthcare sector.

We continue to be excited by the emerging opportunities within the Clinical workflow space. We have seen an increasing and rapidly expanding trend toward Clinical workflow integrations which empower health carers with integrated software and mobile solutions. Some of these integration opportunities include Patient Electronic Records, Real-Time Patient Telemetry, Admissions, Discharge and Transfer software, Real Time Location Services, Patient Flow, Touch Tablets, Smart and Wireless telephony.

The rapid increase in demand for workflow solutions is being met by our 3G Tacera solution and has seen us expand our traditional markets in Australia and New Zealand whilst recently obtaining substantial and escalating growth in North America and Asia.

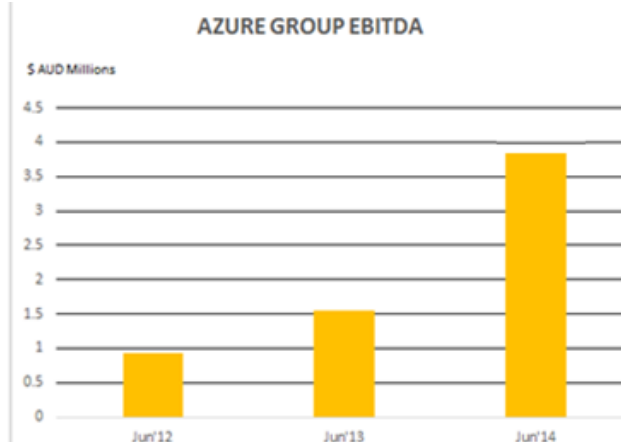
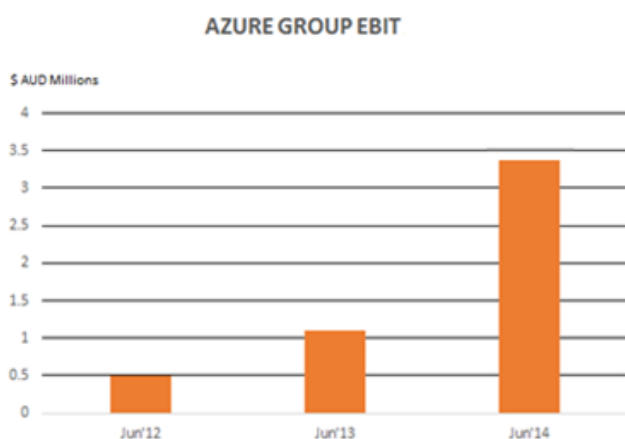
With the significant increase in demand and requirement for our products in North America, the company decided to commence a second manufacturing and assembly plant in the USA. This facility came online in December 2013 and will reach full operational capability by October 2014. We expect this to translate into increased sales in the US region as this facility feeds the growing US, Canadian and South American markets. One off costs associated with the setup of the US factory of \$0.59 million have been expensed in the 2014 financial year.

The Company invested \$2.6 million in research and development and \$0.25 million in compliance expenses including FDA registration and UL approval in the 2014 financial year which have been fully expensed. The Company remains committed to continuing this investment to ensure the sustained development and advancement of its products.

During the year the Company received an unsolicited, non-binding, conditional proposal to acquire all the issued share capital of Azure. Both parties failed to reach an agreement that could be tabled before shareholders for their consideration and discussions were subsequently terminated.

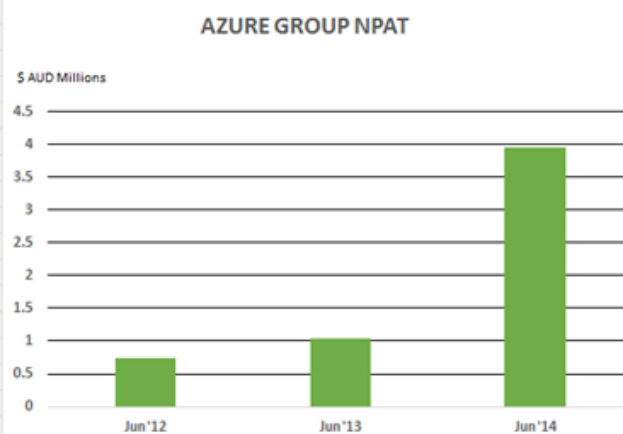
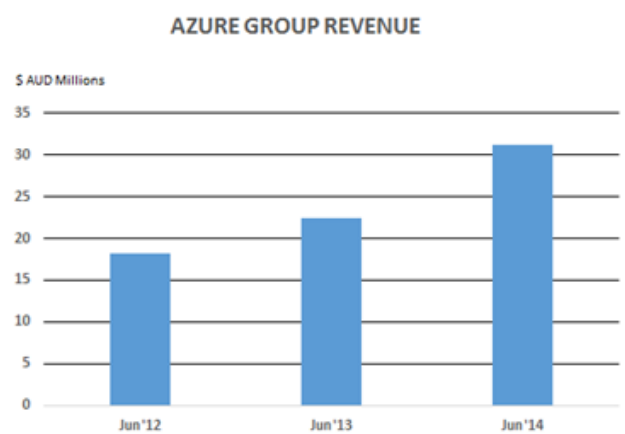
During the year the Company was granted UL1069 certification (the North American standard for Hospital Signalling and Nurse Call Equipment) for its 3rd generation Tacera platform and registered its healthcare products with the Federal Drug Administration (FDA).

Revenue from ordinary activities increased by 39.2% in the 2014 financial year to \$31.3 million whilst Gross margins improved from 53.0% to 56.4%, reflecting increased demand for our new generation Tacera products.



Net profit after tax (NPAT) was \$3.865 million representing a 271.7% increase from the 2013 financial year.

Net earnings before interest, tax, depreciation and amortisation, (EBITDA) were \$3.88 million, whilst earnings before interest and tax (EBIT) were \$3.40 million.



Performance Summary 2013-2014			
	Jun-14	Jun-13	%
	\$ Mil	\$ Mil	Increase
Revenue	31.319	22.504	39.2%
EBITDA	3.880	1.555	149.5%
EBIT	3.394	1.107	206.6%
NPAT	3.865	1.040	271.7%

Revenue: Consolidated revenues from ordinary activities increased by 39.2% to \$31.319 million compared to the previous corresponding period, reflecting increased demand for our new generation Tacera products.

Earnings before Interest and Tax (EBIT): Net earnings before interest, tax, depreciation and amortisation, (EBITDA) were \$3.880 million, whilst earnings before interest and tax (EBIT) were \$3.394 million.

Net Profit After Tax (NPAT): Net profit after tax (NPAT) was \$3.865 million representing a 271.7% increase from the previous corresponding period. The Azure Group produced earnings of 2.04 cents per share compared to 0.51 cents in the previous corresponding period.

Net Tangible Assets (NTA): Net Tangible assets have increased from 3.70 cents to 5.76 cents per share, an increase of 55.68%.

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

Operating expenses have increased by 31.6% over the prior corresponding period largely due to the increase in expenditures in compliance costs, US factory setup costs and research & development. Our Research & Development investment expenditure remained at \$2.6 million in both the 2013 and 2014 financial year.

During the year the Company retired \$0.4 million in debt with our balance sheet showing a bank debt of \$1.30 million with cash at bank of \$1.6 million as at 30 June 2014.

Operations Overview

The Directors are pleased to report that the liquidation of the Australian contracting division TSV Australia Pty Ltd was finalised on 26 June 2014 with a final creditors meeting on that date. The liquidation process facilitated a further minor debt reduction for the Group of \$0.01 million in the 2014 financial year. There is no materially adverse impact to the remaining Azure Group.

Initiatives

Initiatives that are currently being implemented to improve our business are:

-  Obtain TGA approval for our Tacera product range
-  Seek to acquire like well-priced complimentary businesses in the international markets we operate, in order to leverage sales through our extensive worldwide reseller channel and client base.
-  Continue and increase our Research & Development investment efforts specifically in software integrations to allow us to capture more of the high margin clinical middleware business.
-  Conduct strategic interoperability partnerships with the largest American Healthcare hardware and software supply companies. This will allow our development teams to provide company certified seamless integrations between our respective software and hardware solutions.

Our continued success over the past 12 months has been possible only because we have addressed the market drivers within the Nurse Call / Clinical Workflow space with improving technologies and integrations, to empower nursing staff with mobile solutions. The Azure Group installation of base of some 8,500 nurse call systems worldwide has allowed us to capture more of these emerging opportunities and will continue to drive and support our future sales.

Appreciation

The 2014 financial year was a challenging yet extremely rewarding year for the company. We embarked upon a number of initiatives which called for major investment, commitment and dedication on the part of our loyal employees. The result was that the company has now positioned itself for continued growth in key markets whilst still increasing its worldwide revenues and net profit over the past year.

On behalf of the Board of Directors and the Executive Management, we would like to thank all our employees for their outstanding support. Our thanks go also to our customers for the trust they show in our products and services, the good business relationships and the many ways in which they inspire us.

As Azure Healthcare shareholders we should be proud of the milestones our company has achieved this year and I personally thank all of you for your continued support of our company as we continue to grow and prosper.

Yours faithfully



Robert Grey
Executive Chairman

AZURE HEALTHCARE RESEARCH AND DEVELOPMENT INVESTMENT EXPENDITURE

Healthcare is facing an unprecedented change on a global scale, where changing demographics, healthcare costs, new technologies and rising consumer expectations are creating a number of challenges and opportunities, which Azure is strategically positioned to provide solutions for.

The rise in demand for smart integrated healthcare communication solutions, in a market, which previously provided simpler hardware nurse call buttons and nurse call intercoms illustrates that Azure's continued investment towards a more software focused solution offering is well placed.

As such we have continued to invest in research and development, and have increased Azure's operating expenses by 31.6% over the prior corresponding period largely due to the increase in compliance costs and US factory set up costs. The company invested \$0.25 million in Compliance expenses including Food and Drug Administration (FDA) registration and UL approval, and R&D investment of \$2.6 million; bringing R&D investment to a total of 6.7 million since 2011.

FDA registration was a significant milestone for Azure's continued expansion into the US and Canada, from both a commercial and technological prospective. The FDA requires that medical devices be safe, effective and manufactured in accordance with 'current' manufacturing practices in efforts to promote the safe use of medical devices by nurses at the point of care.

As such Azure has taken the decision to respond to the requirement for an R&D team based in the USA, by introducing additional software development capabilities to its Dallas office in the US, under the management of a newly appointed R&D Director, to ensure that going forward products meet or exceed the 510K standards required.












Austco's I-Duty our
Solution to Integrated
Healthcare



ROLE OF THE BOARD

The role of the Board of Directors of the Company is to provide strategic guidance for Azure Healthcare Limited ("Azure") and effective oversight of management. The Board operates in accordance with Azure's Constitution and Board Charter, which describes the Board's composition, functions and responsibilities and designates authority reserved to the Board and that which is delegated to management. The Board's functions are set out in Azure's Board Charter and include:

-  monitoring financial performance against agreed financial objectives;
-  monitoring the implementation of the strategy approved by the Board;
-  appointing, removing and monitoring the performance of the Chief Executive Officer, Chief Financial Officer and Company Secretary;
-  ensuring appropriate succession planning for Board members and senior management;
-  approving and monitoring financial and other reporting;
-  determining the Company's dividend policy;
-  approving and monitoring major capital expenditure, capital management, funding, acquisitions and divestments;
-  overseeing risk management, control, accountability and compliance systems; and
-  setting standards of behavior to enhance the reputation of Azure Healthcare Limited in the market and the community.

A copy of Azure's Board Charter may be obtained from the Company upon request.

COMPOSITION OF THE BOARD

As at the date of this Annual Report and during the financial year ended 30 June 2014, the Directors were as follows:

Mr Robert Grey	Executive Chairman and Chief Executive Officer
Mr William Brooks (i)	Non-Executive Director
Mr Michael Howard (ii)	Non-Executive Director – Retired 3 June 2014
Mr Greg Lewis (iii)	Non-Executive Director – Appointed 3 June 2014

- (i) Chairman of the Audit and Risk Management Committee and member of the Nomination and Remuneration Committee.(1 July 2013 to 3 June 2014) Chairman of the Nomination and Remuneration Committee and member of the Audit and Risk Management Committee (3 June 2014 to current)
- (ii) Chairman of the Nomination and Remuneration Committee and member of the Audit and Risk Management Committee .(1 July 2013 to 3 June2014)
- (iii) Chairman of the Audit and Risk Management Committee and member of the Nomination and Remuneration Committee.(3 June 2014 to current)

Each Director is a senior and experienced executive with skills and experience necessary for the proper supervision and leadership of the Company. Details of the Directors, their experience and their special responsibilities with respect to the Company are set out on page 18 and 19.

The Board considers none of Azure's directors (except Mr Greg Lewis) are independent under the ASX guidelines.

Mr Robert Grey is not considered to be independent because he served as Chief Executive Officer ('CEO') of the Company in the immediate past three year period and is a substantial shareholder in the company. Mr Brooks is

not considered to be independent because he is a substantial shareholder in the company. Mr Lewis is considered to be independent as he is neither an executive of the Company nor a substantial shareholder and meets the definition of independence as prescribed by the ASX Corporate Governance Council's Principles and Recommendations with 2010 Amendments (2nd edition) in accordance with ASX Listing Rule 4.10.3.

Through the Nomination and Remuneration Committee, which has met during the current financial year to consider appointments to management and the Board, directors have considered the balance of skills and experience required of Board members for the size and stage of development of Azure. Where additional skills are considered necessary for specific purposes, access is made to independent professional advice at the expense of the company.

CHAIRMAN




The Australian Securities Exchange Corporate Governance Recommendations recommend that the chairperson be independent. The Company believes that at this stage of the Company's transition, the most appropriate person for the position of Chairman is an Executive Director with sufficient industry experience to steer the Company through its next phase of development. The Executive's overall expertise has been crucial to the repositioning of the Company and negates any perceived lack of independence.

RISK MANAGEMENT

The entire Board is responsible for overseeing the risk management function. The Company believes that it is crucial for all Board members to be a part of the process and as such has established risk management as a component of the Audit and Risk Management Committee.






The Board is responsible for ensuring risks and opportunities are identified on a timely basis.

The Board has a number of mechanisms in place to ensure management manages risk in an effective manner. These include the following:

-  Implementation of Board approved operating plans and budgets;
-  Board monitoring of progress against these budgets, including the monitoring of key performance indicators of both a financial and non-financial nature; and
-  The establishment of risk management identification and mitigation practices.

INTERNAL RISK MANAGEMENT SYSTEM COMPLIANCE

Management is accountable to the Chief Executive Officer to ensure that operating efficiency, effectiveness of risk management procedures, internal compliance control systems and controls and policies are all being monitored. Management has designed and implemented a risk management and internal control system to manage the Company's material business risks and reports to the Board on the effective management of those risks. The Company has considered a series of operational risks which the Company believes to be inherent in the industry in which the Company operates. These include:

-  Changes to operating, market or regulatory environments;
-  Fluctuations in demand volumes;
-  Fluctuations in exchange rates;
-  Increasing costs of operations; and
-  Changes in competitive environment.

These risk areas are provided here to assist investors better understand the nature of the significant risks faced by the Company.

The Board requires the Chief Executive Officer and Chief Financial Officer every half year to provide a statement confirming that a sound system of risk management and internal control is in place and that the system is

operating effectively in all material respects in relation to financial risks. The Board has received that assurance as part of the approval of this annual report.

The Risk Management Policy is available on request from the Company.

BOARD PRACTICES

The Board meets on a regular basis (and at other times as required) to evaluate, control, review and implement the Company's operations and objectives. The Directors receive monthly reports from the Chief Executive Officer and the Chief Financial Officer.

A Director, subject to prior consultation with the Chairman, may seek independent professional advice (including legal advice) at the Company's expense.

BOARD COMMITTEES

The Board has established two committees of Directors, the Audit and Risk Management Committee and the Nomination and Remuneration Committee, to carry out certain tasks. Details of the names and relevant qualifications of the Directors appointed to these committees, the number of meetings of each committee held during the year ended 30 June 2014 and the attendance record for each Director can be found on page 27 of this Annual Report.

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee is chaired by a Non-Executive Director and consists of at least two members and has a documented charter (including guidelines for the nomination of Directors) approved by the Board, a copy of which may be obtained from the Company upon request. The ASX Corporate Governance guidelines recommend that the Nomination and Remuneration Committee has at least 3 members. With only two Non-Executive Directors this recommendation cannot be implemented although the Company believes that the perceived risk is outweighed by the experience and benefits that these Directors contribute.

AUDIT AND RISK MANAGEMENT COMMITTEE

The Board has established an Audit and Risk Management Committee, which where possible is chaired by an independent Non-Executive Director and consists of at least two members. The Audit and Risk Management Committee has a documented charter approved by the Board, a copy of which may be obtained from the Company upon request. The ASX Corporate Governance guidelines recommend that the Audit and Risk Management Committee has at least 3 members. With only two Non-Executive Directors this recommendation cannot be implemented although the Company believes that the perceived risk is outweighed by the experience and benefits that these Directors contribute.

PERFORMANCE REVIEW

The Board has delegated the responsibility for evaluating the performance of the Non-Executive Directors to the Chairman. A performance evaluation was conducted in June 2014 and included the examination of the performance of the Board and the individual Board members against the Board Charter. The outcome of that evaluation was in line with the Company's Selection and appointment of Directors policy.

The Board has delegated the responsibility for evaluating the performance of the Company's executive management to the Nomination and Remuneration Committee. A performance evaluation was conducted in June 2014 and included the examination of the performance of Executive Management against the Board Charter. The outcome of that evaluation was in line with the Company's Selection and appointment policy.

Both the Board Charter and Appointment of Directors Policy are available on the Company's website: www.azurehealthcare.com.au




EVALUATING THE PERFORMANCE OF EXECUTIVE MANAGEMENT

The Company conducts annual performance reviews at the commencement of each financial year for all Executive Management. These appraisals are conducted by the Chief Executive Officer or immediate line manager and assess the past year's performance as well as set future performance goals for each Executive Manager. Each appraisal is completed in conjunction with each Manager's budget forecast for the following financial year and comprise operational, financial and non financial Key Performance criteria and goals.

REMUNERATION POLICY

The Company's remuneration policy for the Board of Directors and Executive Management is structured to ensure that the remuneration package properly reflects the person's duties and responsibilities and level of performance. Executive remuneration is set at a level that is at market rates and is competitive in attracting, retaining and motivating people of the highest quality.

Executive remuneration comprises the following elements:

-  Fixed remuneration, including superannuation, which is set at a level that reflects the marketplace for each position;
-  Equity based remuneration, including share options, which incorporates exercise restrictions based on continuity of employment and the achievement of certain individual and financial performance hurdles; and
-  Incentive payments based on achievement of operational goals.



Non-Executive Directors are remunerated by way of fees and do not participate in profit or incentive schemes. Further details of remuneration of Directors and Executive Management can be found commencing on page 23 of this Annual Report.

INTEGRITY OF FINANCIAL REPORTING AND RISK MANAGEMENT

The Board has ultimate responsibility for the integrity of the Company's financial reporting. The Directors have implemented internal control processes for identifying, evaluating and managing significant financial, operational and compliance risks to the achievement of the Company's objectives.

The Directors have received and considered written representations from the Chief Executive Officer and the Chief Financial Officer of the Company in accordance with section 295A of the Corporations Act.

The Chief Executive Officer and the Chief Financial Officer of the Company have made the following representations to the Board:

-  That the Company's financial statements are complete and present a true and fair view, in all material respects, of the financial condition and operating results of the company, and are in accordance with the relevant Accounting Standards; and
-  That the above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board, and that compliance and control is operating efficiently and effectively in all material respects.

The Company's external auditor has been invited to attend the Annual General Meeting and be available to answer questions from the members of the Company about the conduct of the audit and the preparation and content of the Independent Auditor's report.

DIVERSITY POLICY

Azure Healthcare Limited and all its related entities (Azure or the Company) is committed to recruiting, developing and retaining a talented and diverse workforce so as to maximise its corporate goals.

Diversity includes, but is not limited to, gender, age, ethnicity and cultural background. To the extent practicable, Azure will address the recommendations and guidance provided in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (Second Edition) (ASX Principles).

The board of Directors of Azure is responsible for adopting and monitoring the Company's Diversity Policy (Policy). This policy does not form part of an employee's contract of employment, nor does it give rise to contractual obligations. Every employee and officer of Azure is responsible for supporting and maintaining Azure's corporate culture, including its commitment to diversity in the workplace.

Azure promotes gender balance within the workforce. While the Company is successfully overseen by only three directors who provide a skill set which is appropriate for the Company's needs, across the rest of the Company, there is a significant involvement of both female and male employees at each level of operations.







Overall, the object is for the Company to achieve the current national benchmark of women comprising 45% of the workforce has been clearly achieved (52%) and increased by 8% compared to last financial year at the Other level. The operational classification of Other is dominated by male workers such as Technicians and Manufacturing personnel with 74% male participation for the Australian workplace according to the Australian Bureau of Statistics in its most recent findings. Azure has an 87% male participation for this class but has improved on the previous year with increases to female participation from 5% to 13% compared to last year. Overall, the current gender balance in Azure has been improved and is 26% (2013: 20%) as per the table below.

Gender Diversity - Azure Healthcare Limited

	2014		2014		2013		2013	
	NUMBER OF		PERCENTAGE		NUMBER OF		PERCENTAGE OF	
	Female	Male	Female	Male	Female	Male	Female	Male
Board	0	3	0%	100%	0	3	0%	100%
Management, Finance, Administration	25	23	52%	48%	19	13	59%	41%
Other	12	79	13%	87%	4	76	5%	95%
Total	37	105	26%	74%	23	92	20%	80%

This Policy does not impose on Azure, its directors, officers, agents or employees any obligation to engage in, or justification for engaging in, any conduct which is illegal or contrary to any anti-discrimination or equal employment opportunity legislation or laws that are applicable to the Company and/or its related entities.

PROGRAMS AND INITIATIVES INTRODUCED TO INCREASE DIVERSITY

1. The Board is committed to embracing diversity when determining the composition of the Board, including the nomination, selection and appointment of new directors. Assessment of qualifications, skills, experience and diversity of gender is considered by the Board in determining the composition of the Board, senior management and employees.
2. The Board is committed to creating programs or initiatives to best enhance the development of required skills and experience for leadership roles and Board positions, to achieve improved diversity within the Company.
3. To assist with improving gender diversity within the organization, the Company will develop and introduce programs and initiatives. In the case of gender diversity, such initiatives may include:
 -  mentoring programs;
 -  networking opportunities;
 -  professional development programs that are targeted at helping women and men develop skills and experience for advancement to senior management and Board positions;
 -  fostering a corporate culture that embraces and values diversity and uses that diversity to deliver business outcomes;
 -  providing flexible work options and a working environment that helps women and men to balance their work, life and family responsibilities; and
 -  management supporting the promotion of talented women and men into leadership roles.

MONITORING THE MEASURABLE OBJECTIVES

1. The measurable objectives will be developed with the focus of improving and enabling a diverse workforce. The Board is ultimately responsible for establishing the measurable diversity objectives for the Company and ensuring that they will be progressively and successfully achieved.
2. The Chief Executive Officer and Company Secretary will monitor and report on the progress and effectiveness of the diversity program and initiatives, as part of an annual compliance review to the Board.
3. This Policy will be reviewed on an annual basis.
4. The Board may change this Policy by resolution.

This Policy was approved by the Board on 22 October 2012.





COMMUNICATION WITH SHAREHOLDERS AND THE MARKET

The Company's commitment to communicating with its shareholders is embodied in its Continuous Disclosure Policy, which contains policies and procedures designed to ensure accountability at the senior management level for compliance with disclosure obligations. A copy of the Company's Continuous Disclosure Policy may be obtained upon request from the Company.

In addition to the distribution of the Annual Report, information is communicated to shareholders via the Announcements section of the ASX website and the occasional issue of shareholder newsletters.

ETHICS AND CODES OF CONDUCT

The Company has adopted a Code of Conduct that applies to all employees and directors of the Company. The Code of Conduct reflects the commitment of the Company to ethical standards and practices. This Code deals with issues specific to employees and the Directors including, but not limited to, the following:

-  Directors will act with fairness, honesty and integrity in all of their dealings on behalf of the Company.
-  Directors will not discriminate on the grounds of people's race, religion, gender, marital status, or disability.
-  Directors will not make promises or commitments which to their knowledge Azure does not intend, or is unable, to honour.
-  Directors will require that all employees of the Company act in accordance with these principles of fairness, honesty and integrity.

A copy of the Code of Conduct is available on the Company's website www.azurehealthcare.com.au or may be obtained from the Company upon request.

The Company has also implemented a policy on securities trading that binds all of the Company's officers and employees. In addition to ensuring that all officers and employees are aware of the legal restrictions on trading in the Company's securities while in possession of unpublished price-sensitive information, the policy also restricts the times when officers and employees may deal in the Company's securities. A copy of the Policy for Securities Dealing by Directors and Employees is available on the Company's website www.azurehealthcare.com.au or may be obtained from the Company upon request.



The directors present their report, together with the financial statements, on the Consolidated entity ('economic entity', 'Company' or 'Group') consisting of Azure Healthcare Limited and the entities it controlled for the year ended 30 June 2014.

DIRECTORS

The names of the directors in office at any time during or since the end of the year are:

Mr. Robert Grey Executive Chairman and Chief Executive Officer

Mr. Grey founded Austco Communication Systems ("Austco") in 1986, and was responsible for increasing revenues from \$5 million in 1989 to \$19 million prior to the Company's acquisition by Azure Healthcare Limited, then TSV Holdings Limited, on 1 January 2007. Mr. Grey retains a significant shareholding in Azure Healthcare Limited.

Throughout his career, Mr. Grey has been involved in electronic communications in Australia and internationally, first as an engineer in telephony system development and installations, and later as the spearhead of Austco's expansion into new markets and territories.

Mr. Grey holds a Bachelor of Engineering in Communications from Curtin University, WA and a Diploma of Electronic Engineering from Mount Lawley College.

Current equity holding:
34,263,586 Ordinary Shares
Nil options

Mr. William Brooks (i) Non-Executive Director

Mr. Brooks has been involved in the exploration and mining industry for over 30 years and has extensive industry knowledge and contacts in the mineral industry. Mr. Brooks and his private companies have been involved in many exploration joint ventures and project agreements with major and junior companies in the Western Australian Goldfields. Mr. Brooks also has substantial interests in the hospitality industry, developing and owning two successful motel businesses.

Mr. Brooks was a Non-Executive Director of Reward Minerals Ltd from 26 March 2003 to 31 May 2013. He has not been a director of any other listed company in the past three years.

Current equity holding:
11,926,069 Ordinary Shares
Nil Options

Mr Michael Howard (ii) Non-Executive Director (Retired 3 June 2014)

Mr Howard is a qualified electronics technician with experience in computing and Nurse call systems. He operated a successful family owned furniture franchise for over 20 years. Mr Howard is a Director of an International Resort for the past 6 years and is a member of Ocean Gardens Inc, a not for profit organisation that owns and operates "Ocean Gardens" which is one of the largest retirement villages in Western Australia.

Mr. Greg Lewis (iii)**Non-Executive Director****(Appointed 3 June 2014)**

Mr Lewis has over 20 years professional services experience including being a partner of KPMG and a principal of Ernst Young. He has strong corporate advisory experience in advising various corporate and private groups on a range of matters. He has a bachelor of economics degree, a master's degree in taxation, is a chartered accountant, and a chartered tax advisor.

Current equity holding:
18,000 Ordinary Shares
Nil Options

- (i) Chairman of the Audit and Risk Management Committee and member of the Nomination and Remuneration Committee.(1 July 2013 to 3 June 2014) Chairman of the Nomination and Remuneration Committee and member of the Audit and Risk Management Committee .(3 June 2014 to current)
- (ii) Chairman of the Nomination and Remuneration Committee and member of the Audit and Risk Management Committee .(1 July 2013 to 3 June2014)
- (iii) Chairman of the Audit and Risk Management Committee and member of the Nomination and Remuneration Committee.(3 June 2014 to current)

COMPANY SECRETARY

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

Mr. Jason D'Arcy**Company Secretary**

Mr. D'Arcy is experienced in mergers and acquisitions, public company disclosure requirements including statutory reporting, ASX disclosures and in delivering quality management information within an organisation. Mr. D'Arcy is a CPA, with B.Ec and B.Bus (Accounting) qualifications.

Mr. D'Arcy has extensive ASX listed company financial experience in his former roles as the CFO and Company Secretary of Baxter Group Limited (ASX:BAX) and Cellectis Limited (ASX: CST). Mr. D'Arcy has also worked in senior finance roles for NTT Communications Ltd, AV Jennings Limited (ASX:AVJ), Gordon Industries Ltd and Kawasaki Ltd.

DIVIDEND PAID OR RECOMMENDED

No dividends were paid or declared for the year ended 30 June 2014 (2013: Nil)

CORPORATE INFORMATION

Corporate Structure

Azure Healthcare Limited is a for-profit company limited by shares that is incorporated and domiciled in Australia. It has several subsidiaries as indicated in Note 16.

Principal Place of Business and Registered Office

Level 18, 60 Albert Road, South Melbourne, VIC 3205, Australia.

Principal Activities

The principal activities of the economic entity during the financial year were the manufacture and supply of healthcare and electronic communications systems.

Employees

The Company had 142 employees as at 30 June 2014 (2013: 115 employees).

REVIEW OF OPERATIONS AND OPERATING RESULTS

The consolidated profit of the economic entity after providing for income tax attributable to members of the parent entity amounted to \$3.865 million (2013: \$1.040 million). A Review of Operations is contained within the Chairman's 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 subsequent to the reporting date.

LIKELY FUTURE DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The likely developments in the economic entity's operations, to the extent that such matters can be commented upon, are covered in the Chairman's Report contained elsewhere in this Annual Report. In the opinion of the Directors, disclosure of information regarding the expected results or likely developments in those operations in financial years after the current financial year is not sufficiently predictable at this stage, or may prejudice the interests of the Company. Accordingly, this information has not been included in this report.

ENVIRONMENTAL REGULATION

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

REMUNERATION REPORT (AUDITED)

This report details the nature and amount of remuneration for each key management person of Azure Healthcare Limited being directors and senior executives who influence or exercise strategic control of the economic entity. During the year, the following persons were key management personnel: Robert Grey (Chairman & Chief Executive Officer), William Brooks (Non Executive Director), Greg Lewis (Non Executive Director – appointed 3/06/14), Jason D'Arcy (Chief Financial Officer & Company Secretary), Peter Kamarinos (National Manager - Australia) and Michael Howard (Non Executive Director – retired 3/06/14).

REMUNERATION POLICY

The remuneration policy of Azure Healthcare Limited 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 economic entity's financial results.

The Board of Azure 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 economic entity, 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 economic entity are detailed below.

The remuneration policy, setting the terms and conditions for the Executive Directors and other senior executives, was developed by the Nomination and Remuneration Committee and approved by the Board after seeking professional advice from independent external consultants. 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 and Remuneration Committee reviews executive packages annually by reference to the economic entity'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 economic entity'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 arrangements.

The Executive Director and executives not on consulting agreements receive a superannuation guarantee contribution required by the government, which was 9.25% for the 2014 financial year, and do not receive any other retirement benefits. Some individuals, however have chosen to sacrifice part of their salary to increase payments towards superannuation.






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

The Board policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Nomination and 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 economic entity. 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



Executive Compensation

The objective of the economic entity'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 economic entity 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 Company 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 caliber executives.

The remuneration and reward strategy of the Company 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 economic entity, the balance of this mix shifts to a higher proportion of "at risk" rewards.

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.

Company Performance, Shareholder Wealth and Key Management Personnel Remuneration

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.

	2014*	2013*	2012*	2011	2010
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	31,319	22,504	18,224	16,833	43,066
Profit/(Loss) for the year	3,865	1,040	744	(11,050)	(9,681)
Overall Earnings Per Share (cents)	2.05	0.55	0.47	(11.46)	(10.37)
Share price at year end	\$0.330	\$0.068	\$0.029	\$0.040	\$0.100
Dividends paid	0.00	0.00	0.00	0.00	0.00

*Revenues from continuing operations only

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.

Cash bonuses in relation to the 30 June 2014 financial year are not reviewed and approved by the board of directors until completion of the audited financial statements. As payment of bonuses is ultimately at the discretion of the board of directors, included in the remuneration table below are only bonuses approved and paid during the financial year.

DIRECTORS' FEES

The current base remuneration of Director's was last reviewed with effect from 1 July 2013. Additional fees may also be payable to Directors for their membership on committees.

DETAILS OF KEY MANAGEMENT PERSONNEL REMUNERATION

The remuneration for each director and each of the key management personnel of the economic entity for the year was as follows:

	<u>Short Term Employee Benefits</u>			<u>Share Based Payments</u>	<u>Post Employment Expenses</u>	<u>Performance Related</u>	
	<u>Salaries, Fees and Commissions</u>	<u>2014 Cash Bonus</u>	<u>2013 Cash Bonus</u>	<u>Equity-settled Options</u>	<u>Superannuation Contributions</u>	<u>Total</u>	<u>%</u>
2014							
Executive director:							
Robert Grey	160,000	91,533	50,000 ⁽¹⁾	-	31,734	333,267	42%
Non – executive directors:							
William Brooks	20,000	-	-	-	-	20,000	-
Michael Howard (retired 3 June 2014)	18,337	-	-	-	-	18,337	-
Greg Lewis (appointed 3 June 2014)	1,667	-	-	-	-	1,667	-
Other key management personnel:							
Jason D'Arcy	247,200	49,440	24,720 ⁽²⁾	-	-	321,360	23%
Peter Kamarinos	143,632	25,740	9,379 ⁽³⁾	-	15,411	194,162	18%
	590,836	166,713	84,099	-	47,145	888,793	

Cash bonuses are payable in accordance with employment agreements applicable for the year end 30 June 2014.

2013							
Executive director:							
Robert Grey	140,000	37,200	-	-	12,301	189,501	20%
Non – executive directors:							
William Brooks	15,000	-	-	-	-	15,000	-
Michael Howard	15,000	-	-	-	-	15,000	-
Other key management personnel:							
Jason D'Arcy	256,200	-	-	2,261	-	258,461	1%
Peter Kamarinos (appointed 6 September 2012)	125,328	-	-	-	10,893	136,221	-
	551,528	37,200	-	2,261	23,194	614,183	

1. Mr Grey received a cash bonus of \$37,200 during the 2013 financial year. A further bonus of \$50,000 (inclusive of superannuation) was paid in September 2013 in relation to the 2013 financial year.

2. Mr D'Arcy received no cash bonus during the 2013 financial year but received a cash bonus of \$24,720 in September 2013 in relation to the 2013 financial year.

3. Mr Kamarinos received no cash bonus during the 2013 financial year but received a cash bonus of \$9,379 in September 2013 in relation to the 2013 financial year.

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

	Cash bonus paid/payable		Cash bonus forfeited	
	2014	2013	2014	2013
Robert Grey	100%	55% ⁽ⁱ⁾	-	45%
William Brooks	-	-	-	-
Michael Howard	-	-	-	-
Jason D'Arcy	100%	21% ⁽ⁱ⁾	-	79%
Peter Kamarinos	100%	40% ⁽ⁱ⁾	-	60%

⁽ⁱ⁾ Amount recorded as paid / payable not vested - approval and payment of bonus not approved by Board of Directors at year end.

Note: Non-Executive Directors are not entitled to bonus payments

Voting and comments made at the Company's 2013 Annual General Meeting ("AGM")

The Company received 97.68% of 'for' votes in relation to its remuneration report for the year ended 30 June 2013. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Options

There were no options granted as part of remuneration in the financial year ended 30 June 2014 (2013: Nil).

OPTIONS OUTSTANDING

At the date of this report, the outstanding options issued in relation to remuneration of key management personnel over unissued ordinary shares of Azure Healthcare Limited are as follows:

Number under Option	Date of Expiry	Exercise Price
133,000	7 December 2014	\$0.1508
133,000	7 December 2014	\$0.1645
133,000	7 December 2014	\$0.1782
399,000		

SHARE BASED COMPENSATION

The services and performance criteria set to determine compensation are discussed under remuneration policy commencing at page 20. All options were granted by Azure Healthcare Limited over ordinary shares for Nil consideration. There were no options granted as part of remuneration in the financial year ended 30 June 2014 (2013: Nil).

All employee options are unlisted, exercisable within 5 years of issue, have an exercise price consistent with the 5 day volume weighted average price at date of issue, one third are voluntarily escrowed for 1 year from date of issue, a further one third 2 years from date of issue and the final one third 3 years from date of issue. All options are non-transferable.

SHARES ISSUED ON EXERCISE OF COMPENSATION OPTIONS

No shares were issued on the exercise of compensation options during the current or prior period.

PERFORMANCE INCOME AS A PROPORTION OF TOTAL REMUNERATION

As part of each Executive Director and executives remuneration package there is a performance-based component, based on the achieving of key performance indicators (KPI's). The intention of this program is to facilitate goal congruence between directors/executives with that of the business and shareholders. The KPIs are set annually, with a certain level of consultation with directors/executives to ensure buy-in. The measures are specifically tailored to the areas each director/executive is involved in and has a level of control over. The KPIs target areas the Board believes hold greater potential for group expansion and profit, covering financial and non-financial as well as short and long-term goals. The level set for each KPI is based on budgeted figures for the Group and respective industry standards.

Performance in relation to the KPIs is assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the KPIs achieved. Following the assessment, the KPIs are reviewed by the Remuneration and Nomination Committee in light of the desired and actual outcomes, and their efficiency is assessed in relation to the Group's goals and shareholder wealth, before the KPI's are set for the following year.

In determining whether or not a KPI has been achieved, Azure Healthcare Limited bases the assessment on audited figures.

OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

	Economic Entity	
	2014 \$'000	2013 \$'000
Occupancy Fees for the lease of the premises located at 40 O'Malley St, Osborne Park, WA were paid to Mr Robert Grey (Director). Lease term: 01 January 2007 to 31 December 2016	289	277
Occupancy Fees for the lease of the residence at 27/5 Gallant Crt, South Lake, TX US were paid to Mr Robert Grey (Director). Lease term: 28 April 2014 to 28 August 2014	6	-

EMPLOYMENT CONTRACTS OF DIRECTORS AND SENIOR EXECUTIVES

The employment conditions of the key executives are formalised in contracts of employment or service agreements. All Directors and Executives are employees of the Azure Healthcare Limited Group.

Remuneration and other terms of employment for the Chief Executive Officer and Chief Financial Officer and Company Secretary and other specified executives are formalised in individual service agreements. The major provisions relating to remuneration are set out below:

Executive Chairman and Chief Executive Officer - Mr Robert Grey

- A written employment agreement is in place, effective from 1 July 2013, with either party required to give one month's notice, unless otherwise terminated;
- Base salary, exclusive of superannuation, to the value of \$160,000 per annum;
- Annual performance bonus of up to a maximum of \$100,000 subject to company profitability status;
- Eligibility for company long term incentive plan; and
- No fixed term.

Chief Financial Officer and Company Secretary - Mr Jason D'Arcy

- ✿ A written consulting agreement is in place, effective from 28th June 2013, with either party required to give a minimum of one month's notice, unless otherwise terminated;
- ✿ Base fee, to the value of \$1,000 per day for each day worked;
- ✿ Annual performance bonus of up to a maximum of 20% of base fee coupled to company profitability status;
- ✿ Eligibility for company long term incentive plan; and
- ✿ No fixed term.

National Manager (Australia) - Mr Peter Kamarinos

- ✿ A written employment agreement in place, effective from 01 April 2014, with either party required to give 1 month notice, unless otherwise terminated;
- ✿ Base salary and car allowance, exclusive of superannuation, to the value of \$155,000 per annum;
- ✿ Annual performance bonus of up to a maximum of \$28,000 subject to personal performance and company profitability status; and
- ✿ No fixed term.

Options and Rights Holdings

Number of options held by Key Management Personnel:

2014	Balance 1 July or appoint ment date	Granted as Compensation	Expired During Year	Balance 30 June or resignation date	Total Vested and Exercisable	Total Unvested and Unexercisable
Robert Grey	-	-	-	-	-	-
William Brooks	-	-	-	-	-	-
Michael Howard	-	-	-	-	-	-
Greg Lewis	-	-	-	-	-	-
Jason D'Arcy	399,000	-	-	399,000	399,000	-
Peter Kamarinos	-	-	-	-	-	-
	399,000	-	-	399,000	399,000	-

Shareholdings

Number of shares held by Key Management Personnel:

	Balance 1 July or appointment date	Received as Compensation	Net Change Other *	Balance 30 June or resignation date
2014				
Robert Grey	54,281,586	-	-	54,281,586
William Brooks	13,438,069	-	(1,512,000)	11,926,069
Michael Howard (retired 3 June 2014)	13,463,534	-	(40,406)	13,423,128
Jason D'Arcy	1,000,000	-	(1,000,000)	-
Peter Kamarinos	-	-	-	-
Greg Lewis (appointed 3 June 2014)	-	-	-	-
	82,183,189	-	(2,552,406)	79,630,783

* Net change other includes shares acquired or disposed during the year.

End of Remuneration Report (Audited).

MEETING OF DIRECTORS

During the financial year, 12 meetings of directors, 2 Audit and Risk Management Committee meetings and 1 Nomination and Remuneration Committee meeting were held.

Attendances by each director during the year were as follows:

	Director Meetings		Audit and Risk Management Committee		Nomination and Remuneration Committee	
	A	B	A	B	A	B
Robert Grey	12	12	-	-	-	-
William Brooks	12	12	2	2	1	1
Michael Howard	12	12	2	2	1	1
Greg Lewis	1	1	-	-	-	-

A = Number of meetings eligible to attend

B = Number of meetings attended

INSURANCE AND INDEMNIFYING OFFICERS, DIRECTORS OR AUDITORS

The company 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 company, other than conduct involving a wilful breach of duty in relation to the company. The amount of the premium is \$28,838 (2013: \$20,158). The company has indemnified the directors and executives of the company for costs incurred in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith. No indemnifications have been provided by the company to the auditors.

PROCEEDINGS ON BEHALF OF COMPANY

In September 2013 Azure Healthcare Limited was served with legal proceedings originating from Ontario, Canada by Cintel Inc and Wireless Resident Nurse Alert Technology Inc in relation to an alleged breach of contract by Azure's Canadian subsidiary, Austco Marketing and Service (Canada) Limited. The company is presently seeking legal advice regarding this matter. The Directors believe that there is no merit in the claim as the claim against Azure Healthcare Ltd is well outside its jurisdiction. Further the claim against Azure's wholly owned subsidiary is also without merit as the reseller agreement was terminated in accordance with that agreement.

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.

NON-AUDIT SERVICES

The Board of Directors, in accordance with advice from the Audit and Risk Management Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below do not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Audit and Risk Management Committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to the auditor independence as set out in APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees for non-audit services were paid/payable to the external auditors during the year ended 30 June 2014:

Other taxation compliance services totalling Nil (2013: \$43,722)

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration which forms part of the Directors report for the year ended 30 June, 2014 has been received and can be found on page 29.

ROUNDING OF AMOUNTS

The company is an entity to which ASIC Class Order 98/100 applies and, accordingly, amounts in the financial statements and Directors' report have been rounded to the nearest thousand dollars.

Signed in accordance with a resolution of the Board of Directors



Robert Grey
Executive Chairman

Dated this 26th day of September 2014, Melbourne



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Australia

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

As lead auditor of Azure Healthcare Limited for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Company Name and the entities it controlled during the period.

A handwritten signature in blue ink that reads 'David Garvey'.

David Garvey
Partner

BDO East Coast Partnership

Melbourne, 26 September 2014

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

Austco receives UL1069 Certification for IP Based Nurse Call System Tacera

Melbourne, AU - February 19, 2014

Austco Communication Systems Pty Ltd, a wholly owned subsidiary of Azure Healthcare Ltd (ASX:AZV), is proud to announce that Tacera, the fully IP based Nurse Call Solution designed and manufactured by Austco has been granted UL1069 approval (the North American standard for "Hospital Signaling and Nurse Call Equipment").

After passing all compliance testing, and with the certification now granted, Austco is also pleased to announce that its new US manufacturing facility has been opened in Irving, Texas to support the increasing demand for Austco's Tacera solutions in the North American, Canadian and Latin American markets. This has also boosted further jobs creation within the North American operation of the Austco business.

Tacera is a powerful IP based Nurse Call solution for Healthcare facilities that enables full Clinical Workflow Management. Tacera ensures a rapid, effective and appropriate response to critical alarms which helps improve patient care and safety.

The intelligent hardware allows for easier and faster system configuration, and the smart testing features permit auto-detection and monitoring of devices on the system. The flexibility of the Tacera system means it can be tailored to suit the particular needs of each healthcare facility with features such as call priority levels, tone alerts, colour designations, wireless device assignments and much more. With increased infection control and bed management turnaround features, the system can help reduce overall costs and improve patient satisfaction.

Robert Grey, Chief Executive Officer of Austco commented "After investing in excess of \$7 million into the Research & Development of Tacera in recent years, I am extremely pleased to see this certification has now been granted as this will expand our sales opportunities within the US market in particular, which represents a \$USD275m market and is growing at 20% annually".



A Selection of
Tacera Products

Consolidated Statement of Profit or Loss
and Other Comprehensive Income
for the year ended 30 June 2014

AZURE Healthcare Limited

	Notes	Economic Entity	
		2014 \$'000	2013 \$'000
Revenues from continuing operations	2	31,308	21,794
Other income		11	710
Cost of sales		(13,670)	(10,586)
Gross Profit		17,649	11,918
Employee Benefits Expense	3	(9,186)	(7,101)
Motor Vehicle Expenses		(275)	(209)
Occupancy Expenses		(915)	(680)
Depreciation and Amortisation Expenses	3	(486)	(448)
Accounting, Audit and Legal Fees		(868)	(530)
Finance Costs	3	(89)	(113)
Travel Expenses		(917)	(700)
Insurance		(190)	(136)
Staff Recruitment Expense		(185)	(73)
Other Expenses		(1,222)	(904)
Profit Before Income Tax Expense from Continuing operations		3,316	1,024
Income tax Benefit / (Expense)	4	537	(58)
Profit after income tax expense from continuing operations		3,853	966
Profit after income tax expense from discontinued operations	7	12	74
Profit for the Year Attributable to Members of Azure Healthcare Limited		3,865	1,040
Other Comprehensive Income			
<i>Items that may be reclassified subsequently for Profit or Loss</i>			
Exchange difference arising on translation of foreign operations		(126)	120
Total Comprehensive Income for the Year Attributable to Members of Azure Healthcare Limited		3,739	1,160
Continuing Operations		Cents	Cents
Basic earnings per share	8	2.04	0.51
Diluted earnings per share	8	2.03	0.51
Discontinued Operations		Cents	Cents
Basic earnings per share	8	0.01	0.04
Diluted earnings per share	8	0.01	0.04
Overall earnings per share		Cents	Cents
Basic earnings per share	8	2.05	0.55
Diluted earnings per share	8	2.04	0.55

* The accompanying notes form part of these financial statement

Consolidated Statement of
Financial Position
for the year ended 30 June 2014

AZURE Healthcare Limited

	Notes	Economic Entity	
		2014 \$'000	2013 \$'000
Current Assets			
Cash and cash equivalents	10	1,609	2,068
Trade and other receivables	11	8,864	5,365
Inventories	12	4,363	4,229
Other assets	13	1,048	371
Total Current Assets		15,884	12,033
Non-Current Assets			
Property, plant and equipment	14	929	726
Deferred tax assets	4(c)	1,024	334
Intangible assets	15	3,461	3,631
Total Non-Current Assets		5,414	4,691
Total Assets		21,298	16,724
Current Liabilities			
Trade and other payables	17	4,404	3,337
Short term borrowings	18	1,308	1,710
Current tax liabilities	4(b)	113	56
Provisions	19	744	604
Total Current Liabilities		6,569	5,707
Long term borrowings	18	21	21
Deferred tax liabilities	4(c)	274	335
Provisions	19	60	26
Total Non-Current Liabilities		355	382
Total Liabilities		6,924	6,089
Net Assets		14,374	10,635
Equity			
Issued capital	20	35,042	35,042
Option reserve	20	16	16
Accumulated losses		(19,733)	(23,598)
Foreign exchange reserve		(951)	(825)
Total Equity		14,374	10,635

* The accompanying notes form part of these financial statement

Consolidated Statement of
Changes in Equity
for the year ended 30 June 2014

AZURE Healthcare Limited

	Contributed Equity	Economic Entity Accumulated Losses	Foreign Exchange Reserve	Option Reserve	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2012	35,042	(25,011)	(945)	378	9,464
Profit after income tax expense for the year	-	1,040	-	-	1,040
Other comprehensive income for the year, net of tax	-	-	120	-	120
Total comprehensive income for the year	-	1,040	120	-	1,160
Transfer to/from reserves	-	373	-	(373)	-
Transactions with owners in their capacity as owners:					
Share based payments	-	-	-	11	11
Balance at 30 June 2013	35,042	(23,598)	(825)	16	10,635
Profit after income tax expense for the year	-	3,865	-	-	3,865
Other comprehensive income for the year, net of tax	-	-	(126)	-	(126)
Total comprehensive income for the year	-	3,865	(126)	-	3,739
Balance at 30 June 2014	35,042	(19,733)	(951)	16	14,374

* The accompanying notes form part of these financial statement

	Notes	Economic Entity	
		2014 \$'000	2013 \$'000
Cash Flows From Operating Activities			
Receipts from Customers (inclusive of GST)		28,263	21,685
Payments to Suppliers and Employees (inclusive of GST)		(27,452)	(21,834)
Interest Received		11	29
Borrowing Costs		(89)	(113)
Income Tax Paid		(156)	(151)
		577	(384)
Net cash Provided by / (Used in) continuing operations		577	(384)
Net cash Used in discontinued operations		-	-
Net Cash Provided by / (Used in) Operating Activities	23	577	(384)
Cash Flows From Investing Activities			
Payments for Plant and Equipment		(696)	(333)
Proceeds from liquidators of TSV Australia Pty Ltd	7	12	100
Payments associated with liquidation of TSV Australia Pty Ltd	7	-	(26)
		(684)	(259)
Net cash Used in continuing operations		(696)	(333)
Net cash provided by discontinued operations		12	74
Net Cash Used in Investing Activities		(684)	(259)
Cash Flows From Financing Activities			
Repayment of borrowings		(400)	(100)
Payment of lease and hire purchase liabilities		(2)	(19)
		(402)	(119)
Net cash used in continuing operations		(402)	(119)
Net cash used in discontinued operations		-	-
Net Cash Used in Financing Activities		(402)	(119)
Net Decrease in Cash and Cash Equivalents		(509)	(762)
Cash and Cash Equivalents at Beginning of the Year		2,068	2,950
Effects of exchange rate changes on cash		50	(120)
Cash and Cash Equivalents at End of the Year	10	1,609	2,068

* The accompanying notes form part of these financial statement



GENERAL INFORMATION

The financial report covers the economic entity of Azure Healthcare Limited and controlled entities. Azure Healthcare Limited is a listed public company, incorporated and domiciled in Australia.

Azure Healthcare Limited's registered office and principal place of business are as follows:

Level 18
60 Albert Road
South Melbourne Vic 3205
Australia

The financial report was authorised for issue by the directors on 25 September 2014. The Company has the power to amend and reissue the financial report.

Separate financial statements for Azure Healthcare Limited as an individual entity are no longer presented as a consequence of a change in the Corporations Act 2001, however, limited financial information for Azure Healthcare Limited as an individual entity is included in Note 29.

As set out in Note 7 Discontinued Operations a number of subsidiaries of Azure Healthcare Limited were placed into Voluntary Administration on 30 June 2011 and at meetings of creditors held on 4 August 2011, creditors voted that all these Companies be placed into liquidation. These subsidiaries were deconsolidated at 30 June 2011 due to a loss of control. A final creditors meeting was conducted on 26 June 2014 whereupon the liquidation was finalised.

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 appropriate for for-profit oriented entities.

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

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

AASB 10 Consolidated Financial Statements

The consolidated entity has applied AASB 10 from 1 July 2013, which has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns from its involvement with

another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights that give it the current ability to direct the activities that significantly affect the investee's returns. The consolidated entity not only has to consider its holdings and rights but also the holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power to consolidation purposes.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement

The Consolidated entity has applied 2011-4 from 1 July 2013, which amends AASB 124 'Related Party Disclosures' by removing the disclosure requirements for individual key management personnel ('KMP'). Corporations and Related Legislation Amendment Regulations 2013 and Corporations and Australian Securities and Investments Commission Amendment Regulation 2013 (No.1) now specify the KMP disclosure requirements to be included within the directors' report.

Going Concern

The financial statements have been prepared on a going concern basis. The financial statements have been prepared in accordance with generally accepted accounting standards, which are based on the Company continuing as a going concern. The Directors believe that the consolidated entity has sufficient cash flows to meet its commitments over the next 12 months from the date of signing the 30 June 2014 financial report.

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 or, except where stated, current valuations of non-current assets. 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 economic entity 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.

INVESTMENT IN SUBSIDIARIES, GOODWILL ON CONSOLIDATION AND INTANGIBLE ASSETS

The parent entity tests annually whether investments in subsidiaries, goodwill on consolidation and intangible assets have suffered any impairment in accordance with the accounting policy stated in Note 1(i). During the year there has been no impairment of investment in subsidiaries by the parent entity or an impairment of goodwill on consolidation and or intangible assets.

ALLOWANCE FOR DOUBTFUL DEBTS

The Company assesses impairment regularly. The allowance for doubtful debts represents management's estimate of the economic entity's doubtful debts as at 30 June 2014 based on age of debt, past experience, current information at hand and management's assessment of that information and subsequent collectability. At 30 June 2014, the allowances for doubtful debts was \$180,800 (2013: \$80,000).

SHARE BASED PAYMENTS

Share based payments are accounted for at fair valued using the Black-Scholes or Binomial model. See Note 24 for further discussion.

INCOME TAX

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

PROVISION FOR IMPAIRMENT OF INVENTORIES

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

ESTIMATION OF USEFUL LIVES OF ASSETS

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and definite 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.

(b) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Azure Healthcare Limited (company' or 'parent entity') as at 30 June 2014 and the results of all subsidiaries for the year then ended. Azure Healthcare Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity 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 consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity 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 changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

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 consolidated entity 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 consolidated entity 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.

(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 statement, 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 the statement of profit or loss and other comprehensive income. Where changes in the value of such equity holdings had previously been recognised in the profit or loss and other comprehensive income, such amounts are recycled 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.

(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).

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 all taxable 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 company/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 the statement of profit or loss and other comprehensive income, 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 discount on acquisition.

TAX CONSOLIDATION REGIME

Azure Healthcare Limited and its wholly-owned Australian subsidiaries (as indicated below), have formed an income tax consolidated group under the tax consolidation regime. 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.

Azure Healthcare Limited has formed a tax consolidated group with the following subsidiaries:

Austco Communication Systems Pty Ltd
Sedco Communications Pty Ltd

The overseas entities are not part of the Azure Healthcare Limited tax consolidated group as they have been incorporated overseas, and are not Australian resident taxpayers.

(e) Financial Assets and Liabilities

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Subsequent to initial recognition, investments in subsidiaries are measured at cost or recoverable amount in the company financial statements. Subsequent to initial recognition, investments in associates are accounted for under the equity method in the consolidated financial statements and the cost method in the company financial statements.

Other financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held-to-maturity investments', 'available-for-sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities. Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs and interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or liability, or, where appropriate, a shorter period.

Income or expense is recognised on an effective interest rate basis for financial instruments other than those financial assets or liabilities 'at fair value through profit or loss'.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss.

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment.

Interest income is recognised by applying the effective interest rate.

Financial assets other than those at fair value through profit or loss, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted.

The economic entity derecognises a financial asset or liability only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset or liability and substantially all the risks and rewards of ownership of the asset or liability to another entity.

(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.

(g) Property, Plant and Equipment

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

DEPRECIATION

The depreciable amount of all fixed assets including capitalised leased assets are depreciated on a straight line or diminishing value basis over their useful lives to the economic entity 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:

Class of Fixed Asset	Depreciation Rate
Leasehold Improvements	2.50% - 10.00%
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 statement of comprehensive income.

(h) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the economic entity, are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated on a diminishing value or straight line basis over their estimated useful lives where it is likely that the entity will obtain ownership of the asset, or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they occur.

(i) Intangibles

GOODWILL

Goodwill and goodwill on consolidation are 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. Both purchased goodwill and goodwill on consolidation are 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

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Where no internally generated intangible asset can be recognized, development expenditure is recognised as an expense in the period as 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 4 and 9 years. The initial investment in the base technology platform is estimated to require further investment in 2017 and amortisation is being timed to coincide with this end date.

An intangible asset arising from computer software acquisition is being amortised on a straight line basis over 4 years.

(j) Foreign Currency Transactions and Balances

FOREIGN CURRENCY

The individual financial statements of each group 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 Azure 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 economic entity'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.

(k) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees at the reporting date. Employee benefits expected to be settled within one year together with benefits arising

from wages and salaries and annual leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled plus related on-costs. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Employee contributions are made by the company to defined contribution superannuation funds and are charged as expenses when incurred.

(l) Cash and Cash Equivalents

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

(m) Revenue

Revenue from the rendering of a service is recognised upon the delivery of the service to the customer. Sales revenue relates to the sale of inventory is recognised when substantially all the risks and rewards of ownership have passed to the buyer. When the outcome of a contract to provide installation can be reliably measured, revenue is measured by reference to the percentage of the services provided. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Dividend revenue is recognised when the right to receive a dividend has been established.

Income from the research and development tax incentive is recognised on an accruals basis.

(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 consolidated entity reviews the carrying amounts of its tangible 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 assets 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.

(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 market value.

(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 and other comprehensive income 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 Azure 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 Class Order 98/100 and accordingly, amounts within this financial report have been rounded off to the nearest \$1,000.

(u) Comparative Figures

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

When the Group applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period will be disclosed.

(v) 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 consolidated entity for the annual reporting period ended 30 June 2014. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9 Financial Instruments

The change to this standard amends the requirements for classification and measurement of financial assets. The available-for-sale and held-to-maturity categories of financial assets in AASB 139 have been eliminated. Under AASB 9 there are three categories of financial assets being amortised cost, fair value through profit or loss and fair value through comprehensive income.

Adoption of this standard is applicable on or after 1 January 2018. The entity has not yet made an assessment of the impact of these amendments.

IFRS 9 Financial Instruments

Changes to this standard include the Introduction of a third measurement category of financial assets (fair value through other comprehensive income) and adds additional application guidance to the contractual cash flows characteristics test and the business model assessment including the requirement for accounting for expected credit losses on financial assets. It is no longer necessary for a credit event to have occurred before credit losses are recognised. Credit losses will be recognised from initial recognition and updated at the each of each reporting period.

Adoption of this standard is applicable on or after 1 January 2018. Due to the recent release of this standard, the entity has not yet made a detailed assessment of the impact of this standard.

IFRS 15 Revenue from Contracts with Customers

The introduction of this standard requires that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This means that revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under IAS 18 Revenue.

Adoption of this standard is applicable on or after 1 January 2017. Due to the recent release of this standard, the entity has not yet made a detailed assessment of the impact of this standard.

AASB 2014- Amendments to Australian Accounting Standards – Part A – Annual Improvements 2010-2012 and 2012-2013 Cycles

AASB 2 Share-based Payments

The amendment to AASB2 clarifies the definition of vesting and market conditions by separately defining a performance condition and a service condition, both of which were previously incorporated within the definition of a vesting condition without being specifically defined.

There will be no impact on the financial statements when these amendments are first adopted because they apply prospectively to share-based payment transactions for which the grant date is on or after 1 July 2014.

AASB 3 Business Combinations

The amendment to AASB 3 clarifies that contingent consideration is assessed as either a liability or an equity instrument on the basis of AASB 132 Financial Instruments: Presentation.

There will be no impact on the financial statements when these amendments are first adopted because they apply prospectively to business combinations for which the acquisition date is on or after 1 July 2014.

AASB 8 Operating Segments

Amendments to AASB 8 require that when operating segments are aggregated in determining reportable segments then additional disclosures are required including a description of the operating segments that have been aggregated and the economic indicators considered in determining that the aggregated operating segments share similar economic characteristics.

There will be no impact on the financial statements when these amendments are first adopted because this is a disclosure standard only. Further, because the group does not currently aggregate operating segments in determining reportable segments, it is unlikely that any additional disclosures will be required when this amendment is adopted for the first time for the year ended 30 June 2015.

AASB 124 Related Party Disclosures

The amendment to AASB 124 clarifies that an entity that provides key management personnel services to a reporting entity is a related party of the reporting entity. The amendment also requires separate disclosure of amounts recognised as an expense for key management personnel services provided by a separate management entity.

There will be no impact on the financial statements when these amendments are first adopted because this is a disclosure standard only. As the group does not currently engage the services of a management entity, it is also unlikely that any additional disclosures will be required when this amendment is adopted for the first time for the year ended 30 June 2015.

NOTE 2: REVENUE

	Note	Economic Entity	
		2014 \$'000	2013 \$'000
Continuing Operations			
Sale of Goods		31,308	21,794
Other income			
- R&D Tax Incentive		-	681
- Interest Received		11	29
		11	710
Total Revenue		31,319	22,504

NOTE 3: PROFIT FOR THE YEAR

	Note	Economic Entity	
		2014 \$'000	2013 \$'000
Continuing Operations			
Finance Costs			
- interest paid		89	113
Depreciation and Amortisation of Non Current Assets			
- plant and equipment		259	220
- amortisation of development costs		223	224
- amortisation of software costs		4	4
		486	448
Foreign currency translation gain / (losses)		368	(32)
Bad and Doubtful Debts			
- trade receivables		181	31
Rental Expenses on Operating Leases			
- minimum lease payments		915	681
Share based payments		-	11
Superannuation contributions		444	326
Employee benefits expense		8,742	6,764
Total employee benefits expense		9,186	7,101
Research and development expenditure not capitalised		2,600	2,600

NOTE 4: INCOME TAX EXPENSE

	Note	Economic Entity	
		2014 \$'000	2013 \$'000
(a) Income Tax Recognised in Profit or Loss			
Current tax expense		214	173
Deferred tax expense relating to the origination and reversal of temporary differences		(751)	(115)
Total Income Tax (Benefit) / Expense		(537)	58

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	3,316	1,024
Income tax expense calculated at 30% (2013: 30%)	995	307
Non-deductible expenses	3	5
Temporary differences not previously recognised	-	(150)

Effects of non-assessable R&D tax incentive	-	(204)
Effects of different tax rates of subsidiaries operating in other jurisdiction	(34)	(7)
Unused tax losses and tax offsets incurred in overseas controlled entities	372	250
	1,336	201
Utilisation of prior year tax offset not previously recognised	427	-
Utilisation of prior year losses not previously recognised	(250)	(143)
Utilisation of prior year losses in foreign jurisdictions not previously recognised	(380)	-
Other	(66)	-
Timing differences not previously recognised (inclusive of R&D tax offset)	(750)	-
Total Income Tax (Benefit) / Expense	(537)	58

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period. Overseas jurisdictions have differing corporate tax rates.

No income tax expense was incurred by the discontinued operation for the financial year ended 2014 (2013: \$0).

The Australian tax Consolidated Group has recognised carry forward tax losses from prior years of \$832,117 (2013: \$2,885,244) in the current tax expense calculation. The remaining carry forward losses as at 30 June 2014, are \$0 (2013: \$832,117) with carry forward non-refundable carry forward Tax Offset of \$551,332 (2013: \$998,261).

(b) Current Tax Assets and Liabilities

	Economic Entity	
	2014	2013
Note	\$'000	\$'000
Current tax payable	113	56
	113	56

(c) Deferred Tax Balances

	Economic Entity	
	2014	2013
Note	\$'000	\$'000
Deferred tax assets comprise temporary differences arising from the following:		
Provisions	275	252
Black hole expenditure	89	72
Accruals	109	10
	473	334
Non-refundable Australian tax offset	551	-
	1,024	334
Deferred tax liabilities comprise temporary differences arising from the following:		
Capitalised development costs	(218)	(285)
Other	(56)	(50)
	(274)	(335)

Movements

	2014 \$'000	2013 \$'000
Deferred tax asset		
Opening Balance	334	237
Credited to profit or loss	690	97
Credited / (Charged) to equity		
Additions through business combinations		
	1,024	334
Deferred tax liability		
Opening Balance	335	353
Credited to profit or loss	(61)	(18)
Credited / (Charged) to equity		
Additions through business combinations		
	274	335

NOTE 5: KEY MANAGEMENT PERSONNEL COMPENSATION

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

During the year the following persons were key management personal:

Mr Robert Grey	Executive Chairman and Chief Executive Officer	
Mr William Brooks	Non Executive Director	
Mr Michael Howard	Non Executive Director	(Retired 3 June 2014)
Mr Jason D'Arcy	Chief Financial Officer (CFO) and Company Secretary	
Mr Peter Kamarinos	National Manager - Australia	
Mr Greg Lewis	Non Executive Director	(Appointed 3 June 2014)

	Economic Entity	
	2014 \$	2013 \$
Summary		
Short-term employee benefits	841,648	588,728
Share-based payments	-	2,261
Post employment benefits	47,145	23,194
	888,793	614,183

NOTE 6: AUDITORS REMUNERATION

	Economic Entity	
	2014	2013
	\$	\$
BDO East Coast Partnership		
Audit of the parent and subsidiary entities:		
- Auditing or reviewing of the financial statement	96,300	83,000
- Taxation compliance services	-	43,722
	96,300	126,722
Overseas Offices of BDO International and other unrelated auditors		
- BDO International Auditing or reviewing of the financial statements	63,200	46,675
- PKF International Auditing or reviewing of the financial statements	16,000	15,500
	79,200	62,175
Total Remuneration	175,500	189,897

NOTE 7: DISCONTINUED OPERATIONS

The former wholly controlled entities noted below were placed into Voluntary Administration by the Directors of those companies on 30 June 2011 and during a meeting of creditors held on 4 August 2011, creditors voted that all these Companies be placed into liquidation. These companies were accounted for as discontinued operations and deconsolidated as of 30 June 2011 due to loss of control.

The Directors are pleased to report that the liquidation of the Australian contracting division TSV Australia Pty Ltd was finalised on 26 June 2014 with a final creditors meeting on that date. The liquidation process facilitated a further minor debt reduction for the Group of \$0.01 million in the 2014 financial year. There is no materially adverse impact to the remaining Azure Group.

Amatec Communications Pty Ltd
Calltec Pty Ltd
Tecsound (NSW) Pty Ltd
Tecsound (SA) Pty Ltd
Tecsound (West Australia) Pty Ltd
Tecsound Queensland Pty Ltd
TSV Australia Pty Ltd
Teccall Pty Ltd

Financial information relating to the discontinued operations was as follows:

	2014	2013
	\$'000	\$'000
Revenue - distributions from liquidators of TSV Australia Pty Ltd	12	100
Expenses	-	(26)
Profit before income tax expense	12	74

Income tax expense	-	-
Profit after income tax of discontinued operations	12	74
Profit After income Tax expense from Discontinued Operations	12	74

	2014	2013
	\$'000	\$'000

The net cash flows of the discontinued operations, which have been incorporated into the statement of cash flows, are as follows:

Net cash inflows from operating activities	-	-
Net cash inflows from investing activities	12	74
Net cash inflows from financing activities	-	-
Net cash provided by discontinued operations	12	74

NOTE 8: EARNINGS PER SHARE

	Economic Entity	
	2014	2013
	\$'000	\$'000
Continuing operations		
Profit after income tax expense from continuing operations	3,853	966
Discontinued operations		
Profit after income tax expenses from discontinued operations	12	74
Overall operations		
Profit for the year attributable to members of Azure Healthcare Limited	3,865	1,040
	No.	No.
(b) Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	189,312,544	189,312,544
Effect of dilutive share options (i)	399,000	-
Weighted average number of ordinary shares outstanding during the year used in calculation of dilutive earnings per share	189,711,544	189,312,544
Continuing operations		
Basic earnings per share (cents per share)	2.04	0.51
Diluted earnings per share (cents per share)	2.03	0.51
Discontinued operations		
Basic earnings per share (cents per share)	0.01	0.04
Diluted earnings per share (cents per share)	0.01	0.04

Overall Earnings per share

Basic earnings per share (cents per share)	2.05	0.55
Diluted earnings per share (cents per share)	2.04	0.55

- (i) As at 30 June 2014 the company has 399,000 options over unissued capital (see note 20).

NOTE 9: DIVIDENDS

	Economic Entity	
	2014 \$'000	2013 \$'000
Amount of franking credits available for subsequent reporting periods:		
- franking account balance as at the end of the financial year at 30% (2013: 30%)	2,374	3,055
- franking credit that will arise from the payment of income tax payable as at the end of the financial year	-	-
The amount of franking credits available for future reporting periods:	2,374	3,055
- impact on the franking account of dividends proposed or declared before the financial report was authorised for issue but not recognised as a distribution to equity holders during the period	-	-
	2,374	3,055

NOTE 10: CASH AND CASH EQUIVALENTS

	Economic Entity	
	2014 \$'000	2013 \$'000
Current		
Cash at bank and in hand	1,363	1,836
Deposits at call	246	232
	1,609	2,068
Reconciliation of Cash		
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to items in the Statement of Financial position as follows:		
Cash and cash equivalents	1,609	2,068
	1,609	2,068

NOTE 11: TRADE AND OTHER RECEIVABLES

	Economic Entity	
	2014 \$'000	2013 \$'000
Current		
Trade receivables	9,045	4,729
Less: Allowance for doubtful debts	(181)	(80)
	8,864	4,649
Sundry receivables	-	35
R&D Tax Incentive	-	681
	8,864	5,365

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

Past due but not impaired

The consolidated entity did not consider a 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:

	As at 30 June 2014		
Economic Entity	Gross \$'000	Allowance \$'000	Past due but not impaired \$'000
30 days	6,816	-	-
60 days	989	-	-
90 days+	415	80	335
Retentions	825	101	724
Closing Balance	9,045	181	1,059

	As at 30 June 2013		
Economic Entity	Gross \$'000	Allowance \$'000	Past due but not impaired \$'000
30 days	3,515	-	-
60 days	551	-	-
90 days+	477	28	449
Retentions	186	52	134
Closing Balance	4,729	80	583

Allowance for Doubtful Debt Provisions

	Economic Entity	
	2014 \$'000	2013 \$'000
Opening balance	80	111
Additional provision	101	-
Amount written off	-	(31)
Closing Balance	181	80

NOTE 12: INVENTORIES

	Economic Entity	
	2014 \$'000	2013 \$'000
Current		
Finished goods on hand - at cost	4,280	4,187
Work in progress	83	42
	4,363	4,229

NOTE 13: OTHER ASSETS

	Economic Entity	
	2014 \$'000	2013 \$'000
Current		
Prepayments	843	256
Deposits paid	205	115
	1,048	371

NOTE 14: PROPERTY, PLANT AND EQUIPMENT

	Economic Entity	
	2014 \$'000	2013 \$'000
Leasehold Improvements		
Leasehold improvement- at cost	167	147
Less accumulated amortisation	(137)	(137)
	30	10
Plant and Equipment		
Plant and Equipment- at cost	667	606
Less accumulated amortisation	(447)	(378)
	220	228
Motor Vehicles		
Motor Vehicles - at cost	628	656
Less accumulated amortisation	(458)	(433)
	170	223
Furniture and Fittings		
Furniture and Fittings- at cost	172	132
Less accumulated amortisation	(94)	(88)
	78	44

Office Equipment

Office Equipment- at cost	1,116	796
Less accumulated amortisation	(685)	(575)
	431	221
Total Property, Plant and Equipment	929	726

Movement in Carrying Amounts

Economic Entity	Leasehold Improvements \$'000	Plant and Equipment \$'000	Motor Vehicles \$'000	Furniture and Fittings \$'000	Office Equipment \$'000	Total \$'000
2014						
Balance at 1 July 2013	10	228	223	44	221	726
Additions	22	66	211	63	334	696
Foreign exchange	(1)	20	(94)	(11)	(5)	(91)
Disposals	-	(13)	(112)	(9)	(8)	(142)
Depreciation	(2)	(81)	(58)	(8)	(111)	(259)
Balance at 30 June 2014	30	2200	170	78	431	929
2013						
Balance at 1 July 2012	16	148	233	50	158	605
Additions net of foreign exchange	11	131	58	9	143	352
Disposals	-	-	(11)	-	-	(11)
Depreciation	(17)	(51)	(57)	(15)	(80)	(220)
Balance at 30 June 2013	10	228	223	44	221	726

NOTE 15: INTANGIBLE ASSETS

	Economic Entity	
	2014 \$'000	2013 \$'000
Goodwill at cost	2,733	2,677
Software at cost	46	46
Less: accumulated amortisation	(43)	(41)
	3	5
Product development at cost	2,345	2,345
Less: accumulated amortisation	(1,620)	(1,396)
	725	949
Total Intangibles	3,461	3,631

2014	Software	Goodwill	Product
Economic Entity	\$'000	\$'000	Development
			\$'000
Balance at 1 July 2013	5	2,677	949
Foreign exchange variation	2	56	-
Amortisation	(4)	-	(223)
Balance at 30 June 2014	3	2,733	726

2013	Software	Goodwill	Product
Economic Entity	\$'000	\$'000	Development
			\$'000
Balance at 1 July 2012	9	2,638	1,173
Foreign exchange variation	-	39	-
Amortisation	(4)	-	(224)
Balance at 30 June 2013	5	2,677	949

Impairment Disclosure

Goodwill is allocated to the company's cash-generating units being Healthcare.

	Economic Entity	
	2014	2013
	\$'000	\$'000
Healthcare	2,733	2,677
	2,733	2,677

Goodwill has been allocated to cash-generating units on the basis of the entity acquired. The recoverable amount of the cash-generating unit is determined based on value-in-use calculations. Value-in-use is calculated based on the present value established using the current financial year's performance, approved 2014/2015 budgets using a 4% growth factor (2013: 4%) and including a terminal value using a long term growth rate of 4% (2013: 4%). The future cash flows have been discounted using a pre tax factor of 23.38% (2013: 15.66%).

Discounted cash flows including residual values result in a net present value of \$14.242 million (2013: \$8.981 million). The actual recoverable amount based upon the assumptions noted above exceeds the carrying amount by \$11.611 million (2013: \$6.350 million).

Discount Rate

Discount rate reflect management's estimate of the time value of money and the risks specific to cash generating unit. This is the benchmark used by management to assess operating performance and to evaluate investment in that cash generating unit. In determining appropriate discount rate, regard has been given to the weighted average cost of capital of the entity as a whole and adjusted for current perceived future business risk.

Growth Rate Estimates

Growth rate estimates are based on current economic and industry specific research. The long term rate of 4% (4%: 2013) used to extrapolate the five year forecast for the above cash generating unit, factors into account management's view of the current economic climate.

Impact of Possible Changes in Key Assumptions

In assessing the impact of possible changes in key assumptions applied to test the carrying value of goodwill allocated to the Healthcare CGU, if the pre-tax discount rate increases by 13.0% (2013: 7.7%), when applied to this CGU, then the recoverable amount of its goodwill would be less than its carrying amount.

NOTE 16: CONTROLLED ENTITIES

	Country of Incorporation	Percentage Owned (%)	
		2014	2013
Parent Entity:			
Azure Healthcare Limited	Australia		
Subsidiaries of Azure Healthcare Limited			
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%

* New Company formed on 12 December 2012

NOTE 17: TRADE AND OTHER PAYABLES

	Economic Entity	
	2014	2013
	\$'000	\$'000
Current		
Trade payables	4,404	3,337
	4,404	3,337

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

NOTE 18: BORROWINGS

	Economic Entity	
	2014	2013
	\$'000	\$'000
Short term		
Hire purchase liabilities	9	11

Less deferred interest charges	(1)	(1)
	8	10
Fully Drawn Advance	1,300	1,700
	1,308	1,710
Long term		
Hire purchase liabilities	23	25
Less deferred interest charges	(2)	(4)
	21	21

The fully drawn advance facility is secured by a registered mortgage debenture over all assets and undertakings of Azure Healthcare Limited and its related entities. At the date of this report, the fully drawn advance has been reduced to \$1.3 million. The Group's banking facilities are to be assessed by the ANZ Bank following the receipt of the 30 June 2014 annual report and as such are currently considered at call.

NOTE 19: PROVISIONS

	Economic Entity	
	2014 \$'000	2013 \$'000
Short Term		
Employee entitlements	744	604
	744	604
Long Term		
Employee entitlements	60	26
	60	26

NOTE 20: ISSUED CAPITAL AND OPTION RESERVE

	Note	Economic Entity	
		2014 \$'000	2013 \$'000
Ordinary shares fully paid	20(a)	35,042	35,042
Option reserve	20(b)	16	16
		35,058	35,058

a) Movement in Ordinary Shares on Issue

	No. of shares	2014	
		Issue price	\$'000
At the beginning of the reporting period:	189,312,544		35,042
No shares were issued during the year	-		-
At Reporting Date	189,312,544		35,042

	2013	
	No. of shares	Issue price \$'000
At the beginning of the reporting period:	189,312,544	35,042
Shares issued during the year:	-	-
At Reporting Date	189,312,544	35,042

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

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

	2014		2013	
Note	No. of options	\$'000	No. of options	\$'000
At the beginning of the reporting period:	399,000	16	499,000	378
Options issued during the year	-	-	-	-
Expired and forfeited options (i)	-	-	(100,000)	-
Transfer to accumulated losses	-	-	-	(373)
Share based payment expense ^(a)	-	-	-	11
At Reporting Date	399,000	16	399,000	16

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.

(i) 2013	No.	Exercise Price	Forfeited Value \$'000
Issue of options expiring on or before 25 November 2015.	33,333	0.0758	-
Issue of options expiring on or before 25 November 2015.	33,333	0.0827	-
Issue of options expiring on or before 25 November 2015.	33,334	0.0896	-
	100,000		-

All the above options were issued pursuant to the employee share plan for nil cash consideration.

Options Reserve

This reserve is used to record the fair value of options issued.

(c) Employee Share Scheme

For information relating to the Azure Healthcare Limited Employee Share Scheme, including details of shares issued during the financial year, refer to Note 24.

(d) Options Valuation

No Options were issued during the current financial year. Options issued during the prior year were valued using the Black Scholes methodology, applying the following inputs:

Issue Date:	7 December 2009	Volatility:	25.00%
Share Price:	\$0.145	Bond Rate:	5.46%
Expiry Date:	7 December 2014	Period to Expiry:	5 years
Dividend Yield:	0.00%		
Exercise Price:	a) 133,000 at \$0.1508	Option Price:	a) \$0.0461
	b) 133,000 at \$0.1645		b) \$0.0408
	c) 133,000 at \$0.1782		c) \$0.0355

This options vested during the 30 June 2013 financial year.

(e) Capital Management

Management controls the capital of the group in order to maintain a target debt to equity ratio, 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.

	Economic Entity	
	2014 \$'000	2013 \$'000
Total borrowings	1,300	1,700
Less cash and cash equivalents	(1,609)	(2,068)
Net Debt	(309)	(368)
Total equity	14,374	10,636
Total capital	14,065	10,268
Gearing Ratio	-	-

(f) 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 21: CAPITAL AND LEASING COMMITMENTS

(a) Hire purchase liabilities

	Economic Entity	
	2014 \$'000	2013 \$'000
- not longer than one year	9	10
- longer than 1 year but not longer than five years	23	25
Minimum lease payments	32	35
Less future finance charges	(3)	(4)
Total Hire purchase liabilities	29	31
Current liability (Note 18)	8	10
Non Current liability (Note 18)	21	21

All finance leasing and hire purchase commitments are for the financing of motor vehicles and office equipment.

(b) Operating Lease Commitments in Respect of Rented Properties

Non-cancellable operating leases contracted but not capitalised in the financial statements:

	Economic Entity	
	2014 \$'000	2013 \$'000
- not longer than one year	675	646
- longer than one year but not longer than five years	835	1,035
Total Operating Lease Commitments	1,510	1,681

NOTE 22: 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.

Healthcare

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

	-----Healthcare-----					Eliminations		
	Austco / Sedco / NZ \$'000	Asia \$'000	Europe \$'000	North America \$'000	Total	Inter company \$'000	Corporate \$'000	Group Total \$'000

2014								
Revenue – external	13,617	4,516	2,676	10,558	31,367	-	-	31,367
Revenue – intersegment	6,637	1	-	943	7,581	(7,581)	(59)	(59)
Interest Revenue	57	1	-	-	58	(47)	-	11
Total Revenue	20,311	4,518	2,676	11,501	39,006	(7,687)	-	31,319
Adj EBITDA	3,589	286	164	(54)	3,985	(95)		3,890
Depreciation	(115)	(38)	(31)	(68)	(252)	-	(11)	(263)
Amortisation	(223)	-	-	-	(223)	-	-	(223)
EBIT	3,251	248	133	(122)	3,510	(95)	(11)	3,404
Interest Expense	(4)	(1)	-	(37)	(42)	35	(81)	(88)
Income Tax Benefit	500	75	(29)	(3)	543	-	(6)	537
NPAT	3,747	322	104	(162)	4,011	(60)	(98)	3,853

2013								
Revenue	15,863	3,175	1,158	8,725	28,921	(7,128)	-	21,793
R&D Tax Incentive	-	-	-	-	-	-	681	681
Interest Revenue	73	1	-	-	74	(44)	-	30
Total Revenue	15,936	3,176	1,158	8,725	28,995	(7,172)	681	22,504
Adj EBITDA	2,022	(374)	(82)	3	1,569	(204)	190	1,555
Depreciation	(83)	(53)	(33)	(41)	(210)	-	(14)	(224)
Amortisation	(224)	-	-	-	(224)	-	-	(224)
EBIT	1,715	(427)	(115)	(38)	1,135	(204)	176	1,107
Interest Expense	(5)	(3)	-	(33)	(41)	62	(105)	(84)
Income Tax	(54)	-	(2)	2	(54)	-	(3)	(57)
NPAT	1,656	(430)	(117)	(69)	1,040	(142)	68	966

Segment Assets								
30/06/2013	16,994	1,129	1,190	3,546	22,859	(24,736)	18,601	16,724
30/06/2014	20,381	2,518	1,655	6,543	31,097	(27,820)	18,021	21,298

Segment Liabilities								
30/06/2013	6,235	814	362	5,770	13,181	(8,898)	1,806	6,089
30/06/2014	5,771	1,886	624	8,872	17,153	(11,554)	1,325	6,924

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.

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.

Inter-segment pricing

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

NOTE 23: CASH FLOW INFORMATION

a) Reconciliation of Cash Flow from Operations with Profit After Income Tax

	Economic Entity	
	2014	2013
	\$'000	\$'000
Profit after income tax - continuing operations	3,853	966
Profit after income tax - discontinued operations	12	74
Profit after income tax	3,865	1,040
Non-Cash Flows in profit or loss		
Share based payments	-	11
Depreciation and amortisation	486	448
Movement in foreign exchange and other items	-	227
Profit on disposal of property, plant and equipment	-	-
Profit on discontinued operations	(12)	(74)
	474	612
Non-cash flows - continuing operations	486	686
Non-cash flows - discontinued operations	(12)	(74)
Non-Cash Flows in profit or loss	474	612
Changes in Assets and Liabilities		
Increase in trade and other receivables	(3499)	(790)
(Increase) / decrease in prepayments and other assets	(677)	52
Increase in inventories	(134)	(1,487)
Increase in deferred tax assets	(690)	(97)
Increase in trade and other creditors	1067	187
Increase in income taxes payable	57	17

Decrease in deferred tax liabilities	(61)	(18)
Increase in provisions	173	100
	(3,764)	(2,036)
Changes in assets and liabilities - continuing operations	(3,764)	(2,036)
Changes in assets and liabilities - discontinued operations	-	-
Changes in assets and liabilities	(3,764)	(2,036)
Net Cash Used in Operating Activities	577	(384)

(b) Credit Standby Arrangements with Banks

The Group has access to financing facilities at reporting date as indicated below. The Group expects to meet its obligations from operating cash flows and proceeds of maturing financial assets.

Bank Overdraft

Bank overdraft facilities are arranged with the ANZ Bank with the general terms and conditions being set and agreed annually. Interest rates are variable and subject to adjustment.

	Economic Entity	
	2014 \$'000	2013 \$'000
Secured Bank Overdraft Facility		
- amount used	-	-
- amount unused	450	450
	450	450
Secured Leasing Facility		
- amount used	10	10
- amount unused	-	-
	10	10
Secured Bank Loan Facility		
- amount used	1,300	1,700
- amount unused	-	-
	1,300	1,700

NOTE 24: SHARE BASED PAYMENTS

The Company established the Azure Healthcare Limited Employee Share Scheme as a means to reward employees for their contribution to the Company. All employees are entitled to participate in the scheme.

All employee options are unlisted, exercisable within 5 years of issue, have an exercise price consistent with the 5 day volume weighted average price at date of issue, one-third are voluntarily escrowed for 1 year from date of issue, a further one-third 2 years from date of issue and the final one-third 3 years from date of issue. All options are non-transferable.

All options granted to employees (including Key Management Personnel) are over ordinary shares in Azure Healthcare Limited (parent entity) and confer a right to one ordinary share for every option held.

	Note	Parent Entity			
		2014		2013	
		Number of Options	Weighted Average Exercise Price \$	Number of Options	Weighted Average Exercise Price \$
Outstanding at the beginning of the year		399,000	0.148	499,000	0.148
Granted	20	-	-	-	-
Forfeited/expired	20	-	0.121	(100,000)	0.121
Outstanding at year end		399,000	0.165	399,000	0.165
Exercisable at year end		399,000		399,000	

The options outstanding at 30 June 2014 had a weighted average exercise price of 16.45 cents (2013: 16.45 cents) and an average remaining contractual life of 0.25 years (2013: 1.42 years). Exercise prices range from 15.08 cents to 17.82 cents in respect of options outstanding at 30 June 2014.

NOTE 25: 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.

Details of the percentage of ordinary shares held in controlled entities are disclosed in Note 16.

Remuneration of Key Management Personnel are disclosed in Note 5.

Transactions with related parties:

	Economic Entity	
	2014 \$'000	2013 \$'000
Occupancy Fees for the lease of the premises located at 40 O'Malley St, Osborne Park, WA were paid to Mr Robert Grey (Director). Lease term: 01 January 2007 to 31 December 2016	289	277
Occupancy Fees for the lease of the residence at 27/5 Gallant Crt, South Lake, TX US were paid to Mr Robert Grey (Director). Lease term: 28 April 2014 to 28 August 2014	6	-

Holding Company Transactions with Subsidiaries:

Azure Healthcare Limited provided managerial, secretarial, accounting, legal and insurance services to the entire group. Azure Healthcare Limited recharges costs incurred to 100% owned subsidiaries on the basis of operating revenue contributed to the group by the subsidiary.

	Economic Entity	
	2014 \$'000	2013 \$'000
Holding Company Receivables from Subsidiaries		
Austco Communication Systems	1,033	1,238
Sedco Communications	267	168
	1,300	1,406
Sales between group companies on normal terms and conditions		
Continuing operations	7,526	7,128
	7,526	7,128

Sales between group companies eliminate on consolidation.

NOTE 26: FINANCIAL MANAGEMENT OBJECTIVES AND POLICIES

Interest Rate Risk

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.

The economic entity'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	Fixed Interest Maturing In		Non- interest bearing 1 year or less \$'000	Total \$'000
			1 year or less \$'000	1 to 5 years \$'000		
Economic Entity		\$'000	\$'000	\$'000	\$'000	\$'000
2014						
Financial Assets						
Cash and cash equivalents	0.70%	1,609	-	-	-	1,609
Trade and other receivables		-	-	-	8,864	8,864
Total		1,609	-	-	8,864	10,473

Financial Liabilities

Trade and other payables		-	-	-	4,404	4,404
Short-term liabilities	5.85%	1,300	-	-	-	1,300
Long-term liabilities		-	-	-	-	-
Total		1,300	-	-	4,404	5,704

	Weighted average interest rate	Floating interest rate	Fixed Interest Maturing In		Non-interest bearing 1 year or less	Total
			1 year or less	1 to 5 years		
Economic Entity		\$'000	\$'000	\$'000	\$'000	\$'000
2013						

Financial Assets

Cash and cash equivalents	1%	2,068	-	-	-	2,068
Trade and other receivables		-	-	-	5,380	5,380
Total		2,068	-	-	5,380	7,448

Financial Liabilities

Trade and other payables		-	-	-	3,336	3,336
Short-term liabilities	6.17%	1,700	-	-	-	1,700
Long-term liabilities		-	-	-	-	-
Total		1,700	-	-	3,336	5,036

At 30 June 2014 the Group has 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.

	Cash and Cash Equivalents Higher/(Lower)		Short term liabilities Higher/(Lower)	
	2014	2013	2014	2013
Interest	\$'000	\$'000	\$'000	\$'000
+10%	1	2	8	10
-10%	(1)	(2)	(8)	(10)

Risk Exposure and Responses

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

Currency risk

		Economic Entity	
		2014	2013
		\$'000	\$'000
Financial Assets			
Current assets (inc. cash and trade receivables)	USD	2,926	1,028
	NZD	1,098	1,424
	CAN	1,613	1,712
	GBP	683	557
	SGD	2,282	616
	EURO	-	-
Financial Liabilities			
Current liabilities (inc. trade and other payables)	USD	3,756	2,487
	NZD	267	459
	CAN	2,367	1,262
	GBP	257	184
	SGD	1,436	365

Trade receivables / payables between group companies eliminate on consolidation.

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:

Economic Entity	Post Tax Profit Higher/(Lower)		Equity Higher/(Lower)	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
AUD/USD +10%	84	4	30	(128)
AUD/USD -10%	(84)	(4)	(30)	128
AUD/NZD +10%	100	(47)	(144)	147
AUD/NZD -10%	(100)	47	144	(147)
AUD/CAN +10%	(54)	(4)	52	57
AUD/CAN -10%	54	4	(52)	(57)
AUD/GBP +10%	26	8	(93)	76
AUD/GBP -10%	(26)	(8)	93	(76)
AUD/SGD +10%	50	40	(57)	28
AUD/SGD -10%	(50)	(40)	57	(28)

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.

Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at the reporting date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to the financial statements.

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 commodity and equity securities price risk is minimal.

Liquidity Risk

The Group manages liquidity risk by monitoring cash flow and maturity profiles of financial assets and liabilities. The maturities of financial liabilities is set out above.

NOTE 27: EVENTS AFTER THE REPORTING DATE

In September 2013 Azure Healthcare Limited was served with legal proceedings originating from Ontario, Canada by Cintel Inc and Wireless Resident Nurse Alert Technology Inc in relation to an alleged breach of contract by Azure's Canadian subsidiary, Austco Marketing and Service (Canada) Limited. The company is presently seeking legal advice regarding this matter. The Directors believe that there is no merit in the claim as the claim against Azure Healthcare Ltd is well outside its jurisdiction. Further the claim against Azure's wholly owned subsidiary is also without merit as the reseller agreement was terminated in accordance with that agreement.

No other matters or circumstances 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 economic entity, the results of those operations or the state of affairs of the economic entity in subsequent financial years.

NOTE 28: CONTINGENT LIABILITIES AND ASSETS

Austco (Asia) Ltd

There is an outstanding performance guarantee of SGD\$105,467 in relation to a project for the National Heart Centre and NTFGH / JCH in Singapore.

Outstanding Bank Guarantees

The outstanding bank guarantees held as at 30 June 2014 amounted to \$38,959 (2013: \$38,959), which consist of financial guarantees of \$38,959 (2013: financial guarantees: \$38,959) relating to the lease agreement of the registered office at Level 18, 60 Albert Road South Melbourne.

NOTE 29: PARENT ENTITY INFORMATION

The following information related to the parent entity, Azure Healthcare Limited as at 30 June 2013. The information presented here has been prepared using consistent accounting policies as presented in Note 1.

	Parent Entity	
	2014 \$'000	2013 \$'000
Current assets	2,049	2,611
Non-current assets	8,189	8,206
Total Assets	10,238	10,817
Current liabilities	(1,325)	(1,806)
Non-current liabilities	-	-
Total Liabilities	(1,325)	(1,806)
Net Assets	8,913	9,011
Issued Capital	35,042	35,042
Accumulated losses	(26,145)	(26,047)
Option Reserve	16	16
Total Equity	8,913	9,011
Profit / (loss) for the year	(110)	83
Profit after income tax expense from Discontinued Operations	12	74
Total comprehensive income for the year	(98)	157

CONTINGENT LIABILITIES

The parent entity had no contingent liabilities as at 30 June 2014 and 30 June 2013.

CAPITAL COMMITMENTS – PROPERTY, PLANT AND EQUIPMENT

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2014 and 30 June 2013.

SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1.



The Directors of Azure Healthcare Limited declare that:

(a) in the Directors' opinion the financial report as set out on pages 31 to 70 and remuneration report as set out on pages 20 to 27, 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 2014 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 (IASB) as disclosed in note 1; and

(c) there are reasonable grounds to believe that the Company 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 2014, required by Section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of the directors.

Robert Grey
Executive Chairman

Dated this 26th day of September 2013, Melbourne



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INDEPENDENT AUDITOR'S REPORT

To the members of Azure Healthcare Limited

Report on the Financial Report

We have audited the accompanying financial report of Azure Healthcare Limited, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility 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 Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

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



Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Azure Healthcare Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

- (a) the financial report of Azure Healthcare Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 20 to 27 of the directors' report for the year ended 30 June 2014. 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.

Opinion

In our opinion, the Remuneration Report of Azure Healthcare Limited for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

BDO East Coast Partnership

A handwritten signature in blue ink, appearing to read 'David Garvey', is written over a faint, stylized 'BDO' logo.

David Garvey
Partner

Melbourne, 26 September 2014

Number of Holders of Equity Securities

Ordinary Shares

189,711,544 fully paid ordinary shares are held by 1,106 individual shareholders.
All ordinary shares carry one vote per share.

Distribution of Holders In Each Class Of Equity Securities

	Fully paid ordinary shares
1 – 1,000	35
1,001 – 5,000	203
5,001 – 10,000	193
10,001 – 100,000	551
100,001 and over	124
Total Number of shareholders	1,106
Unmarketable parcels	38

Shareholder Enquiries

Shareholders with enquiries about their shareholdings should contact the share registry:

Computershare Investor Services Pty Ltd
Yarra Falls, 452 Johnston Street
Abbotsford VIC 3067

Change of Address, Change of Name, Consolidation of Shareholdings

Shareholders should contact the share registry to obtain details of the procedure required for any of these changes.

Removal from the Annual Report Mailing List

Shareholders who do not wish to receive the Annual Report should advise the share registry in writing. These shareholders will continue to receive all other shareholder information.

Tax File Numbers

It is important that Australian resident shareholders, including children, have their tax file number or exemption details recorded with the share registry.

CHESS (Clearing House Electronic Subregister System)

Shareholders wishing to move to uncertified holdings under the Australian Securities Exchange CHESS System should contact their stockbroker.

Uncertified Share Register

Shareholding statements are issued at the end of each month that there is a transaction that alters the balance of the holding.

Twenty largest Holders Of Quoted Securities

Shareholder	Number	%
MR ROBERT EDWARD GREY <AUSTCO A/C>	34,263,586	18.06
NATIONAL NOMINEES LIMITED	20,108,344	10.60
BILL BROOKS PTY LTD <BILL BROOKS SUPER FUND A/C>	11,926,069	6.29
ASIA PAC HOLDINGS PTY LTD	8,176,517	4.31
ASIA PAC TECHNOLOGY PTY LTD	7,718,126	4.07
RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <BKCUST A/C>	6,864,887	3.62
GORMAC MANAGEMENT COMPANY PTY LTD <OVERS INVESTMENT A/C>	5,960,331	3.14
J P MORGAN NOMINEES AUSTRALIA LIMITED	5,152,009	2.72
SANDHURST TRUSTEES LTD <TBF SMALL CAP VAL GRWTH A/C>	5,130,645	2.70
GANG - GANG PTY LTD <PIPPA A/C>	4,000,000	2.11
AUST EXECUTOR TRUSTEES LTD <HENROTH PTY LIMITED>	3,526,287	1.86
BARWAN HOLDINGS PTY LTD <BARWAN HOLDINGS P/L S/F A/C>	3,447,837	1.82
ASIA PAC HOLDINGS PTY LTD	3,028,859	1.60
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,209,801	1.16
BRISPOT NOMINEES PTY LTD <HOUSE HEAD NOMINEE NO 1 A/C>	2,039,387	1.07
WAKKO ENTERPRISES PTY LTD <L&S WAKEFIELD S/F A/C>	2,000,000	1.05
DENHOLM INVESTMENTS PTY LTD <DENHOLM A/C>	1,925,000	1.01
UBS NOMINEES PTY LTD	1,878,883	0.99
DEBUSCEY PTY LTD	1,649,350	0.87
MR DAVID JOHN LIGHTFOOT	1,094,932	0.58

Austco Chosen as HealthSouth's Exclusive NurseCall Provider, USA

August 6th, 2013

Tuesday, 06 August 2013-Melbourne- Austco Marketing and Services (USA) Ltd, a wholly owned subsidiary of Austco Communication Systems Pty Ltd and Azure Healthcare Ltd (ASX:AZV) is pleased to announce the signing of a 5 year exclusive agreement to provide NurseCall system upgrades and service to more than 100 HealthSouth Corporation Hospitals. HealthSouth is one of the United States largest Healthcare providers with a reputation for delivering high quality patient rehabilitation services.

HealthSouth's NurseCall systems will be upgraded to Austco's third generation advanced Tacera IP NurseCall solution. Tacera empowers Hospitals with easy to use technology linking patients to all Healthcare personnel in real-time increasing clinical workflow, driving efficiencies while reducing their Hospitals risks and costs.

Robert Grey, Azure Healthcare Limited's Chairman commented "We are delighted to be selected after a two year evaluation process as exclusive NurseCall provider for the HealthSouth Corporation. Austco's IP NurseCall Tacera solution will continue to help drive HealthSouth's vision of increased patient care by having a NurseCall system that links patients in real time with all Healthcare personnel, support systems and internal processes responsible for their care and safety. The flexibility of the system to integrate into various technology platforms helps future proof HealthSouth's provision of service and enhance their very high level of care throughout their sites across the United States.

For further information:
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Medicom Nurse Call
Solution by Austco



AZURE
HEALTHCARE LIMITED
www.azurehealthcare.com.au

