Appendix 4E

Preliminary Final Report

Name of entity

Allied Healthcare Group Limited

ABN	Financial year ended ("current period")
35 088 221 078	**30 June 2013**

For announcement to the market ***$A'000's***

Revenues from ordinary activities	up	14.78%	to	7,415
Loss from ordinary activities after tax	down	76.34%	to	(2,418)
Loss for the year attributable to members	down	81.07%	to	(1,892)

Dividends	**Amount per security**	**Franked amount per security**
Final dividend proposed	NIL¢	NIL¢
Interim dividend	NIL¢	NIL¢
	2013	**2012**
Net Tangible Asset Backing	0.50 cents	1.02 cents

Results Commentary

RESULTS:

OPERATIONS:

Results:
The past year has seen another strong performance across the Allied Healthcare Group. For the year, revenue across the consolidated group was $7.4M, up 15% from the previous year. The loss for the full year across the consolidated group was $2.4M, down from $10M the previous year. During the year, the company raised $4.6M through a placement and Shareholder Purchase Plan.

There were strong activities and progress across the group's divisions as the Company continues to grow into an integrated healthcare company, including growing revenues and positive outcomes for the research and development programs. This is highlighted by the recent marketing approval in Europe for the company's lead regenerative tissue product CardioCel® for the repair and treatment of heart defects. The company anticipates increased revenue through its sales division of CardioCel® in the coming financial year.

At the end of the year, Allied Healthcare Group has $2.45M in cash. During the year, Allied's CardioCel® also received a $1.9M Commercialisation Australia grant towards the preparation and launch of the product globally.

The Company has now established operations in both the US and Europe ahead of marketing approval for the product in these territories. Over time, we will continue to build our staff in these regions as CardioCel® achieves marketing approvals and as sales increase.

Sales & Marketing Division

The Sales & Marketing division generated $7.4M in revenue this past year, a 15% increase in sales compared to the previous year. The Company has continued to build one of the largest suite of products in infusion management and drug delivery in Australia / New Zealand that offers ongoing revenue once introduced into a Hospital.

During the year, it was highlighted that the sales division was awarded a 5 year supply contract to the Mater Misericordiae Hospital in Townsville to implement a state of the art Hospital wide infusion management system. This is a significant, multi-million dollar supply agreement over the life of the contract and started to generate revenue for the group during this financial year. This also gives the sales teams a reference site and platform from which to target additional longer term supply contracts.

In addition to the strong sales performance, the sales team has also initiated preparation for the launch of CardioCel® over the coming 12 months including establishing Key Opinion Leader (KOL) boards comprised of leading heart surgeons in both Europe and the US to complement the existing KOL board in Australia. The group expects CardioCel® to add to the groups growing revenue stream this coming financial year.

Regenerative Medicine Division

The past year for the regenerative medicine division was exceptional as the team achieved a number of meaningful milestones, culminating in the recent announcement of European approval for the groups lead regenerative tissue product CardioCel®. CardioCel® is a regenerative cardiovascular tissue patch used to treat and repair cardiovascular defects, including treating congenital heart disease and reconstructing heart valves.

Other highlights for the past year include:

- Approvals at key centres for early access to CardioCel® in Australia for cardiac surgeons under the Authorised Prescriber Scheme and Investigator Initiated Studies.
- Over the past year, 6 surgeons in Australia have been approved for early access to CardioCel® for the repair and treatment of congenital heart disease. This is strong validation for both the importance of CardioCel® in the future treatment of congenital heart disease and other cardiac defects and the benefits that CardioCel® offers surgeons in treating these defects.
- During the year, the Company also announced positive results in the comparative study with ADAPT® prepared tissue in pelvic floor reconstructions and hernia repair. This data was important as it showed that ADAPT® prepared tissue is superior to existing products and has the strength equal to that of synthetic materials and shows the ability for Allied to grow a portfolio of regenerative tissue products from this platform technology.
- As recently announced, Allied's regenerative medicine division was awarded a $1.9M grant from Commercialisation Australia to prepare and launch CardioCel® into the global markets. This award and project has been supported with assistance from the Australian Government through Commercialisation Australia. This grant is further validation of the quality of the program as well as the importance that CardioCel® offers patients and the late stage of development of the product.

Therefore, the past 12 months for the regenerative medicine division has been very productive as the Company moves towards marketing approvals of the first regenerative product CardioCel® and building out the portfolio of regenerative tissue products.

Next Generation Vaccines

Over the past 12 months, Allied Healthcare has increased its investment into its vaccines subsidiary Coridon, the company created to hold Professor Ian Frazer's DNA vaccine intellectual property and technology. At the end of the year, Allied owned a 50.1% stake in these programs.

The activities with the DNA vaccine team remain focused on infectious diseases (HSV vaccine) and oncology programs (HPV vaccine). During the year, the team achieved strong pre-clinical results for the HPV therapy which showed that it prevented HPV infection and related cancer disease progression; and getting the HSV-2 program into the first clinical trial. The interim results for the Phase 1 study are due at the end of the 2013.

The Company is looking forward to another positive year for these programs as it undertakes additional pre-clinical studies with the HPV program and the Herpes program receives interim clinical results.

Annual General Meeting

No date has been set for the Annual General Meeting at this stage however the Group expects it to be held in November 2013 and will notify both the ASX and shareholders of the date once confirmed.

Audit

The financial statements on which this report is based have been audited.

ALLIED HEALTHCARE GROUP

(ABN 35 088 221 078)

ANNUAL REPORT 30 JUNE 2013

DIRECTORS' REPORT

Your Directors present their report on Allied Healthcare Group Limited ("the Company") and the consolidated entity (referred to hereafter as the Group) for the year ended 30 June 2013.

DIRECTORS

The Directors of the Company in office during the financial year and until the date of this report are as follows (Directors were in office for the entire period unless otherwise stated).

- Chris Catlow
- Lee Rodne
- Graeme Rowley
- Michael Bennett
- Peter Turvey

PRINCIPAL ACTIVITIES

During the year, the principal continuing activity of the Group consisted of:

- Providing quality innovative medical devices and best of class products and services to the Australasian Healthcare market and the development of biotech products for the international medical market.

OPERATING RESULT

The operating result for the year:

	CONSOLIDATED	
	2013	2012
	$	$
Loss before income tax	**(3,023,324)**	(10,357,773)
Income tax benefit	**604,827**	135,638
Loss for the year	**(2,418,497)**	(10,222,135)

DIVIDENDS

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

SHARE CAPITAL

1,035,171,181 ordinary shares and 93,100,000 unlisted options were on issue as at 30 June 2013.

OPERATING AND FINANCIAL REVIEW

Group Overview

Allied Healthcare Group Limited is a diversified healthcare company focused on developing next generation technologies with world class partners, acquiring strategic assets to grow its product and service offerings and expanding revenues from its existing profitable medical sales and distribution business. The Company has assets from Research & Development through Clinical Development as well as Sales, Marketing and Distribution.

The Group is in the process of commercialising its innovative tissue engineering technology for regenerative medicine and recently received marketing approval in Europe for its lead product CardioCel®. Allied is also developing the next generation of vaccines with a Brisbane-based research group led by Professor Ian Frazer. The vaccine programmes target disease with significant global potential like Herpes and Human Papilloma virus.

Review of Operations

The loss for the consolidated entity after providing for income tax and non-controlling interest amounted to $1,892,406 (2012: $9,995,227). Key factors contributing to the current year performance are discussed below.

Operating sales revenue increased by 14.8% to $7.4M during the year, primarily due to the 30% increase in infusion product sales, but was partially offset by a decrease in cardiac equipment sales. The infusion sales included initial sales from a 5 year supply contract with the Mater Misericordiae Hospital in Townsville worth several million dollars to the Group over the life of the supply contract. Importantly the Group would like to acknowledge initial sales of CardioCel® our lead regenerative product under the Authorised Prescriber Scheme during the year.

Total cost of sales increased by 11% to $3.8M for the year, consistent with higher infusion product sales. The loss in the prior year was significantly greater than the current year due to an impairment of goodwill of $5.76M recognised in the year

On 30 June 2013, the Group increased its holding in Coridon Pty Ltd to 50.1%. In accordance with accounting standards the Group recognised their portion of loss from equity accounted investment of $1.16M. The Group then remeasured the fair value of the investment to complete the business combination and recognised a gain of $2.56M. More recently Allied Healthcare Group has increased its ownership in Coridon to 52%. as the Group initiates its Herpes Phase 1 clinical study with interim results expected by the end of December 2013.

DIRECTORS' REPORT (continued)

Financial Position

During the year the company raised $4.6M through a placement and Shareholder Purchase Plan. In addition, in June 2013, the Group was awarded a Commercial Australian grant for the commercialisation of CardioCel®, which will provide non-dilutive funding towards the commercial launch of CardioCel®. This project has been supported with the assistance from the Australian Government through Commercialisation Australia.

The intangibles increased by 188% for the year, primarily due to the value of the technology licence held by Coridon Pty Ltd and the goodwill recognised from the business combination on 30 June 2013. The Group is currently provisionally accounting for the business combination.

The non-current trade and other payables relates to a stand-by letter of credit, payable to Arcomed AG. The stand-by letter of credit was obtained to fund capital equipment purchases to supply the Mater Misericordiae Hospital in Townville as part of the 5 year supply contract.

Material Business Risks

The Group has identified the below specific risks which could impact upon its future prospects.

Commercial risk

The Group's ability to achieve profitability is dependent on a number of factors, including its ability to complete successful clinical trials, and obtain regulatory approval for ADAPT® treated medical devices. As with all new technologies, there is always a chance these technologies, such as ADAPT®, can be surpassed by newer technologies, however, the Group's continuing R&D into the use of stem cells with our ADAPT® scaffolds should provide the basis for second and third generation product development. Indications are that the commercially attractive markets already identified for the potential use of the ADAPT® technology will remain and grow substantially over the next ten to fifteen years.

The Group has made the appropriate patent applications. There is a risk that these patents will not be granted or constested, which may lead to expensive and lengthy patent disputes for which there can be no guaranteed outcome.

Clinical trial risk

The development of biomedical devices and technologies is inherently risky and subject to factors beyond the Group's control. The industry is heavily regulated, subject to intense competition and reliant on the timely availability of clinical data to reinforce product/device registration. There is no assurance that products developed using the ADAPT® technology will prove to be safe and efficacious in clinical trials or that the regulatory approval to manufacture and market products will be received. Clinical trials can also potentially expose the Group to product liability claims in the event that its products in development have unexpected effects on clinical subjects.

The Group also has an investment into Coridon. Coridon is currently undertaking research and development in the area of DNA vaccines. The nature of this is inherently risky and subject to factors beyond the Group's control and therefore has similar risks to those outlined above for the ADAPT® technology.

Competition

As with most markets, there can be no assurance that other parties will not develop, or achieve commercialisation or, products or intellectual property that compete with or supersede the Group's potential products or intellectual property. Therefore it is highly likely there are most likely competing development programs in the areas being researched by the Group.

There can be no assurance that the Group's competitors will not succeed in developing technologies and products that are as good as the Allied technology or more effective than any which are being developed by the Group.

Despite the existence of a general statutory framework in Australia and international conventions which are intended to protect against certain anti-competitive practices, there can be no assurance that the applicable laws will be enforced sufficiently to protect the Group from anti-competitive practices by its competitors or that major competitors will not use their strategic positions to gain a competitive advantage in some future period, whether by means of price reductions or by other means.

Financial performance

The amount, timing and payment of any dividend will depend on a range of factors, including future capital and research and development requirements and the financial position generally of the Group at the time. There will also be factors that affect the ability of the Group to pay dividends and the timing of those dividends that will be outside the control of the Group and its Directors. The Directors are, therefore, unable to give any assurance regarding the payment of dividends in the future.

Intellectual property

The Group's success will depend, in part, on its ability to obtain adequate and valid patent protection, maintain trade secret protection and operate without infringing the proprietary rights of third parties or having third parties circumvent the Group's rights.

While the Group believes it has taken appropriate steps to protect its proprietary technology, the law may not adequately protect it in all places the Group does business or enable the Group's rights to be enforced with sufficient adequacy.

The enforceability of a patent is dependent on a number of factors which may vary between jurisdictions, including the validity of the patent and the scope of protection it provides. The validity of a patent depends upon factors such as the novelty of the invention, the requirement in many jurisdictions that the invention not be obvious in light of the prior art (including any prior use or documentary disclosure of the invention), the utility of the invention and the extent to which the patent specification clearly discloses the best method of working or carrying out the invention. The legal interpretation of these requirements often varies between jurisdictions. The scope of rights provided by a patent can also differ between jurisdictions. There can be no assurance even if the Group succeeded or succeeds in obtaining the grant of patents, that others will not seek to imitate the Group's products, and in doing so, attempt to design their products in such a way as to circumvent the Group patent rights. Additionally, the ability of the legal process to provide efficient and effective procedures for dealing with actual or suspected infringements can vary considerably between jurisdictions.

Regarding the Group's patent applications, no guarantee can be given that such protection will be obtained by the Group. If such patents are not granted, it may be possible for a third party to imitate and use the Group's intellectual property without its authorisation or to develop and use similar technology independently. The Group will pursue vigorously both its existing and all future patent applications for Australian and foreign patent applications. No guarantee can be given nor does the grant of a patent guarantee that the patent concerned is valid or that the patented technology does not infringe the rights of others.

The Group may wish to expand into foreign countries in the future and the laws of many foreign countries treat the protection of proprietary rights differently from the laws in Australia. Those laws may not protect the Group's proprietary rights to the same extent as do laws in Australia.

Staff

The Group's future success depends on its continuing ability to retain and attract highly qualified technical, research and development, and managerial personnel. Competition for such personnel can be intense and there can be no assurance that the Group will be able to retain its key managerial, research and development, and technical employees or that it will be able to attract and retain additional highly qualified personnel in the future. The inability to attract and retain the necessary personnel could have a material and adverse effect upon the Group's business, results of operations and financial condition.

Likely Developments

Outlook

The Group's key focuses for next year include the commercial launch of CardioCel® specifically in Europe, regulatory approval in the US, increasing revenue to over $8M of existing infusion products and undertake additional pre-clinical studies with the HPV program and the completion of the Herpes Phase I clinical trial with interim results expected by the end of December 2013.

The Commercialisation Australia grant will be used to assist in the preparation and launch of CardioCel® globally, which will provide non-dilutive funding. The Group may require additional funding to achieve future planned outcomes and to continue to build shareholder wealth.

Business Strategies

The Group's business strategies to achieve the above goals include:

- finalising scale-up manufacturing of CardioCel® to meeting expected global demand
- commence studies to expand the use of the ADAPT® prepared tissue in additional cardiovascular applications vascular repairs, pelvic floor reconstructions and hernia repair
- submit regulatory applications and responses to queries prior to deadlines
- review potential products to add to infusion product range
- from an operations perspective the Group will continue to search for opportunities to drive costs down.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors, there were no significant changes in the state of affairs of the Group that occurred during the financial year not otherwise disclosed in this report of the Financial Statements.

On 30 June 2013 Allied Healthcare Group Investments Pty Ltd, a subsidiary of Allied Healthcare Group Ltd, acquired additional 4,562,191 shares in Coridon Pty Ltd to take a controlling interest of 50.1%. This is a medical research and development business and operates in the DNA Vaccine division of the consolidated entity.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 4 July 2013, 367,347 ordinary fully paid shares were issued to executives for achieving key performance indicators stipulated in their contracts.

On 8 July 2013, the Group announced that an additional surgeon has been approved to use CardioCel® under the Authorised Prescriber Scheme.

On 26 August 2013, the Group announced CardioCel® had been granted CE Mark.

On 27 August, the Group announced that 1,250,000 options were exercised at $0.06. The Group also announced cancellation of 2,000,000 $0.06 options, expiry 18 May 2017.

On 30 August, the Group announced that 1,000,000 options were exercised at $0.06.

DIRECTORS' REPORT (continued)

ENVIRONMENTAL REGULATIONS

The Group is not currently subject to any environmental regulations.

GREENHOUSE GAS AND ENERGY DATA REPORTING REQUIREMENTS

The Group is subject to the reporting requirements of both the *Energy Efficiency Opportunities Act 2006* and the *National Greenhouse and Energy Reporting Act 2007.*

The *Energy Efficiency Opportunities Act 2006* requires the Group to assess its energy usage, including the identification, investigation and evaluation of energy saving opportunities, and to report publicly on the assessments undertaken, including what action the group intends to take as a result. The group continues to meet its obligations under this Act.

The *National Greenhouse and Energy Reporting Act 2007* requires the Group to report its annual greenhouse gas emissions and energy use. The Group has implemented systems and processes for the collection and calculation of the data required and submitted its 2009/2010 report to the Greenhouse and Energy Data Officer.

INFORMATION ON DIRECTORS

Director	Experience	Special Responsibilities	Particulars of Director's Interest in Shares and Options of the Company	
			Ordinary Shares	**Options**
C. Catlow	Non-Executive Chairman appointed 16 June 2011. Mr Catlow has over 26 years experience in various senior roles in major operating companies and has considerable experience in raising both equity and debt for large projects. Mr Catlow was the inaugural CFO and senior executive for 7 years at Fortescue Metals Group Ltd and played a central role in its development and in raising more than US$4 billion. Other current directorships Sirius Minerals Plc: and Indo Mines Ltd. Former directorships in last 3 years None	Chairman Member of audit committee Member of remuneration committee	14,635,477	16,000,000
L. Rodne	Executive Director appointed as Managing Director 16 June 2011. Mr Rodne has over 17 years of leadership experience in healthcare, technology, medical devices, and mining & renewable energy sectors in North America, UK and Australia. Mr Rodne has been in executive leadership roles in both public and private enterprises. Mr Rodne also led consulting services to the U.S. Healthcare, Device and Technology industries including Hospitals, Clinics, Multi-National Medical Device companies, Healthcare Insurance markets and various technology driven companies. Other current directorships None Former directorships in last 3 years None	Managing Director	24,129,398	19,200,000

DIRECTORS' REPORT (continued)

INFORMATION ON DIRECTORS

Director	Experience	Special Responsibilities	Particulars of Director's Interest in Shares and Options of the Company	
			Ordinary Shares	Options
G. Rowley	Non-Executive Director appointed 16 June 2011. Mr Rowley played a central role in the development of Fortescue Metals Group Ltd from its inception in 2003. Previously he was an executive with Rio Tinto Plc holding senior positions in Hamersley Iron and Argyle Diamonds. Other current directorships Fortescue Metals Group Limited Former directorships in last 3 years None	Member of audit committee Member of remuneration committee	16,584,292	8,000,000
M. Bennett	Executive Director appointed as Managing Director since 16 July 2003. Resigned as Managing Director and appointed Executive Director since 16 June 2011. Mr Bennett has over 36 years sales and marketing experience working for US and European medical device companies and has been involved in the introduction of many new medical and surgical device technologies to the Australian market. Since 1979 he owned and operated his own private surgical supply company and has exclusively represented some major overseas medical device manufacturing companies. Other current directorships None Former directorships in last 3 years None	Nil	10,620,000	2,500,000
P. Turvey	Non-Executive Director appointed 18 May 2012. Mr Turvey has spent the last 29 years involved in the biotechnology industry, most of which were as General Counsel and Company Secretary in Australia's largest biotechnology company, CSL Limited. Mr Turvey was heavily involved in CSL's acquisitions and divestments over those years and directly responsible for the protection and licensing of its intellectual property. Other current directorships Starpharma Holdings Limited AusBiotech Limited Foursight Associates Pty. Ltd. Agriculture Victoria Services Pty. Ltd Former directorships in last 3 years None	Member of audit committee	1,388,664	1,000,000

DIRECTORS' REPORT (continued)

COMPANY SECRETARY

Stephen Mann has nine years of experience in a variety of business finance, accounting, risk and administration roles. He is experienced in the areas of accounting, corporate governance, operational and financial management. He holds a Bachelor of Business Degree (Acc & Bus Law) and is a member of the Institute of Chartered Accountants.

MEETINGS OF DIRECTORS

The numbers of meetings of the Company's Board of Directors and of each Board committee held during the year ended 30 June 2013, and the numbers of meetings attended by each Director were:

Directors	Full Meetings of Directors		Meetings of Audit Committee		Meetings of Remuneration Committee	
	A	**B**	**A**	**B**	**A**	**B**
Chris Catlow	6	6	2	2	3	3
Lee Rodne	6	6	**	**	**	**
Graeme Rowley	6	6	2	2	3	3
Michael Bennett	6	6	**	**	**	**
Peter Turvey	6	6	1	1	**	**

A = Number of meetings attended
B = Number of meetings held during the time the director held office or was a member of the committee during the year
** = Not a member of the relevant committee

The Board meets regularly on an informal basis in addition to the above meetings.

Details of the membership of the committees of the Board are presented in the Corporate Governance Statement.

REMUNERATION REPORT (Audited)

The remuneration report is set out under the following main headings:

A Principles Used To Determine the Nature and Amount of Remuneration

B Details of Remuneration

C Service Agreements

D Share-Based Compensation

The information provided in this Remuneration Report has been audited as required by section 308(3C) of the *Corporations Act 2001*. There were no executives other than Directors of the Company during the financial year. Hence no executive disclosures are made in this report. The remuneration arrangements detailed in this report are for Non-Executive and Executive Directors as follows:

- Chris Catlow — Chairman
- Lee Rodne — Managing Director
- Graeme Rowley — Non-Executive Director
- Peter Turvey — Non-Executive Director
- Michael Bennett — Executive Director

In addition, Julian Chick, Robert Atwill, Stephen Mann, Ian Fraser and Neil Finlayson have been disclosed as they are considered by the directors to be key management personnel.

A Principles Used to Determine the Nature and Amount of Remuneration

The objective of the Company's remuneration framework is to ensure reward for performance is competitive and appropriate for the results delivered and set to attract the most qualified and experienced candidates.

Remuneration levels are competitively set to attract the most qualified and experienced directors and senior executive officers, in the context of prevailing market conditions.

The Company embodies the following principles in its remuneration framework:

- the Board seeks independent advice on remuneration policies and practices including recommendations on remuneration packages and other terms of employment for Directors; and
- in determining remuneration, advice is sought from external consultants on current market practices for similar roles, the level of responsibility, performance and potential of the Director and performance of the Group.

In accordance with best practice corporate governance, the structure of Non-Executive and Executive remuneration is separate and distinct. Remuneration Committee responsibilities are carried out by Christopher Catlow and Graeme Rowley.

Non-Executive Directors

Fees and payments to the Non-Executive Directors' reflect the demands which are made on and the responsibilities of the Directors. The Non-Executive Director's fees and payments are reviewed annually by the Board. The Non-Executive Chairman's fees are determined based on competitive roles in the external market. The Chairman is not present at any discussions relating to the determination of his own remuneration.

The Non-Executive Directors fees and payments were reviewed by the remuneration committee to ensure they were appropriate and in line with the market. At the 2012 AGM it was agreed by shareholders that directors could elect to receive shares as payment for directors fees. In December 2012, directors were issued 3,617,355 shares at an issue price of 2.29 cents (based on the 5 day VWAP). The Chairman currently receives a fixed fee for his services as a Director.

The Company's Non-Executive Director's remuneration package contains the following key elements:

- primary benefits – quarterly director's fees.
- equity – share options under the Allied Healthcare Group Share Option Incentive Plan (as approved by shareholders at the 2012 Annual General Meeting).

The Non-Executive Director's fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum currently stands at $250,000 per annum and was approved by shareholders at the 2002 Annual General Meeting.

No retirement benefits are provided other than compulsory superannuation.

Executive Directors

The Company's Executive Directors' remuneration packages contain the following key elements:

- primary benefits – fees via base service agreements and a parking bay.
- equity – share options under the Allied Healthcare Group Share Option Incentive Plan (as approved by shareholders at the Annual General Meeting on 20 November 2012).

The combination of these components comprises the Executive Directors' total remuneration.

Service agreements are in place for Executive Directors which provide for a fixed base fee per annum. External remuneration information provides benchmark information to ensure the base pay is set to reflect the market for a comparable role. Base fees are reviewed annually to ensure the level is competitive with the market. There is no guaranteed base fee increases included in any Executive Director contracts. A parking bay is also provided as an additional benefit to Executive Directors.

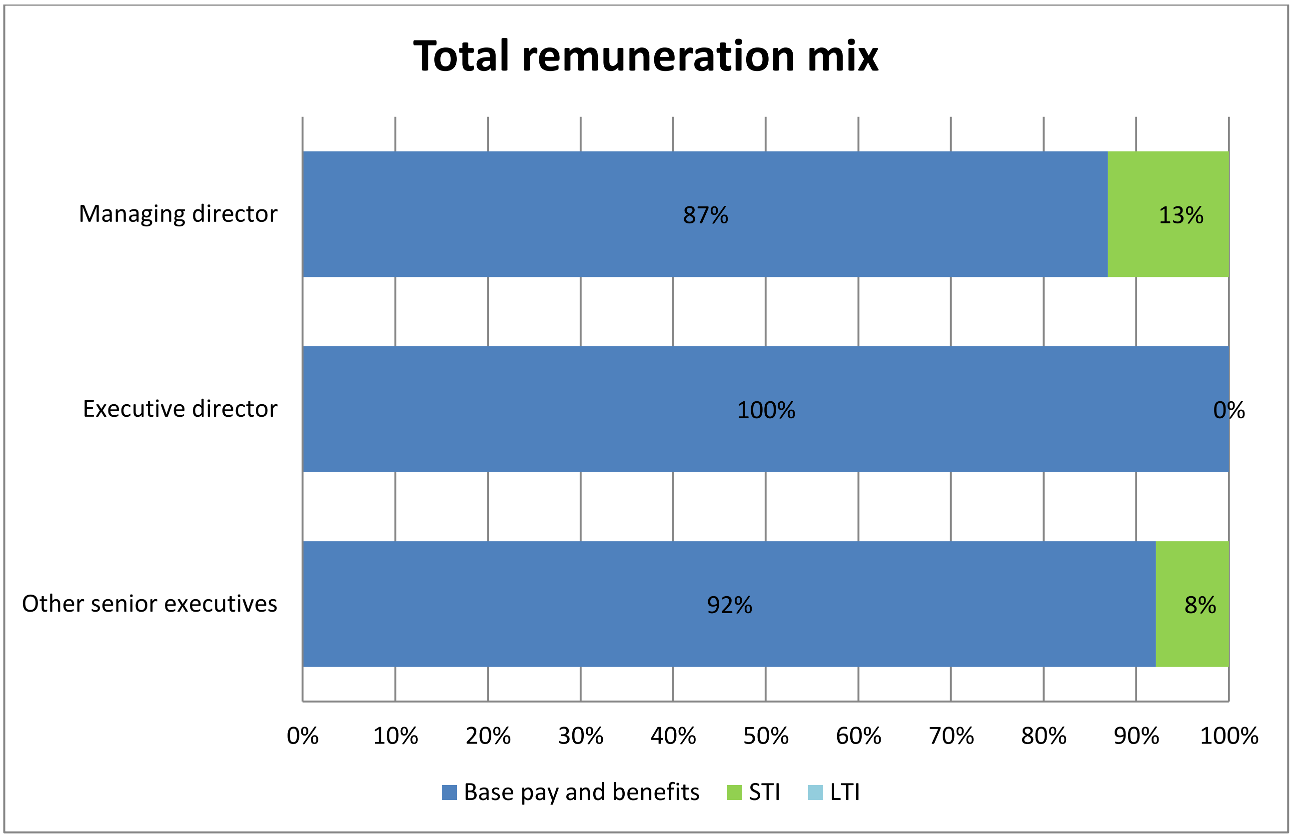
There are no performance conditions on options issued to directors and employees.

DIRECTORS' REPORT (continued)

A Principles Used to Determine the Nature and Amount of Remuneration

Executive Directors (continued)

Executive remuneration mix
The following chart sets out the executives' target remuneration mix:



CONSOLIDATED ENTITY PERFORMANCE AND LINK TO REMUNERATION

Remuneration for certain individuals is directly linked to performance of the consolidated entity. A portion of bonus and incentive payments are dependent on defined key performance indicators being met. The remaining portion of the bonus and incentive payments are at the discretion of the Remuneration Committee. Refer to section E of the remuneration report for details of the last five years earnings and total shareholders return.

The Remuneration Committee is of the opinion that the continued improved results can be attributed in part to the adoption of performance based compensation and is satisfied that this improvement will continue to increase shareholder wealth if maintained over the coming years.

USE OF REMUNERATION CONSULTANTS

The Company did not use any remuneration consultants during the period.

VOTING AND COMMENTS MADE AT THE COMPANY'S 2012 ANNUAL GENERAL MEETING

The Company received more than 90% of "yes" votes on its remuneration report for the 2012 financial year. The company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

DIRECTORS' REPORT (continued)

B Details of Remuneration

Details of the remuneration of the Directors of the Group is set out below:

	Short-term benefits				Post-employment benefits	Share based benefits	Total	Percentage remuneration consisting of shares/options for the year	Performance related
2013	Directors fees $	Consulting fees $	Salary $	Bonus $	Super-annuation $	Equity shares/options $	$	%	%
Non-Executive Director									
C. Catlow	45,000	-	-	-	4,500	-	49,500	-	-
G. Rowley	35,000	-	-	-	3,500	-	38,500	-	-
P. Turvey [3]	35,000	-	-	-	3,500	-	38,500	-	-
Executive Directors									
L. Rodne	-	-	260,000	39,000	29,900	-	328,900	-	13
M. Bennett	-	240,000	-	-	24,000	-	264,000	-	-
Total directors compensation (Group)	115,000	240,000	260,000	39,000	65,400	-	719,400		
Key Management Personnel									
S. Mann [6]	-	-	122,274	-	12,213	365	134,852	0	-
J. Chick [7]	-	-	240,000	20,000	24,000	17,459	301,459	16	12
R. Atwill [8]	-	-	339,897	13,500	33,025	21,000	407,422	5	8
I. Fraser [9]	-	-	-	-	-	-	-	-	-
N Finlayson [9]	-	-	-	-	-	-	-	-	-
Total key management personnel compensation (Group)	-	-	702,171	33,500	69,238	38,824	843,733		
TOTAL	**115,000**	**240,000**	**962,171**	**72,500**	**134,638**	**38,824**	**1,563,133**		
2012									
Non-Executive Director									
C. Catlow	46,967	-	-	-	4,697	-	51,664	-	-
G. Rowley	31,311	-	-	-	3,131	-	34,442	-	-
P. Turvey [3]	4,112	-	-	-	411	14,733	19,256	77	-
J. Soerdirdja [4]	27,623	-	-	-	2,762	-	30,385	-	-
R. Towner [5]	13,525	159,140	-	-	1,352	-	174,017	-	-
Executive Directors									
L. Rodne	-	-	260,000	-	26,000	-	286,000	-	-
M. Bennett	-	291,000	-	-	-	-	291,000	-	-
Total directors compensation (Group)	123,538	450,140	260,000	-	38,353	14,733	886,764		
Key Management Personnel									
S. Mann [6]	-	-	115,031	-	11,500	-	126,531	-	-
D. Bromley [6]	-	20,479	-	-	-	-	20,479	-	-
J. Chick [7]	-	-	116,616	-	11,662	26,520	154,798	17	-
R. Atwill [8]	-	-	127,382	-	12,738	44,200	184,320	24	-
Total key management personnel compensation (Group)	-	20,479	359,029	-	35,900	70,720	486,128		
TOTAL	**123,538**	**470,619**	**619,029**	**-**	**74,253**	**85,453**	**1,372,892**		

(1) Remuneration in prior year is not linked to the performance of the Company.
(2) There are no termination or retirement benefits for Non-Executive Directors (other than statutory superannuation).
(3) P. Turvey was appointed as Non-Executive Director on 18 May 2012.
(4) J. Soerdirdja resigned as Non-Executive Director on 18 May 2012.
(5) R. Towner changed from being and Executive Director to Non-Executive on 17 October 2011. R. Towner then resigned as Non-Executive Director on 2 April 2012.
(6) S. Mann was appointed Company Secretary and D. Bromley resigned as Company Secretary on 20 October 2011.
(7) J. Chick was appointed COO for Group on 8 January 2012.
(8) R. Atwill was appointed the CEO of Celxcel Pty Ltd and executive of the Group on 21 November 2011 and resigned 7 June 2013. Salary includes end of service payment.
(9) I Fraser and N. Finlayson became key management personnel when Group took controlling interest in Coridon Pty Ltd on 30 June 2013.

REMUNERATION REPORT (continued)

C Service Agreements

On appointment, the Non-Executive Directors enter into a service agreement with the Company in the form of a letter of appointment. The letter outlines the Board's policies and terms, including remuneration relevant to the office of director.

Remuneration and other terms of employment for the Managing Director and Executive Director are formalised in service agreements. The major provisions relating to remuneration are set out below.

Lee Rodne, Managing Director

- Term of agreement – shall continue until terminated;
- Base salary of $260,000 for the year ended 30 June 2012, to be reviewed annually;
- Superannuation of 10% is payable under the agreement; and
- The board may, it its discretion elect to provide annual bonus up to an amount equal to 100% of the base salary.
- Contract may be terminated early by either party with twelve months notice, subject to termination payments as outlined below.

Michael Bennett, Executive Director

- Term of agreement – 3 years from 1 April 2012;
- Base fee of $240,000 for the year ended 30 June 2012, to be reviewed annually;
- Superannuation of 10% is payable under the agreement; and
- No performance based benefits payable under the agreement.
- Contract may be terminated early by either party with six months notice, subject to termination payments as outlined below.

Termination benefits

Post-employment benefits include accrued long service leave, which is due and payable after every seven consecutive years of service. The service agreements provide Executive Directors with three months of base fee in the event of redundancy. No other termination benefits are payable, unless the Company does not provide the required six month notice period of termination, then three months of base fee is payable.

D Share-based Compensation

Options

On 24 April 2013 an executive received 2,000,000 options as a sign-on bonus.

On 18 June 2013 the Company issue 15,300,000 options to staff under the ESOP.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (continued)

No shares have been issued to Directors as a result of the exercise of any Plan options in the current financial year. (2012: nil).

During the period 5,000,000 of the 15,300,000 ESOP options were issued to key management personnel (2012: nil).

Set out below are summaries of options granted by Allied Healthcare Group Limited to directors and key management personnel:

Grant date	Expiry date	Exercise price $	Balance at start of the year Number	Granted during the year Number	Cancelled Number	Exercised during the year Number	Balance at end of the year Number	Value at grant date
12/8/2011	10/7/2016	0.06	4,500,000	-	-	-	4,500,000	182,700
22/8/2011	10/7/2016	0.06	48,800,000	-	-	-	48,800,000	419,680
18/5/2012	18/5/2017	0.06	5,800,000	-	(2,000,000) [a]	-	3,800,000	85,453
18/6/2013	18/6/2018	0.095		5,000,000	-	-	5,000,000	1,824
Total			**59,100,000**	**5,000,000**	**(2,000,000)**	**-**	**62,100,000**	**689,657**

(a) R. Atwill resigned 7 June 2013

Options Directors of Allied Healthcare Group Limited	Balance at the start of the year	Granted as compensation	Cancelled	Balance at the end of the year	Unvested	Vested and exercisable
Directors						
C. Catlow	16,000,000	-	-	16,000,000	10,666,667	5,333,333
L. Rodne	19,200,000	-	-	19,200,000	12,800,000	6,400,000
G Rowley	8,000,000	-	-	8,000,000	5,333,334	2,666,666
M. Bennett	2,500,000	-	-	2,500,000	1,666,667	833,333
P. Turvey	1,000,000	-	-	1,000,000	666,667	333,333
S. Mann	2,400,000	1,000,000	-	3,400,000	2,600,000	800,000
D. Bromley	2,000,000	-	-	2,000,000	1,333,334	666,666
J. Chick	5,000,000	4,000,000	-	9,000,000	7,333,334	1,666,666
R. Atwill	3,000,000	-	(2,000,000)	1,000,000	-	1,000,000

Fair Value of Options Granted

The assessed fair value at grant date of options granted during the year ended 30 June 2013 was 3.33 cents per option for Tranche A. 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 year ended 30 June 2013 included:

Tranche A

(a) options issued under the ESOP 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:* $0.095
(c) *grant date:* 18 June 2013
(d) *expiry date:* 18 June 2018
(e) *share price at grant date:* $0.054
(f) *expected price volatility of the company's shares:* 90%
(g) *risk-free interest rate:* 2.84%

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.

DIRECTORS’ REPORT (continued)

REMUNERATION REPORT (continued)

E Additional information

The earnings of the consolidated entity for the five years to 30 June 2013 are summarised below:

	2013 $	2012 $	2011 $	2010 $	2009 $
Sales revenue	7,415,188	6,460,516	6,772,776	4,160,904	3,482,400
EBITDA	(2,750,544)	(10,082,174)	(1,144,759)	1,201	778,302
EBIT	(3,023,324)	(10,357,773)	(1,958,526)	(2,712)	776,554
Profit/(Loss) after tax	(3,029,946)	(10,222,135)	(1,953,648)	(42,649)	541,926

The factors that are considered to affect total shareholder return (‘TSR’) are summarised below:

	2013 $	2012 $	2011 $	2010 $	2009 $
Share price at financial year end ($A)	0.049	0.018	0.081	0.024	0.044
Total dividends declared (cents per share)	-	-	-	-	-
Basic earnings per share (cents per share)	(0.276)	(1.507)	(0.990)	(0.968)	12.370

THIS IS THE END OF THE AUDITED REMUNERATION REPORT

SHARES UNDER OPTION

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

Date options granted	Expiry date	Issue price of shares	Number under option	Value of option at grant date
22 Oct 2009	22 Oct 2014	10 cents	5,000,000	4.00 cents
12 Aug 2011	10 Jul 2016	6 cents	7,400,000	4.06 cents
22 Aug 2011	10 Jul 2016	6 cents	53,600,000	0.86 cents
20 Oct 2011	20 Oct 2014	6 cents	6,000,000	1.70 cents
18 May 2012	18 May 2017	6 cents	3,800,000	1.47 cents
26 April 2013	1 March 2018	6 cents	2,000,000	1.67 cents
18 June 2013	18 June 2018	9.5 cents	15,300,000	3.33 cents
Total			**93,100,000**	

No optionholder has any right under the options to participate in any other share issue of the Company or any other entity. The options are exercisable at any time after vesting or before the expiry date.

During the period the following options lapsed:
209,172 unlisted options lapsed on 31 December 2012 with an exercise price of 10 cents per option (2012: 76,191,484).

INSURANCE OF OFFICERS

During the financial year, the Company paid a premium in respect of a contract insuring the Directors and Officers of the Company and any subsidiary against a liability incurred as a Director or Officer to the extent permitted by the Corporations Act 2001. Due to a confidentiality clause in the policy, the amount of the premium has not been disclosed.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

DIRECTORS' REPORT (continued)

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purposes of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001.*

NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties, where the auditors' expertise and experience with the Company are important.

Details of the amounts paid or payable to the auditor (BDO Audit (WA) Pty Ltd) for audit and non-audit services provided during the year are set out below.

The board of Directors has considered the position and, in accordance with the advice received for the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

During the year the following fees were paid or payable for services provided by the auditor of the Company, its related practices and non-related audit firms:

	2013	2012
	$	$
Non-audit Services		
Taxation services		
Related practices of BDO:		
Taxation compliance services	**7,854**	49,436

AUDITOR

BDO Audit (WA) Pty Ltd continues in office in accordance with section 327 of the *Corporations Act 2001*.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is attached.

This report is made in accordance with a resolution of the Directors.

Chris Catlow

Chairman
Perth, Western Australia

Dated 30 August 2013

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38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

30 August 2013

Allied Healthcare Group Limited
The Board of Directors
Level 1, 197 Adelaide Terrace
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 year ended 30 June 2013, 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 audit; and
- any applicable code of professional conduct in relation to the audit.

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

BDO

Brad McVeigh
Director

BDO Audit (WA) Pty Ltd
Perth, Western Australia

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 30 JUNE 2013

	Note	CONSOLIDATED 2013 $	2012 $
Revenue from continuing operations	4	**7,415,188**	6,460,516
Cost of sales		**(3,758,730)**	(3,387,402)
Gross profit		**3,656,458**	3,073,114
Other income		**10,305**	138,431
Gain from remeasuring equity investment to fair value	23	**2,561,518**	-
Administrative expenses		**(292,638)**	(445,561)
Employee benefits	5	**(3,582,045)**	(2,892,163)
Consultancy fees	5	**(1,031,643)**	(1,234,048)
Travel expenses		**(897,428)**	(474,317)
Research and development costs	5	**(811,055)**	(393,720)
Corporate costs		**(190,813)**	(312,279)
Operations costs		**(651,465)**	(579,999)
Marketing expenses		**(242,555)**	(137,982)
Share based payments	31	**(7,569)**	(187,453)
Asset write-downs	5	**(110,112)**	(112,997)
Impairment expense	5	**-**	(5,756,038)
Depreciation expense	5	**(31,401)**	(34,220)
Amortisation expense	5	**(241,379)**	(241,379)
Loss from equity accounting	23	**(1,161,502)**	(767,162)
Loss before income tax from continuing operations		**(3,023,324)**	(10,357,773)
Income tax benefit	6	**604,827**	135,638
Loss after income tax for the year		**(2,418,497)**	(10,222,135)
Total loss is attributable to:			
Equity holders of Allied Healthcare Group Limited		**(1,892,406)**	(9,995,227)
Non-controlling interest	22	**(526,091)**	(226,908)
		(2,418,497)	(10,222,135)
Loss per share from continuing operations attributable to ordinary equity holders of the Company (cents per share)		**Cents**	Cents
Basic loss per share	25	**(0.208)**	(1.507)
Diluted loss per share		**n/a**	n/a

The above Consolidated Statement of Profit or Loss should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2013

		CONSOLIDATED	
	Note	**2013** **$**	2012 $
Loss for the year		**(2,418,497)**	(10,222,135)
Other comprehensive income		**-**	-
Total comprehensive loss		**(2,418,497)**	(10,222,135)
Total comprehensive loss is attributable to:			
Equity holders of Allied Healthcare Group Limited		**(1,892,406)**	(9,995,227)
Non-controlling interest	22	**(526,091)**	(226,908)
		(2,418,497)	(10,222,135)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2013

	Note	CONSOLIDATED 2013 $	2012 $
ASSETS			
Current Assets			
Cash and cash equivalents	26	**2,445,423**	2,064,052
Trade and other receivables	7	**1,530,997**	1,080,472
Inventories	8	**1,917,507**	1,719,619
Total Current Assets		**5,893,927**	4,864,143
Non-Current Assets			
Investments accounted for using the equity method	9	**-**	2,500,033
Property, plant & equipment	10	**121,651**	132,094
Intangibles	11	**9,682,947**	3,357,630
Deferred tax asset	12	**865,271**	343,804
Total Non-Current Assets		**10,669,869**	6,333,561
TOTAL ASSETS		**16,563,796**	11,197,704
LIABILITIES			
Current Liabilities			
Trade and other payables	13	**661,503**	398,826
Provisions	14	**189,474**	213,185
Income tax payable	15	**30,138**	12,903
Total Current Liabilities		**881,115**	624,914
Non-Current Liabilities			
Trade and other payables	16	**466,859**	-
Provisions	17	**140,748**	119,330
Borrowings	18	**-**	20,013
Total Non-Current Liabilities		**607,607**	139,343
TOTAL LIABILITIES		**1,488,722**	764,257
NET ASSETS		**15,075,074**	10,433,447
EQUITY			
Contributed equity	20	**25,035,391**	20,331,475
Reserves	21	**845,442**	837,873
Accumulated losses		**(12,633,133)**	(10,740,727)
		13,247,700	10,428,621
Capital and reserves attributable to equity holders of Allied Healthcare Group			
Non-controlling interest	22	**1,827,374**	4,826
TOTAL EQUITY		**15,075,074**	10,433,447

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2013

	Share Capital $	Share-based payments reserve $	Accumulated Losses $	Total $	Non-controlling Interest $	Total Equity $
Balance at 1 July 2011	**13,925,166**	**459,620**	**(745,500)**	**13,639,286**	**(853)**	**13,638,433**
Loss for the year	-	-	(9,995,227)	(9,995,227)	(226,908)	(10,222,135)
Total comprehensive income	-	-	(9,995,227)	(9,995,227)	(226,908)	(10,222,135)
Transactions with non-controlling interest	-	-	-	-	232,587	232,587
Transactions with owners in their capacity as owners						
Shares issued during the period	6,387,777	-	-	6,387,777	-	6,387,777
Options issued during the period	-	187,453	-	187,453	-	187,453
Shares issued to set-up equity facility	-	190,800	-	190,800	-	190,800
Capital raising costs	(425,561)	-	-	(425,561)	-	(425,561)
Exercise of options	444,093	-	-	444,093	-	444,093
Balance at 30 June 2012	**20,331,475**	**837,873**	**(10,740,727)**	**10,428,621**	**4,826**	**10,433,447**
Loss for the year	-	-	(1,892,406)	(1,892,406)	(526,091)	(2,418,497)
Total comprehensive income	-	-	(1,892,406)	(1,892,406)	(526,091)	(2,418,497)
Transactions with non-controlling interest	-	-	-	-	452,381	452,381
Non-controlling interest on acquisition of subsidiary – Coridon Pty Ltd	-	-	-	-	1,896,258	1,896,258
Transactions with owners in their capacity as owners						
Shares issued during the period	4,715,959	-	-	4,715,959	-	4,715,959
Options issued during the period	-	7,569	-	7,569	-	7,569
Capital raising costs	(199,589)	-	-	(199,589)	-	(199,589)
Recognise tax effect on capital raising costs	187,545	-	-	187,545	-	187,545
Exercise of options	1	-	-	1	-	1
Balance at 30 June 2013	**25,035,391**	**845,442**	**(12,633,133)**	**13,247,700**	**1,827,374**	**15,075,074**

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

CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 30 JUNE 2013

	Note	CONSOLIDATED 2013 $	2012 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**7,353,628**	6,699,697
Payment to suppliers		**(11,340,363)**	(10,162,059)
Income taxes paid		**(6,622)**	(88,046)
R&D tax refund		**294,762**	-
Interest paid		**(10,865)**	(10,209)
Interest received		**12,200**	24,863
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	26	**(3,697,260)**	(3,535,754)
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash acquired on acquisition of subsidiaries	3	**322,603**	-
Payments for property, plant & equipment		**(19,524)**	(33,468)
Payments for intangible assets		**(73,412)**	(59,488)
Payments for equity accounted investment		**(1,000,000)**	(2,370,000)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		**(770,333)**	(2,462,956)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share or options issues		**4,596,172**	6,831,870
Share issue transaction costs		**(199,589)**	(353,213)
Purchase of equity in controlled entity by non-controlling interest		**452,381**	232,587
NET CASH INFLOW FROM FINANCING ACTIVITIES		**4,848,964**	6,711,244
NET INCREASE / (DECREASE) IN CASH HELD		**381,371**	712,534
CASH AT BEGINNING OF THE YEAR		**2,064,052**	1,351,518
CASH AT END OF THE YEAR	26	**2,445,423**	2,064,052

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Allied Healthcare Group Limited and its subsidiaries (together referred to as 'the Group').

Financial information for Allied Healthcare Group Limited as an individual entity is included in Note 34.

(a) Basis of Preparation

This general-purpose financial statement has been prepared in accordance with Australian Accounting Standards ('AASB'), other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the *Corporations Act 2001*.

The financial report has been prepared on the basis of the historical cost convention and is presented in Australian dollars.

Statement of Compliance

The consolidated financial statements and notes of Allied Healthcare Group Limited also comply with International Financial Reporting Standards ('IFRS').

New accounting standards and interpretations

New and amended standards adopted by the Group

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2012 affected any amounts recognised in the current period or any prior period and are not likely to affect future periods.

New accounting standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2013 reporting periods and have not yet been applied in the financial report. The Group's assessment of the impact of these new standards and interpretations is set out below.

Reference	Title	Nature of Change	Application date of standard	Impact on Allied Healthcare Group Limited financial statements	Application date for Allied Healthcare Group Limited
AASB 9 (issued December 2009 and amended December 2010)	Financial Instruments	Amends the requirements for classification and measurement of financial assets. The available-for-sale and held-to-maturity categories of financial assets in AASB 139 have been eliminated. AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income.	Periods beginning on or after 1 January 2015	Adoption of AASB 9 is only mandatory for the year ending 30 June 2016. The Allied Healthcare Group Limited has not yet made an assessment of the impact of these amendments.	1 July 2015

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of Preparation (continued)

Reference	Title	Nature of Change	Application date of standard	Impact on Allied Healthcare Group Limited financial statements	Application date for Allied Healthcare Group Limited
AASB 10 (issued August 2011)	Consolidated Financial Statements	Introduces a single 'control model' for all entities, including special purpose entities (SPEs), whereby all of the following conditions must be present: • Power over investee (whether or not power used in practice) • Exposure, or rights, to variable returns from investee • Ability to use power over investee to affect the entity's returns from investee. • Introduces the concept of 'defacto' control for entities with less than 50% ownership interest in an entity, but which have a large shareholding compared to other shareholders. This could result in more instances of control and more entities being consolidated.	Annual reporting periods commencing on or after 1 January 2013	When this standard is first adopted for the year ended 30 June 2014, there will be no impact on transactions and balances recognised in the financial statements because the entity does not have any special purpose entities. Allied is still in the process of assessing whether they hold 'defacto' control over Coridon Pty Limited.	1 July 2013
AASB 11 (issued August 2011)	Joint Arrangements	Joint arrangements will be classified as either 'joint operations' (where parties with joint control have rights to assets and obligations for liabilities) or 'joint ventures' (where parties with joint control have rights to the net assets of the arrangement).	Annual reporting periods commencing on or after 1 January 2013	When this standard is first adopted for the year ended 30 June 2014, there will be no impact on transactions and balances recognised in the financial statements because the entity has not entered into any joint arrangements.	1 July 2013
AASB 12 (issued August 2011)	Disclosure of Interests in Other Entities	Combines existing disclosures from AASB 127 *Consolidated and Separate Financial Statements*, AASB 128 *Investments in Associates* and AASB 131 *Interests in Joint Ventures*. Introduces new disclosure requirements for interests in associates and joint arrangements, as well as new requirements for unconsolidated structured entities.	Annual reporting periods commencing on or after 1 January 2013	As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, additional disclosures will be required for interests in associates and joint arrangements, as well as for unconsolidated structured entities.	1 July 2013

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of Preparation (continued)

Reference	Title	Nature of Change	Application date of standard	Impact on Allied Healthcare Group Limited financial statements	Application date for Allied Healthcare Group Limited
AASB 13 (issued September 2011)	Fair Value Measurement	AASB 13 establishes a single framework for measuring fair value of financial and non-financial items recognised at fair value in the statement of financial position or disclosed in the notes in the financial statements. Additional disclosures required for items measured at fair value in the statement of financial position, as well as items merely disclosed at fair value in the notes to the financial statements. Extensive additional disclosure requirements for items measured at fair value that are 'level 3' valuations in the fair value hierarchy that are not financial instruments.	Annual reporting periods commencing on or after 1 January 2013	When this standard is adopted for the first time for the year ended 30 June 2014, additional disclosures will be required about fair values.	1 July 2013
AASB 119 (reissued September 2011)	Employee Benefits	Employee benefits expected to be settled (as opposed to due to settled under current standard) wholly within 12 months after the end of the reporting period are short-term benefits, and therefore not discounted when calculating leave liabilities. Annual leave not expected to be used wholly within 12 months of end of reporting period will in future be discounted when calculating leave liability.	Annual periods commencing on or after 1 January 2013	When this standard is first adopted for 30 June 2014 year end, annual leave liabilities will be recalculated on 1 July 2012 as long-term benefits because they are not expected to be settled wholly within 12 months after the end of the reporting period. This will result in a reduction of the annual leave liabilities recognised on 1 July 2012, and a corresponding increase in retained earnings at that date.	1 July 2013
AASB 2012-5 (issued June 2012)	Annual Improvements to Australian Accounting Standards 2009-2011 Cycle	Non-urgent but necessary changes to IFRSs (IAS1, IAS 16 & IAS 32).	Periods commencing on or after 1 January 2013	When this standard is first adopted for the year ended 30 June 2013, there will be no material impact.	I July 2013

FOR THE YEAR ENDED 30 JUNE 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of Preparation (continued)

Reference	Title	Nature of Change	Application date of standard	Impact on Allied Healthcare Group Limited financial statements	Application date for Allied Healthcare Group Limited
IFRS (issued December 2011)	Mandatory Effective Date of IFRS 9 and Transition Disclosures	Entities are no longer required to restate comparatives on first time adoption. Instead, additional disclosures on the effects of transition are required.	Annual reporting periods commencing on or after 1 January 2015	As comparatives are no longer required to be restated, there will be no impact on amounts recognised in the financial statements. However, additional disclosures will be required on transition, including the quantitative effects of reclassifying financial assets on transition.	1 July 2015

(b) Principles of Consolidation

Subsidiaries

Subsidiaries are entities controlled by the Company. The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the Consolidated Entity, being Allied Healthcare Group Limited ("Company" or "Parent Entity") and its subsidiaries as defined in AASB 127: Consolidated and Separate Financial Statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

The consolidated financial statements include the information and results of the subsidiary from the date on which the Company obtains control and until such time as the Company ceases to control such entity. Acquisitions of entities are accounted for using the acquisition method of accounting (see note 1 (h)).

In preparing the consolidated financial statements, all inter-company balances and transactions, income and expenses and profit and losses resulting from intra-group transactions are eliminated in full.

Non-controlling interests' in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income and statement of financial position respectively. Total comprehensive income is attributable to the owners of Allied Healthcare Group Limited and non-controlling interests even if this results in the non-controlling interests having a debit balance.

Changes in ownership interest

The Group treats transactions with non-controlling interests that does not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interest and any consideration paid or received is recognised in a separate reserve within equity attributable to the owners of Allied Healthcare Group Limited.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Principles of Consolidation (continued)

Reverse Acquisition

In accordance with AASB 3 "Business Combinations", when Allied Healthcare Group Limited (the legal parent) acquired Allied Medical Limited group (being Allied Medical Limited and its controlled entities Medevco Pty Limited and Innovative Medical Technologies (IMT) Limited) (the legal subsidiary), the acquisition was deemed to be a reverse acquisition since the substance of the transaction is that the existing shareholders of Allied Medical Limited have effectively acquired Allied Healthcare Group Limited. Under reverse acquisition accounting, the consolidated financial statements are prepared as if Allied Medical Limited had acquired Allied Healthcare Group Limited and its controlled entity, not vice versa represented by the legal position.

- In reverse acquisition accounting, the cost of the business is deemed to have been incurred by the legal subsidiary (the acquirer for accounting purposes) in the form of equity instruments issued to the owners of the legal parent (the acquiree for accounting purposes). However, due to the fact that the fair value of the equity instruments of the legal subsidiary (Allied Medical Limited) was not clearly evident at the date which the control was passed, the alternative method was elected (per AASB 3, para B6), where the cost of the business combination was determined as the total fair value of all the issued equity instruments of the legal parent (Allied Healthcare Group Limited) immediately prior to the business combination.

- In the separate financial statements of the legal parent (Allied Healthcare Group Limited), the investment in legal subsidiary (Allied Medical Limited) was accounted for at cost.

As a consequence:

- An exercise is performed to fair value the assets and liabilities of the legal acquirer, Allied Healthcare Group Limited;

- The cost of the investment held by the legal parent (Allied Healthcare Group Limited) in the legal subsidiary (Allied Medical Limited) is reversed on consolidation and the cost of reverse acquisition is eliminated on consolidation against the consolidated equity and reserves of Allied Medical Limited and its consolidated entities at date when control is passed. The effect of this is to restate the consolidated equity and reserves balances to reflect those of Allied Medical Limited at the date of acquisition;

- The amount recognised as issued equity instruments are determined by adding to the issued equity of the legal subsidiary immediately before the business combination, the cost of the combination; and

- The consolidated financial statements are issued under the name of the legal parent (Allied Healthcare Group Limited) but are a continuation of the financial statements of the deemed acquirer (Allied Medical Limited) under the reverse acquisition rules.

Associates

Associates are all entities over which the group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost. The group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition (refer to note 23).

The group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised as reduction in the carrying amount of the investment.

When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Segment Reporting

Operating Segments under which segment information is presented is on the same basis as that used for internal reporting purposes. This has resulted in operating segments being reported in a manner consistent with the internal reporting provided to the Board of Directors, who are considered to be the chief operating decision makers.

An operating segment‘s operating results are reviewed regularly by the Board of Directors to make decisions about resources to be allocated to the segment and assess its performance.

(d) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable.

Sale of goods
Revenue from the sale of goods is recognised when a group entity sells a product to the customer. Retail sales are usually on account with payment due within 30 days.

Interest income

Revenue recognised as interest accrues using the effective interest method. The effective method uses the effective interest rate which is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset.

Lease income

Lease income from operating leases is recognised in income on a straight-line basis over the lease term.

(e) Government Grants

Grants from the Government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

(f) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period’s taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary difference arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax liabilities and assets are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Allied Healthcare Group Limited and its Australian controlled entity has not implemented the tax consolidation legislation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Operating Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases are charged to the income statement in a straight-line basis over the period of the lease.

Lease income from operating leases, where the Group is lessor, is recognised in income on a straight line basis over the lease term.

(h) Business Combinations

The acquisition method of accounting is used to account for all business combinations. Consideration is measured at the fair value of the assets transferred, liabilities incurred and equity interests issued by the group on acquisition date. Consideration also includes the acquisition date fair values of any contingent consideration arrangements, any pre-existing equity interests in the acquiree and share-based payment awards of the acquiree that are required to be replaced in a business combination. The acquisition date is the date on which the group obtains control of the acquiree. Where equity instruments are issued as part of the consideration, the value of the equity instruments is their published market price at the acquisition date unless, in rare circumstances it can be demonstrated that the published price at acquisition date is not fair value and that other evidence and valuation methods provide a more reliable measure of fair value.

Identifiable assets acquired and liabilities and contingent liabilities assumed in business combinations are, with limited exceptions, initially measured at their fair values at acquisition date. Goodwill represents the excess of the consideration transferred and the amount of the non-controlling interest in the acquiree over fair value of the identifiable net assets acquired. If the consideration and non-controlling interest of the acquiree is less than the fair value of the net identifiable assets acquired, the difference is recognised in profit or loss as a bargain purchase price, but only after a reassessment of the identification and measurement of the net assets acquired.

For each business combination, the group measures non-controlling interests at either fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Acquisition-related costs are expensed when incurred. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Where the group obtains control of a subsidiary that was previously accounted for as an equity accounted investment in associate or jointly controlled entity, the group remeasures its previously held equity interest in the acquiree at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss.

(i) Impairment of Assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which they are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets other than goodwill are reviewed for possible reversal of the impairment at each reporting date.

(j) Cash and Cash Equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown in current liabilities on the Consolidated Statement of Financial Position.

(k) Investments and Other Financial Assets

The Group has no financial assets with the exception of cash and cash equivalents (refer to note 1(j)), and receivables (refer to note 1(u)). The parent entity investment in subsidiary is carried at cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Property, Plant and Equipment

Items of property, plant and equipment are stated at historical cost less accumulated depreciation. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred at the date of acquisition plus costs directly attributable to the acquisition. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be reliably measured. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate cost over the estimated useful life of an item of property, plant and equipment.

The estimated useful lives for each class of assets in the current and comparative periods are as follows:

- Plant and equipment 3 years

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each Consolidated Statement of Financial Position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the income statement.

(m) Intangible Assets

Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segments (note 27).

Intellectual property

Costs incurred on intellectual property (IP) are recognised at cost of acquisition. IP has a remaining useful life of 13.5 years and is carried at cost less any accumulated amortisation and any impairment losses.

Patents

Costs associated with patents are recognised at cost of acquisition. Patents have an indefinite life and are carried at cost less any accumulated amortisation and any impairment losses.

Research and development

Expenditure on research activities, undertaken with the prospect of obtaining new scientific or technical knowledge and understanding, is recognised as an expense as incurred.

Expenditure on development activities, being the application of research findings or other knowledge to a plan or design for the production of new or substantially improved products or services before the start of commercial production or use, is capitalised if the product or service is technically and commercially feasible and adequate resources are available to complete the development. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the income statement as an expense as incurred. To date, no development costs have been capitalised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Inventories

Finished goods

Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(o) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(p) Borrowings

Borrowings are initially measured at the principal amount. Interest is charged as an expense as it accrues. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the Reporting date.

(q) Employee Benefits

General

Employee benefits expenses arising in respect of wages and salaries, annual leave, long service leave and other types of employee benefits are charged to the income statement in the period in which they are incurred. Contributions to superannuation funds by the Company are charged to the income statement when due. A superannuation scheme is not maintained on behalf of employees.

Wages, salaries, annual leave and sick leave

Liabilities for employee benefits for wages, salaries and annual leave expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date, are measured at undiscounted amounts based on remuneration wage and salary rates that the entity expects to pay at reporting date.

Long service leave

The liability for long service leave is recognised in provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Retirement benefit obligations

The Group makes statutory superannuation guarantee contributions in respect of each employee to their nominated complying superannuation plan. In certain circumstances, pursuant to an employee's employment contract the Group may also make salary sacrifice superannuation contributions in addition to the statutory guarantee contribution.

Contributions to the employees' superannuation plans are recognised as an expense as they become payable.

Share based payments

Share based compensation benefits are provided to employees via the Allied Healthcare Group Employee Share Option Plan (ESOP).

The fair value of options granted under the ESOP is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and recognised on that date.

The fair value is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the non-tradeable nature of the option, the share price and expected price volatility of the underlying shares, the expected yield and the risk free interest rate for the term of the option.

(r) Contributed Equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Earnings Per Share

Basic earnings per share

Basic earnings per share are determined by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share by taking into account amounts unpaid on ordinary shares and any reduction in earnings per share that will probably arise from the exercise of options outstanding during the financial year.

Options granted under the Allied Healthcare Group Share Option Plan are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The options have not been included in the determination of basic earnings per share.

(t) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case, it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(u) Trade and Other Receivables

Trade receivables are recognised initially at fair value and then subsequently measured at amortised cost. Trade receivables are due for settlement within 30 days from the date of the sale.

Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivable.

(v) Accounting Estimates and Judgements

In the process of applying the accounting policies, management has made certain judgements or estimations which have an effect on the amounts recognised in the financial statements.

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Share based payment transactions

The cost of share based payments to employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted.

Goodwill

Goodwill is calculated as the premium between the fair value of the assets and liabilities of the entity acquired and the consideration paid. Shares issued as consideration have been valued at market value. Provisional accounting of the business combination has been applied as allowed by AASB 3: Business Combinations.

Impairment of intangible assets (patent costs)

Intangible assets that have an indefinite life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

2. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks (including interest rate risk, credit risk and liquidity risk). The Group's overall risk management program focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group does not use derivative financial instruments, however, the Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate risk, aging analysis for credit risk and at present are not exposed to price risk.

Risk management is carried out by the Board of Directors with assistance from suitably qualified external advisors. The Board provides written principles for overall risk management and further policies will evolve commensurate with the evolution and growth of the Company.

The Group and the Company hold the following financial instruments:

	CONSOLIDATED	
	2013	2012
	$	$
Financial assets		
Cash and cash equivalents	**2,445,423**	2,064,052
Trade and other receivables	**1,530,997**	1,080,472
	3,976,420	3,144,524
Financial liabilities		
Trade and other payables	**1,128,362**	380,759
Borrowings	**-**	20,013
	1,128,362	400,772
Net financial assets	**2,848,058**	2,743,752

The Group's principal financial instruments comprise cash and short-term deposits. The Group does not have any borrowings in the current year.

The main purpose of the financial instruments is to fund the Group's operations.

It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Group are cash flow (interest rate risk, liquidity risk and credit risk). The Board reviews and agrees policies for managing each of these risks and they are summarised below:

FOR THE YEAR ENDED 30 JUNE 2013

2. FINANCIAL RISK MANAGEMENT (continued)

(a) Market Risk

Cash flow and interest rate risk

The Group's only interest rate risk arises from cash and cash equivalents held. Term deposits and current accounts held with variable interest rates expose the group to cash flow interest rate risk. The Company does not consider this to be material to the Group and has therefore not undertaken any further analysis of risk exposure.

The following sets out the Group's exposure to interest rate risk, including the effective weighted average interest rate by maturity periods:

	Note	Weighted average interest rate	Total $
30 June 2013 Consolidated			
Financial assets			
Cash and cash equivalents	27	0.3%	2,445,423
Financial liabilities			
Borrowings	18		-
Total			2,445,423
30 June 2012 Consolidated			
Financial assets			
Cash and cash equivalents	27	0.8%	2,064,052
Financial liabilities			
Borrowings	18		20,013
Total			2,044,039

Sensitivity
At 30 June 2013, if interest rates had increased by 0.15% or decreased by 0.2% from the year end rates with all other variables held constant, post-tax loss for the year would have been 3,668 lower/4,891 higher (2012 changes of 0.3%/0.4%: 6,192 lower/ 8,256 higher), mainly as a result of higher/lower interest income from cash and cash equivalents.

(b) Credit Risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to retail customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The compliance with credit limits by wholesale customers is regularly monitored by line management. Sales to retail customers are required to be settled in cash or using major credit cards, mitigating credit risk.

For some receivables the group obtained deposits to cover the cost of defaults by customers. The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

	CONSOLIDATED	
	2013	2012
	$	$
Cash at bank and short-term bank deposits	**2,445,423**	2,064,052
AA		

2. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash balances and access to equity funding.

The Group's exposure to the risk of changes in market interest rates relates primarily to cash assets and floating interest rates. The Group does not have significant interest-bearing assets and is not materially exposed to changes in market interest rates.

The Directors monitor the cash-burn rate of the Group on an ongoing basis against budget. As at reporting date the Group had sufficient cash reserves to meet its requirements. The Group has no access to credit standby facilities or arrangements for further funding or borrowings in place.

The financial liabilities the Group had at reporting date were trade payables incurred in the normal course of the business. These were non-interest bearing and were due within the normal 30-60 days terms of creditor payments. Borrowings consist of loans from external shareholders of Celxcel Pty Ltd, which are payable at call and interest-free.

Maturities of financial liabilities

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 6 months $	6-12 months $	1-2 years $	2-5 years $	Over 5 years $	Total contractual cash flows $	Carrying amount (assets)/ liabilities $
Group – At 30 June 2013							
Non-derivatives							
Trade and other payables	**661,503**	-	**466,859**	-	-	**1,128,362**	**1,128,362**
Non-interest bearing	-	-	-	-	-	-	-
Total non-derivatives	**661,503**	-	**466,859**	-	-	**1,128,362**	**1,128,362**
Group – At 30 June 2012							
Non-derivatives							
Trade and other payables	380,759	-	-	-	-	380,759	380,759
Non-interest bearing	20,013	-	-	-	-	20,013	20,013
Total non-derivatives	400,772	-	-	-	-	400,772	400,772

(d) Fair Value Estimation

The fair value of financial assets and liabilities must be estimated for recognition and measurement or for disclosure purposes.

The carrying value less impairment provision of receivables and trade payables are assumed to approximate their fair values due to their short-term nature.

The consolidated entity's principal financial instruments consist of cash and deposits with banks, accounts receivable, trade payables and loans payable. The main purpose of these non-derivative financial instruments is to finance the entity's operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

3. BUSINESS COMBINATIONS

Coridon Pty Limited acquisition

On 30 June 2013 Allied Healthcare Group Investments Pty Ltd, a subsidiary of Allied Healthcare Group Ltd, acquired additional 4,562,191 shares in Coridon Pty Ltd via convertible note to take controlling interest of 50.1%. This is a medical research and development business and operates in the DNA Vaccine division of the consolidated entity.

The acquisition is part of the Group's overall strategy to expand its distribution operations to continue funding new medical technologies.

As the directors are yet to determine the fair value of Coridon's assets and liabilities provisional accounting has been applied.

	Acquiree's Carrying Amount	Fair Value
	$	$
Purchase consideration:		
— equity issued (44,303,307 shares at $0.1106 per share)		4,900,049
— cash at bank		(322,603)
		4,577,446
Less:		
Property, plant and equipment	1,433	1,433
Intangibles (i)	3,500,141	3,500,141
Payables	(21,013)	(21,013)
Identifiable assets acquired and liabilities assumed	3,480,561	3,480,561

	Note	
Non-controlling interest (49.9%)	21	1,896,258
Goodwill (ii)	11	2,993,143

i. Coridon Pty Ltd paid a Technology Licence fee of $13,150,000 to Uniquest Pty Ltd for exclusive world-wide right to commercialise the intellectual property owned by the University. The technology licence has been amortised in-line with expiry of patents over intellectual property.

ii. The Goodwill was attributable to Coridon's strong research position with DNA vaccines. Coridon have now started a Phase I trial of the vaccine for Herpes simplex virus 2 (HSV-2), which is aimed at both preventing the spread of the virus and offering a treatment to those infected. Coridon are also developing a next-generation therapeutic vaccine for Human Papiloma Virus (HPV) and associated cancers. Directors agreed that as the transaction has only just completed an impairment test has not been completed at 30 June 2013. An impairment test will be completed prior to 30 June 2014.

Loss and revenue resulting from the acquisition of Coridon Pty Limited amounting to $Nil and $Nil respectively are included in the consolidated statement of profit and loss for the year ended 30 June 2013.

Acquisition-date fair value of the equity of Coridon (39,741,116 shares at $0.1106 per share)	4,395,460
Gain from remeasuring equity investment to fair value	2,561,518

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

4. REVENUES

	CONSOLIDATED	
	2013	2012
	$	$
Revenue from continuing operations	**7,402,988**	6,435,653
Finance revenue	**12,200**	24,863
Total revenue from continuing operations	**7,415,188**	6,460,516
Breakdown of Finance Revenue:		
Interest	**12,200**	24,863

5. EXPENSES

	Note	CONSOLIDATED	
		2013	2012
		$	$
Loss before income tax includes the following specific expenses:			
Consultancy costs		**1,031,643**	1,234,048
Rental expense relating to operating leases			
Depreciation	10	**31,401**	34,220
Amortisation	11	**241,379**	241,379
Research and development costs		**811,055**	393,720
Asset write-downs:			
Write-down of inventory	8 (a)	**88,477**	79,356
Bad debt expense		**21,635**	33,641
Total Asset write-down		**110,112**	112,997
Impairment of assets:			
Investment	23	**-**	348,160
Intangibles – goodwill	11	**-**	5,407,878
Total impairment expense		**431,624**	5,756,038
Employee benefits expense			
Wages and salaries		**3,416,948**	2,721,037
Leave provisions		**165,097**	171,126
		3,582,045	2,892,163

6. INCOME TAX EXPENSE/(BENEFIT)

	CONSOLIDATED 2013 $	2012 $
(a) Income tax expense/(benefit)		
Current tax	**20,923**	12,903
Adjustment for prior period – current tax	**(104,482)**	(67,437)
Deferred tax	**(521,268)**	(81,104)
	(604,827)	(135,638)
Deferred income tax (revenue)/expense included in income tax expense comprises:		
Decrease/(Increase) in deferred tax assets	**(521,628)**	(81,104)
(Decrease)/Increase in deferred tax liabilities	-	-
	(521,628)	(81,104)
(b) Numerical reconciliation of income tax benefit to prima facie tax payable		
Loss from continuing operations before income tax expense	**(3,023,324)**	(10,357,773)
Tax at the Australian tax rate of 30% (2012: 30%)	**(906,997)**	(3,107,332)
Tax effect of amounts that are not deductible/(taxable) in calculating taxable income:		
Share based payments	**38,207**	-
Sundry non- deductible items	**423,447**	1,886,554
Sundry non-assessable items	**(768,705)**	-
Recognition of tax losses not previously recognised	**(751,311)**	-
Difference in tax rate of foreign jurisdictions	**(1,495)**	-
Other	**(15,713)**	-
	(1,982,567)	(1,220,778)
Under/(over) provision in prior years	**(104,482)**	(67,437)
Income tax benefit not recognised	**1,482,222**	1,152,577
Income tax expense/(benefit)	**(604,827)**	(135,638)
(c) Tax losses		
Unused tax losses for which no deferred tax assets have been recognised	**15,315,296**	2,773,546
Potential tax benefit at 30%	**4,594,589**	832,064

All unused tax losses were incurred by Australian entities. Unused tax losses for which no deferred tax asset has been recognised have not been recognised as the future recovery of those losses is subject to the Company satisfying the requirements imposed by the regulatory taxation authorities.

(d) Unrecognised temporary differences

Deferred tax assets and liabilities not recognised relate to the following:

	2013 $	2012 $
Deferred tax assets		
Provisions	**99,066**	99,754
Accruals	**92,653**	244,050
Capital raising through equity	**124,502**	-
Tax losses	**548,848**	-
Deferred tax liabilities		
Other temporary differences	**-**	-
Net deferred tax assets	**865,071**	343,804

(e) Tax consolidation legislation

Allied Healthcare Group and its Australian controlled entity have not implemented the tax consolidation legislation.

FOR THE YEAR ENDED 30 JUNE 2013

7. TRADE AND OTHER RECEIVABLES

	CONSOLIDATED	
	2013	2012
	$	$
Current		
Trade receivables	**1,071,845**	1,033,816
	1,071,845	1,033,816
Other receivables and prepayments	**459,152**	46,656
	1,530,997	1,080,472

Other receivables arise from deferment of cost of sales in relation to capital equipment sold to Mater Misericordiae Hospital in Townsville. Cost of sales will be spread across five years in line with agreed consumable purchases under tender. Balance also includes prepayments and security deposits for rental of corporate offices similar costs were included in June 2012.

Refer to Note 2 for information on the risk management policy of the Group.

(a) Past due but not impaired

As at 30 June 2013, trade receivables of $147,937 (2012: $164,576) were past due but not impaired. These relate to customers for whom there is no recent history of default. All debt is recognised as outstanding with a significant portion paying post year end or on payment instalment plan. The ageing analysis of these trade receivables is as follows:

	2013	2012
	$	$
Over 90 days	**147,937**	164,576

The other classes within trade and other receivables do not contain impaired assets and are not past due. Based on the history of these other classes, it is expected that these amounts will be received.

8. INVENTORIES

	CONSOLIDATED	
	2013	2012
	$	$
Finished goods – at cost	**1,917,507**	1,719,619

(a) Inventory expense

Write-downs of inventories to net realisable value recognised as an expense during the year ended 30 June 2013 amounted to $88,477 (2012: $79,356).

9. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	CONSOLIDATED	
	2013	2012
	$	$
Shares in associate (note 23)	-	2,500,033

On 30 June 2013 Allied Healthcare Group Investments Pty Ltd, a subsidiary of Allied Healthcare Group Ltd, acquired additional 4,562,191 shares in Coridon Pty Ltd via convertible note to take controlling interest of 50.1%. The investment in no longer accounted for using the equity method. Refer Business Combination at Note 3.

FOR THE YEAR ENDED 30 JUNE 2013

10. PROPERTY, PLANT & EQUIPMENT

	CONSOLIDATED 2013 $	2012 $
Plant & equipment		
Cost	**355,769**	326,623
Accumulated depreciation	**(234,118)**	(194,529)
Net book amount	**121,651**	132,094
Reconciliation		
Opening net book amount	**132,094**	132,846
Additions	**20,958**	33,468
Disposals	**-**	-
Asset write-down	**-**	-
Depreciation charge	**(31,401)**	(34,220)
Closing net book amount	**121,651**	132,094

No non-current assets are pledged as security by the Group.

11. INTANGIBLE ASSETS

	CONSOLIDATED 2013 $	2012 $
Patents	**172,421**	99,009
Intellectual property	**3,017,242**	3,258,621
Technology Licence	**3,500,141**	-
Goodwill (Note 3)	**2,993,143**	-
	9,682,947	3,357,630
Reconciliation - Patents		
Opening net book value	**99,009**	39,521
Additions - acquisitions	**73,412**	59,488
Impairment charge	**-**	-
Closing net book value	**172,421**	99,009
Reconciliation – Intellectual property		
Opening net book value	**3,258,621**	3,500,000
Accumulated amortisation	**(241,379)**	(241,379)
Closing net book value	**3,017,242**	3,258,621
Reconciliation – Technology Licence		
Opening net book value	**-**	-
Additions – acquisitions (Coridon Pty Ltd)	**3,500,141**	-
Accumulated amortisation	**-**	-
Closing net book value	**3,500,141**	-

FOR THE YEAR ENDED 30 JUNE 2013

11. INTANGIBLE ASSETS (continued)

	CONSOLIDATED	
	2013	2012
	$	$
Reconciliation – Goodwill		
Opening net book value	**-**	5,407,878
Additions –Coridon	**2,993,143**	-
Additions – Medevco	**-**	-
Additions – Allied Healthcare Group	**-**	-
Impairment charge	**-**	(5,407,878)
Closing net book value	**2,993,143**	-

The fair value of technology licence and goodwill from Coridon transaction were calculated on 30 June 2013. No impairment test was completed at 30 June 2013 as this was not required. The directors will perform an impairment test prior to 30 June 2014 in accordance with accounting requirements

The fair value of patents and goodwill from Allied Healthcare Group transaction were calculated on 24 June 2011. In the current year the directors obtained an independent valuation of the intellectual property held in Celxcel Pty Ltd at the time of acquisition. The valuation of the ADAPT tissue engineering technology has increased the fair value calculated for intangibles at 30 June 2011 by $3.5 million. This in turn caused a reduction in the goodwill value. The Directors took a conservative approach when testing goodwill for impairment. At the date of impairment test despite positive testing of products, no product had received regulatory approval for sale. Based on this the Directors believed no value could be placed on future earnings from these products at this time. On this basis the Directors consider the goodwill impaired.

12. NON-CURRENT ASSETS – DEFERRED TAX ASSETS

The composition and movement of deferred assets is as follows:

	Balance 1 July 11 $	**Recognised in profit or loss $**	**Balance 30 June 12 $**	**Recognised in profit or loss $**	**Balance 30 June 13 $**
Provisions	35,843	63,911	**99,754**	(688)	**99,066**
Accruals	19,624	(8,276)	**11,348**	12,902	**24,250**
Investment in associate	55,394	230,148	**285,542**	(285,542)	**-**
	-	-	**-**	124,502	**124,502**
Other	20,580	119,514	**140,094**	(71,689)	**68,405**
Tax assets	131,441	405,297	**536,738**	(220,515)	**316,223**
Set off of tax	-	(192,934)	**(192,934)**	741,782	**558,848**
Tax assets	131,441	212,363	**343,804**	521,267	**865,071**

FOR THE YEAR ENDED 30 JUNE 2013

12. NON-CURRENT ASSETS – DEFERRED TAX ASSETS (continued)

Deferred tax assets are attributable to the following:

Consolidated	Assets		Liabilities		Net	
	2013	2012	**2013**	**2012**	**2013**	2012
	$	$	**$**	**$**	**$**	$
Provisions	**99,066**	99,754	**-**	-	**99,066**	99,754
Accruals	**24,250**	11,348	**-**	-	**24,250**	11,348
Investment in associate	**-**	285,542	**-**	-	**-**	285,542
	124,502	-	**-**	-	**124,502**	-
Other	**68,405**	140,094	**-**	-	**68,405**	140,094
Set off of tax	**548,848**	(192,934)	**-**	-	**548,848**	(192,934)
Tax assets	**865,071**	343,804	**-**	-	**865,071**	343,804

Tax Losses
At 30 June 2013, Allied Healthcare Group had carried forward tax losses of $2,773,546 (2012: $2,773,546) that have not been recognised.

13. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	CONSOLIDATED	
	2013	2012
	$	$
Trade payables	**516,107**	350,614
Other payables and accruals	**145,396**	48,212
	661,503	398,826

Refer to Note 2 for information on the risk management policy of the Group.

14. CURRENT LIABILITIES – PROVISIONS

	CONSOLIDATED	
	2013	2012
	$	$
Employee benefits (a)	**189,474**	213,185

(a) Amounts not expected to be settled within the next 12 months

The current provision for employee benefits includes accrued annual leave, vesting sick leave and long service leave. For long service leave it covers all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount of the provision is presented as current, since the group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

FOR THE YEAR ENDED 30 JUNE 2013

15. CURRENT LIABILITIES – INCOME TAX

	CONSOLIDATED	
	2013	2012
	$	$
Provision for income tax	**30,138**	12,903

16. NON CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	CONSOLIDATED	
	2013	2012
	$	$
Trade payables	**466,859**	-
	466,859	-

Refer to Note 2 for information on the risk management policy of the Group.

Allied Medical Pty Ltd, a subsidiary of Allied Healthcare Group Ltd holds a standby letter of credit of CHF 403,734 payable to Arcomed AG. The standby letter of credit expires on 30/6/2014

17. NON CURRENT LIABILITIES – PROVISIONS

	CONSOLIDATED	
	2013	2012
	$	$
Long service leave provision	**140,748**	119,330

18. NON CURRENT LIABILITIES - BORROWINGS

	CONSOLIDATED	
	2013	2012
	$	$
Loans payable	-	20,013

(a) Financing Arrangements

The loan in 2012 was unsecured, interest-free and repayable at call to third-party shareholders in Celxcel Pty Ltd.

The Group does not have any lines of undrawn credit and no liabilities or assets are pledged as security.

(b) Fair Value

The fair value of the loans payable equals their carrying amount, as the impact of discounting is not significant.

No off-balance sheet liabilities are reported as at 30 June 2013 (2012: Nil).

(c) Risk Exposure

Information about the Group's and parent entity's exposure to interest rate risk is provided in Note 2.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

19. CONSOLIDATED ENTITIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary in accordance with the accounting policy described at Note 1(b).

Name of entity	Class of share	Country of Incorporation	Equity Holding 2013 %	Equity Holding 2012 %	Cost to Company 2013 $	Cost to Company 2012 $
Accounting Parent Entity						
Allied Medical Limited		Australia	**100**	100	**29,551,042**	29,551,042
Legal Parent Entity						
Allied Healthcare Group Limited	Ordinary	Australia	**-**	-	**-**	-
Controlled Entities						
Innovative Medical Technologies (IMT) Limited	Ordinary	New Zealand	**100**	100	**1**	1
Medevco Pty Limited	Ordinary	Australia	**100**	100	**847,423**	847,423
Celxcel Pty Limited	Ordinary	Australia	**79.1**	78.2	**3,029,556**	1,093,048
Admedus Corporation	Ordinary	USA	**100**	-	**104**	-
Coridon Pty Limited	Ordinary	Australia	**50.1**	-	**4,900,049**	-
					38,238,175	31,491,514

The proportion of ownership interest is equal to the proportion of voting power held. For acquisitions refer to Note 3.

20. CONTRIBUTED EQUITY

	SHARES 2013	SHARES 2012	$ 2013	$ 2012
(a) Share Capital				
Ordinary shares				
Fully paid	**1,035,171,181**	799,568,843	**25,035,391**	20,331,475

FOR THE YEAR ENDED 30 JUNE 2013

20. CONTRIBUTED EQUITY (continued)

	Date	Notes	No. shares	Issue Price	$
(b) Movements in Ordinary Share Capital					
Details					
Balance	**30/6/11**		**564,561,349**		**13,925,166**
Share placement		(d)	78,622,857	0.028	2,201,441
Shares issued for associated costs with set-up of equity facility		(e)	5,611,765		(190,800)
Conversion of options		(f)	11,228,323	0.04	444,093
Share placement		(g)	66,666,667	0.03	2,000,000
Share rights issue		(h)	72,877,882	0.03	2,186,336
Transaction costs			-		(234,761)
Balance	**30/6/12**		**799,568,843**		**20,331,475**
Executive bonuses portion paid in shares		(i)	2,176,470	0.017	37,000
Directors fees portion paid in shares		(j)	3,617,355	0.0229	82,789
Share placement		(k)	85,048,500	0.02	1,700,970
Conversion of options		(l)	13	0.10	1
Share purchase plan		(m)	144,760,000	0.02	2,895,200
Recognise tax effect on capital raising costs			-		187,545
Transaction costs			-		(199,589)
Balance	**30/6/13**		**1,035,171,181**		**25,035,391**

(c) Ordinary Shares

Ordinary shares entitle the holder to participate in dividends and the proceeds of winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting, in person or by proxy, is entitled to one vote and upon a poll each share is entitled to one vote.

(d) Share placement

In October 2011, current shareholders and sophisticated investors were approached to make further investment in the Group at a $0.028 per share.

(e) Set-up equity facility

The company entered into a US$3 million standby equity distribution agreement with Kodiak Capital. The funding facility can be drawn down at the Company's option. Shares issued relates to consideration paid to Kodiak Capital and an agency fee for entering the agreement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

20. CONTRIBUTED EQUITY (continued)

(f) Shares under option

Between 1 July and 31 December 2011, 11,228,323 listed options were exercised at 4 cents each. Information in relation to the current options issued, exercised or lapsed during the financial year is set out Note 20 (a).

(g) Share placements

Current shareholders were approached during the period to make further investment in the Group at the same rate as the Rights issue. This was used as a method to underwrite the rights issue.

(h) Share Rights Issue

A non-renounceable rights issue of shares was undertaken at an issue price of 3 cents per share.

(i) Executive bonuses portion paid in shares

In July 2012, executives received bonuses for achieving KPIs. Executives elected to receive a portion of bonus as shares at an issue price of 1.7 cents (based on the 5 day VWAP).

(j) Directors fees portion paid in shares

At the 2012 AGM it was agreed by shareholders that directors could elect to receive shares as payment for directors fees. In December 2012, directors were issued 3,617,355 shares at an issue price of 2.29 cents (based on the 5 day VWAP).

(k) Share placement

In December 2012, current shareholders and sophisticated investors were approached to make further investment in the Group at a $0.02 per share.

(l) Shares under option

Between 1 July and 31 December 2012, 13 unlisted options were exercised at 10 cents each. Information in relation to the current options issued, exercised or lapsed during the financial year is set out Note 20 (a).

(m) Share purchase plan

In January 2013, current shareholders were approached to make further investment in the Group at a $0.02 per share.

(n) Capital Risk Management

The Company's objective when managing capital is to safeguard the ability to continue as a going concern and to provide returns for shareholders and benefits for other stakeholders and to maintain capital structure to reduce the cost of capital.

The Board of Directors monitors capital on an ad-hoc basis. No formal targets are in place for return on capital or gearing ratios as the Group has not derived any income from the developing technology and currently has no debt facilities in place.
The Group defines capital as equity and net debt.

FOR THE YEAR ENDED 30 JUNE 2013

21. RESERVES AND ACCUMULATED LOSSES

	CONSOLIDATED	
	2013	2012
	$	$
(a) Reserves		
Share based payments	**845,442**	837,873

Movements	Date	No. options	Valuation	$
Opening balance	**1/7/11**	92,628,979	-	459,620
Unlisted options issued – Replacement Allied Medical Limited		53,600,000	-	-
Unlisted options issued – Reverse acquisition transaction		12,400,000	-	-
Unlisted options issued		11,800,000	0.0159	187,453
Unlisted options cancelled		(8,500,000)	-	-
Listed options exercised		(11,228,323)	-	-
Listed options cancelled		(72,691,484)	-	-
Shares issued to set-up Kodiak equity facility		-	-	190,800
Balance	**30/6/12**	**78,009,172**		837,873
Unlisted options cancelled		(2,209,172)	-	-
Unlisted options issued		2,000,000	0.017	1,988
Unlisted options issued		15,300,000	0.033	5,581
Balance	**30/6/13**	93,100,000		845,442

(b) Share-based payments

The share-based payments reserve is used to recognise the grant date fair value of options issued to employees but not exercised.

22. NON-CONTROLLING INTEREST

	CONSOLIDATED	
	2013	2012
	$	$
Interest in:		
Share Capital	**684,968**	232,587
Accumulated losses	**(753,852)**	(227,761)
Non-controlling interest – Coridon Pty Ltd	**1,896,258**	-
	1,827,374	4,826

During the period, the non-controlling interest in Celxcel Pty Ltd resulted in an adjustment of $526,091 to accumulated losses and $452,381 to share capital due to right issue during the year (2012: $226,908 accumulated losses and $232,587 share capital).

FOR THE YEAR ENDED 30 JUNE 2013

23. INVESTMENTS IN ASSOCIATES

	CONSOLIDATED	
	2013 **$**	2012 $
(a) Movements in carrying amounts:		
Carrying amount at the beginning of the financial year	**2,500,033**	1,245,355
Investment during year	**1,000,000**	2,370,000
Gain from remeasuring equity investment to fair value	**2,561,518**	-
Impairment charge	**-**	(348,160)
Share of loss after income tax	**(1,161,502)**	(767,162)
Transfer to controlled entities and elimination on consolidation (Note 3)	**(4,900,049)**	-
Carrying amount at the end of the financial year	-	2,500,033

(b) Summarised financial information of associates
The group's share of the results of its principal associates and its aggregated assets (including goodwill) and liabilities are as follows:

		Company's share of:			
	Ownership Interest **%**	**Assets** **$**	**Liabilities** **$**	**Revenues** **$**	**Profits/(Loss)** **$**
2012					
Coridon Pty Limited	44.4	2,412,877	38,756	22,208	(767,162)

All of the above associates are incorporated in Australia.

(c) Equity accounted value of unlisted investments in associates

	2013 **$**	2012 $
Coridon Pty Limited	-	2,500,033

(d) Contingent liabilities of associates

No contingent liabilities noted.

24. REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	CONSOLIDATED	
	2013 **$**	2012 $
(a) Audit Services		
BDO Audit (WA) Pty Ltd		
Audit and review of financial reports and other audit work under the Corporations Act 2001	**74,432**	119,376
(b) Non-audit Services		
Taxation services		
Related entities to BDO Audit (WA) Pty Ltd	**7,854**	49,436

It is the Group's policy to employ BDO on assignments additional to their statutory audit duties where BDO's expertise and experience with the Group are important.

25. EARNINGS PER SHARE

	CONSOLIDATED	
	2013 **Number**	2012 Number
(a) Weighted Average Number of Shares Used as the Denominator		
Weighted average number of ordinary shares used in the denominator in calculating basic earnings per share	**908,462,048**	663,193,947
Adjustment for calculation of diluted earnings per share: Options	**-**	-
Weighted average number of ordinary shares used in the denominator in calculating diluted earnings per share	**n/a**	n/a
	Cents	Cents
(b) Loss Used in Calculating Earnings/(Loss) Per Share	**(1,892,406)**	(9,995,227)
Basic earnings/(loss) per share	**(0.208)**	(1.507)
Diluted earnings/(loss) per share	**n/a**	n/a

(c) Information concerning classification of securities

Options:
No listed or unlisted options of Allied Healthcare Group Limited have been included in the determination of basic earnings/(loss) per share because all options on issue have an exercise price above the market share price of the Company as at year end.

Details relating to options granted under the Allied Healthcare Group Employee Share Option Plan (ESOP) are outlined in Note 30.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

26. RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	CONSOLIDATED	
	2013	2012
	$	$
(a) Reconciliation to Cash at the End of the Year		
Cash at bank and in hand	**2,445,423**	2,064,052
Total cash at the end of the year	**2,445,423**	2,064,052

(b) Cash at Bank and On Hand

These are interest bearing accounts held at bank with average interest rates of 0.15% (2012: 0.15%).

(c) Deposits At Call

The deposits bear floating interest rates at 0% pa. (2012: 0%)

No deposits were held by the Group during the current financial year.

(d) Interest rate Risk Exposure

The Group's exposure to interest rate risk is discussed in Note 2.

(e) Reconciliation of Loss After Income Tax to Net Cash Outflow from Operating Activities

	2013	2012
Loss for the year	**(2,418,497)**	(10,222,135)
Depreciation/Amortisation expense	**272,780**	275,599
Inventory write-down	**88,477**	79,356
Bad debts	**21,635**	33,641
Impairment charge	**-**	5,756,038
Non-cash share expense – share based payments	**127,357**	187,453
Loss on associate	**1,161,502**	767,162
Gain from remeasuring equity investment to fair value	**(2,561,518)**	-
Recognise tax effect on capital raising costs	**187,545**	
Share issue costs (Finance activities)	**-**	118,452
Change in operating assets and liabilities, net of effects from purchase of controlled entity:		
Decrease/increase) in receivables	**(471,719)**	103,166
Decrease in inventories	**(197,888)**	2,722
(Increase)/decrease in net tax asset	**17,235**	(11,321)
Increase in deferred tax	**(521,467)**	(212,363)
Decrease in creditors	**432,201**	(584,650)
Increase in other provisions	**165,097**	171,126
Net cash outflow from operating activities	**(3,697,260)**	(3,535,754)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

27. COMMITMENTS

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

	CONSOLIDATED	
	2013	2012
	$	$
(a) Operating Lease Commitments		
Future operating lease commitments not provided for in the financial statements and payable:		
Within one year	**152,596**	106,218
Later than one year but no later than five years	**109,475**	-
Later than five years	**-**	-
	262,071	106,218

The Company leases office space under an operating lease that expires in May 2015.
Coridon Pty Ltd leases office and lab space under an operating lease that expires 6 January 2014.

28. SEGMENT REPORTING

a. Description of 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 product and medical devices distribution;
- Bioimplants operations of Celxcel Pty Ltd; and
- DNA Vaccines operations of Coridon Pty Ltd.

b. Segment information

	Medical products & devices		**Bioimplants**		**DNA Vaccines**		**Total**	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012
	$	$	**$**	$	**$**	$	**$**	$
Total segment revenue	**7,390,988**	6,435,653	**12,000**	-	**-**	-	**7,402,988**	6,435,653
Segment profit/(loss)	**752,706**	267,698	**(2,520,798)**	(1,127,708)	**-**	-	**(1,768,092)**	(860,010)
Segment assets	**1,833,671**	3,863,587	**213,024**	304,401	**6,817,761**	-	**8,864,456**	4,167,988
Segment liabilities	**1,201,464**	477,432	**54,597**	14,065	**21,454**	-	**1,277,515**	491,497
Other information								
Acquisition of non-current assets	**10,912**	23,130	**6,297**	10,338	**-**	-	**17,209**	33,468
Depreciation	**24,422**	29,040	**5,014**	3,001	**-**	-	**29,436**	32,041
Asset write-down	**110,112**	112,997	**-**	-	**-**	-	**110,112**	112,997
Loss from equity accounting	**-**	-	**-**	-	**-**	-	**-**	-
Share-based payments	**-**	-	**-**	-	**-**	-	**-**	-
Impairment of intangibles	**-**	-	**-**	-	**-**	-	**-**	-

28. SEGMENT REPORTING (continued)

(c) Other segment information

(i) Segment revenue

Sales between segments are carried out at arm's length and are eliminated on consolidation.

Segment revenue reconciles to total revenue from continuing operations as follows:

	CONSOLIDATED	
	2013	2012
	$	$
Segment revenue	**7,402,988**	6,435,653
Interest revenue	**12,200**	24,863
Total revenue from continuing operations	**7,415,188**	6,460,516

(ii) Segment result

Performance is measured based on segment result before tax.

The reconciliation of segment information to loss before income tax from continuing operations is as follows:

	CONSOLIDATED	
	2013	2012
	$	$
Segment loss	**(1,768,092)**	(860,010)
Unallocated:		
Depreciation	**(1,965)**	(2,179)
Amortisation	**(241,379)**	(241,379)
Loss from equity accounting	**(1,161,502)**	(767,162)
Gain on equity accounted investment	**2,561,518**	-
Share-based payments	**(7,569)**	(187,453)
Impairment of intangibles	**-**	(5,756,038)
Other administration (expenses)/benefits	**(2,404,335)**	(2,543,552)
Loss before income tax from continuing operations	**(3,023,324)**	(10,357,773)

(iii) Segment assets and liabilities

Segment assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis.

Segment assets include all assets used by the segment and consist primarily of operating cash, receivables, property, plant and equipment and other intangible assets.

Segment liabilities consist primarily of creditors, employee benefits and borrowings.

Reportable segment assets reconciled to total assets as follows:

28. SEGMENT REPORTING (continued)

	CONSOLIDATED 2013 $	2012 $
Segment assets	**8,864,456**	4,167,988
Intersegment eliminations	**2,712,774**	1,983,146
Unallocated:		
Cash and cash equivalents	**1,251,797**	1,603,268
Trade and other receivables	**14,823**	4,815
Property, Plant & Equipment	**2,009**	1,659
Deferred tax asset	**697,930**	176,463
Intangibles	**3,020,007**	3,260,365
Total assets per the statement of financial position	**16,563,796**	11,197,704

Reportable segment liabilities reconciled to total liabilities as follows:

	2013 $	2012 $
Segment liabilities	**1,277,515**	491,497
Intersegment eliminations	**-**	-
Unallocated:		
Trade and other payables	**66,664**	52,375
Borrowings	**-**	-
Income tax provision	**93,158**	162,767
Provisions	**51,385**	57,618
Total liabilities per the statement of financial position	**1,488,722**	764,257

29. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Key Management Personnel Compensation

	CONSOLIDATED 2013 $	2012 $
Short-term employee benefits	**1,413,671**	1,213,186
Post employment benefits	**110,638**	74,253
Non monetary benefits	**-**	-
Share-based payments	**38,824**	85,453
	1,563,133	1,372,892

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

29. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

(b) Equity Instrument Disclosures Relating to Key Management Personnel

(i) Options provided as remuneration and shares

Details of options provided as remuneration and shares issued on the exercise of options, together with terms and conditions of the options can be found in Section D of the Remuneration Report.

(ii) Option holdings

The number of options over ordinary shares in the Company held during the financial year by each director of Allied Healthcare Group Limited, including their personally related parties, are set out below:

Option holder	Balance at the start of the year	Granted as compensation	Options beneficially held	Net change/ Cancelled	Purchased	Expired/ Exercised	Balance at the end of the year	Unvested	Vested and exercisable
2013									
Directors of Allied Healthcare Group Limited									
C. Catlow	16,000,000	-	-	-	-	-	16,000,000	10,666,667	5,333,333
L. Rodne	19,200,000	-	-	-	-	-	19,200,000	12,800,000	6,400,000
G Rowley	8,000,000	-	-	-	-	-	8,000,000	5,333,334	2,666,666
M. Bennett	2,500,000	-	-	-	-	-	2,500,000	1,666,667	833,333
P. Turvey	1,000,000	-	-	-	-	-	1,000,000	666,667	333,333
Other key management personnel of the group									
S. Mann	2,400,000	1,000,000	-	-	-	-	3,400,000	2,600,000	800,000
J. Chick	5,000,000	4,000,000	-	-	-	-	9,000,000	7,333,334	1,666,666
R. Atwill	3,000,000	-	-	(2,000,000) [(a)]	-	-	1,000,000	-	1,000,000
2012									
Directors of Allied Healthcare Group Limited									
C. Catlow	-	16,000,000	-	-	-	-	16,000,000	16,000,000	-
L. Rodne	-	19,200,000	-	-	-	-	19,200,000	19,200,000	-
G Rowley	-	8,000,000	-	-	-	-	8,000,000	8,000,000	-
M. Bennett	2,000,000	2,500,000	-	-	-	(2,000,000) [(c)]	2,500,000	2,500,000	-
P. Turvey	-	1,000,000	-	-	-	-	1,000,000	1,000,000	-
R. Towner	15,642,579	5,000,000	-	(5,000,000) [(b)]	-	(15,642,579) [(c)]	-	-	-
J. Soerdirdja	-	-	-	-	-	-	-	-	-
Other key management personnel of the group									
S. Mann	-	2,400,000	-	-	-	-	2,400,000	2,400,000	-
D. Bromley	-	2,000,000	-	-	-	-	2,000,000	2,000,000	-
J. Chick	-	5,000,000	-	-	-	-	5,000,000	5,000,000	-
R. Atwill	-	3,000,000	-	-	-	-	3,000,000	3,000,000	-

(a) R. Atwill resigned 7 June 2013.

(b) R. Towner resigned 2 April 2012.

(c) Listed options lapsed on 31 December 2011.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

29. KEY MANAGEMENT PERSONNEL DISCLOSURES (continued)

(iii) Share holdings

The number of shares in the Company held during the financial year by each Director of the Company, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

Ordinary shareholders	Balance at the start of the year	Received during the year on exercise of options	Other changes during year	Balance at the end of the year
2013				
Directors of Allied Healthcare Group Limited				
C. Catlow	12,227,289	-	2,408,188	14,635,477
L. Rodne	23,379,398	-	750,000	24,129,398
G Rowley	15,513,789	-	1,070,503	16,584,292
M. Bennett	10,360,508	-	259,482	10,620,000
P. Turvey	-	-	1,388,664	1,388,664
Other key management personnel of the group				
S. Mann	-	-	-	
J. Chick	1,360,000	-	3,391,176	4,751,176
R. Atwill	1,000,000	-	(1,000,000) [a]	-
2012				
Directors of Allied Healthcare Group Limited				
C. Catlow	-	-	12,227,289	12,227,289
L. Rodne	-	-	23,379,398	23,379,398
G Rowley	-	-	15,513,789	15,513,789
M. Bennett	10,360,508	-	-	10,360,508
P. Turvey	-	-	-	-
R. Towner	17,711,992	-	(17,711,992) [b]	-
J. Soerdirdja	-	-	-	-
Other key management personnel of the group				
S. Mann	-	-	-	-
D. Bromley	-	-	-	-
J. Chick	-	-	1,360,000	1,360,000
R. Atwill	-	-	1,000,000	1,000,000

(a) R. Atwill resigned 7 June 2013.

(b) R. Towner resigned 2 April 2012.

There are no loans or other transactions at the end of the current year or prior year to Directors of Allied Healthcare Group Limited.

30. RELATED PARTY TRANSACTIONS

(a) Parent Entity

The parent entity within the Group is Allied Healthcare Group Limited.

(b) Subsidiary

Interest in subsidiary is set out in Note 19.

(c) Key Management Personnel

Disclosures relating to Directors and specified executives are set out in Note 29.

(d) Transactions and Balances with Related Parties

No related party transactions were noted during the period.

FOR THE YEAR ENDED 30 JUNE 2013

31. SHARE BASED PAYMENTS

(a) Employee Share Option Plan

The Allied Healthcare Group Employee Share Option Plan (ESOP) was approved by shareholders at the 2012 Annual General Meeting. Eligible Employees (as defined in the Plan and which includes Directors, employees and consultants) are able to participate in the Plan.

The terms of the ESOP include:
- Options are issued to selected Eligible Employees for free;
- The allotment of options is at the discretion of the Board of Directors;
- Shares allotted on the exercise of the options are to be issued at an exercise price determined by the Board in its absolute discretion, which price shall not be less than the minimum exercise price permitted by the Listing Rules;
- Options expire 5 years after the grant date;
- Options are unlisted and not transferable unless the Directors in their absolute discretion agree to a transfer; and
- Options carry no dividend rights or voting rights.

The Company has 15,300,000 staff options over ordinary shares in the Company as at 30 June 2013 (2012: Nil).

On 24 April 2013 an executive received 2,000,000 options as a sign-on bonus.

On 18 June 2013 the Company issue 15,300,000 options to staff under the ESOP.

Set out below are summaries of options granted by Allied Healthcare Group Limited:

Grant date	Expiry date	Exercise price $	Balance at start of the year Number	Granted during the year Number	Cancelled Number	Exercised during the year Number	Balance at end of the year Number	Value at grant date
		2013						
22/10/2009	22/10/2014	0.10	5,000,000	-	-	-	5,000,000	200,000 [(a)]
	31/12/2012	0.10	209,172		(209,172)	-	-	-
12/8/2011	10/7/2016	0.06	7,400,000	-	-	-	7,400,000	300,440 [(a)]
22/8/2011	10/7/2016	0.06	53,600,000	-	-	-	53,600,000	460,960 [(a)]
20/10/2011	20/10/2014	0.06	6,000,000	-	-	-	6,000,000	102,000
18/5/2012	18/5/2017	0.06	5,800,000	-	(2,000,000)	-	3,800,000	85,453
24/4/2013	1/3/2018	0.06	-	2,000,000 [(A)]	-	-	2,000,000	1,988
18/6/2013	18/6/2018	0.095	-	15,300,000 [(B)]	-	-	15,300,000	5,581
Total			**78,009,172**	**17,300,000**	**(2,209,172)**	**-**	**95,100,000**	**1,156,422**
Weighted average exercise price			$0.063	$0.091	$0.064	-	$0.068	

(a) Valuation of options was expensed in the 2010 and 2011 financial years

Grant date	Expiry date	Exercise price $	Balance at start of the year Number	Granted during the year Number	Cancelled Number	Exercised during the year Number	Balance at end of the year Number	Value at grant date
		2012						
22/10/2009	22/10/2014	0.10	5,000,000	-	-	-	5,000,000	200,000 [(a)]
	31/12/2012	0.10	209,172	-	-	-	209,172	-
12/8/2011	10/7/2016	0.06	-	7,400,000	-	-	7,400,000	300,440 [(a)]
22/8/2011	10/7/2016	0.06	-	53,600,000	-	-	53,600,000	460,960 [(a)]
20/10/2011	20/10/2014	0.06	-	6,000,000	-	-	6,000,000	102,000
18/5/2012	18/5/2017	0.06	-	5,800,000	-	-	5,800,000	85,453
Total			**5,209,172**	**72,800,000**	**-**	**-**	**78,009,172**	**1,148,853**
Weighted average exercise price			$0.100	$0.060	-	-	$0.063	

(b) Valuation of options was expensed in the 2010 and 2011 financial years

31. SHARE BASED PAYMENTS (CONTINUED)

(b) Expenses Arising from Share Based Payment Transactions

Total expenses arising from share based payment transactions recognised during the period were as follows:

	CONSOLIDATED	
	2013	2012
	$	$
Employee bonus shares	**-**	-
Options issued under employee option plan	**7,569**	85,453
Options issued to consultants (included in administration expenses)	**-**	102,000
Total expenses from share-bases transactions	**7,569**	187,453

(c) Fair Value of Options Granted

The assessed fair value at grant date of options granted during the year ended 30 June 2013 was 1.67 cents per option for Tranche A and 3.33 cents per option for Tranche B. 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 year ended 30 June 2013 included:

	Tranche A	**Tranche B**
(a)	options are granted for no consideration and vest immediately. Vested options are exercisable for a period up to expiry date.	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	*exercise price:* $0.095
(c)	*grant date:* 24 April 2013	*grant date:* 18 June 2013
(d)	*expiry date:* 1 March 2018	*expiry date:* 18 June 2018
(e)	*share price at grant date:* $0.029	*share price at grant date:* $0.054
(f)	*expected price volatility of the company's shares:* 90%	*expected price volatility of the company's shares:* 90%
(g)	*risk-free interest rate:* 2.79%	*risk-free interest rate:* 2.84%

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 YEAR ENDED 30 JUNE 2013

32. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 4 July 2013, 367,347 ordinary fully paid shares were issued to executives for achieving key performance indicators stipulated in their contracts.

On 8 July 2013, the Group announced that an additional surgeon has been approved to use CardioCel® under the Authorised Prescriber Scheme.

On 26 August 2013, the Group announced CardioCel® had been granted CE Mark.

On 27 August, the Group announced that 1,250,000 options were exercised at $0.06. The Group also announced cancellation of 2,000,000 $0.06 options, expiry 18 May 2017.

On 30 August, the Group announced that 1,000,000 options were exercised at $0.06.

33. DIVIDENDS

No dividends have been declared or paid during the period.

34. PARENT ENTITY INFORMATION

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

	THE COMPANY	
	2013	2012
	$	$
Current assets	**1,250,110**	1,608,083
Non-current assets	**6,655,664**	3,972,586
Total assets	**7,905,774**	5,580,669
Current liabilities	**87,962**	(125,904)
Non-current liabilities	**29,977**	27,978
Total liabilities	**117,939**	(97,926)
Contributed equity	**50,325,615**	45,809,245
Accumulated losses	**(43,859,191)**	(41,444,492)
Option reserve	**1,321,411**	1,313,842
Total equity	**7,787,835**	5,678,595
Profit/(loss) for the year	**(2,414,699)**	(31,166,115)
Other comprehensive income/(loss) for the year	**-**	-
Total comprehensive income/(loss) for the year	**(2,414,699)**	(31,166,115)

Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2013 or 30 June 2012.

Commitments of the parent entity

The commitments for the parent entity are detailed in note 25.

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements, comprising the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cashflow, consolidated statements of changes in equity, accompanying notes, are in accordance with the *Corporations Act 2001* and:

    (a) comply with Accounting Standards, the *Corporations Regulations 2001, other mandatory professional reporting requirements*; and

    (b) give a true and fair view of the financial position as at 30 June 2013 and of the performance for the year ended on that date of the consolidated entity;

    (c) comply with International Financial Reporting Standards as disclosed in Note 1 (a).

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.

3. The remuneration disclosures included in the Director's Report (as part of the Remuneration Report) for the year ended 30 June 2013, comply with section 300A of the *Corporations Act 2001*.

4. The Directors have been given the declarations by the Managing Director and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

CHRISTOPHER CATLOW
Chairman

Perth, Western Australia

Dated 30 August 2013

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

Report on the Financial Report

We have audited the accompanying financial report of Allied Healthcare Group Limited, which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

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

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

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

Independence

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

Opinion

In our opinion:

(a) the financial report of Allied Healthcare Group Limited is in accordance with the *Corporations Act 2001*, including:
   (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
   (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1(a).

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Allied Healthcare Group Limited for the year ended 30 June 2013 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO

Brad McVeigh
Director

Perth, Western Australia
Dated this 30th day of August 2013

SHAREHOLDER DETAILS

The number of shares held by the substantial shareholders as at 30 August 2013:

Name	No. ordinary shares held	% of issued capital held
The Metal Group Pty Ltd	176,571,070	17.01

Voting rights
The shares carry the right to one vote for each share held.

Distribution of shareholders
Number of ordinary shareholders: 3,069

Number of ordinary shares	No. of shareholders
1 - 1,000	159
1,001 - 5,000	101
5,001 - 10,000	157
10,001 - 100,000	1,436
100,001 and over	1,216
Total	3,069

Twenty Largest Shareholders

Name	No. ordinary shares held	% of issued capital held
The Metal Group Pty Ltd	176,571,070	17.01
Mr Lee Eric Rodne	24,128,534	2.32
Emichrome Pty Ltd	22,976,000	2.21
Mr William Graeme Rowley	16,584,292	1.60
Broadscope Pty Ltd <The Catlow Family A/C>	14,635,477	1.41
Rosherville Pty Ltd	14,500,000	1.40
Mr Mark Andrew Tkocz	11,958,115	1.15
Comsec Nominees Pty Ltd	10,632,441	1.02
Victoria Park Investments Pty Ltd	10,457,500	1.01
Parerg Pty Ltd	9,600,000	0.93
Zaychan Pty Limited <Linegar Super Fund A/C>	8,450,000	0.81
Alocasia Pty Ltd <Camellia Super Fund A/C>	8,403,000	0.81
Forsyth Barr Custodians Ltd <Forsyth Barr Ltd-Nominee A/C>	8,144,500	0.78
Mr Adrian Avotins	7,000,000	0.67
Mr Athanasioa Farmakis	7,000,000	0.67
John Cunningham & Associates Pty Limited <John Cunningham Pension A/C>	6,800,000	0.66
Mr Paul John Duske	6,404,648	0.62
Mr Maximino Amoedo	6,000,000	0.58
Mr Derek Fenton Mark <Mark Family A/C>	5,850,000	0.56
Mr Stephen Lyons	5,715,000	0.55

The 20 largest shareholders hold 36.79% of the Company's issued capital.