AZURE
HEALTHCARE LIMITED

2015 ANNUAL REPORT

END OF FINANCIAL YEAR REPORT

For the Year Ended 30 June 2015

REGISTERED OFFICE

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

DIRECTORS

Mr Clayton Astles – Chief Executive Officer (appointed 31 July 2015)
Mr Robert Grey – Executive Director
Mr William Brooks – Non Executive Director
Mr Greg Lewis – Non Executive Chairman (appointed 8 July 2015)

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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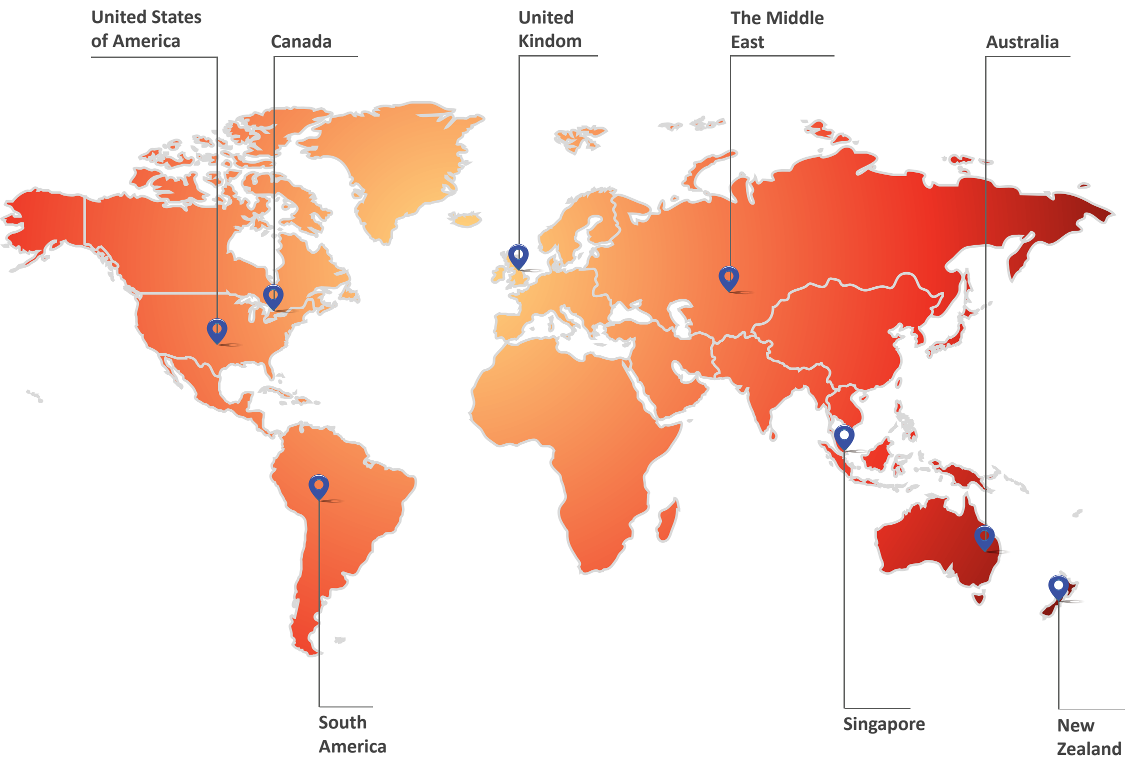
Azure Healthcare Ltd

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 provides the highest standard of products and service. Every system we deploy is designed to focus on maximizing operational efficiency.



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.

1. Focus on Customers

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

2. 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.

3. Quality

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

4. 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.

5. Relationships

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

6. 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.

7. 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.

Dear Shareholders,

The 2015 financial year was a challenging year. In response to major changes in our traditional market we have adopted an aggressive programme of innovation designed to transform the company from its historical device dependency into a healthcare solutions provider.

The impact on profitability has been significant, however without this investment programme the company's products will fall behind evolving industry requirements and importantly customer expectations.

Disruption in healthcare

The healthcare industry is facing many challenges including high cost inflation, a need for enhanced clinical risk management, and demand for information and transparency to patients, clinicians, regulators and health care funders.

As a result of these challenges the healthcare industry is increasing their investment and reliance on information-based systems. Traditional nurse call systems are not equipped to meet these demands with more efficient solutions required to enhance process based functionality. New information-based systems are required to meet customer demand for data analytics in this developing environment.

These technology solutions create enormous opportunities for our company as we respond to the disruption to existing manual processes and information flows, and the need to access and analyse data generated by a range of devices.

Azure's response

The company has responded to the disruption in healthcare by adopting an innovation profile with associated investment in research and development.

The company's objective is to transform from a device dependent business to a healthcare solutions company able to deliver "smart hardware" that supports "smart solutions".

The ongoing development of the Tacera product range is an example of the evolution to smart hardware and smart solutions. Furthermore, the establishment of the software research and development centre in Dallas is an example of the company's investment in innovation and smart solutions.

The company is developing a migration pathway by creating compatible products to ensure we leverage the future value of our historical broad based global customer footprint.

Impact on results and operations

The immediate and most significant result of the company's response has been its elevated investment in research and development expenditure in the 2015 financial year.

Developing solutions for our customers to seize the opportunities of digital disruption has been a demanding challenge for the company. In particular, the development environment is very fluid given the nature of the work being undertaken. In this regard we anticipate for the 2016 financial year that our investment in development expenditure will be similar to that of the 2015 financial year. Furthermore, at present we would not anticipate the company's 2016 financial year underlying operational earnings to be greater than those of 2015.

The Future

The "smart hardware" that supports "smart solutions" environment is likely to drive changes to existing revenue models within our company, where traditional once-off transactions with repeat revenue opportunities limited to support and supply of services, may be complemented by longer term continuing recurring revenue opportunities.

Our installed base provides a broad geographical footprint and will provide many opportunities for sales where the company will be able to benefit from its existing relationships.

Corporate Strategy

The company strategy has evolved in response to changes in the markets in which we operate. Our Chief Executive Offer is currently reviewing and updating the strategy and will provide a high level presentation on the strategy at the Annual General Meeting.

Part of this strategy review by our Chief Executive Offer has resulted in an evaluation of the company's product and solution offerings which is currently underway. The first outcome from this evaluation was the decision to phase out certain product lines resulting in write down of inventory of $0.35 million as at 30 June 2015.

Governance

A number of key Governance changes have commenced. These include my recent appointment as Independent Non-Executive Chairman of your company.

The recent appointment of Clayton Astles to the role of Chief Executive Officer is an important step in realising the company's goals of transitioning from a traditional nurse call business to a highly customer focused clinical software and workflow business. Clayton has extensive industry knowledge, and has lead our successful sales penetration in North America for the last 7 Years. Clayton has a strong understanding of our business and has the full support of all our country general managers and the Board.

We have further strengthened our security dealing policy to ensure the highest possible standards for trading in our securities are maintained.

Showcase of Exciting Next Generation Solutions

I am keen for you all to have the opportunity to view the company's key products and new solutions first-hand. These products demonstrate the link between our changing market place and the research and development investment the company is undertaking. Accordingly, at the Annual General Meeting, we will provide a live demonstration of both our newly developed analytics tool Tacera Pulse, and our Tacera 3rd generation nurse call system.

I look forward to meeting you at the Annual General Meeting.

Greg Lewis
Chairman
Date this 25th day of September 2015, Melbourne

Austco's Nurse Call and Workflow Solution is the First of its kind to have Products Receive TGA Approval

November 25th, 2014

Nurse call and workflow solutions provider Austco Communication Systems Pty Ltd, announced that the Australian Therapeutic Goods Administration (TGA) has approved its products for inclusion on the Australian Register of Therapeutic Goods (ARTG). This inclusion marks Austco as the first nurse call and workflow solution supplier of its kind to have its products formally approved for supply in Australia by the TGA.

Austco's latest achievement makes it the only nurse call and workflow solutions supplier in the world to be registered for TGA, FDA (US Food and Drug Administration) and accredited for UL-1069 (North American standard for "Hospital Signalling and Nurse Call Equipment").

Approval for inclusion into the ARTG register means that Austco's products meet acceptable standards of quality, safety and efficacy in accordance with the Therapeutic Goods Act. For a medical device to be included in the ARTG, the TGA must be satisfied that evidence exists appropriate to the perceived risks of the device to support its safe and effective use, and that an appropriate system is in place for monitoring the ongoing performance and safety of the device.

"We believe our customers and their patients deserve the best," stated Robert Grey, CEO and Chairman of Austco. "Although our current products were exempt from the need to be included in the ARTG, we felt that that it was important to register and show that as an organisation we care enough to strive for the highest level of excellence for our customers, and more importantly that we are willing to put ourselves up for scrutiny to prove this."

"Furthermore, we are very proud to be the only company in our market sector to be accredited for UL-1069 and, FDA and TGA registered. Going through the process, challenged us to find better ways to serve our customers, and it is a constant reminder that our responsibility is to continuously improve not only for our customers, but also for the people to whom they have a duty of care. " Concludes Mr Grey.

Dear Shareholders,

The Directors of Azure Healthcare Limited are pleased to report the financial and operating results for the financial year ended 30 June 2015. We have taken measures, including increased investment in Research & Development that will allow us to advance our goals of evolving into a clinical workflow management software business. Our ability to evolve and adapt to a rapidly changing healthcare industry will be the key to the long-term growth and success of Azure.

Board composition

The Board has undergone some significant changes recently including the appointments of Mr Greg Lewis as Independent Non-Executive Chairman and Mr Clayton Astles as Director and Chief Executive Officer. The Board recognises that these changes were in line with corporate governance best practise and ASX recommendations and that the Company is now at a phase of its development where these changes were appropriate.

Research & Development

Expenditure

The Company's expenditure on Research and development (R&D) increased from $2.8 million in the 2014 financial year to $5.1 million in the 2015 financial year. Whilst the Company spent $2.9 million in R&D at its existing Melbourne facility to assist and deliver improvements to our existing third generation Tacera Nurse call platform, the Company also spent $2.2 million at a second R&D facility in the USA to facilitate new software related products which will expand the Company's healthcare and clinical workflow solutions. In line with the Company's existing policy the Company expensed these costs in the 2015 financial accounts and anticipates similar R&D expenditure for the 2016 financial year.

Strategy

The strategic decision to open a second R&D facility in the USA was for the following reasons:

- Technology trends originate in the USA and are gradually adopted internationally; USA based R&D gives Azure exposure to the most sophisticated healthcare market in the world.
- Access to a larger pool of talented software engineers will improve innovation and reduce time to market.
- There is a broader range of clinical, facility management & wireless telephony suppliers based in the USA. With USA based engineers, we can build the strategic partnerships needed to expedite development of certified interfaces to these 3rd party systems.
- Nurse Call vendors operating in the USA are required to adhere to the most stringent regulations and certifications in the world, including FDA 510(k), MDDS & UL1069. Employing engineers who have experience with these regulations and certifications are critical for compliance.

Focus

Our Research & Development efforts are currently focused on our 4th generation Tacera platform, a comprehensive communication and information system that has the ability to receive and display patient, staff, and emergency events. The value proposition offered by our new software platform includes improvements in operational efficiencies and patient satisfaction by collecting data that can help caregivers deliver high quality care.

Innovation

The 4th generation Tacera platform will interface with complementary technologies such as Real Time Locating Systems (RTLS), Patient Care Devices and Wireless Telephony to support our customers' operational objectives. New tools will directly link the patient to their care provider and bridge the gap between patient needs and staff resources available.

Product Release

Our initial platform release will be Tacera Pulse which will be launched later this year. Tacera Pulse is part of a suite of software applications for personal computers and mobile devices that delivers business intelligence information to an interactive dashboard, allowing healthcare providers to make data driven decisions. Key performance indicators provide healthcare organisations with actionable data needed to increase patient satisfaction, improve staff performance and optimize workflow.

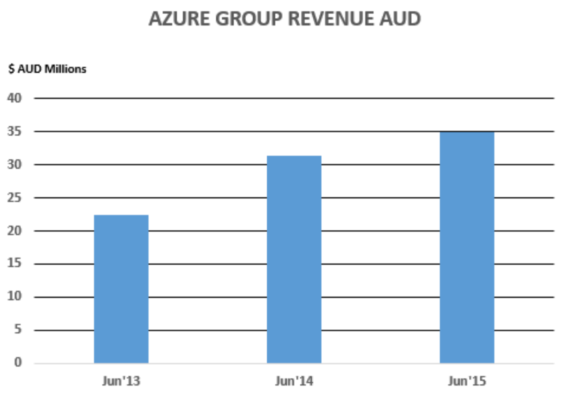
Production

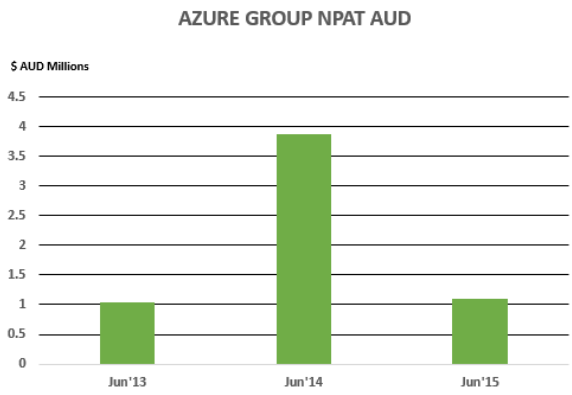
The Directors have made the conscious decision to begin a transition of manufacturing its products to the USA where access to high quality human resources in a flexible work place environment with manageable cost structures is available. As our USA revenues grow it becomes more important for us to be located closer to those customers as it increases service levels and reduces logistics costs. The transition to the USA is also a direct result of increased world awareness for FDA compliant products. The Directors are of the view that this trend will continue; in particular as healthcare products expand into clinical workflow and software solutions. The USA is the leader in the healthcare innovation field with the remainder of the world tending to adopt USA practices. Moreover the Company is engaging the fastest growing market in the United States where a strong presence is required.

Provisions

The Australian arm of the Azure Group delivered strong underlying revenue and margin growth across its Nursecall product range however the Company has made provisions for warranty and other associated costs of $0.64 million relating to non-Nursecall product. This issue relates only to the Australian business and is a non-core product. A further write-down of $0.35 million has been made for inventory items which have been identified as products which the Company will discontinue in the near future as a part of a new rationalisation of existing products. This rationalisation of product inventories has been identified as a part of the transition to USA based manufacturing where a smaller number of products will be manufactured but in greater volume for greater efficiencies.

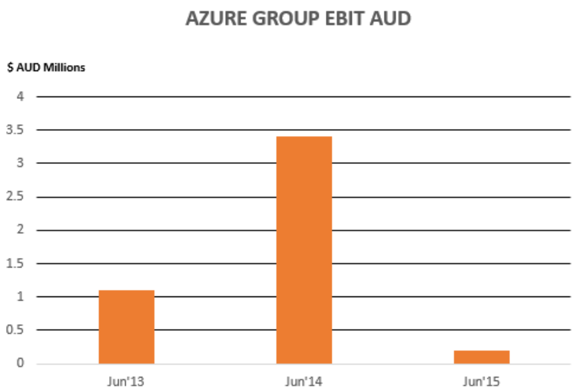
Financials
Revenue from ordinary activities increased by 11.6% in the 2015 financial year to $34.95 million whilst Gross margins were 51.3% (2014: 56.4%) reflecting higher overall costs of manufacturing in two facilities.

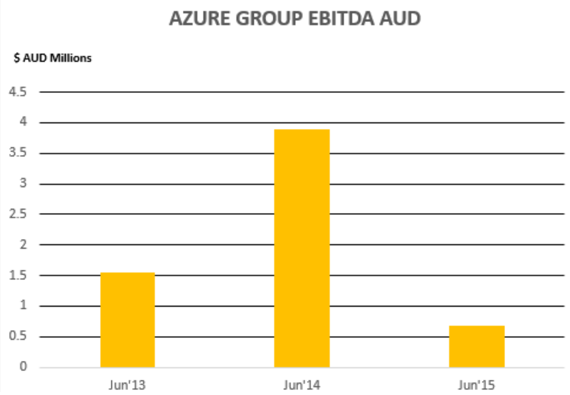




Net profit after tax (NPAT) was $1.093 million representing a 71.7% decrease from the 2014 financial year.

Net earnings before interest, tax, depreciation and amortisation, (EBITDA) were $0.689 million, whilst earnings before interest and tax (EBIT) were $0.200 million.





Performance Summary 2014-2015			
	Jun-15	Jun-14	%
	$ Mil	$ Mil	
Revenue	**34.962**	31.319	11.6%
EBITDA	**0.689**	3.891	(82.3)%
EBIT	**0.200**	3.405	(94.1)%
NPAT	**1.093**	3.865	(71.7)%

Revenue: Consolidated revenues from ordinary activities increased by 11.6% to $34.95 million compared to the previous corresponding period of $31.31 million.

Earnings before Interest and Tax (EBIT): Net earnings before interest, tax, depreciation and amortisation, (EBITDA) were $0.689 million, whilst earnings before interest and tax (EBIT) were $0.200 million.

Net Profit After Tax (NPAT): Net profit after tax (NPAT) was $1.093 million representing a 71.7% decrease from the previous corresponding period. The Azure Group produced earnings of 0.58 cents per share compared to 2.04 cents in the previous corresponding period.

Net Tangible Assets (NTA): Net Tangible assets have increased from 5.76 cents to 6.50 cents per share, an increase of 12.8%.

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: Operating expenses have increased by 24.9% over the prior corresponding period largely due to the increase in expenditures in research & development and warranty provisions explained above. Our Research & Development investment expenditure increased by $2.4 million to $5.1 million in the 2015 financial year. Increased staffing for research and development adversely impacted the Employee benefits expense line item by $1.9 million and increased insurance expense line item by $0.144 million whilst impairment write downs and warranty expense increased to $0.988 million.

Cashflow: During the year the Company generated positive operating cashflow of $1.87 million and finished the year with cash at bank of $3.157 million. The Company is executing a series of initiatives to maximise operating cashflow and does not anticipate raising working capital during the 2016 financial year. During the year increased working capital for the North American operations included inventory increases of $2.1 million.

Taxation: During the year the Company increased its R&D expenditure, which in turn created an additional deferred tax asset currently available in Australia or 'negative' tax as classified in the consolidated statement of profit and loss.

Discontinued operations overview:

The liquidation of the Australian contracting division TSV Australia Pty Ltd was finalised on 26 June 2014 and a final distribution of $0.011 million was received during the 2015 financial year. The Company does not anticipate receiving any further distributions.

The future

In 2016 we will focus on the following key initiatives to improve our business and maximise returns for our shareholders:

- Develop industry leading clinical software solutions that help improve patient outcomes
- Establish a recurring revenue stream based on a subscription based pricing model
- Build strategic partnerships with market-leading healthcare technology companies
- Continue to streamline operational and manufacturing efficiencies

On behalf of the Board of Directors and Executive Management team, we would like to thank our hard-working and passionate staff who are committed to delivering exciting products and fantastic customer service.

Finally, the Directors would like to thank you, our shareholders, for your continued support as we build for the future.

Yours faithfully

Clayton Astles

Chief Executive Officer

Date this 25th day of September 2015, Melbourne

AZURE HEALTHCARE RESEARCH AND DEVELOPMENT INVESTMENT EXPENDITURE

Azure Healthcare group increased investment in Research and Development of $5.108 million in the 2015 financial year compared to $2.761 million in the 2014 financial year which has furthered the evolution of the Research and Development organization from a traditional hardware device company to a software centric product development and engineering services organization. Significant achievements in 2014 include establishment of a US based Product Development organization and execution of multiple concurrent projects to enhance the existing product families as well as bolster the future Azure product portfolio.

The evolution of Healthcare globally has created an assortment of systems and technologies utilized throughout the Continuum of Care. The Acute Care market demands interoperability of these solutions in order to improve patient care and business operations. Increased pressure on Healthcare organizations to do more with less while improving patient satisfaction and quality of care has created opportunity for solutions providers to disrupt the existing market with sophisticated software algorithms and business applications focused on increasing customers return on investment and patient safety.

The qualitative measurements these solution will provide include:

- Increased HCAHPS percentile
- Reduced patient complaints
- Shorten response times by automating workflows
- Improve trend and performance tracking with standardized data capture

These disruptive solutions will also provide opportunities for innovative business models for managed products and services. Per user and Service Level Agreements pricing strategies are examples of new and exciting opportunities to expand the existing business models beyond that of a traditional hardware device company.

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 2015, the Directors were as follows:

Director's name	Appointment date	Length of Directorship at reporting date	Independence status
Mr Clayton Astles	31 July 2015	2 months	Not-independent Executive
Mr Robert Grey	26 October 2011	4 years	Not-independent Executive
Mr William Brooks (i)	26 October 2011	4 years	Not-independent Non-executive
Mr Greg Lewis (ii)	8 July 2015	1 year	Independent Non-executive

(i) Chairman of the Nomination and Remuneration Committee and member of the Audit and Risk Management Committee.
(ii) Chairman of the Audit and Risk Management Committee and member of the Nomination and Remuneration Committee.

Each Director is a senior and experienced executive with skills and experience necessary for the proper supervision and leadership of the Company. Before appointing a director, or putting forward to shareholders a director for appointment, the company undertakes comprehensive reference checks that cover elements such as the person's character, experience, employment history, qualifications, criminal history, bankruptcy history, and disqualified officer status. Directors are required to declare each year that they have not been disqualified from holding the office of director by the Australian Securities and Investments Commission ('ASIC'). Details of the Directors, their experience and their special responsibilities with respect to the Company are set out on page 27 and 28.

The terms of the appointment of a non-executive director are set out in writing and cover matters such as the term of appointment, time commitment envisaged, required committee work and other special duties, requirements to disclose their relevant interests which may affect independence, corporate policies and procedures, indemnities, and remuneration entitlements.

COMPOSITION OF THE BOARD (CONTINUED)

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 Director 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.

BOARD FORMAL INDUCTION PROGRAM

The company does not have in place a formal induction program or professional development program for directors. The Chief Executive Offer and Chairman are responsible for providing all information considered necessary to an incoming director to enable them to contribute to the business of the company. Directors are responsible for their own development which includes identifying opportunities for them to attend courses or other information sessions to enhance their skills and knowledge.

CHAIRMAN AND BOARD INDEPENDENT

Azure Healthcare Limited (the Company) is pleased to announce the appointment of Mr Greg Lewis as Independent Non Executive Chairman.

Former Executive Chairman Mr Robert Grey, a substantial shareholder, has stepped aside from the role but remains a director of the Company.

The Australian Securities Exchange Corporate Governance recommends that the Chairperson be independent. At the early stage of the Company's transition the most appropriate person for the position of Chairman was an Executive Director with sufficient industry experience to steer the Company through its next phase of development. The Company has now reached a point where separation of the two roles is appropriate and in line with best practice standards for corporate governance and the Board's charter. The Company's charter specifies that the Board should comprise a majority of Non Executive directors and will consist of directors who have a proper understanding of the business and who can add shareholder value.

Mr Lewis has been a Non Executive director of Azure Healthcare since June 2014. He is a corporate advisor and former partner of KPMG Chartered Accountants, a former principal of Ernst & Young and senior consultant to Minter Ellison Lawyers, providing commercial, taxation and acquisition advice. Mr Lewis currently runs his own manufacturing and civil engineering business and has a Bachelor of Economics, a Master's degree in Taxation Law and is a chartered accountant and chartered tax advisor.

There are currently 4 members on the company's Board and the majority of the Board are not independent. Mr Grey and Mr Brooks are not considered independent due to their substantial shareholding. The Board considers that for the 2015 Financial year the company was reliant on the business relationships and interests that it has with the non-independent directors in order to achieve its objectives at this time. Until such time as the company is of a size that warrants the appointment of additional non-executive and independent directors, the Board is of the view that the absence of a majority of independent directors is not an impediment to its operations, shareholders or other stakeholders.

ROLE OF MANAGEMENT

The Board has delegated the day-to-day management of the company to the Chief Executive Officer, Chief Financial Officer and other senior executives ('management'). The company's management is responsible for the following:

- implementing the strategic objectives set by the Board;
- operating within the risk parameters set by the Board;
- operational and business management of the company;
- managing the company's reputation and operating performance in accordance parameters set by the Board;
- day-to-day running of the company;
- providing the Board with accurate, timely and clear information to enable the Board to perform its responsibilities;
- approving capital expenditure (except acquisitions) within delegated authority levels.

Senior executives have their roles and responsibilities defined in specific position descriptions. A performance evaluation was conducted in June 2015 together with the Nomination and Remuneration committee. These recommendations included the examination of the performance of management against company deliverables and key performance indicators.

ROLE OF COMPANY SECRETARY

The Company Secretary reports directly to the Board through the Chairman and is accessible to all directors. The Company Secretary's role, in respect of matters relating to the proper functioning of the Board, includes:

- advising the Board and its Committees on governance matters;
- monitoring compliance of the Board and associated committees with policies and procedures;
- coordinating all Board business;
- retaining independent professional advisors;
- ensuring that the business at Board and committee meetings is accurately minuted; and
- assisting with the induction and development of directors.

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.

The Board maintains a combined Audit and Risk Committee. The members of the Committee are detailed on page 15.

The Charter of the Committee is available at the company's website (http://azurehealthcare.com.au/corporate-governance/audit-and-risk-committee-charter/) or upon request from the Company. The charter includes the committee's responsibilities which include procedures for general risk oversight and monitoring, internal control and risk management, risk transfer and insurance and other responsibilities.

RISK MANAGEMENT (CONTINUED)

The Risk Committee reviews the company's risk management framework at least annually to ensure that it is still suitable to the company's operations and objectives and that the company is operating within the risk parameters set by the Board. As a consequence of the last review undertaken for the year ended 30 June 2015, there were no significant recommendations made.

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.

MATERIAL EXPOSURE TO ECONOMIC ENVIRONMENTAL AND SOCIAL SUSTAINABILITY RISKS

The management of the company and the execution of its growth strategies are subject to a number of risks which could adversely affect the company's future development. The following is not an exhaustive list or explanation of all risks and uncertainties associated with the company (and its subsidiaries), but those considered by management to be the principal material risks:

Customer base	The company needs to retain and attract new customers, in sufficient numbers, especially in markets where the company already has a degree of market penetration. This is largely dependent on our technology offerings and service.
Research and development	The company is investing heavily in research and development. Our Research & Development efforts are currently focused on our 4th generation Tacera software platform, that has an associated risk of customer uptake successful technical implementation and design success and acceptance.

MATERIAL EXPOSURE TO ECONOMIC ENVIRONMENTAL AND SOCIAL SUSTAINABILITY RISKS (CONTINUED)

Patents, trademarks and brand reputation	Maintaining and enhancing the brand is critical to the company's strategies going forward. If the company fails to meet customer (and supplier) expectations, negative publicity and complaints on social media platforms could damage the brand and ultimately reduce customers' willingness to buy from the company. If the company fails to maintain the brand or if excessive expenses are incurred in this effort, the company's business, results of operations, financial condition and financial results may be materially and adversely affected. As with all brands, the company is exposed to risk from unauthorised use of its trademarks and other intellectual property. Any infringement could lead to a loss in profits and have a negative impact on image and continued success. Patents and trademarks are registered and where any infringements are identified, appropriate legal action is taken
Cash and other financial risk	The management of cash is of fundamental importance. At the reporting date the consolidated entity had a cash balance of $3.157 million (2014: $1.609 million). The working capital will be used to carry out the company's expansion plans, finance research and development and fund working capital requirements. The company is also exposed financial risks such as foreign currency risk and interest rate risk. Refer to the 'Financial Instrument' note to the financial statements for further information on these risks and how they are managed.
Loss of people	The company's senior executive team is instrumental in implementing the company's strategies and executing business plans which support the business operations and growth. The reseller network have strong supplier and customer relationships which are central to the company's ability to deliver products. The research and development team are critical to bringing new initiative products to market in a timely fashion. Service agreements are in place and the risk of the loss of key personnel is mitigated by regular reviews of remuneration packages (including short and long term incentive schemes) and succession planning within the team.
Equal opportunity	The company is committed to an active equal opportunities policy. It is the company's policy to promote an environment free from discrimination, harassment and victimisation, where everyone will receive equal treatment regardless of gender, colour, ethnic or national origin, disability, age, marital status, sexual orientation or religion. Employment practices are applied which are fair, equitable and consistent with the skills and abilities of the employees and the needs of the company.
Disabled employees	Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

MATERIAL EXPOSURE TO ECONOMIC ENVIRONMENTAL AND SOCIAL SUSTAINABILITY RISKS (CONTINUED)

Environmental, corporate and social responsibilities	The company's approach is to make a positive difference to the people, environment and communities in which it works.

INTERNAL AUDIT FUNCTION

The company does not have a dedicated internal audit function. The responsibility for risk management and internal controls lies with both the Chief Executive Offer and Chief Financial Officer who continually monitor the company's internal and external risk environment. Necessary action is taken to protect the integrity of the company's books and records including by way of design and implementation of internal controls, and to ensure operational efficiencies, mitigation of risks, and safeguard of company assets.

ATTENDANCE OF EXTERNAL AUDITOR AT ANNUAL GENERAL MEETING

The engagement partner for the company's audit attends the AGM and is available to answer shareholder questions from shareholders relevant to the audit.

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 SKILLS MATRIX

The Board does not maintain a formal skills matrix that sets out the mix of skills and diversity that the Board aims to achieve in its membership. The current Board members represent individuals that have extensive industry experience as well as professionals that bring to the Board there specific skills in order for the company to achieve its strategic, operational and compliance objectives. Their suitability to the directorship has therefore been determined primarily on the basis of their ability to deliver outcomes in accordance with the company's short and longer term objectives and therefore deliver value to shareholders.

All Board members are however expected to be able to demonstrate the following attributes:

Board Member Attributes

Leadership	Represents the company positively amongst stakeholders and external parties; decisively acts ensuring that all pertinent facts considered; leads others to action; proactive solution seeker
Ethics and integrity	Awareness of social, professional and legal responsibilities at individual, company and community level; ability to identify independence conflicts; applies sound professional judgement; identifies when external counsel should be sought; upholds Board confidentiality; respectful in every situation.

BOARD SKILLS MATRIX (CONTINUED)

Communication	Effective in working within defined corporate communications policies; makes constructive and precise contribution to the Board both verbally and in written form; an effective communicator with executives.
Negotiation	Negotiation skills which engender stakeholder support for implementing Board decisions.
Corporate governance	Experienced director that is familiar with the mechanisms, controls and channels to deliver effective governance and manage risks

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 2015 and the attendance record for each Director can be found on page 38 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 is available at the company's website (http://azurehealthcare.com.au/corporate-governance/remuneration-policy/) or upon request from the Company. The ASX Corporate Governance guidelines recommend that the Nomination and Remuneration Committee has at least 3 members. With only one Independent Non-Executive Director this recommendation cannot be implemented although the Company believes that the perceived risk is outweighed by the experience and benefits that these Director contribute.

For full details on the members of the committee, the number of times the committee met throughout the period and the individual attendances of the members at those meetings, refer to page 38.

AUDIT AND RISK MANAGEMENT COMMITTEE

The Board has established an Audit and Risk Management Committee, which 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 a majority of independent directors. With only one Independent Non-Executive Director this recommendation cannot be implemented although the Company believes that the perceived risk is outweighed by the experience and benefits that these Director contribute.

For full details on the members of the committee, the number of times the committee met throughout the period and the individual attendances of the members at those meetings, refer to page 38.

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 2015 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 2015 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 directors and other senior executives are remuneration using combinations of fixed and performance based remuneration. Fees and salaries and set at levels reflecting market rates having regard to the individual's performance and responsibilities. Performance based remuneration is linked directly to specific performance targets that are aligned to both short and long term objectives. Share options and rights are aligned to longer term performance hurdles. Termination payments are detailed in individual contracts and payable on early termination with the exclusion of termination in the event of misconduct.

Executive remuneration comprises the following elements:

- Fixed remuneration, including superannuation, which is set at a level that reflects the marketplace for each position;
- Short Term Incentive (STI) payments based on achievement of operational and financial goals.
- Long Term Incentive (LTI) 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.

Note: the use of derivatives or other hedging arrangements for unvested securities of the company or vested securities of the company which are subject to escrow arrangements is prohibited. Where a director or other senior executive uses derivatives or other hedging arrangements over vested securities of the company, this will be disclosed.

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 33 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. This risk policy is available at the company's website (http://azurehealthcare.com.au/corporate-governance/risk-management-policy/) and reviewed annually by the committee.

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 declarations 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.

INTEGRITY OF FINANCIAL REPORTING AND RISK MANAGEMENT

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 46%. The classification of Management, Finance and Administration has achieved (51%) so exceeds this benchmark. The operational classification of 'Other' is dominated by male workers such as Technicians and Manufacturing personnel with 73% male participation for the Australian workplace according to the Workplace Gender Equality Agency in its most recent findings. Azure has been able to maintain a 13% female participation rate, even with 29 additional staff being hired during the year. Overall, the current gender balance in Azure has been maintained and is 24% (2014: 26%) as per the table below.

DIVERSITY POLICY (CONTINUED)

Gender Diversity - Azure Healthcare Limited								
	2015 NUMBER OF EMPLOYEES		2015 PERCENTAGE OF EMPLOYEES		2014 NUMBER OF EMPLOYEES		2014 PERCENTAGE OF EMPLOYEES	
	Female	Male	Female	Male	Female	Male	Female	Male
Board	0	3	0%	100%	0	3	0%	100%
Management, Finance, Administration	26	25	51%	49%	25	23	52%	48%
Other	16	104	13%	87%	12	79	13%	87%
Total	42	132	24%	76%	37	105	26%	74%

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.

DIVERSITY POLICY (CONTINUED)

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

In addition to the distribution of the Annual Report, the company maintains information in relation to governance documents, directors and senior executives, Board and committee charters, annual reports, ASX announcements and contact details on the company's website.

In order for the investors to gain a greater understanding of the company's business, governance practices, financial performance and future prospects, the company schedules interactions during the year where it engages with institutional and private investors, analysts and the financial media.

Meetings and discussions with analysts must be approved by the Chairman and are generally conducted by the Chief Executive Offer / Chairman. The discussions are restricted to explanations of information already within the market or which deal with non-price sensitive information. These meetings are not held within a four week blackout period in advance of the release of interim or full-year results.

The company encourages shareholders to attend the company's AGM and to send in questions prior to the AGM so that they may be responded to during the meeting. It also encourages ad hoc enquiry via email which are responded to. Written transcripts of the meeting are made available on the company's website.

SHARE REGISTER COMMUNICATIONS

The company engages its share registry to manage the majority of communications with shareholders. Shareholders are encouraged to receive correspondence from the company electronically, thereby facilitating a more effective, efficient and environmentally friendly communication mechanism with shareholders. Shareholders not already receiving information electronically can elect to do so through the share registry, Computershare Investor Services Pty Limited http://www.computershare.com/au/Pages/default.aspx

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 2015.

DIRECTORS

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

Mr. Clayton Astles — Chief Executive Officer — (Appointed 31 July 2015)

Mr Astles has worked with Azure for the last 7 years and is currently the President of Azure Healthcare's main operating subsidiary Austco Marketing & Services (USA) Ltd. He has helped build the group's reputation as a leader in the nurse call and clinical software solutions market in the United States and has been instrumental in the establishment of a Software Development Centre and manufacturing facility in Dallas, which will be responsible for developing the Company's next generation products.

Mr Astles, who has over 12 years leadership experience in the healthcare technology industry and holds a diploma in Electronics Engineering, joined Austco in April 2008 as Sales Manager and held the positions of Vice-President and President of Austco's Canadian and US businesses. Since his arrival he has led a successful direct sales and channel sales organisation across North America.

Current equity holding:
Nil Ordinary Shares
5,000,000 options (issued 3 August 2015)

Mr. Robert Grey — Executive Director

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

DIRECTORS (CONTINUED)

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:
11,091,491 Ordinary Shares
Nil Options

Mr. Greg Lewis (ii) Non-Executive Chairman (Appointed 8 July 2015)

Non-Executive Director (1 June 2014 – 7 July 2015)

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 Nomination and Remuneration Committee and member of the Audit and Risk Management Committee.
(ii) Chairman of the Audit and Risk Management Committee and member of the Nomination and Remuneration Committee.

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 Chief Financial Officer and Company Secretary of Baxter Group Limited (ASX:BAX) and Cellestis 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.

Current equity holding:
Nil Ordinary Shares
2,000,000 options (issued 3 August 2015)

DIVIDEND PAID OR RECOMMENDED

No dividends were paid or declared for the year ended 30 June 2015 (2014: 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 174 employees as at 30 June 2015 (2014: 142 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 $1.093 million (2014: $3.865 million). A Review of Operations is contained within the Chief Executive Offer'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.

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 (Chief Executive Officer & Director), William Brooks (Non Executive Director), Greg Lewis (Non Executive Chairman), Jason D'Arcy (Chief Financial Officer & Company Secretary), Peter Kamarinos (General Manager - Australia) and Clayton Astles (Chief Executive Officer & Director – appointed 31 July 2015).

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. 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 9.5% for the 2015 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.

	2015* $'000	2014* $'000	2013* $'000	2012* $'000	2011 $'000
Revenue	34,962	31,319	22,504	18,224	16,833
Profit/(Loss) for the year	1,093	3,865	1,040	744	(11,050)
Overall Earnings Per Share (cents)	0.58	2.05	0.55	0.47	(11.46)
Share price at year end	$0.140	$0.330	$0.068	$0.029	$0.040
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.

DIRECTORS’ FEES

The current base remuneration of Director’s was last reviewed with effect from 31 July 2015. 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:

	Short Term Employee Benefits			Share Based Payments	Post Employment Expenses		Performance Related
	Salaries, Fees and Commissions	**Cash Bonus**	**Other Benefit**	**Equity-settled Options**	**Superannuation Contributions**	**Total**	**%**
			2015				
Executive director:							
Robert Grey	160,000	51,865	-	-	16,630	228,495	23%
Non – executive director:							
William Brooks	20,000	-	-	-	-	20,000	-
Non – executive chairman:							
Greg Lewis	20,004	-	-	-	-	20,004	-
Other key management personnel:							
Jason D'Arcy	244,200	-	-	-	-	244,200	-
Peter Kamarinos	135,000	17,500	20,000	-	15,600	188,100	9%
	579,204	**69,365**	**20,000**	**-**	**32,230**	**700,799**	

Cash bonuses are payable in accordance with employment agreements applicable for the year end 30 June 2015.

Mr Clayton Astles was appointed director and Chief Executive Officer of Azure Healthcare Limited on 31 July 2015. As Mr Astles was not a key management personnel during the 2015 financial year, his remuneration was not included in the above.

DETAILS OF KEY MANAGEMENT PERSONNEL REMUNERATION (CONTINUED)

	Short Term Employee Benefits			Share Based Payments	Post Employment Expenses		Performance Related
	Salaries, Fees and Commissions	Cash Bonus	Other Benefit	Equity-settled Options	Superannuation Contributions	Total	%
				2014			
Executive director:							
Robert Grey	160,000	91,533	50,000	-	31,734	333,267	28%
Non – executive directors:							
William Brooks	20,000	-	-	-	-	20,000	-
Michael Howard (retired 3 June 2014)	18,337	-	-	-	-	18,337	-
Greg Lewis (appointed 8 July 2015)	1,667	-	-	-	-	1,667	-
Other key management personnel:							
Jason D'Arcy	247,200	49,440	24,720	-	-	321,360	15%
Peter Kamarinos	143,632	25,740	9,379	-	15,411	194,162	13%
	590,836	**166,713**	**84,099**	**-**	**47,145**	**888,793**	

1. Mr Grey will receive a cash bonus of $51,865 (inclusive of superannuation) in September 2015 in relation to the 2015 financial year. The bonus was granted on the 20 August 2015.

2. Mr D'Arcy received no cash bonus during the 2015 financial year.

3. Mr Kamarinos will receive a cash bonus of $17,500 (inclusive of superannuation) in September 2015 in relation to the 2015 financial year. The bonus was granted on the 5 August 2015.

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

	Cash bonus paid/payable		Cash bonus forfeited	
	2015	2014	2015	2014
Greg Lewis	-	-	-	-
Robert Grey	100%	100%	-	-
William Brooks	-	-	-	-
Michael Howard	-	-	-	-
Jason D'Arcy	-	100%	100%	-
Peter Kamarinos	87.5%	100%	12.5%	-

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

Voting and comments made at the Company's 2014 Annual General Meeting ("AGM")

The Company received 87.77% of 'for' votes in relation to its remuneration report for the year ended 30 June 2014. 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 2015 (2014: Nil).

SHARE BASED COMPENSATION

The services and performance criteria set to determine compensation are discussed under remuneration policy commencing at page 29. 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 2015 (2014: Nil).

All employee options are unlisted, exercisable within 5 years of issue, have an exercise price consistent with the 30 day volume weighted average price at date of issue, exercisable after 3 years from date of issue. All options are non-transferable.

SHARES ISSUED ON EXERCISE OF COMPENSATION OPTIONS

Mr Jason D'Arcy exercised 399,000 options on the 27 August 2014 and the consideration value was $65,635.50. The options were due to expire on the 7 December 2014.

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 PERSONANEL

	Economic Entity	
	2015 $'000	2014 $'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	289
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	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:

Chief Executive Officer - Mr Clayton Astles (appointed 31 July 2015)

- A written employment agreement is in place, effective from 1 August 2015, with either party required to give one year's notice, unless otherwise terminated;
- Base salary, inclusive of superannuation, to the value of $380,000 USD per annum and Annual car allowance to the value of $11,000 USD per annum;
- Annual performance bonus of up to a maximum of $190,000 USD based on a balance scorecard;
- Eligibility for company long term incentive plan; and
- 4 year term.

Executive Director – 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 1 August 2015, with either party required to give a minimum of one year's notice, unless otherwise terminated;
- Base fee, to the value of $280,000 USD per annum;
- Annual performance bonus of up to a maximum of $140,000 USD based on a balance scorecard ;
- Eligibility for company long term incentive plan; and
- 4 year term.

General Manager (Australia) - Mr Peter Kamarinos

- A written employment agreement in place, effective from 1 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:

2015	Balance 1 July or appoint ment date	Granted as Compensation	Expired During Year	Total Vested and Exercised	Balance 30 June or resignation date	Total Unvested and Unexercisable
Robert Grey	-	-	-	-	-	-
William Brooks	-	-	-	-	-	-
Clayton Astles	-	-	-	-	-	-
Greg Lewis	-	-	-	-	-	-
Jason D'Arcy	399,000	-	-	399,000	-	-
Peter Kamarinos	-	-	-	-	-	-
	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
		2015		
Robert Grey	54,281,586	-	(20,018,000)	34,263,586
William Brooks	11,926,069	-	(834,578)	11,091,491
Clayton Astles (appointed 31 July 2015)	-	-	-	-
Jason D'Arcy	-	-	-	-
Peter Kamarinos	-	-	-	-
Greg Lewis	-	-	18,000	18,000
	66,207,655	**-**	**(20,834,578)**	**45,373,077**

* Net change other includes shares acquired or disposed during the year. Mr Jason D'Arcy exercised 399,000 options on the 27 August 2014 and the consideration value was $65,635.50. The options were due to expire on the 7 December 2014.

End of Remuneration Report (Audited).

SHARES UNDER OPTIONS

Unissued ordinary shares of Azure Healthcare Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
3 August 2015	30 July 2020	$0.182	8,200,000

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

SHARES ISSUED ON THE EXERCISE OF OPTIONS

The following ordinary shares of Azure Healthcare Limited were issued during the year ended 30 June 2015 and up to the date of this report on the exercise of options granted:

Date options granted	Exercise price	Number of shares issued
7 December 2009	$0.1645	399,000

MEETING OF DIRECTORS

During the financial year, 10 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	10	10	-	-	-	-
William Brooks	10	9	2	2	1	1
Greg Lewis	10	10	2	2	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 $28,851 (2014: $28,838). 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 Cimtel 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 2015:

Other taxation compliance services totalling 3,230 (2014: Nil)

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration which forms part of the Directors report for the year ended 30 June, 2015 has been received and can be found on page 40.

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 made pursuant to section 298(2)(a) of the Corporations Act 2001.

Clayton Astles

Chief Executive Officer
Dated this 25th day of September 2015, Melbourne

BDO

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DECLARATION OF INDEPENDENCE BY SIMON SCALZO TO THE DIRECTORS OF AZURE HEALTHCARE LIMITED

As lead auditor of Azure Healthcare Limited for the year ended 30 June 2015, 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 Azure Healthcare Limited and the entities it controlled during the period.

Simon Scalzo
Partner

BDO East Coast Partnership

Melbourne, 25 September 2015

		Economic Entity	
	Notes	2015	2014
		$'000	$'000
Revenues from continuing operations	2	34,950	31,308
Other income	2	12	11
Cost of sales		(17,011)	(13,670)
Gross Profit		17,951	17,649
Employee Benefits Expense	3	(11,096)	(9,186)
Motor Vehicle Expenses		(326)	(275)
Occupancy Expenses		(901)	(915)
Depreciation and Amortisation Expenses	3	(494)	(486)
Accounting, Audit and Legal Fees		(887)	(868)
Finance Costs	3	(80)	(89)
Travel Expenses		(1,031)	(917)
Insurance		(334)	(190)
Staff Recruitment Expense		(279)	(185)
Other Expenses		(1,641)	(1,201)
Subscriptions		(121)	(20)
Impairment Write-downs		(309)	(1)
Warranty Allowance		(332)	-
Profit Before Income Tax Expense from Continuing operations		120	3,316
Income tax Benefit	4	962	537
Profit after income tax expense from continuing operations		1,082	3,853
Profit after income tax expense from discontinued operations	7	11	12
Profit for the Year Attribu table to Members of Azure Healthcare Limited		1,093	3,865
Other Comprehensive Income			
Items that may be reclassified subsequently to Profit or Loss			
Exchange difference arising on translation of foreign operations		5	(126)
Total comprehensive income from continuing operations		1,087	3,727
Total comprehensive income from discontinuing operations		11	12
Total Comprehensive Income for the Year Attributable to Members of Azure Healthcare Limited		1,098	3,739
Continuing Operations		Cents	Cents
Basic earnings per share	8	0.57	2.04
Diluted earnings per share	8	0.57	2.03
Discontinued Operations		Cents	Cents
Basic earnings per share	8	0.01	0.01
Diluted earnings per share	8	0.01	0.01
Overall earnings per share		Cents	Cents
Basic earnings per share	8	0.58	2.05
Diluted earnings per share	8	0.58	2.04

* The accompanying notes form part of these financial statements

	Notes	Economic Entity 2015 $'000	2014 $'000
Current Assets			
Cash and cash equivalents	10	3,157	1,609
Trade and other receivables	11	5,686	8,864
Inventories	12	6,907	4,363
Other assets	13	1,252	1,048
Total Current Assets		**17,002**	**15,884**
Non-Current Assets			
Property, plant and equipment	14	1,030	929
Deferred tax assets	4(c)	2,154	1,024
Intangible assets	15	3,207	3,461
Total Non-Current Assets		**6,391**	**5,414**
Total Assets		**23,393**	**21,298**
Current Liabilities			
Trade and other payables	17	4,632	4,404
Short term borrowings	18	1,331	1,308
Current tax liabilities	4(b)	131	113
Provisions	19	1,226	744
Total Current Liabilities		**7,320**	**6,569**
Long term borrowings	18	13	21
Deferred tax liabilities	4(c)	424	274
Provisions	19	99	60
Total Non-Current Liabilities		**536**	**355**
Total Liabilities		**7,856**	**6,924**
Net Assets		**15,537**	**14,374**
Equity			
Issued capital	20	35,123	35,042
Option reserve	20	16	16
Accumulated losses		(18,925)	(19,733)
Foreign exchange reserve		(661)	(951)
Total Equity		**15,537**	**14,374**

* The accompanying notes form part of these financial statements

Consolidated Statement of Changes in Equity
for the year ended 30 June 2015

	Issued Capital $'000	Economic Entity Accumulated Losses $'000	Foreign Exchange Reserve $'000	Option Reserve $'000	Total Equity $'000
Balance at 1 July 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
Transactions with owners in their capacity as owners:					
Share based payments	-	-	-	-	-
Balance at 30 June 2014	**35,042**	**(19,733)**	**(951)**	**16**	**14,374**
Profit after income tax expense for the year	-	1,093	-	-	1,093
Other comprehensive income for the year, net of tax	-	-	5	-	5
Total comprehensive income for the year	-	1,093	5	-	1,098
Transactions with equity holders in their capacity as equity holders:					
Issue of Shares	65	-	-	-	65
Transfer arises from			-		
exercise of option	16	-	-	(16)	-
Transfer to/from reserves	-	(285)	285	-	-
Balance at 30 June 2015	**35,123**	**(18,925)**	**(661)**	**-**	**15,537**

* The accompanying notes form part of these financial statements

	Notes	Economic Entity 2015 $'000	Economic Entity 2014 $'000
Cash Flows From Operating Activities			
Receipts from Customers (inclusive of GST)		38,128	28,263
Payments to Suppliers and Employees (inclusive of GST)		(36,190)	(27,452)
Interest Received		12	11
Borrowing Costs		(80)	(89)
Income Tax Paid		-	(156)
		1,870	577
Net cash Provided by continuing operations		1,870	577
Net cash Used in discontinued operations		-	-
Net Cash Provided by Operating Activities	**23**	**1,870**	**577**
Cash Flows From Investing Activities			
Payments for Plant and Equipment		(381)	(696)
Proceeds from liquidators of TSV Australia Pty Ltd	7	11	12
		(370)	(684)
Net cash Used in continuing operations		(381)	(696)
Net cash provided by discontinued operations		11	12
Net Cash Used in Investing Activities		**(370)**	**(684)**
Cash Flows From Financing Activities			
Proceeds from Issue of Shares		65	-
Proceeds from / (repayment of) borrowings		21	(400)
Payment of lease and hire purchase liabilities		(6)	(2)
		80	(402)
Net cash Provided by / (used in) continuing operations		80	(402)
Net cash Provided by / (used in) discontinued operations		-	-
Net Cash Provided by / (used in) Financing Activities		**80**	**(402)**
Net Increase / (Decrease) in Cash and Cash Equivalents		1,580	(509)
Cash and Cash Equivalents at Beginning of the Year		1,609	2,068
Effects of exchange rate changes on cash		(32)	50
Cash and Cash Equivalents at End of the Year	**10**	**3,157**	**1,609**

* The accompanying notes form part of these financial statements

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 24 September 2015. 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 economic 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 economic entity.

New, revised or amending Accounting Standards and Interpretations adopted (continued)

AASB 2014-1 Amendments to Australian Accounting Standards (Parts A to C)

The economic entiry has applied Parts A to C of AASB 2014-1 from 1 July 2014. These amendments affect the following standards: AASB 2 'Share-based Payment': clarifies the definition of 'vesting condition' by separately defining a 'performance condition' and a 'service condition' and amends the definition of 'market condition; AASB 3 'Business Combinations': clarifies that contingent consideration in a business combination is subsequently measured at fair value with changes in fair value recognised in profit or loss irrespective of whether the contingent consideration is within the scope of AASB 9; AASB 8 'Operating Segments': amended to require disclosures of judgements made in applying the aggregation criteria and clarifies that a reconciliation of the total reportable segment assets to the entity's assets is required only if segment assets are reported regularly to the thief operating decision maker; AASB 13 'Fair Value Measurement': clarifies that the portfolio exemption applies to the valuation of contracts within the scope of AASB 9 and AASB 139; AASB 116 'Property, Plant and Equipment' and AASB 138 'Intangible Assets': clarifies that on revaluation, restatement of accumulated depreciation will not necessarily be in the same proportion to the change in the gross carrying value of the asset; AASB 124 'Related Party Disclosures': extends the definition of 'related party' to include a management entity that provides KMP services to the entity or its parent and requires disclosure of the fees paid to the management entity; AASB 140 'Investment Property': clarifies that the acquisition of an investment property may constitute a business combination.

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 2015 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.

(a) Critical accounting estimates and judgements (continued)

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(o). 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 2015 based on age of debt, past experience, current information at hand and management's assessment of that information and subsequent collectability. At 30 June 2015, the allowances for doubtful debts was $545,000 (2014: $181,000).

SHARE BASED PAYMENTS

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

INCOME TAX

The economic 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 economic entity recognises liabilities for anticipated tax based on the economic 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.

WRITE DOWN OF INVENTORIES

The write down of inventories requires a degree of estimation and judgement. The level of write down is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory net realisable value. A further write down of $0.35 million has been made for inventory items which have been identified as products which the Company will discontinue in the near future as a part of a new rationalisation of existing products. This rationalisation of product inventories has been identified as a part of the transition to USA based manufacturing where a smaller number of products will be manufactured but in greater volume for greater efficiencies.

ESTIMATION OF USEFUL LIVES OF ASSETS

The economic 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 2015 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 'economic entity'.

(b) Principles of Consolidation (continued)

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

Intercompany transactions, balances and unrealised gains on transactions between entities in the economic 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 economic 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 economic 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 economic 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 statements, and subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed. In addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and its fair value can be reliably measured.

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

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

Fair value adjustments in the value of pre-existing equity holdings are taken to profit or loss. Where changes in the value of such equity holdings had previously been recognised in 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.

(c) Business combinations (continued)

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 prioir 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 loses 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.

(d) Income Tax (continued)

CURRENT AND DEFERRED TAX FOR THE PERIOD

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

(e) Financial Assets and Liabilities (continued)

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 profit and loss.

(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 recognised, 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

Short-term employee benefits

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

Other long-term employee benefits

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

Defined contribution superannuation expense

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

Share-based payments

Share-based compensation benefits are provided to employees.

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

(k) Employee Benefits (continued)

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

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

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

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

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

(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 economic 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) 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 economic entity for the annual reporting period ended 30 June 2015. The economic entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the economic entity, are set out below.

AASB 9 Financial instruments

AASB 9 amends the classification and measurement of financial assets. Financial assets will either be measured at amortised cost, fair value through other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL). Financial assets are measured at amortised cost or FVTOCI if certain restrictive conditions are met. All other financial assets are measured at FVTPL. All investments in equity instruments will be measured at fair value. For those investments in equity instruments that are not held for trading, there is an irrevocable election to present gains and losses in other comprehensive income. Classification and measurement of financial liabilities and derecognition requirements for financial assets and liabilities have generally been carried forward unchanged from AASB 139 Financial Instruments: Recognition and Measurement into AASB 9. However, AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income.

The new impairment model in AASB 9 is now based on an 'expected loss' model rather than an 'incurred loss' model. A complex three stage model applies to debt instruments at amortised cost or at fair value through other comprehensive income for recognising impairment losses. A simplified impairment model applies to trade receivables and lease receivables with maturities that are less than 12 months.

For trade receivables and lease receivables with maturity longer than 12 months, entities have a choice of applying the complex three stage model or the simplified model.

Adoption of AASB 9 is only mandatory for the year ending 30 June 2019. The entity has not yet made an assessment of the impact of these amendments.

AASB 15 Revenue from Contracts with Customers

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 AASB 14 is only mandatory for the year ending 30 June 2019. Due to the recent release of this standard, the entity has not yet made a detailed assessment of the impact of this standard.

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

AASB 2015-2 - Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101

Amends AASB 101 Presentation of Financial Statements to clarify that:

- Materiality applies to all four financial statements and the notes, including specific minimum disclosures set out in Accounting Standards
- Line items in the Statement of Profit or Loss and Other Comprehensive Income' and 'Statement of Financial Position' can be disaggregated if relevant to a user's understanding
- Additional subtotals must comprise IFRS items only (e.g. 'EBITDA' acceptable but 'Earnings before abnormal items' is not) and not be displayed more prominently than IFRS totals
- Entities have flexibility in ordering the notes to give more prominence to relevant areas (e.g. larger item notes placed before smaller items, or particular items grouped together, e.g. all items measured at fair value)

These amendments affect presentation and disclosures only. Therefore on first time adoption of these amendments on 1 July 2016, comparatives will need to be restated in line with presentation and note ordering.

NOTE 2: REVENUE

	Note	Economic Entity 2015 $'000	2014 $'000
Continuing Operations			
Sale of Goods		34,950	31,308
Other income			
- Interest Received		12	11
		12	**11**
Total Revenue		**34,962**	**31,319**

NOTE 3: PROFIT FOR THE YEAR

	Note	Economic Entity 2015 $'000	2014 $'000
Continuing Operations			
Finance Costs			
- interest paid		80	89
Depreciation and Amortisation of Non Current Assets			
- plant and equipment		268	259
- amortisation of development costs		223	223
- amortisation of software costs		3	4
- factory equipment (included in cost of sales)		26	-
		520	486
Foreign currency translation gain		1,454	368
Bad and Doubtful Debts			
- trade receivables		545	181
Rental Expenses on Operating Leases			
- minimum lease payments		730	770
Superannuation contributions		488	444
Employee benefits expense		10,608	8,742
Total employee benefits expense		11,096	9,186
Research and development expenditure not capitalised		5,131	2,600
Write off of inventory		347	-

NOTE 4: INCOME TAX EXPENSE

	Note	Economic Entity 2015 $'000	Economic Entity 2014 $'000
(a) Income Tax Recognised in Profit or Loss			
Current tax expense		79	214
Deferred tax expense relating to the origination and reversal of temporary differences		(761)	(751)
Prior year under / over in relation to 2014 ITR amendment		(280)	-
Total Income Tax Benefit		**(962)**	**(537)**

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:

	2015	2014
Profit from continuing operations	120	3,316
Income tax expense calculated at 30% (2014: 30%)	36	995
Non-deductible expenses	3	3
Effect of different tax rates of subsidiaries operating in other jurisdiction	(5)	-
Utilisation of prior year losses in foreign jurisdiction	(281)	-
Recognition of DTA on R&D offsets (FY14 ITR amendment)	(276)	-
Current Year R&D Tax Incentive Benefit	(351)	-
	(874)	998
Other	(88)	(66)
Timing differences not previously recognised	-	(750)
Total Income Tax (Benefit) / Expense	**(962)**	**182**

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 2015 (2014: $0).

The Australian tax Consolidated Group has recognised carry forward tax losses from prior years of $0 (2014: $0) in the current tax expense calculation. The remaining carry forward losses as at 30 June 2015, are $0 (2014: $0) with carry forward non-refundable carry forward Tax Offset of $1,450,755 (2014: $776,387 - Amended).

NOTE 4: INCOME TAX EXPENSE (CONTINUED)

(b) Current Tax Assets and Liabilities

	Note	Economic Entity 2015 $'000	Economic Entity 2014 $'000
Current tax payable		-	113
		-	**113**

(c) Deferred Tax Balances

	Note	Economic Entity 2015 $'000	Economic Entity 2014 $'000
Deferred tax assets comprise temporary differences arising from the following:			
Provisions		532	275
Black hole expenditure		50	89
Accruals		121	109
		703	473
Non-refundable Australian tax offset		1,451	776
		2,154	**1,249**
Deferred tax liabilities comprise temporary differences arising from the following:			
Capitalised development costs		(151)	(218)
Other		(273)	(56)
		(424)	**(274)**

Movements

	2015 $'000	2014 $'000
Deferred tax asset		
Opening Balance	1,304	334
Credited to profit or loss	850	970
	2,154	**1,304**
Deferred tax liability		
Opening Balance	274	335
Credited to profit or loss	150	(61)
	424	**274**

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 Clayton Astles	Chief Executive Officer and Executive Director	(Appointed 31 July 2015)
Mr Robert Grey	Executive Director	
Mr William Brooks	Non Executive Director	
Mr Jason D'Arcy	Chief Financial Officer (CFO) and Company Secretary	
Mr Peter Kamarinos	General Manager - Australia	
Mr Greg Lewis	Non Executive Chairman	

	Economic Entity	
	2015	2014
	$	$
Summary		
Short-term employee benefits	668,569	841,648
Post employment benefits	32,230	47,145
	700,799	**888,793**

NOTE 6: AUDITORS REMUNERATION

	Economic Entity	
	2015	2014
	$	$
BDO East Coast Partnership		
Audit of the parent and subsidiary entities:		
- Auditing or reviewing of the financial statements	87,350	96,300
	87,350	96,300
Overseas Offices of BDO International and other unrelated auditors		
BDO International		
- Auditing or reviewing of the financial statements	75,416	63,200
- Taxation compliance services	1,894	-
PKF International		
- Auditing or reviewing of the financial statements	16,679	16,000
- Taxation compliance services	1,336	-
	95,325	79,200
Total Remuneration	**182,675**	**175,500**

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 2015 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:

	2015 $'000	2014 $'000
Revenue - distributions from liquidators of TSV Australia Pty Ltd	11	12
Expenses	-	-
Profit before income tax expense	11	12
Income tax expense	-	-
Profit after income tax of discontinued operations	11	12
Profit After income Tax expense from Discontinued Operations	**11**	**12**

	2015 $'000	2014 $'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	11	12
Net cash inflows from financing activities	-	-
Net cash provided by discontinued operations	**11**	**12**

NOTE 8: EARNINGS PER SHARE

	Economic Entity	
	2015	**2014**
	$'000	**$'000**
Continuing operations		
Profit after income tax expense from continuing operations	1,082	3,853
Discontinued operations		
Profit after income tax expenses from discontinued operations	11	12
Overall operations		
Profit for the year attributable to members of Azure Healthcare Limited	1,093	3,865
	No.	**No.**
(b) Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	189,648,141	189,312,544
Effect of dilutive share options	-	399,000
Weighted average number of ordinary shares outstanding during the year used in calculation of dilutive earnings per share	189,648,141	189,711,544
Continuing operations		
Basic earnings per share (cents per share)	0.57	2.04
Diluted earnings per share (cents per share)	0.57	2.03
Discontinued operations		
Basic earnings per share (cents per share)	0.01	0.01
Diluted earnings per share (cents per share)	0.01	0.01
Overall Earnings per share		
Basic earnings per share (cents per share)	0.58	2.05
Diluted earnings per share (cents per share)	0.58	2.04

NOTE 9: DIVIDENDS

	Economic Entity 2015 $'000	Economic Entity 2014 $'000
Amount of franking credits available for subsequent reporting periods:		
- franking account balance as at the end of the financial year at 30% (2014: 30%)	2,374	2,374
- 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	2,374
- 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	**2,374**

NOTE 10: CASH AND CASH EQUIVALENTS

	Economic Entity 2015 $'000	Economic Entity 2014 $'000
Current		
Cash at bank and in hand	2,901	1,363
Deposits at call	256	246
	3,157	**1,609**
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	3,157	1,609
	3,157	**1,609**

NOTE 11: TRADE AND OTHER RECEIVABLES

	Economic Entity	
	2015 $'000	2014 $'000
Current		
Trade receivables	6,231	9,045
Less: Allowance for doubtful debts	(545)	(181)
	5,686	**8,864**

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 2015		
Economic Entity	**Gross $'000**	**Allowance $'000**	**Past due but not impaired $'000**
30 days	4,029	-	-
60 days	712	-	-
90 days+	478	364	114
Retentions	1,012	181	831
Closing Balance	**6,231**	**545**	**945**

	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**

Allowance for Doubtful Debt Provisions

	Economic Entity	
	2015 $'000	2014 $'000
Opening balance	181	80
Additional provision	364	101
Amount written off	-	-
Closing Balance	**545**	**181**

Provision for Doubtful Debt increased during the period in part due to a provision for non-payment of $0.31 million on a non-core Cell-Guard specific project.

NOTE 12: INVENTORIES

	Economic Entity	
	2015	**2014**
	$'000	**$'000**
Current		
Finished goods on hand - at cost	6,850	4,280
Work in progress	57	83
	6,907	**4,363**

An inventory write down of $0.35 million has been made for inventory items which have been identified as products which the Company will discontinue in the near future as a part of a new rationalisation of existing products. This rationalisation of product inventories has been identified as a part of the transition to USA based manufacturing where a smaller number of products will be manufactured but in greater volume for greater efficiencies.

NOTE 13: OTHER ASSETS

	Economic Entity	
	2015	**2014**
	$'000	**$'000**
Current		
Prepayments	825	843
Deposits paid	427	205
	1,252	**1,048**

NOTE 14: PROPERTY, PLANT AND EQUIPMENT

	Economic Entity 2015 $'000	Economic Entity 2014 $'000
Leasehold Improvements		
Leasehold improvement- at cost	194	167
Less accumulated amortisation	(159)	(137)
	35	30
Plant and Equipment		
Plant and Equipment- at cost	736	667
Less accumulated amortisation	(535)	(447)
	201	220
Motor Vehicles		
Motor Vehicles - at cost	627	628
Less accumulated amortisation	(471)	(458)
	156	170
Furniture and Fittings		
Furniture and Fittings- at cost	182	172
Less accumulated amortisation	(105)	(94)
	77	78
Office Equipment		
Office Equipment- at cost	1,468	1,116
Less accumulated amortisation	(907)	(685)
	561	431
Total Property, Plant and Equipment	**1,030**	**929**

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
		2015				
Balance at 1 July 2014	29	220	170	79	431	929
Additions	10	47	52	10	262	381
Foreign exchange	4	4	8	(2)	51	65
Disposals	-	(2)	(26)	-	(23)	(51)
Depreciation	(8)	(68)	(48)	(10)	(160)	(294)
Balance at 30 June 2015	**35**	**201**	**156**	**77**	**561**	**1,030**

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	**29**	**220**	**170**	**79**	**431**	**929**

NOTE 15: INTANGIBLE ASSETS

	Economic Entity 2015 $'000	Economic Entity 2014 $'000
Goodwill at cost	2,705	2,733
Software at cost	46	46
Less: accumulated amortisation	(46)	(43)
	-	3
Product development at cost	2,345	2,345
Less: accumulated amortisation	(1,843)	(1,620)
	502	725
Total Intangibles	**3,207**	**3,461**

2015 Economic Entity	Software $'000	Goodwill $'000	Product Development $'000	Total $'000
Balance at 1 July 2014	3	2,733	725	3,461
Foreign exchange variation	-	(28)	-	(28)
Amortisation	(3)	-	(223)	(226)
Balance at 30 June 2015	**-**	**2,705**	**502**	**3,207**

2014 Economic Entity	Software $'000	Goodwill $'000	Product Development $'000	Total $'000
Balance at 1 July 2013	5	2,677	948	3,630
Foreign exchange variation	2	56	-	58
Amortisation	(4)	-	(223)	(227)
Balance at 30 June 2014	**3**	**2,733**	**725**	**3,461**

NOTE 15: INTANGIBLE ASSETS (CONTINUED)

Impairment Disclosure

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

	Economic Entity	
	2015	2014
	$'000	$'000
Healthcare - Australia	2,164	2,164
Healthcare – USA	541	541
	2,705	2,705

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 2015/2016 budgets using a 4% growth factor (2014: 4%) and including a terminal value using a long term growth rate of 4% (2014: 4%). The future cash flows have been discounted using a pre tax factor of 14.86% (2014: 23.38%).

Discounted cash flows including residual values result in a net present value of $5.942 million (2014: $14.242 million). The actual recoverable amount based upon the assumptions noted above exceeds the carrying amount by $8.011 million and $4.721 million for Australia and USA respectively (2014: $11.509 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 5% or if the long term growth factor reduces by 2% , when applied to this CGU, then the recoverable amount of its goodwill would still exceed its carrying amount.

NOTE 16: CONTROLLED ENTITIES

	Country of Incorporation	Percentage Owned (%) 2015	2014
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%

NOTE 17: TRADE AND OTHER PAYABLES

	Economic Entity 2015 $'000	2014 $'000
Current		
Trade payables	4,632	4,404
	4,632	4,404

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

NOTE 18: BORROWINGS

	Economic Entity 2015 $'000	2014 $'000
Short term		
Hire purchase liabilities	44	9
Less deferred interest charges	(1)	(1)
	43	8
Fully Drawn Advance	1,288	1,300
	1,331	**1,308**
Long term		
Hire purchase liabilities	15	23
Less deferred interest charges	(2)	(2)
	13	**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 $1.288 million. The Group's banking facilities are to be assessed by the ANZ Bank following the receipt of the 30 June 2015 annual report and as such are currently considered at call.

NOTE 19: PROVISIONS

	Economic Entity	
	2015	2014
	$'000	$'000
Short Term		
Employee entitlements	894	744
Warranty Allowance	332	-
	1,226	**744**
Long Term		
Employee entitlements	99	60
	99	**60**

Movements in provisions

Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

	Economic Entity	
	2015	2014
	$'000	$'000
Carry amount at the start of the year	-	-
Additional provisions recognised	332	-
	332	**-**

NOTE 20: ISSUED CAPITAL AND OPTION RESERVE

		Economic Entity	
		2015	2014
	Note	$'000	$'000
Ordinary shares fully paid	20(a)	35,123	35,042
Option reserve	20(b)	-	16
		35,123	**35,058**

(a) Movement in Ordinary Shares on Issue

	2015		
	No. of shares	Issue price	$'000
At the beginning of the reporting period:	189,312,544		35,042
Shares issued during the year – exercise of options	399,000	0.1645	65
At Reporting Date	**189,711,544**		**35,107**

	2014		
	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

		2015		2014	
	Note	No. of options	$'000	No. of options	$'000
At the beginning of the reporting period:		399,000	16	399,000	16
Options exercised during the year		(399,000)	(16)	-	-
Expired and forfeited options		-	-	-	-
Transfer to accumulated losses		-	-	-	-
Share based payment expense		-	-	-	-
At Reporting Date		**-**	**-**	**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.

NOTE 20: ISSUED CAPITAL AND OPTION RESERVE (CONTINUED)

(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) 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	
	2015 $'000	2014 $'000
Total borrowings	1,344	1,300
Less cash and cash equivalents	(3,157)	(1,609)
Net Debt	(1,813)	(309)
Total equity	15,537	14,374
Total capital	13,668	14,065
Gearing Ratio	-	-

(e) Foreign Currency Reserve

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

NOTE 21: CAPITAL AND LEASING COMMITMENTS

(a) Hire purchase liabilities

	Economic Entity	
	2015 $'000	2014 $'000
- not longer than one year	44	9
- longer than 1 year but not longer than five years	15	23
Minimum lease payments	59	32
Less future finance charges	(3)	(3)
Total Hire purchase liabilities	**56**	**29**
Current liability (Note 18)	**43**	**8**
Non Current liability (Note 18)	**13**	**21**

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

NOTE 21: CAPITAL AND LEASING COMMITMENTS (CONTINUED)

(b) Operating Lease Commitments in Respect of Rented Properties

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

	Economic Entity	
	2015	**2014**
	$'000	**$'000**
- not longer than one year	643	675
- longer than one year but not longer than five years	819	835
Total Operating Lease Commitments	**1,462**	**1,510**

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.

NOTE 22: SEGMENT REPORTING (CONTINUED)

	Healthcare: Austco / Sedco / NZ $'000	Healthcare: Asia $'000	Healthcare: Europe $'000	Healthcare: North America $'000	Total	Eliminations: Inter company $'000	Corporate $'000	Group Total $'000
2015								
Revenue – external	12,605	5,179	2,391	14,775	34,950	-	-	34,950
Revenue – intersegment	5,527	9	-	2,509	8,045	(8,045)	-	-
Interest Revenue	59	-	1	-	60	(48)	-	12
Total Revenue	**18,191**	**5,188**	**2,392**	**17,284**	**43,055**	**(8,093)**	**-**	**34,962**
Adj EBITDA	(528)	(25)	55	1,062	564	231	(106)	689
Depreciation	(109)	(42)	(27)	(83)	(261)	-	(5)	(266)
Amortisation	(223)	-	-	-	(223)	-	-	(223)
EBIT	**(860)**	**(67)**	**28**	**979**	**80**	**231**	**(111)**	**200**
Interest Expense	(1)	(1)	(1)	(44)	(47)	37	(70)	(80)
Income Tax Benefit	999	-	(10)	2	991	-	(29)	962
NPAT	**138**	**(68)**	**17**	**937**	**1,024**	**268**	**(210)**	**1,082**
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**	**(7,628)**	**(59)**	**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	500	75	(29)	(3)	543	-	(6)	537
NPAT	**3,747**	**322**	**104**	**(162)**	**4,011**	**(60)**	**(98)**	**3,853**

	Austco / Sedco / NZ	Asia	Europe	North America	Total	Inter company	Corporate	Group Total
Segment Assets								
30/06/2014	22,545	2,518	1,655	7,084	33,802	(27,820)	15,316	21,298
30/06/2015	23,152	2,095	1,393	8,440	35,080	(26,852)	15,165	23,393
Segment Liabilities								
30/06/2014	5,771	1,886	624	8,872	17,153	(11,554)	1,325	6,924
30/06/2015	6,029	1,510	514	9,632	17,685	(11,135)	1,306	7,856

NOTE 22: SEGMENT REPORTING (CONTINUED)

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	
	2015 $'000	2014 $'000
Profit after income tax - continuing operations	1,082	3,853
Profit after income tax - discontinued operations	11	12
Profit after income tax	1,093	3,865
Non-Cash Flows in profit or loss		
Depreciation and amortisation	520	486
Loss on disposal of property, plant and equipment	51	-
Profit on discontinued operations	(11)	(12)
	560	474
Non-cash flows - continuing operations	549	486
Non-cash flows - discontinued operations	(11)	(12)
Non-Cash Flows in profit or loss	560	474
Changes in Assets and Liabilities		
Decrease / (Increase) in trade and other receivables	3,178	(3,499)
Increase in prepayments and other assets	(204)	(677)
Increase in inventories	(2,544)	(134)
Increase in deferred tax assets	(1,130)	(690)
Increase in trade and other creditors	228	1067
Increase in income taxes payable	18	57
Increase / (Decrease) in deferred tax liabilities	150	(61)
Increase in provisions	521	173
	217	(3,764)
Changes in assets and liabilities - continuing operations	217	(3,764)
Changes in assets and liabilities - discontinued operations	-	-
Changes in assets and liabilities	217	(3,764)
Net Cash Provided by Operating Activities	**1,870**	**577**

NOTE 23: CASH FLOW INFORMATION (CONTINUED)

(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	
	2015	**2014**
	$'000	**$'000**
Secured Bank Overdraft Facility		
- amount used	-	-
- amount unused	450	450
	450	450
Secured Leasing Facility		
- amount used	82	10
- amount unused	68	-
	150	10
Secured Bank Loan Facility		
- amount used	1,288	1,300
- amount unused	12	-
	1,300	1,300

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 30 day volume weighted average price at date of issue, exercisable after 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 24: SHARE BASED PAYMENTS (CONTINUED)

		Parent Entity			
		2015		2014	
	Note	Number of Options	Weighted Average Exercise Price $	Number of Options	Weighted Average Exercise Price $
Outstanding at the beginning of the year		399,000	0.165	399,000	0.148
Exercised	20	(399,000)	0.165	-	-
Granted	20	-	-	-	-
Forfeited/expired	20	-	-	-	0.121
Outstanding at year end		-	-	399,000	0.165
Exercisable at year end		-	-	399,000	

The options outstanding at 30 June 2014 had a weighted average exercise price of 16.45 cents and an average remaining contractual life of 0.25 year. Exercise prices range from 15.08 cents to 17.82 cents in respect of options outstanding at 30 June 2014. There are no options outstanding as 30 June 2015.

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	
	2015 $'000	2014 $'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: 1 January 2007 to 31 December 2016	289	289
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	6

NOTE 25: RELATED PARTY TRANSACTIONS (CONTINUED)

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	
	2015	2014
	$'000	$'000
Holding Company Receivables from Subsidiaries		
Austco Communication Systems	1,298	1,033
Sedco Communications	355	267
	1,653	1,300
Sales between group companies on normal terms and conditions		
Continuing operations	8,046	7,526
	8,046	7,526

Sales between group companies eliminate on consolidation.

NOTE 26: FINANCIAL INSTRUMENTS

Fair Value Measurement

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

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:

NOTE 26: FINANCIAL INSTRUMENTS (CONTINUED)

Interest Rate Risk

Economic Entity	Weighted average interest rate	Floating interest rate $'000	Fixed Interest Maturing In: 1 year or less $'000	Fixed Interest Maturing In: 1 to 5 years $'000	Non-interest bearing 1 year or less $'000	Total $'000
2015						
Financial Assets						
Cash and cash equivalents	0.38%	3,157	-	-	-	3,157
Trade and other receivables		-	-	-	5,686	5,686
Total		**3,157**	**-**	**-**	**5,686**	**8,843**
Financial Liabilities						
Trade and other payables		-	-	-	4,632	4,632
Bank loans	5.55%	1,288	-	-	-	1,288
Hire Purchase liabilities	6.39%	-	43	13	-	56
Total		**1,288**	**43**	**13**	**4,632**	**5,976**

Economic Entity	Weighted average interest rate	Floating interest rate $'000	Fixed Interest Maturing In: 1 year or less $'000	Fixed Interest Maturing In: 1 to 5 years $'000	Non-interest bearing 1 year or less $'000	Total $'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
Bank loans	5.85%	1,300	-	-	-	1,300
Hire Purchase liabilities	9.38%	-	8	21	-	29
Total		**1,300**	**8**	**21**	**4,404**	**5,733**

NOTE 26: FINANCIAL INSTRUMENTS (CONTINUED)

At 30 June 2015 the Group did not have any material exposures to interest rates. The following table illustrates, with all other variables held constant, if there was a movement of + and - 10% then pre tax profit would have been affected as follows.

	Cash and Cash Equivalents Higher/(Lower)		Short term liabilities Higher/(Lower)	
Interest	2015 $'000	2014 $'000	2015 $'000	2014 $'000
+10%	1	1	7	8
-10%	(1)	(1)	(7)	(8)

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 2015 $'000	Economic Entity 2014 $'000
Financial Assets			
Current assets (inc. cash and trade receivables)	USD	1,328	2,926
	NZD	1,095	1,098
	CAN	1,698	1,613
	GBP	498	683
	SGD	1,528	2,282
Financial Liabilities			
Current liabilities (inc. trade and other payables)	USD	2,801	3,756
	NZD	276	267
	CAN	2,556	2,367
	GBP	159	257
	SGD	576	1,436

Trade receivables / payables between group companies eliminate on consolidation.

NOTE 26: FINANCIAL INSTRUMENTS (CONTINUED)

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:

	Post Tax Profit Higher/(Lower)		Equity Higher/(Lower)	
Economic Entity	2015 $'000	2014 $'000	2015 $'000	2014 $'000
AUD/USD +10%	107	84	44	30
AUD/USD -10%	(107)	(84)	(44)	(30)
AUD/NZD +10%	49	100	168	(144)
AUD/NZD -10%	(49)	(100)	(168)	144
AUD/CAN +10%	48	(54)	(40)	52
AUD/CAN -10%	(48)	54	40	(52)
AUD/GBP +10%	19	26	88	(93)
AUD/GBP -10%	(19)	(26)	(88)	93
AUD/SGD +10%	22	50	58	(57)
AUD/SGD -10%	(22)	(50)	(58)	57

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.

NOTE 26: FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity Risk

The Group manages liquidity risk by monitoring cash flow and maturity profiles of financial assets and liabilities.

Remaining contractual maturities

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

Economic Entity	Weighted average interest rate	1 year or less $'000	Between 1 to 2 years $'000	Between 2 to 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
			2015			
Non-interest bearing						
Trade and other payables		4,632	-	-	-	4,632
Interest bearing						
Hire Purchase liabilities	6.39%	44	15	-	-	59
Bank loan	5.55%	1,288	-	-	-	1,288
Total		**5,964**	**15**	**-**	**-**	**5,979**

Economic Entity	Weighted average interest rate	1 year or less $'000	Between 1 to 2 years $'000	Between 2 to 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
			2014			
Non-interest bearing						
Trade and other payables		4,404	-	-	-	4,404
Interest bearing						
Hire Purchase liabilities	5.85%	9	23	-	-	32
Bank Loan	9.38%	1,300	-	-	-	1,300
Total		**5,713**	**23**	**-**	**-**	**5,736**

Bank loan facility is a floating interest at call facility thus future interest payment cannot be determined

NOTE 27: EVENTS AFTER THE REPORTING DATE

On the 8th of July 2015, Mr Robert Grey retired from his position as Executive Chairman and Mr Greg Lewis was appointed as independent Non-Executive Chairman.

On the 31st July 2015, Mr Robert Grey also retired from his position as Chief Executive Officer and Mr Clayton Astles was appointed as Chief Executive Officer.

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 is subsequent financial years.

NOTE 28: CONTINGENT LIABILITIES AND ASSETS

Austco Marketing & Service (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 2015 amounted to $81,721 (2014: $38,959), which consist of financial guarantees of $81,721 (2014: 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 2015. The information presented here has been prepared using consistent accounting policies as presented in Note 1.

	Parent Entity	
	2015	**2014**
	$'000	**$'000**
Current assets	1,931	2,049
Non-current assets	8,156	8,189
Total Assets	**10,087**	**10,238**
Current liabilities	(1,306)	(1,325)
Non-current liabilities	-	-
Total Liabilities	**(1,306)**	**(1,325)**
Net Assets	**8,781**	**8,913**
Issued Capital	35,107	35,042
Accumulated losses	(26,342)	(26,145)
Option Reserve	16	16
Total Equity	**8,781**	**8,913**
Loss for the year	(208)	(110)
Profit after income tax expense from Discontinued Operations	11	12
Total comprehensive income for the year	**(197)**	**(98)**

NOTE 29: PARENT ENTITY INFORMATION (CONTINUED)

CONTINGENT LIABILITIES

The parent entity had no contingent liabilities as at 30 June 2015 and 30 June 2014.

CAPITAL COMMITMENTS – PROPERTY, PLANT AND EQUIPMENT

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2015 and 30 June 2014.

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 41 to 86 and remuneration report as set out on pages 29 to 37, 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 2015 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 2015, required by Section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of the directors.

Clayton Astles

Chief Executive Officer

Dated this 25th day of September 2015, Melbourne

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 2015, 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.

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 2015 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 29 to 37 of the directors' report for the year ended 30 June 2015. 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 2015 complies with section 300A of the *Corporations Act 2001*.

BDO East Coast Partnership

BDO

Simon Scalzo
Partner

Number of Holders of Equity Securities

Ordinary Shares

189,711,544 fully paid ordinary shares are held by 1,952 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	41
1,001 – 5,000	320
5,001 – 10,000	342
10,001 – 100,000	1,056
100,001 and over	193
Total Number of shareholders	1,952
Unmarketable parcels	-

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	%
NATIONAL NOMINEES LIMITED	26,516,255	13.98
MR ROBERT GREY + MS AURAWAN GREY <CETAU SUPER FUND A/C>	25,000,000	13.18
BILL BROOKS PTY LTD <BILL BROOKS SUPER FUND A/C>	11,091,491	5.85
MR ROBERT EDWARD GREY <AUSTCO A/C>	9,263,586	4.88
ASIA PAC HOLDINGS PTY LTD	8,176,517	4.31
ASIA PAC TECHNOLOGY PTY LTD	7,718,126	4.07
ASIA PAC HOLDINGS PTY LTD	3,028,859	1.60
DEBUSCEY PTY LTD	2,000,350	1.05
WAKKO ENTERPRISES PTY LTD <L&S WAKEFIELD S/F A/C>	2,000,000	1.05
GORMAC MANAGEMENT COMPANY PTY LTD <OVERS INVESTMENT A/C>	1,500,000	0.79
BARWAN HOLDINGS PTY LTD <BARWAN HOLDINGS P/L S/F A/C>	1,155,329	0.61
MR DAVID JOHN LIGHTFOOT	1,093,993	0.58
HOLDER SUPER PTY LTD <HOLDER SUPER FUND A/C>	1,030,000	0.54
MR DAVID LEROY BOYLES	1,000,000	0.53
OLD FLETCHER & PARTNERS PTY LTD <FLETCHER SUPER FUND A/C>	1,000,000	0.53
MR JOHN RAYMOND SMITH + MRS BARBARA SMITH <LOCH M FRASER CUST & TR A/C>	900,000	0.47
LATACHE INVESTMENTS PTY LTD <UPSTREAM SERVICE S/F A/C>	883,500	0.47
SHALPOIL NOMINEES PTY LTD <A & P MAZARIS SUPER FUND A/C>	829,812	0.44
MR IAN MCLEAN + MR ROBERT MCLEAN <SOUND AFFAIR P/L S/F A/C>	800,000	0.42
MR DENIS NOVAKOVIC	800,000	0.42

The Hospital for Sick Children (SickKids) Chooses Austco

November 3rd, 2014

Austco Communication Systems announced today that The Hospital for Sick Children (SickKids) in Toronto, Ontario has selected Austco as their Nurse Call System provider. The 370-bed hospital is one of the largest and most respected pediatric academic health science centres in the world, known for excellent patient care, and cutting-edge research.

Austco will provide their flagship Nurse Call solution, TACERA, throughout the entire hospital, with the goal of enhancing the care delivery process with measurable improvements to patient care and satisfaction.

TACERA provides fast and direct patient-to-staff and staff-to-staff communication, which minimizes the need for overhead paging, and improves patient/family satisfaction. TACERA is also designed with infection control as a core objective. With spray-and-wipe stations, TACERA may assist with the prevention and spread of deadly Hospital Acquired Infections and improve patient outcomes.

“We are thrilled to partner with such a prestigious healthcare organization as SickKids Hospital. We look forward to delivering solutions that will help SickKids meet their patient care objectives for years to come.” said Clayton Astles, President, Austco Communications, North America.

TACERA

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