

ASX RELEASE

29 February 2012

ASX Market Announcements  
Australian Stock Exchange Limited  
10<sup>th</sup> Floor, 20 Bond Street  
SYDNEY NSW 2000

**Half Yearly Report (Appendix 4D) for the 6 months ended 31 Dec 2011**

**Programs show good progress**

**Allied Healthcare invested further into Professor Ian Frazer's vaccine company Coridon  
Revenue of over \$3.6M from the distribution business**

- The Directors of Allied Healthcare Group Limited (the "Company") are pleased to announce the operating results of the Company for the 6 months ended 31 December 2011. The current period accounts represent the consolidation of Allied Healthcare Group Investments Pty Ltd (formerly *Allied Medical Limited*) (and subsidiaries) and Allied Healthcare Group Limited (formerly *bioMD Limited*) (and subsidiary).
- Over the past 6 months the merger has been completed between the two groups with the ASX listed company now to be known as Allied Healthcare Group Limited ([www.alliedhealthcaregroup.com.au](http://www.alliedhealthcaregroup.com.au)). The overall loss for the period was \$1.91M which includes costs associated with the merger and the consolidation of the two groups plus the increased activities around the regulatory filing for the Celxcel Pty Limited for the approval of the ADAPT technology and the Group's share of losses from investment company Coridon Pty Limited.

The highlights for the 6 month period were:

- The successful merger of the Group.
- The company raised capital of \$2.2M in a placement as part of the merger process. These funds were used to:
  - Increase the Allied Healthcare Group Limited ownership percentage of Coridon Pty Limited, a company founded by Professor Ian Frazer with a focus on next generation vaccines
  - Increase inventory for Allied Medical Pty Limited which had stronger sales compared to the previous 12 months
- The Net Tangible Assets (NTA) decreased overall due to the stock swap merger between the two companies resulting in a dilution affect rather than decrease in the assets of the company.

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- Overall liabilities were reduced by 20% while net assets were increased over the period.
- Strengthened the management team with the appointments of Mr Bob Atwill as CEO of Celxcel Pty Limited and executive at Allied Healthcare Group and Dr Julian Chick as COO of the Allied Healthcare Group Limited.
- The sales for the distribution businesses for the current period were \$3.643 million, up from \$3.557 in the corresponding period of the previous year. The total profit margin was down slightly for the period due to re-assignment of sales force focus which is expected to result in a stronger second half.
- Expiry of 72.9 million listed options on 31 December 2011.

Over the past 6 months the company has continued to pursue the Celxcel Pty Limited technology towards approval in major jurisdictions. The company is expecting to release updates on the regulatory progress on Australian, European and the US in the coming 6 months. Several studies have been undertaken and the company expects to release updates and results in the next 6 months.

In addition during the past 6 months, Coridon Pty Limited showed significant animal results in its Herpes vaccine study which demonstrated clearance of the virus. The program is now progressing towards an initial Phase I study which is scheduled to start in the second half of 2012.

Overall Allied Medical Pty Limited remains in a strong position and increased inventory has been built up ahead of the typically stronger second half of the year. Allied Medical Pty Limited maintains one of the largest infusion product portfolios in the Australian market.

The following half yearly report includes:

- Appendix 4D;
- Directors' Report;
- Financial Report;
- Directors' Declaration; and
- Audit Report and Independence Declaration.

Yours faithfully



**Stephen Mann**  
**Company Secretary**

## Appendix 4D

### Half Yearly Report

**Name of Entity:** Allied Healthcare Group Limited

**ABN:** 35 088 221 078

**Reporting Period:** Half year ended 31 December 2011

**Previous corresponding Period:** Half year ended 31 December 2010

#### Results for Announcement to the Market

					<b>\$A'000</b>
Revenues from ordinary activities	down	6.6%	to	3,321	
Loss from ordinary activities after tax	down	134.1%	to	(1,918)	
Loss for the period attributable to members	down	127.8%	to	(1,866)	

<b>Dividends</b>	<b>Amount per security</b>	<b>Franked amount per security</b>
Interim dividend	NIL¢	NIL¢
Previous corresponding period	NIL¢	NIL¢

#### Results Commentary

The overall loss for the equity holders of Allied Healthcare Group Limited was \$1,866.068, compared to \$819,193 for the previous period. The 2011 loss is for the post-merger consolidated group compared to the 2010 figure which is only for the Allied Healthcare Group Investments Limited group (*formerly Allied Medical Limited*) and included expense of \$790,851 for the impairment of goodwill in Medevco Pty Limited.

The loss for the period is mainly attributed to costs associated with the merger and the recent regulatory activities relating to approval of the Celxcel Pty Limited technology and the Group's share of losses from investment company Coridon Pty Limited.

Overall during the period the company made significant progress on the approval process for the Celxcel Pty Limited technology, including filing for approval for the CardioCel product with the Therapeutic Goods Administration (TGA) in Australia as well as planning for European and US approval. The company expects to provide further updates on the regulatory approval application progress over the coming 6 months.

During the period the Allied Medical Pty Limited continued to show a strong business, with sales from the business reaching \$3.6 million for the period.

Also during the period Group also increased its investment into Coridon Pty Limited after positive animal study results. Coridon Pty Limited reported clearance of herpes virus in the study. Coridon Pty Limited is currently preparing to progress the herpes vaccine program into the initial human clinical study later in 2012.

#### **Net Tangible Assets per security**

	<b>Current period</b>	Previous corresponding period
Net tangible asset backing per ordinary security	<b>0.87 cents per share</b>	2.31 cents per share

The change in the Net Tangible Assets per security between the previous corresponding period and the current period can be attributed to the dilution due to merger between Allied Healthcare Group Investments Pty Limited and Allied Healthcare Group Limited. The NTA does not recognise any goodwill attributed to the Allied Healthcare Group Limited business.

#### **Control gained over entities having material effect**

N/A

#### **Loss of control of entities having material effect**

N/A

#### **Details of aggregate share of profits (losses) of associated and joint venture entities**

N/A

#### **This report is based on:**

The accounts have been subject to review.



**Sign here:**

(Company Secretary)

**Print name:** Stephen Mann

**Date:** 29 February 2012



(ACN 088 221 078)

## **CONSOLIDATED HALF-YEAR FINANCIAL REPORT**

**31 DECEMBER 2011**

## **CORPORATE DIRECTORY**

### **Directors**

Christopher J. Catlow	– Non Executive Chairman
Lee E. Rodne	– Managing Director
Michael C. Bennett	– Executive Director
William G. Rowley	– Non-executive Director
Handojo (Jet) Soedirdja	– Non-executive Director
Robert E. Towner	– Non-executive Director

### **Company Secretary**

Stephen Mann

### **Company and Registered Office**

Level 1, 197 Adelaide Terrace  
Perth, Western Australia 6000  
Telephone: +61 8 9266 0100  
Facsimile: +61 8 9266 0199  
Website: [www.alliedhealthcaregroup.com.au](http://www.alliedhealthcaregroup.com.au)  
Email: [info@alliedhealthcaregroup.com.au](mailto:info@alliedhealthcaregroup.com.au)

### **Auditors**

BDO Audit (WA) Pty Ltd  
38 Station Street  
Subiaco, Western Australia 6008

### **Solicitors**

Hardy Bowen Lawyers  
1/28 Ord Street  
West Perth, Western Australia 6005

### **Bankers**

ANZ  
77 St Georges Terrace  
Perth, Western Australia 6000

### **Stock Exchange Listing**

Australian Stock Exchange codes:  
AHZ (ordinary shares)

## DIRECTORS' REPORT

The Directors present the half-yearly financial report on the consolidated entity (referred to hereafter as the 'Consolidated Entity' or 'Group') consisting of Allied Healthcare Group Limited and its controlled entities for the half-year ended 31 December 2011.

### DIRECTORS

The following persons were Directors of the Company during the half-year and up to the date of this report:

Christopher J. Catlow  
 Lee E. Rodne  
 Michael C. Bennett  
 William G. Rowley  
 Handojo (Jet) Soedirdja  
 Robert E. Towner

Stephen Mann was appointed Company Secretary on 20 October 2011, Darren Bromley resigned on the same date.

### PRINCIPAL ACTIVITIES

The principal activities of the Group during the half-year consisted of:

- The distribution business is focused on infusion and cardiology products used in hospital and ambulatory care. Allied Medical Pty Limited has a large portfolio of infusion and cardio related products in Australia and has seen strong growth in revenue over the past few years.
- Continued progression of the Celxcel Pty Limited's ADAPT technology, with a particular focus on an initial approval for the technology. Celxcel Pty Limited progressed the filing of the CardioCel technology with the TGA as well as initiating discussions on regulatory approval in Europe and the US.
- During the half year the Group increased its investment into Coridon Pty Limited, a company focused on developing DNA vaccines as the next generation vaccines. During the period Coridon Pty Limited reported results from a very successful herpes animal study which showed 100% clearance of the virus. Coridon Pty Limited is currently planning to initiate a Phase I study for the herpes vaccine program later in 2012.

### REVIEW OF OPERATIONS AND RESULTS

The consolidated operating loss for the half-year:

	31 Dec 2011 \$	31 Dec 2010 \$
<b>Loss before income tax</b>	<b>(1,952,397)</b>	<b>(754,454)</b>
Income tax benefit / (expense)	34,882	(64,739)
<b>Loss for the period</b>	<b>(1,917,515)</b>	<b>(819,193)</b>

## **DIRECTORS' REPORT (continued)**

The overall loss for the equity holders of Allied Healthcare Group Limited was \$1,866,068, compared to \$819,193 for the previous period. The 2011 loss is for the post-merger consolidated group compared to the 2010 figure which is only for the Allied Healthcare Group Investments Limited (*formerly Allied Medical Limited*) group and included expense of \$790,851 for the impairment of goodwill in Medevco Pty Limited.

The loss for the period is mainly attributed to costs associated with the merger and the recent regulatory activities relating to approval of the Celxcel Pty Limited technology and the Group's share of losses from investment company Coridon Pty Limited.

Overall during the period the company made significant progress on the approval process for the Celxcel Pty Limited technology, including filing for approval for the CardioCel product with the Therapeutic Goods Administration (TGA) in Australia as well as planning for European and US approval. The company expects to provide further updates on the regulatory approval application progress over the coming 6 months.

During the period the Allied Medical Pty Limited continued to show a strong business, with sales from the business reaching \$3.6 million for the period.

Also during the period Group also increased its investment into Coridon Pty Limited after positive animal study results. Coridon Pty Limited reported clearance of herpes virus in the study. Coridon Pty Limited is currently preparing to progress the herpes vaccine program into the initial human clinical study later in 2012.

## **SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

No significant changes have occurred in the state of affairs of the consolidated entity.

## **DIVIDENDS**

No dividend was paid during the half-year and the Board has not recommended the payment of a dividend.

## **EVENTS SUBSEQUENT TO REPORTING DATE**

On 12 January 2012, the Company issued 3,641,911 shares upon the exercise of 3,641,911 listed options at \$0.04 to raise \$145,676. The Company also announced the lapse of the remaining 72,691,484 listed options which expired 31 December 2011.

## **AUDITORS INDEPENDENCE DECLARATION**

Section 307C of the Corporations Act 2001 requires our auditors, BDO Audit (WA) Pty Ltd, to provide the directors of the company with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on page 5 and forms part of this directors' report for the half-year ended 31 December 2011.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the Corporations Act 2001.



**Christopher J Catlow**  
Chairman

Dated at Perth, Western Australia this 29<sup>th</sup> day of February 2012.



29 February 2012

The Board of Directors  
Allied Healthcare Group Limited  
Level 1, 197 Adelaide Tce,  
PERTH WA 6000

Dear Sirs,

DECLARATION OF INDEPENDENCE BY BRAD MCVEIGH TO THE DIRECTORS OF  
ALLIED HEALTHCARE GROUP LIMITED

As lead auditor of Allied Healthcare Group Limited for the period ended 31 December 2011, 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 half-year review; and
- any applicable code of professional conduct in relation to the review.

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



Brad McVeigh  
Director

BDO Audit (WA) Pty Ltd  
Perth, Western Australia

## STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

CONSOLIDATED			
	Note	31 Dec 2011 \$	31 Dec 2010 \$
Revenue from continuing operations	2	3,320,856	3,557,300
Cost of sales		(1,794,276)	(1,917,882)
Gross Profit		1,526,580	1,639,418
Other income		12,881	60,280
Administrative expenses		(875,048)	(313,328)
Employee benefits		(1,260,664)	(905,472)
Consultancy fees		(665,117)	(98,426)
Travel costs		(181,087)	(93,432)
Share based payments		(102,000)	(250,000)
Impairment expense		-	(790,851)
Asset write-down		(48,898)	-
Loss from equity accounting	7	(344,961)	-
Depreciation expense		(14,083)	(2,643)
<b>Loss before income tax from continuing operations</b>		<b>(1,952,397)</b>	<b>(754,454)</b>
Income tax benefit / (expense)		34,882	(64,739)
<b>Loss for the half-year</b>		<b>(1,917,515)</b>	<b>(819,193)</b>
Other comprehensive income for the half-year		-	-
<b>Total comprehensive loss for the half-year</b>		<b>(1,917,515)</b>	<b>(819,193)</b>
<b>Total comprehensive loss for the half-year is attributable to</b>			
Equity holders of Allied Healthcare Group Limited		(1,866,068)	(819,193)
Non controlling interests		(51,447)	-
		<b>(1,917,515)</b>	<b>(819,193)</b>
<b>Loss per share (cents per share) from continuing operations attributable to ordinary equity holders of the Company</b>		<b><u>Cents</u></b>	<b><u>Cents</u></b>
Basic loss per share		(0.322)	(0.132)
Diluted loss per share		N/A	N/A

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

# STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2011

## CONSOLIDATED

	Note	31 Dec 2011 \$	30 June 2011 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		605,920	1,351,518
Trade and other receivables		1,354,254	1,217,279
Inventories		1,690,631	1,722,341
Income tax receivable		11,199	-
<b>Total current assets</b>		<b>3,662,004</b>	<b>4,291,138</b>
<b>Non-current assets</b>			
Investments accounted for using the equity method	7	2,270,394	1,245,355
Property, plant & equipment		137,058	132,846
Intangible assets		8,962,545	8,947,399
Deferred tax asset		167,341	131,441
<b>Total non-current assets</b>		<b>11,537,338</b>	<b>10,457,041</b>
<b>Total assets</b>		<b>15,199,342</b>	<b>14,748,179</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		570,352	808,652
Provisions		201,273	160,192
Current tax payable		-	24,224
<b>Total current liabilities</b>		<b>771,625</b>	<b>993,068</b>
<b>Non-current liabilities</b>			
Provisions		99,437	96,624
Borrowings		20,054	20,054
<b>Total non-current liabilities</b>		<b>119,491</b>	<b>116,678</b>
<b>Total liabilities</b>		<b>891,116</b>	<b>1,109,746</b>
<b>NET ASSETS</b>		<b>14,308,226</b>	<b>13,638,433</b>
<b>EQUITY</b>			
Contributed equity	8	16,219,674	13,925,166
Reserves	9	752,420	459,620
Accumulated losses		(2,611,568)	(745,500)
Capital and reserves attributable to equity holders of Allied Healthcare Group Limited		14,360,526	13,639,286
Non controlling interest		(52,300)	(853)
<b>TOTAL EQUITY</b>		<b>14,308,226</b>	<b>13,638,433</b>

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

## STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	CONSOLIDATED					
	Share Capital \$	Share- based payment Reserves \$	Accum Losses \$	Total \$	Non controlling Interest \$	Total Equity \$
<b>Balance at 1 July 2010</b>	<b>29,914</b>	<b>-</b>	<b>1,207,295</b>	<b>1,237,209</b>	<b>-</b>	<b>1,237,209</b>
Loss for the period	-	-	(819,193)	(819,193)	-	(819,193)
Total comprehensive loss for the half-year	-	-	(819,193)	(819,193)	-	(819,193)
<b>Transactions with owners in their capacity as owners</b>						
Shares issued during the period	3,046,850	-	-	3,046,850	-	3,046,850
<b>Balance at 31 December 2010</b>	<b>3,076,764</b>	<b>-</b>	<b>388,102</b>	<b>3,464,866</b>	<b>-</b>	<b>3,464,866</b>
<b>Balance at 1 July 2011</b>	<b>13,925,166</b>	<b>459,620</b>	<b>(745,500)</b>	<b>13,639,286</b>	<b>(853)</b>	<b>13,638,433</b>
Loss for the period	-	-	(1,866,068)	(1,866,068)	(51,447)	(1,917,515)
Total comprehensive loss for the half-year	-	-	(1,866,068)	(1,866,068)	(51,447)	(1,917,515)
<b>Transactions with owners in their capacity as owners</b>						
Shares issued during the period	2,201,451	-	-	2,201,451	-	2,201,451
Options issued during the period		102,000	-	102,000	-	102,000
Shares issued to set-up equity facility	-	190,800	-	190,800	-	190,800
Capital raising costs	(210,399)	-	-	(210,399)	-	(210,399)
Exercise of options	303,456	-	-	303,456	-	303,456
<b>Balance at 31 December 2011</b>	<b>16,219,674</b>	<b>752,420</b>	<b>(2,611,568)</b>	<b>14,360,526</b>	<b>(52,300)</b>	<b>14,308,226</b>

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

## STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	<b>CONSOLIDATED</b>	
	<b>Half-year 31 Dec 2011 \$</b>	<b>Half-year 31 Dec 2010 \$</b>
<b>Cash flows from operating activities</b>		
Receipts from customers	3,215,207	2,927,888
Payments to suppliers	(4,894,679)	(3,720,251)
	<b>(1,679,472)</b>	<b>(792,363)</b>
Interest received	14,294	9,041
Interest paid	(7,393)	-
Income tax paid	(36,441)	(153,150)
<b>Net cash outflow from operating activities</b>	<b>(1,709,012)</b>	<b>(936,472)</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant & equipment	(18,296)	-
Purchase of equity accounted investments	(1,370,000)	(900,000)
Payments for intangible assets	(15,146)	-
<b>Net cash outflow from investing activities</b>	<b>(1,403,442)</b>	<b>(900,000)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	2,207,261	2,199,427
Proceeds from exercise of options	278,047	-
Share issue transaction costs	(118,452)	(77,558)
<b>Net cash inflow from financing activities</b>	<b>2,366,856</b>	<b>2,121,869</b>
<b>Net decrease in cash held</b>	<b>(745,598)</b>	<b>285,397</b>
<b>Cash at the beginning of the half-year</b>	<b>1,351,518</b>	<b>378,529</b>
<b>Cash at end of the half-year</b>	<b>605,920</b>	<b>663,926</b>

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The half-year financial report is a general-purpose financial report, which has been prepared in accordance with the *Corporations Act 2001* and Accounting Standard AASB 134 *Interim Financial Reporting*. The half-year financial report has been prepared in accordance with the historical cost convention.

This half-year financial report does not include all the notes of the type normally included within the annual financial report and accordingly, this report should be read in conjunction with the annual financial report for the year ended 30 June 2011 and any public announcements made by Allied Healthcare Group Limited during the interim period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

### 2. REVENUES

	Half-year 2011 \$	Half-year 2010 \$
<b>Revenue from continuing operations</b>		
Sales	<b>3,320,856</b>	3,557,300
<b>Total revenue from continuing operations</b>	<b>3,320,856</b>	3,557,300
<b>Breakdown of Other Revenue</b>		
Bank interest	<b>14,294</b>	9,041
Other income	<b>(1,413)</b>	51,239
	<b>12,881</b>	60,280

### 3. EXPENSES

Loss for the half-year before income tax includes the following specific expenses:

	Half-year 2011 \$	Half-year 2010 \$
Consultancy fees	<b>665,117</b>	98,426
Travel costs	<b>181,087</b>	93,432
Depreciation – Plant and equipment	<b>14,083</b>	2,643
Impairment expense	-	790,851
Asset write-downs	<b>48,898</b>	-
<i>Employee benefits expense</i>		
Salary and wages	<b>1,105,180</b>	810,245
Leave provisions	<b>82,011</b>	62,712
Other benefits	<b>73,473</b>	32,515

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

### 4. SUBSEQUENT EVENTS

On 12 January 2012, the Company issued 3,641,911 shares upon the exercise of 3,641,911 listed options at \$0.04 to raise \$145,676. The Company also announced the lapse of the remaining 72,691,484 listed options which expired 31 December 2011.

### 5. SEGMENT INFORMATION

#### Description of segments

In accordance with AASB 8 Operating Segments, segment information is presented using a management approach, i.e. segment information is provided on the same basis as information as used for internal reporting purposes by the chief operating decision makers (board of directors that make key strategic decisions).

Management has determined that there are two identifiable reportable segments as follows:

- Disposable medical products and medical devices distribution; and
- Bioimplants operations of Celxcel Pty Ltd.

	<b>Medical products &amp; devices</b>		<b>Bioimplants</b>		<b>Unallocated</b>		<b>Total</b>	
	<b>Dec 2011</b>	<b>Dec 2010</b>	<b>Dec 2011</b>	<b>Dec 2010</b>	<b>Dec 2011</b>	<b>Dec 2010</b>	<b>Dec 2011</b>	<b>Dec 2010</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Total segment revenue	<b>3,642,856</b>	3,557,300	-	-	<b>(322,000)</b>	-	<b>3,320,856</b>	3,557,300
Segment profit / loss before income tax	<b>29,902</b>	36,397	<b>(227,137)</b>	-	<b>(1,755,162)</b>	<b>(790,851)</b>	<b>(1,952,397)</b>	(754,454)
	<b>Dec 2011</b>	<b>Jun 2011</b>	<b>Dec 2011</b>	<b>Jun 2011</b>	<b>Dec 2011</b>	<b>Jun 2011</b>	<b>Dec 2011</b>	<b>Jun 2011</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Segment assets	<b>5,770,624</b>	4,913,634	<b>90,106</b>	161,281	<b>9,338,612</b>	9,673,264	<b>15,199,342</b>	14,748,179
Segment liabilities	<b>2,002,260</b>	753,143	<b>199,291</b>	43,329	<b>(1,310,435)</b>	313,274	<b>891,116</b>	1,109,746

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

### 5. SEGMENT INFORMATION (continued)

Performance is measured based on segment result before tax.

The reconciliation of segment information to loss for the half-year is as follows:

	<b>CONSOLIDATED</b>	
	<b>Dec 2011</b>	<b>Dec 2010</b>
	<b>\$</b>	<b>\$</b>
<b>Segment profit (loss)</b>	<b>(197,235)</b>	<b>36,397</b>
Other revenue	9,632	-
Administration costs	(754,901)	-
Consultancy fees	(494,730)	-
Employee costs	(29,318)	-
Travel costs	(38,884)	-
Impairment expense	-	(790,851)
Loss from equity accounting	(344,961)	-
Share based payments	(102,000)	-
<b>Loss for the half-year before income tax</b>	<b>(1,952,397)</b>	<b>(754,454)</b>

### 6. DIVIDENDS

No dividends have been declared or paid during the period.

### 7. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<b>31 December 2011</b>	<b>30 June 2011</b>
	<b>\$</b>	<b>\$</b>
Investments		
Investment in Coridon (unlisted security)	<b>2,270,394</b>	<b>1,245,355</b>
<i>Movement</i>		
Opening balances	<b>1,245,355</b>	-
Additional investment	<b>1,370,000</b>	1,430,000
Disposals	-	-
Asset write-down	-	-
Loss from equity accounting	<b>(344,961)</b>	<b>(184,645)</b>
Closing balance	<b>2,270,394</b>	<b>1,245,355</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

### 8. CONTRIBUTED EQUITY

	SHARES		\$	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
(a) Share Capital				
Ordinary shares				
Fully paid	<b>656,382,383</b>	10,504,534	<b>16,219,674</b>	3,076,764
Movements in Ordinary Share Capital				
Opening balance	<b>564,561,349</b>	4,410,835	<b>13,925,166</b>	29,914
Options exercised	<b>7,586,412</b>	-	<b>303,456</b>	-
Shares issued for associated costs with set-up of equity facility	<b>5,611,765</b>	-	<b>(190,800)</b>	-
Shares issued in relation to business combination	-	847,423		423,712
Share placement	<b>78,622,857</b>	5,246,276	<b>2,201,451</b>	2,623,138
Capital raising costs	-	-	<b>(19,599)</b>	-
Closing balance	<b>656,382,383</b>	10,504,534	<b>16,219,674</b>	3,076,764

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

### 9. RESERVES

	31 December 2011 \$	30 June 2011 \$
Share based payments reserve	<b>752,420</b>	459,620
Movement		
Opening balances	<b>459,620</b>	-
Share issued to set-up Kodiak equity facility	<b>190,800</b>	-
Options issued to Bell Potter	<b>102,000</b>	459,620
Closing balance	<b>752,420</b>	459,620

Share based payments reserve consists of 5,611,765 shares issued to Kodiak Capital Group LLC as commitment shares post signing agreement to set-up equity facility to provide the Group funding of up to US\$3,000,000 drawn down in parcels of US\$500,000 at the Group's discretion. The reserve also consist of 6,000,000 unlisted options exercisable at \$0.06 expiring on 20 October 2014 issued to Bell Potter Securities Limited in accordance with agreement for Placement.

#### Fair Value of Options Granted

The assessed fair value at grant date of options granted during the period ended 31 December 2011 was 1.7 cents per option. The fair value at grant date is independently determined using a 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.

The model inputs for options granted during the period ended 31 December 2011 included:

- (a) options are granted for no consideration and vest based on holder still being employed by Allied Healthcare Group Limited over a three year period. Vested options are exercisable for a period up to expiry date.
- (b) exercise price: \$0.06
- (c) grant date: 20 October 2011
- (d) expiry date: 20 October 2014
- (e) share price at grant date: \$0.036
- (f) expected price volatility of the company's shares: 90%
- (g) risk-free interest rate: 3.88%

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

### 10. COMMITMENTS

Total expenditure commitments at reporting date not provided for in the financial statements.

	CONSOLIDATED	
	31 December 2011 \$	30 June 2011 \$
(a) Operating Lease Commitments		
Future operating lease commitments not provided for in the financial statements and payable:		
Within one year	104,671	-
Later than one year but no later than five years	53,109	-
	<b>157,780</b>	-
The Company leases office space under an operating lease that expires in May 2013 with option for additional 2 years.		

## DIRECTORS' DECLARATION

In the Directors' opinion:

- (a) the financial statements of the consolidated entity are in accordance with the Corporations Act 2001; including:
  - (i) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001 and other mandatory professional requirements, and
  - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that Allied Healthcare Group Limited 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 Directors.



**Christopher J. Catlow**  
**Chairman**

Perth, Western Australia

Dated this 29<sup>th</sup> day of February 2012



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## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ALLIED HEALTHCARE GROUP LIMITED

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Allied Healthcare Group Limited, which comprises the statement of financial position as at 31 December 2011, and the statement of comprehensive income, statement of changes in equity and 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 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 2011 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 Allied Healthcare Group 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 Allied Healthcare Group Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

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#### Basis for Qualified Conclusion

Included in Allied Healthcare Group Limited's consolidated statement of financial position as at 31 December 2011 is an investment of 37.27% in the associate Coridon Pty Limited which is accounted for under the equity method and is carried at \$2,270,394. From the time Coridon Pty Limited became an associate, Allied Healthcare Group Limited's share of the net loss is \$344,961 which is included in the consolidated statement of comprehensive income for the period ended 31 December 2011. As the company is unaudited we were unable to obtain sufficient appropriate audit evidence to verify the valuation of the investment or its losses brought to account for the period and as such we were unable to determine whether any adjustments to these amounts are necessary. Given this limitation of scope we cannot, and do not express an opinion on the balance of investments or the result of the associate included in the consolidated statement of comprehensive income for the period ended 31 December 2011, or any consequential impact it may have on the carrying value of the investment.

#### Qualified Conclusion

Based on our review, which is not an audit, except for the effects of the matter described in the Basis for Qualified Conclusion paragraph, we have not become aware of any matter that makes us believe that the half-year financial report of Allied Healthcare Group 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 2011 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 Audit (WA) Pty Ltd

A handwritten signature in black ink, appearing to read 'BDO' above 'BMV' with a large, sweeping flourish extending to the right.

Brad McVeigh  
Director

Perth, Western Australia  
Dated this 29<sup>th</sup> day of February 2012