



## ASX RELEASE

### **Azure Healthcare Limited announces 2016 half-year results**

**Melbourne, Australia, February 24 2016** - Azure Healthcare Limited (ASX:AZV) attaches its half year report for the 6 months ended 31 December 2015.

#### **Azure highlights:**

- Revenue up 0.6% to \$17.68 million.
- Gross profit \$8.742 million (49.4%) compared to the previous corresponding period of \$9.215 million (52.4%) an adverse variance of \$0.47 million due to dual facilities in the USA and Australia and increased raw material costs from the higher US dollar.
- NPAT loss of \$0.497 million compared to \$0.894 million profit for the previous corresponding period.
- Investment in Research and Development (R&D) increased to \$2.1 million as compared to \$1.87 million in the previous corresponding period.
- Continued policy of expensing research and development costs.
- The company does not presently anticipate the operating loss for the second half of the financial year to be less than the first half of the financial year due to continued R&D investment and restructuring costs.

#### **Tacera Pulse:**

- New product release of the first component of the Tacera Pulse software platform, Tacera Pulse – Reports and Dashboards;
- Tacera Pulse subscription based software suite is a next generation of clinical business intelligence solutions.
- Provides valuable information to senior healthcare management to monitor call activity, staff response times and other valuable metrics critical to patient care.
- Interfaces with other on-site healthcare systems including, Real-Time Locating Systems (RTLS), Admission Discharge Transfer (ADT), patient flow, smartphones, tablets and other patient care devices to support customer's operational objectives.

#### **Restructuring Update:**

- Management has implemented cost saving measures through the period, which will result in annualised savings in excess of \$1 million.
- The Perth factory closure is on track to be completed by this calendar year with further cost saving to be realised.
- Increased operating expenses arising from restructuring and R&D initiatives are expected to reduce toward the end of the calendar year with the further progressive roll out of Tacera Pulse.
- Expected sufficient working capital available to fund the planned restructuring and R&D initiatives.

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# Azure Healthcare Limited

## Appendix 4D - Half Year End Financial Report

### For the Half Year Ended 31 December 2015

### Results for Announcement to the Market

Current Reporting Period - Half Year Ended 31 December 2015

Previous Reporting Period - Half Year Ended 31 December 2014

	% Change Up/(down)	31 December 2015 \$'000	31 December 2014 \$'000
Revenue from ordinary activities	0.6%	17,682	17,570
Interest income		4	5
<b>Revenue from ordinary activities excluding interest income</b>	<b>0.6%</b>	<b>17,678</b>	<b>17,565</b>
Operating expenses	9.0%	(17,926)	(16,439)
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>	<b>(122.0%)</b>	<b>(248)</b>	<b>1,126</b>
Depreciation and amortisation expenses		(260)	(253)
<b>Earnings before interest and tax (EBIT)</b>	<b>(158.2%)</b>	<b>(508)</b>	<b>873</b>
Net interest expense		(33)	(37)
<b>Profit before income tax expense</b>	<b>(164.7%)</b>	<b>(541)</b>	<b>836</b>
Income tax expense		44	51
<b>Net Profit after tax from continuing operations</b>	<b>(156.0%)</b>	<b>(497)</b>	<b>887</b>
Net Profit after tax from discontinued operations		-	7
<b>Net Profit after tax for the period attributable to members of Azure Healthcare Limited</b>	<b>(155.6%)</b>	<b>(497)</b>	<b>894</b>
<b>Other comprehensive income:</b>			
Exchange difference arising on translation of foreign operations (movement in equity reserves)		183	10
<b>Total comprehensive income for the period attributable to members of Azure Healthcare Limited</b>	<b>(134.7%)</b>	<b>(314)</b>	<b>904</b>
<b>Net Tangible Asset per Security (cents per security)</b>		6.39	6.31
<b>Earnings per share attributable to the ordinary equity holders of the company (cents per security):</b>			
Continuing Operations (Basic and Diluted)		(0.26)	0.47
Discontinued Operations (Basic and Diluted)		-	-
<b>Overall Earnings per Share (Basic and Diluted)</b>		<b>(0.26)</b>	<b>0.47</b>
Record date for determining entitlements to the dividend, (in the case of a trust, distribution)			
			Not Applicable
<b>Dividends (distribution)</b>		<b>Amount per Security</b>	<b>Franked Amount per Security</b>
Final dividend		n/a	n/a
Previous corresponding period		n/a	n/a
Explanation of the above information:			
Please refer to the Directors' Report - Review of Operations for further information on the Company operations over the past 12 months.			



## Appendix 4D Half Year Financial Report

**For the Half Year Ended 31 December 2015**  
(previous corresponding period: Half Year Ended 31 December 2014)

To be read in conjunction with the 30 June 2015 Annual Report.  
In compliance with Listing Rule 4.2A

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# Director's Report

Your directors present their report on the consolidated entity consisting of Azure Healthcare Limited and the entities it controlled at the end of, or during, the half year ended 31 December 2015.

## Directors

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

Mr Clayton Astles	Chief Executive Officer/Executive Director	Appointed	31-Jul-15
Mr Graeme Billings	Non-Executive Chairman	Appointed	21-Oct-15
Mr Brett Burns	Non-Executive Director	Appointed	21-Oct-15
Mr Robert Grey	Non-Executive Director	Resigned	21-Oct-15
Mr Greg Lewis	Non-Executive Chairman	Resigned	12-Oct-15
Mr Bill Brooks	Non-Executive Director	Resigned	21-Oct-15

## Review of Operations

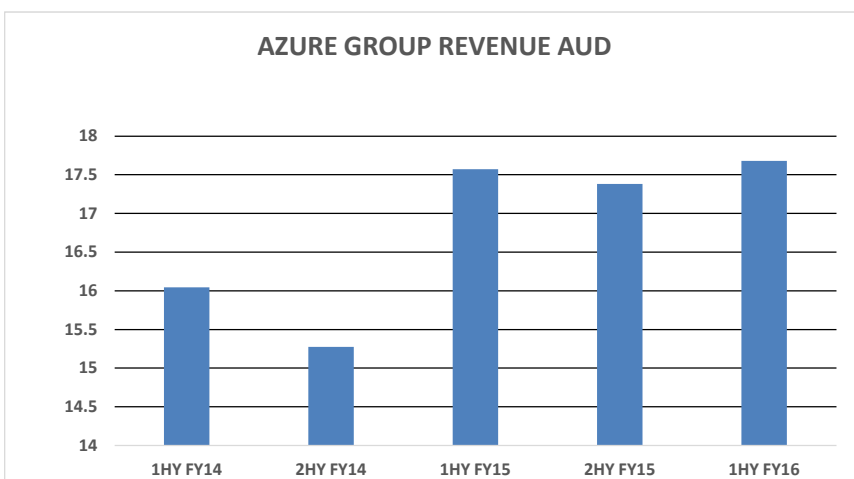
Azure Healthcare Limited is pleased to report its financial results for the 6 months ended 31 December 2015. The Company continued its long term commitment and drive towards developing innovative products for the Healthcare industry. A renewed focus for the Company has been on quality and commitment to improving quality systems in particular through our UL1069 and FDA certifications. Our increased investment in Research and Development reflects this commitment as we execute on our strategy to transition from an Australian-based nurse call system manufacturer to a global provider of clinical workflow software and healthcare solutions.

## Board composition

The Azure Board has undergone significant change recently with the appointment of Independent Chairman Mr Graeme Billings and Independent Non Executive Director Mr Brett Burns. The Board recognises that these Directors bring a diverse and welcome range of skills to the Azure Board and that these changes were in line with corporate governance best practice and ASX recommendations.

## Results from Operations

Revenue from ordinary activities increased by 0.6% compared to the previous corresponding period.

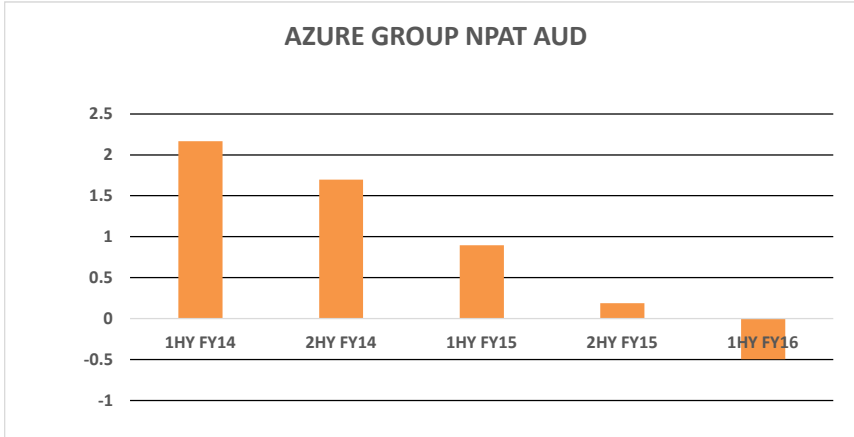


Gross profit was \$8.742 million (49.4%) compared to the previous corresponding period of \$9.215 million (52.4%) an adverse variance of \$0.47 million. This variance is attributable to increased manufacturing costs associated with running dual facilities in the USA and Australia and increased raw material costs due to a higher US dollar. The company has announced the closure of its Perth based manufacturing facility by the end of the 2016 calendar year.

Operating expenses (excluding cost of goods sold) have increased by \$0.905 million or 10.8% compared to the previous corresponding period due to increased R&D investment, restructure and compliance costs largely impacting the Employee benefits expense line. Compared to the previous 6 months operating expenses (excluding cost of goods sold) did however decrease by 7% from \$9.797 million to \$9.285 million due to management's cost reduction initiatives. These cost savings have been implemented in the 6 months ended 31 December 2015 and will translate to annual savings in excess of \$1 million. Increased operating expenses arising from restructuring and R&D initiatives are expected to reduce toward the end of the calendar year with the further progressive roll out of Tacera Pulse.

## Director's Report (continued)

Net loss after tax (NPAT) was (\$0.497) million compared to \$0.894 for the previous corresponding period.



**Net Tangible Assets (NTA):** Net Tangible assets have increased from 6.31 cents as at 31 December 2014 to 6.39 cents per share, an increase of 1.34%.

**Cash and operating cashflow:** Cash as at 31 December 2015 was \$1.587 million representing a decrease of \$1.523 million or 49%. Operating cashflow was negative \$1.996 million for the 6 months ended 31 December 2015.

**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 and R&D investment.

### Research & Development

#### Product release

In February 2016, Austco, a wholly owned subsidiary of Azure, officially launched Tacera Pulse - Reports and Dashboards, the first component of the Tacera Pulse subscription based software suite, representing the next generation of Austco's clinical business intelligence solutions.

Austco's Reports and Dashboards empower healthcare organizations to improve operational efficiencies and financial outcomes. Utilizing Pulse's powerful tools, senior healthcare management can monitor call activity, staff response times and other KPIs critical to improving patient care.

Tacera Pulse is a web-based portal designed to operate on any desktop browser, tablet or smartphone. As a cloud-based solution, data can be accessed from anywhere at any time. Improved access to data ensures that the right information is in the right hands when it is needed most. Pulse features an uncluttered, intuitive interface developed with input and feedback from healthcare professionals and industry experts.

Tacera Pulse works seamlessly with existing IT infrastructures and integrates with Austco's nurse call solutions and third party systems while providing the highest level of security.

Tacera Pulse's Reports and Dashboards enables healthcare facilities to work better, faster, and smarter by turning complex data and metrics into visually rich graphs, charts and tables which makes data-driven decision making simple and efficient.

#### Further innovation is on the way

The 4th generation Tacera Pulse software suite will interface with other on-site healthcare systems including, Real-Time Locating Systems (RTLS), smartphones and tablets, Admissions Discharge Transfer (ADT), patient flow and other patient care devices to support our customers' operational objectives. This project will progressively roll out over the 2016 calendar year and is targeted for completion in the 2017 calendar year.

#### Expenditure

The Company invested \$2.1 million in research and development for the 6 months ended 31 December 2015 compared to \$1.87 million for the previous corresponding period. The Company obtained approval for an overseas finding for its US Research & Development facility, which will maximise its Australian tax credits for eligible Research & Development expenditure. The Company remains committed to continuing this investment to ensure the sustained development and advancement of its products.

The Company continues to expense these costs rather than capitalise them.

## Director's Report (continued)

### Production

Azure is currently running dual manufacturing facilities. The transition to a single streamlined manufacturing facility is expected to be completed by the end of the 2016 calendar year. This transition was necessary in order for the Company to maximise its potential and obtain a foothold in the substantial US healthcare market whilst still increasing sales and production output to the remainder of the world's markets.

Management are currently assessing all product lines and expect to complete a product rationalisation process before the end of the financial year.

### Strategy

The nurse call systems market is growing in large part due to increased demand for systems interoperability and optimized clinical workflow. With a rising proportion of elderly population, there will be a growing need for additional healthcare facilities across the world, which will help drive the nurse call systems market even further.

Azure has responded to these industry trends by focusing on technological innovation that will transform the company from a hardware focused business to a healthcare solutions business which can deliver solutions that help drive efficiencies while also improving patient care and satisfaction.

The company will focus on the following key objectives for the remainder of the financial year:

- Continue to develop industry leading clinical software solutions
- Streamline operational and manufacturing efficiencies
- Renew focus on quality improvements
- Establish a recurring revenue stream based on a subscription based pricing model
- Build strategic partnerships with market-leading healthcare technology companies

### Outlook

The Directors believe that due to continuing restructure costs and R&D investment that the anticipated Operating loss for the 6 months ending 30 June 2016 will not be less than the 6 months ended 31 December 2015. The company has sufficient working capital available to fund the planned restructuring and R&D initiatives.

### Rounding of amounts

The Company is a company of the kind referred to in ASIC Class Order 98/100 dated 10 July 1998, and in accordance with that Class Order the Directors Report and Interim Financial Report are rounded to the nearest thousand dollars.

### Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Mr Clayton Astles  
Chief Executive Officer/Executive Director

Melbourne

Dated 24 February 2015



# Auditor's Independence Declaration



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

As lead auditor for the review of Azure Healthcare Limited for the half-year ended 31 December 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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

A handwritten signature in black ink, appearing to be 'S Scalzo', written over a horizontal line.

Simon Scalzo  
Partner

**BDO East Coast Partnership**

Melbourne, 24 February 2016

BDO East Coast Partnership ABN 83 736 985 726 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO East Coast Partnership and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the International BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation, other than for the acts or omissions of financial services licensees.

# Consolidated Statement of Profit or Loss and Other Comprehensive Income For the Half Year Ended 31 December 2015

	Note	Consolidated Entity 31 December 2015 \$'000	31 December 2014 \$'000
Revenue from Continuing Operations	3	17,682	17,570
Cost of Goods Sold		(8,940)	(8,354)
Gross Profit		8,742	9,215
Employee Benefits Expense		(6,628)	(5,535)
Motor Vehicle Expenses		(187)	(158)
Occupancy Expenses		(468)	(486)
Depreciation and Amortisation Expenses		(260)	(253)
Accounting, Audit and Legal Fees		(390)	(618)
Finance Costs		(37)	(42)
Travel Expenses		(483)	(561)
Other Expenses		(830)	(727)
<b>Profit/(loss) Before Income Tax from Continuing Operations</b>		<b>(541)</b>	<b>835</b>
Income Tax Benefit / (Expense)		44	51
<b>Net profit/(loss) after tax from Continuing Operations</b>		<b>(497)</b>	<b>887</b>
Profit after income tax for Discontinued Operations	8	-	7
<b>Net profit/(loss) attribute to members of Azure Healthcare Limited</b>		<b>(497)</b>	<b>894</b>
<b>Other Comprehensive Income</b>			
Items that may be reclassified subsequently to profit or loss			
Exchange Differences on Translation of Foreign Operations		183	10
<b>Total Comprehensive Income for the Year</b>		<b>(314)</b>	<b>904</b>

	Cents	Cents
<b>Continuing Operations:</b>		
Basic earnings/(loss) per share	(0.26)	0.47
Diluted earnings/(loss) per share	(0.26)	0.47
<b>Discontinued Operations:</b>		
Basic earnings/(loss) per share	-	-
Diluted earnings/(loss) per share	-	-
<b>Overall Earnings per Share:</b>		
Basic earnings/(loss) per share	(0.26)	0.47
Diluted earnings/(loss) per share	(0.26)	0.47

The accompanying notes form part of these financial statements.

# Consolidated Statement of Financial Position

## As at 31 December 2015

	Note	Consolidated Entity 31 December 2015 \$'000	30 June 2015 \$'000
<b>Current Assets</b>			
Cash and Cash Equivalents		1,906	3,157
Trade and Other Receivables		6,452	5,686
Inventories		8,369	6,907
Other Assets		1,288	1,252
<b>Total Current Assets</b>		<b>18,015</b>	<b>17,002</b>
<b>Non-Current Assets</b>			
Plant and Equipment		1,016	1,030
Deferred Tax Assets		2,215	2,154
Intangible Assets		3,129	3,207
<b>Total Non-Current Assets</b>		<b>6,360</b>	<b>6,391</b>
<b>Total Assets</b>		<b>24,375</b>	<b>23,393</b>
<b>Current Liabilities</b>			
Trade and Other Payables		5,572	4,632
Short Term Borrowings		2,011	1,331
Current Tax Liabilities		37	131
Provisions		971	1,226
<b>Total Current Liabilities</b>		<b>8,591</b>	<b>7,320</b>
<b>Non-Current Liabilities</b>			
Long Term Borrowings		46	13
Deferred Tax Liabilities		399	424
Provisions		79	99
<b>Total Non-Current Liabilities</b>		<b>524</b>	<b>536</b>
<b>Total Liabilities</b>		<b>9,115</b>	<b>7,856</b>
<b>Net Assets</b>		<b>15,260</b>	<b>15,537</b>
<b>Equity</b>			
Contributed Equity		35,123	35,123
Option Reserves	9	37	-
Accumulated Losses		(19,422)	(18,925)
Foreign Exchange Reserve		(478)	(661)
<b>Total Equity</b>		<b>15,260</b>	<b>15,537</b>

The accompanying notes form part of these financial statements.

## Consolidated Statement of Changes in Equity For the Half Year Ended 31 December 2015

	Consolidated Entity				
	Issued Capital	Accumulated Losses	Foreign Exchange Reserve	Option Reserve	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2014	35,042	(19,733)	(951)	16	14,374
Profit after income tax expense for the year	-	894	-	-	894
Other comprehensive income for the year, net of tax	-	-	10	-	10
Total comprehensive income for the year	-	894	10	-	904
<b>Transactions with equity holders in their capacity as equity holders:</b>					
Share based payments	65	-	-	-	65
Transfer to/from reserves	-	(283)	283	-	-
<b>Balance at 31 December 2014</b>	<b>35,107</b>	<b>(19,122)</b>	<b>(658)</b>	<b>16</b>	<b>15,343</b>
Balance at 1 July 2015	35,123	(18,925)	(661)	-	15,537
Profit after income tax expense for the year	-	(497)	-	-	(497)
Other comprehensive income for the year, net of tax	-	-	183	-	183
Total comprehensive income for the year	-	(497)	183	-	(314)
<b>Transactions with equity holders in their capacity as equity holders:</b>					
Issue of shares	-	-	-	-	-
Transfer to/from reserves	-	-	-	-	-
Share based payments	-	-	-	37	37
<b>Balance at 31 December 2015</b>	<b>35,123</b>	<b>(19,422)</b>	<b>(478)</b>	<b>37</b>	<b>15,260</b>

The accompanying notes form part of these financial statements.

# Consolidated Statement of Cash Flows

## For the Half Year Ended 31 December 2015

		Consolidated Entity	
	Note	31 December 2015 \$'000	31 December 2014 \$'000
<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Customers		16,914	18,977
Payments to Suppliers and Employees		(18,738)	(17,273)
Interest Received		4	5
Borrowing Costs		(39)	(42)
Income Tax Paid		(137)	(52)
Net cash (used in) /provided by continuing operations	10	(1,996)	1,615
Net cash used in discontinued operations		-	-
<b>Net Cash (used in) /Provided by Operating Activities</b>		<b>(1,996)</b>	<b>1,615</b>
<b>CASHFLOWS FROM INVESTING ACTIVITIES</b>			
Payments for Acquisition of Fixed Assets		(134)	(166)
Proceeds from Liquidations	8	-	7
Other		(33)	(17)
		(167)	(176)
Net cash used in continuing operations		(167)	(183)
Net cash Provided by discontinued operations		-	7
<b>Net Cash Used in Investing Activities</b>		<b>(167)</b>	<b>(176)</b>
<b>CASHFLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from Issue of Shares		16	65
Borrowings		400	(7)
Payment of Lease and Hire Purchase Liabilities		(6)	(6)
		410	52
Net cash provided by continuing operations		410	52
Net cash (used in) / Provided by discontinued operations		-	-
<b>Net Cash Provided by / (Used in) Financing Activities</b>		<b>410</b>	<b>52</b>
<b>Net (Decrease)/ Increase in Cash Held</b>		<b>(1,753)</b>	<b>1,491</b>
Cash and Cash Equivalents at Beginning of Year		3,157	1,609
Effects of Exchange Rate Changes in Cash		183	10
Cash and Cash Equivalents at End of Year	11	1,587	3,110

The accompanying notes form part of these financial statements.

# Notes to the Consolidated Financial Statements

## Note 1. Basis of Preparation

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

### (a) Basis of Preparation

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

This interim financial report is intended to provide users with an update on the latest annual financial statements of Azure Healthcare Limited and its controlled entities (the Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2015, together with any public announcements made during the half-year.

### (b) Financial Assets and Liabilities

Financial assets and liabilities of the Group are recognised in the statement of financial position at their fair values in accordance with accounting policies set out in the 30 June 2015 financial report. In all instances the fair value of financial assets and financial liabilities approximates to their carrying value.

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

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

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies and has not had any material impact on the consolidated entity.

### (d) Rounding Off of Amounts

The Company is a company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the Directors Report and the Interim Financial Report are rounded off to the nearest thousand dollars.

## Note 2. Dividends

The company resolved not to declare any dividends in the period ended 31 December 2015.

## Note 3. Revenue

	31 December 2015 \$'000	31 December 2014 \$'000
<b>Revenue from Operating Activities</b>		
Sales Revenue	17,678	17,565
Interest	4	5
	<b>17,682</b>	<b>17,570</b>

# Notes to the Consolidated Financial Statements

(continued)

## Note 4. Segment Information

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

### Healthcare

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

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

31 December 2015								
Revenue - external	6,010	2,665	978	8,025	17,678	-	-	17,678
Revenue - intersegment	3,658	4	-	1,031	4,693	(4,693)	-	-
Interest Revenue	28	-	-	-	28	(24)	-	4
<b>Total Revenue</b>	<b>9,696</b>	<b>2,669</b>	<b>978</b>	<b>9,056</b>	<b>22,399</b>	<b>(4,717)</b>	<b>-</b>	<b>17,682</b>
EBITDA	1,300	(162)	(72)	(878)	188	(296)	(140)	(248)
Depreciation	(53)	(21)	(8)	(66)	(148)	-	-	(148)
Amortisation	(112)	-	-	-	(112)	-	-	(112)
<b>EBIT</b>	<b>1,135</b>	<b>(183)</b>	<b>(80)</b>	<b>(944)</b>	<b>(72)</b>	<b>(296)</b>	<b>(140)</b>	<b>(508)</b>
Interest	(3)	-	-	(27)	(30)	29	(33)	(34)
Income Tax	45	-	-	-	45	-	-	45
<b>NPAT</b>	<b>1,177</b>	<b>(183)</b>	<b>(80)</b>	<b>(971)</b>	<b>(57)</b>	<b>(267)</b>	<b>(173)</b>	<b>(497)</b>

31 December 2014								
Revenue	6,342	1,708	1,387	8,128	17,565	-	-	17,565
Interest Revenue	29	-	-	-	29	(24)	-	5
<b>Total Revenue</b>	<b>8,995</b>	<b>1,713</b>	<b>1,387</b>	<b>9,751</b>	<b>21,846</b>	<b>(4,276)</b>	<b>-</b>	<b>17,570</b>
EBITDA	801	(204)	99	557	1,253	(75)	(52)	1,126
Depreciation	(56)	(21)	(12)	(50)	(139)	-	(2)	(141)
Amortisation	(112)	-	-	-	(112)	-	-	(112)
<b>EBIT</b>	<b>633</b>	<b>(225)</b>	<b>87</b>	<b>507</b>	<b>1,002</b>	<b>(75)</b>	<b>(54)</b>	<b>873</b>
Net Interest	(2)	-	-	(22)	(24)	21	(35)	(38)
Income Tax	73	-	-	7	80	-	(28)	52
<b>NPAT</b>	<b>704</b>	<b>(225)</b>	<b>87</b>	<b>492</b>	<b>1,058</b>	<b>(54)</b>	<b>(117)</b>	<b>887</b>

Segment Assets								
30/06/2015	23,152	2,095	1,393	8,440	35,080	(26,852)	15,165	23,393
31/12/2015	22,842	3,036	1,046	8,293	35,217	(28,971)	18,129	24,375
Segment Liabilities								
30/06/2015	6,029	1,510	514	9,632	17,685	(11,135)	1,306	7,856
31/12/2015	6,395	2,629	455	11,009	20,488	(13,074)	1,702	9,115

# Notes to the Consolidated Financial Statements

(continued)

## Note 4. Segment Information (continued)

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

### Results of Segments

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

### Inter-segment pricing

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

## Note 5. Contingent Liabilities and Assets

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

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

	31 December 2015 cents	31 December 2014 cents
<b>Continuing Operations:</b>		
Basic earnings/(loss) per share	(0.26)	0.47
Diluted earnings/(loss) per share	(0.26)	0.47
<b>Discontinued Operations:</b>		
Basic earnings/(loss) per share	-	-
Diluted earnings/(loss) per share	-	-
<b>Overall Earnings per Share</b>		
Basic earnings/(loss) per share	(0.26)	0.47
Diluted earnings/(loss) per share	(0.26)	0.47
a) Net Profit/(Loss) used in the calculation of basic and diluted loss per share		
	\$'000	\$'000
Continuing Operations	(497)	887
Discontinued Operations	-	7
Overall Earnings per Share	(497)	894
	No.	No.
b) Weighted average number of ordinary shares outstanding during the period used in the calculation of basic and diluted loss per share	189,711,544	189,588,775

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

## Note 7. Net Tangible Assets

	31 December 2015 \$'000	30 June 2015 \$'000
Net Tangible Assets	12,131	12,330
	No.	No.
Shares	189,711,544	189,711,544
	Cents	Cents
Net Tangible Assets (cents)	6.39	6.50



# Notes to the Consolidated Financial Statements

(continued)

## Note 8. Discontinued Operations

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

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

Financial information relating to the discontinued operations was as follows:

	31 December 2015 \$'000	31 December 2014 \$'000
Liquidation Distributions	-	7
Expenses	-	-
Loss before income tax	-	7
Income tax expense	-	-
Loss after income tax of discontinued operations	-	7
Loss on removal of discontinued operations from economic entity	-	-

## Note 9. Option Reserve

	31 December 2015 \$'000	30 June 2015 \$'000
Opening Balance	-	16
Share based payments	-	-
Expired options transferred to accumulated losses	37	(16)
	37	-

## Note 10. Operating Cashflow Information

Operating cashflows were negative \$1.996 million for the 6 months ended 31 December 2015 compared to the previous corresponding period. This is primarily due to increased investment in Research & Development activities. Refer to Directors report for further details. Cashflow from investing activities were negative \$0.167 million as the Company invested in fixed assets for the USA production facility rollout.

## Note 11. Cash and Short-term deposits

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at 31 December:

	31 December 2015 \$'000	31 December 2014 \$'000
Cash at banks and on hand	1,906	3,110
Bank overdrafts	(319)	-
<b>Cash and Cash Equivalents</b>	<b>1,587</b>	<b>3,110</b>

## Note 12. Events after the reporting period

No matter or circumstance has arisen since 31 December 2015 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

## Directors' Declaration

The directors of the company declare that:

- The attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- The attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the financial half-year ended on that date; and
- Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

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

Mr Clayton Astles  
Chief Executive Officer/Executive Director

Melbourne  
Dated 24 February 2015

# Independent Auditor's Review Report



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## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Azure Healthcare Limited

### Report on the Half-Year Financial Report

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

### Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Azure Healthcare Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Independence

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

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# Independent Auditor's Review Report

(continued)



## Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

## BDO East Coast Partnership

A handwritten signature in black ink, appearing to read 'S. Scalzo', is written over a faint, stylized 'BDO' logo.

**Simon Scalzo**  
Partner

Melbourne, 24 February 2016