

Azure Healthcare Limited

Appendix 4D - Half Year Financial Report

For the Half Year Ended 31 December 2012

Results for Announcement to the Market

Current Reporting Period - Year Ended 31 December 2012

Previous Reporting Period - Year Ended 31 December 2011

	%	31 December 2012	31 December 2011
	Change Up/(down)	\$'000	\$'000
Revenue from ordinary activities	28.6%	11,307	8,793
Interest income	(39.4%)	8	13
Revenue from ordinary activities excluding interest income	28.7%	11,299	8,780
Operating expenses	25.9%	(10,359)	(8,226)
Earnings before Interest, tax, depreciation and amortisation (EBITDA)	69.6%	940	554
Depreciation and amortisation expenses	(22.0%)	(214)	(274)
Earnings before interest and tax (EBIT)	159.2%	726	280
Net interest expense	(47.6%)	(54)	(103)
Profit before income tax expense	279.3%	672	177
Income tax expense	2.6%	(106)	(103)
Net Profit after tax from continuing operations	663.4%	566	74
Net Profit after tax from discontinued operations	(70.4%)	74	250
Net Profit after tax for the period attributable to members of Azure Healthcare Limited	97.4%	640	324
Other comprehensive income:			
Exchange difference arising on translation of foreign operations (movement in equity reserves)	275.1%	60	(34)
Total comprehensive income for the period attributable to members of Azure Healthcare Limited	141.1%	700	290
Net Tangible Asset per Security (cents per security)		3.41	2.98
Profit/(Loss) per share attributable to the ordinary equity holders of the company (cents per security):			
Continuing Operations (Basic and Diluted)		0.30	0.04
Discontinued Operations (Basic and Diluted)		0.04	0.13
Overall Earnings per Share (Basic and Diluted)		0.34	0.17
Record date for determining entitlements to the dividend, (in the case of a trust, distribution)			
			Not Applicable
Dividends (distribution)		Amount per Security	Franked Amount
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 6 months.			



Appendix 4D

Half Year Financial Report

For the Period Ended 31 December 2012
(previous corresponding period: period ended 31 December 2011)

To be read in conjunction with the 30 June 2012 Annual Report.
In compliance with Listing Rule 4.2A

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Directors' 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 2012.

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 Robert Grey	Executive Chairman & CEO
Mr William Brooks	Non-Executive Director
Mr Michael Howard	Non-Executive Director

Principal Activities

The principal activities of the Company during the half year was the manufacture and supply of healthcare and electronic communications equipment.

Operating Result

The consolidated profit from continuing operations of the Company after providing for income tax amounted to \$566K (2011: \$74K). For further detail, refer to the Review of Operations below.

Review of Operations

Financial Performance Highlights:

1. Half year EBIT of \$0.726 million up 159% from the previous corresponding period.
2. Revenue from ordinary activities up 28.6% compared to the previous corresponding period.
3. Net profit after tax from continuing operations of \$0.566 million up 633% compared to the previous corresponding period.
4. Earnings per share of 0.34 cents doubled compared to the previous corresponding period.
5. Successful acquisition of the assets of Sedco Communications.
6. NTA up 14.4% to 3.41 cents per share compared to previous corresponding period.

Report on operations for the six months ended 31 December 2012

Azure Healthcare Limited has made significant progress over the past year by refocusing our existing business to match our core strengths and to create substantial growth in our core Healthcare business and a strong foundation to build on our recent acquisition of Sedco Communications.

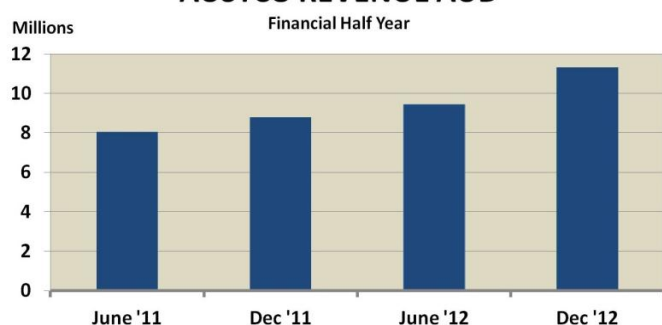
Austco Healthcare Division: The Austco Healthcare business has now fully recovered and is performing as expected with profit for domestic and international businesses exceeding budget. The first half results for the Austco Business unit has achieved record levels and we expect the second half business to also be significantly above the corresponding period. The success of our Tacera 3G VOIP healthcare communication systems will also contribute to increased market share and company profits in the future.

The profitability of our exports has been weakened to some extent due to the appreciation of the Australian dollar but increased sales, in particular in our North American operations, coupled with our introduced cost saving measures have acted as a counter to the currency appreciation. In addition the lower cost of imported components for our manufacturing plant acts as a partial natural hedge on manufacturing costs.

The geographical regions of the world where we operate have not all been equally effected by the world's economic downturn. The Middle East, Americas and Asia Pacific have seemingly recovered and we are experiencing strong growth which is translating to profitable business. Europe and the UK are still of concern and we do not believe this region will contribute to increased sales and profitability for the next 12 months.

Directors' Report (continued)

AUSTCO REVENUE AUD



AZURE GROUP NPAT



Performance Summary 2011-2012

	Dec-12 '\$000	Dec-11 '\$000	%
Revenue	11.31	8.79	28.6%
EBIT	0.73	0.28	159.0%
NPAT	0.64	0.32	97.0%

Revenue: Consolidated revenues from operating activities increased from \$8.79 million in the previous corresponding period to \$11.31 million (an increase of 28.6%) in the first half of the 2012/2013 Financial Year.

Earnings before Interest and Tax (EBIT): Earnings before Interest and Tax was \$0.73 million compared to \$0.28 million for the previous corresponding period.

Net Profit After Tax (NPAT): Net Profit After Tax (NPAT) increased to \$0.64 million compared to \$0.32 million for the previous corresponding period.

Net Tangible Assets (NTA): Net Tangible assets have increased from 2.98 cents to 3.41 cents per share, an increase of 14.4%.

Interim Dividend: The directors have not declared any interim dividend as the Company will continue to focus on strategic acquisition opportunities and Group debt reduction.

Cashflow: Operating cashflow for the period was negative \$0.47 million but included the purchase of inventory from the receivers of Sedco Communications on 12 December 2012.

Outlook: The second half outlook remains positive as reported at our last Annual General Meeting.

- The recovery of Austco continues with improvements across all segments of the business operations.
- The strategies of all businesses have been refined to reflect the opportunities for profitable growth and these have delivered stronger performance.
- Our investment in the Tacera 3G VoIP healthcare communication system continues to drive our commercial success.
- Our North American operations are growing substantially both in terms of revenue and profit.
- We are continuing to seek opportunities to significantly increase our revenues and competitiveness while at the same time increasing our earnings per share.

Thanks: No company operates successfully without the support and goodwill of both its staff and our clients. We would like to thank all our staff whose dedication to our clients has provided our turnaround and growth in the last year and also to our valued clients in the trust they have placed in our business to provide the advanced Healthcare communication solutions that they need to operate their businesses efficiently.

Directors' Report (continued)

Events Subsequent to Reporting Date

On the 29th January 2013, the Company announced that one of its subsidiaries had received a \$USD1.8m (\$AUD\$1.74M) Purchase Order from Honeywell Canada for the supply and commission of the Tacera Nurse Call System to Oakville Hospital.

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 directors made pursuant to S306(3) of the Corporations Act 2001.

On behalf of the directors



Mr Robert Grey
Executive Chairman

Melbourne
Dated 27 February 2013

Auditor's Independence Declaration



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

As lead auditor for the review of Azure Healthcare Limited for the half-year ended 31 December 2012, I declare that to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- 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 blue ink that reads 'David Garvey'. The signature is fluid and cursive, with a long horizontal stroke extending from the end.

David Garvey

Partner

BDO East Coast Partnership

Melbourne, 27 February 2013

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Consolidated Statement of Profit or Loss and Other Comprehensive Income For the Half Ended 31 December 2012

	Note	Consolidated Entity 31 December 2012 \$'000	31 December 2011 \$'000
Revenue from Continuing Operations	3	11,307	8,793
Cost of Goods Sold		(5,651)	(4,010)
Gross Profit		5,656	4,783
Employee Benefits Expense		(3,174)	(2,893)
Motor Vehicle Expenses		(90)	(99)
Occupancy Expenses		(337)	(286)
Depreciation and Amortisation		(214)	(274)
Accounting, Audit and Legal Fees		(191)	(236)
Finance Costs		(62)	(116)
Travel Expenses		(305)	(190)
Other Expenses		(611)	(512)
Profit Before Income Tax		672	177
Income Tax Expense		(106)	(103)
Profit for the Half Year		566	74
Profit for Discontinued Operations	1c, 8	74	250
Profit for the Half Year		640	324
Other Comprehensive Income			
Exchange Differences on Translation of Foreign Operations		60	(34)
Total Comprehensive Income for the Year		700	290

		Cents	Cents
Continuing Operations:			
Basic profit/(loss) per share	6	0.30	0.04
Diluted profit/(loss) per share	6	0.30	0.04
Discontinued Operations:			
Basic profit/(loss) per share	6	0.04	0.13
Diluted profit/(loss) per share	6	0.04	0.13
Overall Earnings per Share:			
Basic profit/(loss) per share	6	0.34	0.17
Diluted profit/(loss) per share	6	0.34	0.17

The accompanying notes form part of this financial report.

Consolidated Statement of Financial Position

As at 31 December 2012

	Note	31 December 2012 \$'000	Consolidated Entity 30 June 2012 \$'000
Current Assets			
Cash and Cash Equivalents		2,406	2,950
Trade and Other Receivables		5,392	4,575
Inventories		3,806	2,742
Other Assets		371	422
Total Current Assets		11,975	10,689
Non-Current Assets			
Plant and Equipment		583	605
Deferred Tax Assets		256	237
Intangible Assets		3,711	3,820
Total Non-Current Assets		4,550	4,662
Total Assets		16,525	15,351
Current Liabilities			
Trade and Other Payables		3,555	3,140
Short Term Borrowings		1,704	1,815
Current Tax Liabilities		208	39
Provisions		513	451
Total Current Liabilities		5,980	5,445
Non-Current Liabilities			
Long Term Borrowings		29	10
Deferred Tax Liabilities		318	353
Provisions		23	79
Total Non-Current Liabilities		370	442
Total Liabilities		6,350	5,887
Net Assets		10,175	9,464
Equity			
Contributed Equity		35,041	35,041
Option Reserves	9	17	379
Accumulated Losses		(23,998)	(25,011)
Foreign Exchange Reserve		(885)	(945)
Total Equity		10,175	9,464

The accompanying notes form part of this financial report.

Consolidated Statement of Changes in Equity

For the Half Year Ended 31 December 2012

Consolidated Entity					
	Issued Capital \$'000	Accumulated Losses \$'000	Foreign Exchange Reserve \$'000	Option Reserve \$'000	Total Equity \$'000
Balance at 1 July 2011	33,033	(25,755)	(804)	275	6,749
Total Comprehensive Income for the Year	-	324	(34)	-	290
Transactions with equity holders in their capacity as equity holders:					
Shares Issued	2,018	-	-	-	2,018
Share Based Payments	-	-	-	19	19
	2,018	-	-	19	2,037
Balance at 31 December 2011	35,051	(25,431)	(838)	294	9,076
Balance at 1 July 2012	35,041	(25,011)	(945)	379	9,464
Total Comprehensive Income for the Year	-	640	60	-	700
Transactions with equity holders in their capacity as equity holders:					
Shares Issued	-	-	-	-	-
Capital Raising Costs	-	-	-	-	-
Share Based Payments	-	-	-	11	11
Transfer to/from Reserves	-	373	-	(373)	-
	-	373	-	(362)	11
Balance at 31 December 2012	35,041	(23,998)	(885)	17	10,175

The accompanying notes form part of this financial report.

Consolidated Statement of Cash Flows

For the Half Year Ended 31 December 2012

	Note	31 December 2012 \$'000	Consolidated Entity 31 December 2011 \$'000
CASHFLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers		10,482	8,502
Payments to Suppliers		(10,906)	(9,532)
Interest Received		8	15
Borrowing Costs		(62)	(123)
Income Tax Paid		9	(97)
	10	(469)	(1,235)
Net cash used in continuing operations		(469)	(1,235)
Net cash used in discontinued operations		-	-
Net Cash Used in Operating Activities		(469)	(1,235)
CASHFLOWS FROM INVESTING ACTIVITIES			
Payments for Acquisition of Fixed Assets		(83)	(126)
Proceeds from Discontinued Entity	1c, 8	100	250
		17	124
Net cash used in continuing operations		(83)	(126)
Net cash provided by discontinued operations		100	250
Net Cash Provided by Investing Activities		17	124
CASHFLOWS FROM FINANCING ACTIVITIES			
Proceeds from Issue of Shares		-	2,081
Repayment of Borrowings		(98)	(771)
Payment of Lease and Hire Purchase Liabilities		6	-
		(92)	1,310
Net cash (used in)/provided by continuing operations		(92)	1,310
Net cash used in discontinued operations		-	-
Net Cash (Used in)/Provided by Financing		(92)	1,310
Net (Decrease)/Increase in Cash Held		(544)	199
Cash and Cash Equivalents at Beginning of Year		2,950	2,666
Effects of Exchange Rate Changes in Cash		-	-
Cash and Cash Equivalents at End of Year		2,406	2,865

The accompanying notes form part of this financial report.

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 have 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 annual financial report and shall 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 entity (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 2012, together with any public announcements made during the half-year.

(b) Summary of the Significant Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

(c) Update on Liquidation of TSV Australia Pty Ltd

During the period the consolidated entity received a \$100K distribution from the Liquidator, no further distributions have been received subsequent to the end of the period. It is unlikely that any further distributions will be received in the current financial year (FY 2013) and prior to the liquidation being completed in 2013.

(d) 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. However, the application of AASB 2011-9 has resulted in a change to the Group's presentation of its Statement of Comprehensive Income.

(e) Rounding Off of Amounts

The Company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the Directors Report and the Preliminary 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 2012.

31 December 2012
\$'000

31 December 2011
\$'000

Note 3. Revenue

Revenue from Operating Activities

Sales Revenue	11,299	8,780
Interest	8	13
	11,307	8,793

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 division 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 division is further segmented into four geographic regions consisting of North America, Europe, Asia and Australia/New Zealand.

	----- Healthcare -----					
	Australia/NZ \$'000	Asia \$'000	Europe \$'000	North America \$'000	Eliminations \$'000	Total \$'000
31 December 2012						
<u>Revenue</u>						
External Sales	7,896	2,184	481	4,631	(3,893)	11,299
Interest Revenue	8	-	-	-	-	8
Total Revenue	7,904	2,184	481	4,631	(3,893)	11,307
Adjusted EBITDA	1,180	(76)	(77)	380	(76)	1,331
Corporate						(391)
Non Operating Impairment						-
Total EBITDA						940
Total Segment Assets	15,840	1,394	955	4,178	(24,046)	(1,679)
Corporate						18,204
Total Assets						16,525

Reconciliation of segment Adj EBITDA to profit after income tax expense from continuing operations:

Segment Adj EBITDA	940
Net Interest	(54)
Depreciation and Amortisation	(214)
Income Tax Expense	(106)
Profit after income tax expense	<u>566</u>

Notes to the Consolidated Financial Statements

(continued)

Note 4. Segment Information (continued)

	----- Healthcare -----					
	Australia/NZ \$'000	Asia \$'000	Europe \$'000	North America \$'000	Eliminations \$'000	Total \$'000
31 December 2011						
<u>Revenue</u>						
External Sales	6,293	2,442	643	2,008	(2,606)	8,780
Interest Revenue	13	-	-	-	-	13
Total Revenue	6,306	2,442	643	2,008	(2,606)	8,793
Adjusted EBITDA	844	453	29	(172)	-	1,154
Corporate						(600)
Total						554
Total Segment Assets	6,124	2,070	991	1,852	-	11,037
Corporate						3,508
Total						14,545

Reconciliation of segment Adj EBITDA to Loss after income tax expense from continuing operations:

Segment Adj EBITDA	554
Net Interest	(103)
Depreciation and Amortisation	(274)
Income Tax Expense	(103)
Profit after income tax expense	<u>74</u>

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.

Notes to the Consolidated Financial Statements

(continued)

Note 6. Profit/(Loss) per Share

	31 December 2012 cents	31 December 2011 cents
Continuing Operations:		
Basic profit/(loss) per share	0.30	0.04
Diluted profit/(loss) per share	0.30	0.04
Discontinued Operations:		
Basic profit/(loss) per share	0.04	0.13
Diluted profit/(loss) per share	0.04	0.13
Overall Earnings per Share		
Basic profit/(loss) per share	0.34	0.17
Diluted profit/(loss) per share	0.34	0.17
	\$'000	\$'000
a) Net Profit/(Loss) used in the calculation of basic and diluted loss per share		
Continuing Operations	566	74
Discontinued Operations	74	250
Overall Earnings per Share	640	324
	No.	No.
b) Weighted average number of ordinary shares	189,312,544	185,470,000

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 2012 \$'000	30 June 2012 \$'000
Net Tangible Assets	6,464	5,644
	No.	No.
Shares	189,312,544	189,312,544
	\$	\$
Net Tangible Assets (cents)	3.41	2.98

Notes to the Consolidated Financial Statements

(continued)

Note 8. 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 final liquidator's report is expected to be released by 30 June 2013. Directors believe that unsecured creditors of the subsidiaries listed below are not expected to receive any monies from the liquidators.

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 2012 \$'000	31 December 2011 \$'000
Revenue	100	250
Expenses	(26)	-
Loss before income tax	74	250
Income tax expense	-	-
Total profit after tax attributable to the discontinued operations	74	250

Note 9. Option Reserve

	31 December 2012 \$'000	30 June 2012 \$'000
Opening Balance	379	275
Option expense for the period	11	104
Expired options transferred to accumulated losses	(373)	-
	17	379

Note 10. Operating Cashflow Information

The Company had negative operating cashflows for the period of (\$469K). These negative operating cashflows include costs associated with the aquisition of inventory from Sedco Communications Pty Ltd (Sedco) - Receivers and Managers appointed. If the Company had not acquired any inventory from Sedco, the Company would have reported an approximately break even operating cashflow position.

Note 11. Events Subsequent to Reporting Date

On the 29th January 2013, the Company announced that one of its subsidiaries had received a \$USD1.8m (\$AUD 1.74m) purchase order from Honeywell Canada for the supply and commission of the Tacera Nurse Call System to Oakville Hospital.

Directors' Declaration

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 7 to 15 are in accordance with the Corporations Act 2001, including:
 - a. complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the directors



Mr Robert Grey
Executive Chairman

Melbourne
Dated 27 February 2013

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 2012, and the consolidated statement of comprehensive profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the disclosing entity 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 disclosing entity 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 2012 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 2012 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 blue ink, appearing to read 'David Garvey', is written over a small, stylized BDO logo.

David Garvey

Partner

Melbourne, 27 February 2013