

## 1. Company details

|                   |                                          |
|-------------------|------------------------------------------|
| Name of entity:   | Integral Diagnostics Limited             |
| ABN:              | 55 130 832 816                           |
| Reporting period: | For the half-year ended 31 December 2015 |
| Previous period:  | For the half-year ended 31 December 2014 |

## 2. Results for announcement to the market

|                                                                                                      |    |           | \$'000 |
|------------------------------------------------------------------------------------------------------|----|-----------|--------|
| Revenues from ordinary activities                                                                    | up | 15.9% to  | 81,655 |
| Profit from ordinary activities after tax attributable to the owners of Integral Diagnostics Limited | up | 230.7% to | 3,779  |
| Profit for the half-year attributable to the owners of Integral Diagnostics Limited                  | up | 230.7% to | 3,779  |

### Dividends

There were no dividends paid, recommended or declared during the current financial period.

### Comments

On 21 October 2015 the Company successfully completed its Initial Public Offering ("IPO") and listed on the Australian Securities Exchange ('ASX') under the ASX code 'IDX'. Total proceeds raised in the offer were \$133.692 million, of which \$100.523 million was paid to shareholders for existing shares, and \$33.169 million related to the issue of new shares and was paid to the Company.

Statutory net profit after tax for the six months ended 31 December 2015 ('1H FY2016') was \$3.779 million (2014: loss of \$2.780 million), and after providing for non-controlling interest was \$3.779 million (2014: loss of \$2.892 million). Statutory 1H FY2016 net profit after tax after adding back amortisation was \$4.005 million.

Total revenue and other income (excluding interest income) for 1H FY2016 was up 16.6% to \$82.136 million (2014: \$70.457 million). The 2016 first half result included a full six month contribution from South Coast Radiology, while the first half of 2015 only included a contribution from 14 August 2014.

On a proforma basis, revenue for 1H FY2016 was up 3.8% to \$82.147 million (2014: \$79.169 million), and NPAT was down 4.0% to \$7.940 million (2014: \$8.273 million). Uncertainty created by Government announcements and related media coverage created a softening in trading conditions over the period. This uncertainty disrupted traditional Diagnostic Imaging referral patterns and saw overall industry volume growth decrease (based on national Medicare data).

Given these industry headwinds, the company is unlikely to achieve its Prospectus forecast revenue and earnings targets for FY16. However, reflecting the resilience of our business model that has seen our patient examination volumes grow above-market (based on state specific Medicare data), we still expect that the financial performance in the second half of this financial year will be better than that achieved in the first half. While still too early to draw firm conclusions for the second half, our patient examination volumes have returned more closely to budget over January and February. In addition, revenue from Toowoomba and Sunbury, as well as the additional new MRI machine in St John of God Geelong will begin to flow during the second half.

Net assets of the Group at 31 December 2015 were \$76.854 million, an increase of \$35.014 million from 30 June 2015. This increase primarily reflects the issuing of new shares in the IPO.

### 3. Net tangible assets

|                                           | Reporting period<br>Cents | Previous period<br>Cents |
|-------------------------------------------|---------------------------|--------------------------|
| Net tangible assets per ordinary security | (14.70)                   | (42.06)                  |

The net tangible assets per ordinary shares for the comparative period has been adjusted for the 29 for 1 share split that occurred on 30 September 2015.

### 4. Control gained over entities

Not applicable.

### 5. Loss of control over entities

Not applicable.

### 6. Dividends

#### Current period

There were no dividends paid, recommended or declared during the current financial period.

#### Previous period

|                                                                                      | Amount per<br>security<br>Cents | Franked<br>amount per<br>security<br>Cents |
|--------------------------------------------------------------------------------------|---------------------------------|--------------------------------------------|
| Dividend paid to shareholders of the Company                                         | 197.000                         | 197.000                                    |
| Dividend paid by Global Diagnostics (Australia) Pty Ltd to non-controlling interests | 1,856.000                       | 1,856.000                                  |

### 7. Details of associates and joint venture entities

| Name of associate / joint venture                                                                       | Reporting entity's<br>percentage holding |                         | Contribution to profit/(loss)<br>(where material) |                              |
|---------------------------------------------------------------------------------------------------------|------------------------------------------|-------------------------|---------------------------------------------------|------------------------------|
|                                                                                                         | Reporting<br>period<br>%                 | Previous<br>period<br>% | Reporting<br>period<br>\$'000                     | Previous<br>period<br>\$'000 |
| South West MRI Pty Ltd                                                                                  | 50.00%                                   | 50.00%                  | 11                                                | -                            |
| <i>Group's aggregate share of associates and joint venture entities' profit/(loss) (where material)</i> |                                          |                         |                                                   |                              |
| Profit/(loss) from ordinary activities before income tax                                                |                                          |                         | 11                                                | -                            |
| Income tax on operating activities                                                                      |                                          |                         | -                                                 | -                            |

## 8. Audit qualification or review

*Details of audit/review dispute or qualification (if any):*

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Financial Report.

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## 9. Attachments

*Details of attachments (if any):*

The Interim Financial Report of Integral Diagnostics Limited for the half-year ended 31 December 2015 is attached.

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## 10. Signed

Signed

A handwritten signature in blue ink, appearing to be 'H. Kurincic', written over a horizontal line.

Helen Kurincic  
Chairman  
Melbourne

Date: 23 February 2016

# **Integral Diagnostics Limited**

**(Formerly known as Lake Imaging Holdings Pty Ltd)**

**ABN 55 130 832 816**

## **Interim Financial Report - 31 December 2015**

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The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Integral Diagnostics Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2015.

## Directors

The following persons were directors of Integral Diagnostics Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

|                                                                 |                               |
|-----------------------------------------------------------------|-------------------------------|
| Helen Kurincic - Chairman                                       |                               |
| John Livingston - Managing Director and Chief Executive Officer |                               |
| Dr Chien Ping Ho                                                |                               |
| Dr Sally Sojan                                                  |                               |
| John Atkin                                                      | Appointed on 1 October 2015   |
| Garry Hounsell                                                  | Appointed on 1 October 2015   |
| Rupert Harrington                                               | Appointed on 1 October 2015   |
| Gregory Hughes                                                  | Resigned on 30 September 2015 |
| Dr Alexius Meakin                                               | Resigned on 30 September 2015 |
| Robert Radcliffe-Smith                                          | Resigned on 30 September 2015 |
| Mark Jago                                                       | Resigned on 30 September 2015 |
| Dr Donald Barrie                                                | Resigned on 31 July 2015      |

## Principal activities

The principal continuing activity of the Group during the half-year was the provision of diagnostic imaging services.

## Significant changes in the state of affairs

On 21 October 2015 the Company successfully completed its Initial Public Offering ("IPO") and listed on the Australian Securities Exchange ('ASX') under the ASX code 'IDX'. Total proceeds raised in the offer were \$133.692 million, of which \$100.523 million was paid to shareholders for existing shares, and \$33.169 million related to the issue of new shares and was paid to the Company. \$20.000 million of the proceeds were used to repay debt, with the residual used to pay transaction costs relating to the IPO, and the balance made available for use in the operations of the business.

There were no other significant changes in the state of affairs of the Group during the financial half-year.

## Review of operations

Statutory net profit after tax for the six months ended 31 December 2015 ('1H FY2016') was \$3.779 million (2014: loss of \$2.780 million), and after providing for non-controlling interest was \$3.779 million (2014: loss of \$2.892 million). Statutory 1H FY2016 net profit after tax after adding back amortisation was \$4.005 million. The result for the period included \$6.376 million of transaction costs, primarily related to the IPO. The result for the corresponding period to 31 December 2014 similarly included \$9.392 million of transaction costs, primarily related to the August 2014 merger with South Coast Radiology.

Total revenue and other income (excluding interest income) for 1H FY2016 was up 16.6% to \$82.136 million (2014: \$70.457 million). The 2016 first half result included a full six month contribution from South Coast Radiology, while the first half of 2015 only included a contribution from 14 August 2014.

Net assets of the Group at 31 December 2015 were \$76.854 million, an increase of \$35.014 million from 30 June 2015. This increase primarily reflects the issuing of new shares in the IPO.

Uncertainty created by Government announcements and related media coverage created a softening in trading conditions over the period. This uncertainty disrupted traditional Diagnostic Imaging referral patterns and saw overall industry volume growth decrease (based on national Medicare data).

Given these industry headwinds, the company is unlikely to achieve its Prospectus forecast revenue and earnings targets for FY16. However, reflecting the resilience of our business model that has seen our patient examination volumes grow above-market (based on state specific Medicare data), we still expect that the financial performance in the second half of this financial year will be better than that achieved in the first half. While still too early to draw firm conclusions for the second half, our patient examination volumes have returned more closely to budget over January and February. In addition, revenue from Toowoomba and Sunbury, as well as the additional new MRI unit in St John of God Geelong will begin to flow during the second half.

On Tuesday 15 December 2015, The Federal Government released its Mid-Year Economic and Fiscal Outlook (MYEFO) outlining intended changes to the bulk-billing incentives to pathology and diagnostic imaging service providers. At this time the Group estimated that, if implemented from 1 July 2016 and without mitigation, the potential impact on revenue (based on last 12 months' revenue) would be approximately 2%-3%. Management believes it is well placed, and stands ready, to partly mitigate the potential impact of these proposed changes, if implemented.

During the period, in addition to successfully completing its IPO, the Group:

- Signed a new long term contract extension with the West Australian Country Health Service relating to the provision of services at Bunbury hospital;
- Moved into a new premises at Toowoomba (Queensland) in December 2015, which will offer an expanded range of services compared to the previous site;
- Contributed to the refurbishment of facilities at St John of God Geelong site, catering for an expanded range of services;
- Moved into a new premises at Ocean Grove (Victoria) in December 2015; and
- Continued to invest in state of the art equipment, both to expand services and replace existing equipment to ensure equipment is within age parameters outlined by the Commonwealth Government in order for patients to receive the maximum potential reimbursement for their diagnostic imaging service.

Management remains focussed on executing the strategy of the Group articulated during the IPO process, and believes the Group remains strategically positioned to capitalise on the mounting demand for diagnostic imaging services and delivery of high quality, comprehensive services to referrers and patients alike.

#### **Rounding of amounts**

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

#### **Comparatives**

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

#### **Auditor's independence declaration**

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

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

On behalf of the directors



Helen Kulincic  
Chairman



John Livingston  
Managing Director and Chief Executive Officer

23 February 2016  
Melbourne



## **Auditor's Independence Declaration**

As lead auditor for the review of Integral Diagnostics Limited for the half-year ended 31 December 2015, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Integral Diagnostics Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read "Daniel Rosenberg", written over a light blue horizontal line.

Daniel Rosenberg  
Partner  
PricewaterhouseCoopers

23 Melbourne  
February 2016

**Integral Diagnostics Limited**  
**(Formerly known as Lake Imaging Holdings Pty Ltd)**  
**Statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2015**



|                                                                      |             | <b>Consolidated</b>           |                               |
|----------------------------------------------------------------------|-------------|-------------------------------|-------------------------------|
|                                                                      | <b>Note</b> | <b>31 Dec 2015<br/>\$'000</b> | <b>31 Dec 2014<br/>\$'000</b> |
| <b>Revenue</b>                                                       | 4           | 81,655                        | 70,457                        |
| Other income                                                         |             | 575                           | 109                           |
| Total revenue and other income                                       |             | 82,230                        | 70,566                        |
| <b>Expenses</b>                                                      |             |                               |                               |
| Consumables                                                          |             | (4,222)                       | (4,024)                       |
| Employee benefits expense                                            |             | (46,964)                      | (39,236)                      |
| Depreciation and amortisation expense                                |             | (4,269)                       | (4,034)                       |
| Transaction costs                                                    |             | (6,376)                       | (9,392)                       |
| Equipment related expenses                                           |             | (2,986)                       | (3,206)                       |
| Occupancy expenses                                                   |             | (5,764)                       | (4,531)                       |
| Other expenses                                                       |             | (4,858)                       | (3,630)                       |
| Finance costs                                                        |             | (1,743)                       | (2,425)                       |
| Total expenses                                                       |             | (77,182)                      | (70,478)                      |
| <b>Operating profit</b>                                              |             | 5,048                         | 88                            |
| Share of profits of associates accounted for using the equity method |             | 11                            | -                             |
| <b>Profit before income tax expense</b>                              |             | 5,059                         | 88                            |
| Income tax expense                                                   |             | (1,280)                       | (2,868)                       |
| <b>Profit/(loss) after income tax expense for the half-year</b>      |             | 3,779                         | (2,780)                       |
| Other comprehensive income for the half-year, net of tax             |             | -                             | -                             |
| <b>Total comprehensive income for the half-year</b>                  |             | 3,779                         | (2,780)                       |
| Profit/(loss) for the half-year is attributable to:                  |             |                               |                               |
| Non-controlling interest                                             |             | -                             | 112                           |
| Owners of Integral Diagnostics Limited                               |             | 3,779                         | (2,892)                       |
|                                                                      |             | 3,779                         | (2,780)                       |
| Total comprehensive income for the half-year is attributable to:     |             |                               |                               |
| Non-controlling interest                                             |             | -                             | 112                           |
| Owners of Integral Diagnostics Limited                               |             | 3,779                         | (2,892)                       |
|                                                                      |             | 3,779                         | (2,780)                       |
|                                                                      |             | <b>Cents</b>                  | <b>Cents</b>                  |
| Basic earnings per share                                             | 17          | 2.83                          | (2.59)                        |
| Diluted earnings per share                                           | 17          | 2.83                          | (2.59)                        |

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

**Integral Diagnostics Limited**  
**(Formerly known as Lake Imaging Holdings Pty Ltd)**  
**Statement of financial position**  
**As at 31 December 2015**



|                                                   |             | <b>Consolidated</b>           |                               |
|---------------------------------------------------|-------------|-------------------------------|-------------------------------|
|                                                   | <b>Note</b> | <b>31 Dec 2015<br/>\$'000</b> | <b>30 Jun 2015<br/>\$'000</b> |
| <b>Assets</b>                                     |             |                               |                               |
| <b>Current assets</b>                             |             |                               |                               |
| Cash and cash equivalents                         | 5           | 13,673                        | 9,596                         |
| Trade and other receivables                       |             | 4,442                         | 4,789                         |
| Other assets                                      |             | 2,873                         | 2,050                         |
| <b>Total current assets</b>                       |             | <b>20,988</b>                 | <b>16,435</b>                 |
| <b>Non-current assets</b>                         |             |                               |                               |
| Investments accounted for using the equity method |             | 23                            | 12                            |
| Property, plant and equipment                     | 6           | 44,616                        | 37,959                        |
| Intangibles                                       | 7           | 98,049                        | 98,372                        |
| Deferred tax asset                                |             | 5,903                         | 3,259                         |
| <b>Total non-current assets</b>                   |             | <b>148,591</b>                | <b>139,602</b>                |
| <b>Total assets</b>                               |             | <b>169,579</b>                | <b>156,037</b>                |
| <b>Liabilities</b>                                |             |                               |                               |
| <b>Current liabilities</b>                        |             |                               |                               |
| Trade and other payables                          |             | 11,398                        | 10,538                        |
| Borrowings                                        | 8           | 6,777                         | 13,712                        |
| Income tax payable                                |             | 716                           | 2,727                         |
| Provisions                                        |             | 8,718                         | 8,646                         |
| Other financial liabilities                       | 9           | -                             | 3,150                         |
| <b>Total current liabilities</b>                  |             | <b>27,609</b>                 | <b>38,773</b>                 |
| <b>Non-current liabilities</b>                    |             |                               |                               |
| Borrowings                                        | 10          | 57,844                        | 68,741                        |
| Derivative financial instruments                  |             | 405                           | 451                           |
| Provisions                                        |             | 6,867                         | 6,232                         |
| <b>Total non-current liabilities</b>              |             | <b>65,116</b>                 | <b>75,424</b>                 |
| <b>Total liabilities</b>                          |             | <b>92,725</b>                 | <b>114,197</b>                |
| <b>Net assets</b>                                 |             | <b>76,854</b>                 | <b>41,840</b>                 |
| <b>Equity</b>                                     |             |                               |                               |
| Contributed capital                               | 11          | 83,303                        | 50,743                        |
| Reserves                                          | 12          | (11,862)                      | (10,537)                      |
| Retained profits                                  |             | 5,413                         | 1,634                         |
| <b>Total equity</b>                               |             | <b>76,854</b>                 | <b>41,840</b>                 |

*The above statement of financial position should be read in conjunction with the accompanying notes*

**Integral Diagnostics Limited**  
**(Formerly known as Lake Imaging Holdings Pty Ltd)**  
**Statement of changes in equity**  
**For the half-year ended 31 December 2015**



| <b>Consolidated</b>                                          | <b>Contributed capital<br/>\$'000</b> | <b>Reserves<br/>\$'000</b> | <b>Retained profits<br/>\$'000</b> | <b>Non-controlling interest<br/>\$'000</b> | <b>Total equity<br/>\$'000</b> |
|--------------------------------------------------------------|---------------------------------------|----------------------------|------------------------------------|--------------------------------------------|--------------------------------|
| Balance at 1 July 2014                                       | 2,531                                 | (3,849)                    | 7,721                              | 1,889                                      | 8,292                          |
| Profit/(loss) after income tax expense for the half-year     | -                                     | -                          | (2,892)                            | 112                                        | (2,780)                        |
| Other comprehensive income for the half-year, net of tax     | -                                     | -                          | -                                  | -                                          | -                              |
| Total comprehensive income for the half-year                 | -                                     | -                          | (2,892)                            | 112                                        | (2,780)                        |
| <i>Transactions with owners in their capacity as owners:</i> |                                       |                            |                                    |                                            |                                |
| Contributions of equity, net of transaction costs            | 23,477                                | -                          | -                                  | -                                          | 23,477                         |
| Issue of ordinary shares as part of a business combination   | 22,536                                | -                          | -                                  | -                                          | 22,536                         |
| Share-based payments                                         | -                                     | 56                         | -                                  | -                                          | 56                             |
| Dividends paid (note 13)                                     | -                                     | -                          | (5,260)                            | -                                          | (5,260)                        |
| Balance at 31 December 2014                                  | 48,544                                | (3,793)                    | (431)                              | 2,001                                      | 46,321                         |
| <b>Consolidated</b>                                          | <b>Contributed capital<br/>\$'000</b> | <b>Reserves<br/>\$'000</b> | <b>Retained profits<br/>\$'000</b> | <b>Non-controlling interest<br/>\$'000</b> | <b>Total equity<br/>\$'000</b> |
| Balance at 1 July 2015                                       | 50,743                                | (10,537)                   | 1,634                              | -                                          | 41,840                         |
| Profit after income tax expense for the half-year            | -                                     | -                          | 3,779                              | -                                          | 3,779                          |
| Other comprehensive income for the half-year, net of tax     | -                                     | -                          | -                                  | -                                          | -                              |
| Total comprehensive income for the half-year                 | -                                     | -                          | 3,779                              | -                                          | 3,779                          |
| <i>Transactions with owners in their capacity as owners:</i> |                                       |                            |                                    |                                            |                                |
| Contributions of equity, net of transaction costs (note 11)  | 32,560                                | (194)                      | -                                  | -                                          | 32,366                         |
| Share-based payments                                         | -                                     | 66                         | -                                  | -                                          | 66                             |
| Transaction with non-controlling interest reserve            | -                                     | (1,197)                    | -                                  | -                                          | (1,197)                        |
| Balance at 31 December 2015                                  | 83,303                                | (11,862)                   | 5,413                              | -                                          | 76,854                         |

The above statement of changes in equity should be read in conjunction with the accompanying notes

**Integral Diagnostics Limited**  
**(Formerly known as Lake Imaging Holdings Pty Ltd)**  
**Statement of cash flows**  
**For the half-year ended 31 December 2015**



|                                                                       | <b>Consolidated</b> |                    |
|-----------------------------------------------------------------------|---------------------|--------------------|
| <b>Note</b>                                                           | <b>31 Dec 2015</b>  | <b>31 Dec 2014</b> |
|                                                                       | <b>\$'000</b>       | <b>\$'000</b>      |
| <b>Cash flows from operating activities</b>                           |                     |                    |
| Receipts from customers (inclusive of GST)                            | 83,695              | 71,131             |
| Payments to suppliers and employees (inclusive of GST)                | (65,673)            | (54,006)           |
| Transaction costs relating to acquisition of subsidiaries             | (5,825)             | (9,392)            |
| Interest and other finance costs paid                                 | (1,689)             | (1,841)            |
| Income taxes paid                                                     | (4,827)             | (2,901)            |
| Net cash from operating activities                                    | 5,681               | 2,991              |
| <b>Cash flows from investing activities</b>                           |                     |                    |
| Payment for purchase of subsidiary, net of cash acquired              | -                   | (66,619)           |
| Payments for property, plant and equipment                            | (10,946)            | (3,477)            |
| Proceeds from disposal of property, plant and equipment               | 310                 | 15                 |
| Interest received                                                     | 95                  | 109                |
| Net cash used in investing activities                                 | (10,541)            | (69,972)           |
| <b>Cash flows from financing activities</b>                           |                     |                    |
| Proceeds from issue of shares                                         | 11 33,170           | 25,200             |
| Share issue transaction costs                                         | (1,955)             | (1,723)            |
| Proceeds from borrowings                                              | 8,652               | 65,692             |
| Repayment of borrowings                                               | (26,583)            | (12,634)           |
| Dividends paid to Company shareholders                                | 13 -                | (5,100)            |
| Dividends paid to non-controlling interests in subsidiaries           | 13 -                | (160)              |
| Transactions with non-controlling interests                           | (4,347)             | -                  |
| Net cash from financing activities                                    | 8,937               | 71,275             |
| Net increase in cash and cash equivalents                             | 4,077               | 4,294              |
| Cash and cash equivalents at the beginning of the financial half-year | 9,596               | 6,671              |
| Cash and cash equivalents at the end of the financial half-year       | 13,673              | 10,965             |

*The above statement of cash flows should be read in conjunction with the accompanying notes*

## **Note 1. General information**

The financial statements cover Integral Diagnostics Limited as a Group consisting of Integral Diagnostics Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Integral Diagnostics Limited's functional and presentation currency.

Integral Diagnostics Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office is:

1111 Howitt Street  
Wendouree VIC 3355

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 23 February 2016.

## **Note 2. Significant accounting policies**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2015 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2015 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

### *Basis of preparation*

The financial report has been prepared on a going concern basis.

### **New, revised or amending Accounting Standards and Interpretations adopted**

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

### **Deficiency of net current assets**

At the date of this report, the Group's current liabilities exceed current assets by \$6,621,000. The Group is satisfied that it will be able to meet all its obligations as they fall due from a combination of existing cash reserves, cashflow generated from operations, and utilisation of available finance facilities.

## **Note 3. Operating segments**

### *Identification of reportable operating segments*

The Group comprised the single business segment of the operation of diagnostic imaging facilities.

### *Operating segment information*

As the Group operates in a single business and geographic segment, these financial statements represent the required financial information of that segment.

### *Geographical information*

The diagnostic imaging segment operates from the single geographic location of Australia.

#### Note 4. Revenue

|                      | Consolidated |             |
|----------------------|--------------|-------------|
|                      | 31 Dec 2015  | 31 Dec 2014 |
|                      | \$'000       | \$'000      |
| <i>Sales revenue</i> |              |             |
| Services revenue     | 80,755       | 69,762      |
| <i>Other revenue</i> |              |             |
| Other revenue        | 900          | 695         |
| Revenue              | 81,655       | 70,457      |

#### Note 5. Current assets - cash and cash equivalents

|                 | Consolidated |             |
|-----------------|--------------|-------------|
|                 | 31 Dec 2015  | 30 Jun 2015 |
|                 | \$'000       | \$'000      |
| Cash on hand    | 14           | 13          |
| Cash at bank    | 3,459        | 6,932       |
| Cash on deposit | 10,200       | 2,651       |
|                 | 13,673       | 9,596       |

#### Note 6. Non-current assets - property, plant and equipment

|                                          | Consolidated |             |
|------------------------------------------|--------------|-------------|
|                                          | 31 Dec 2015  | 30 Jun 2015 |
|                                          | \$'000       | \$'000      |
| Leasehold improvements - at cost         | 12,810       | 9,753       |
| Less: Accumulated depreciation           | (3,599)      | (3,137)     |
|                                          | 9,211        | 6,616       |
| Plant and equipment - at cost            | 49,135       | 42,952      |
| Less: Accumulated depreciation           | (17,882)     | (15,410)    |
|                                          | 31,253       | 27,542      |
| Motor vehicles - at cost                 | 418          | 418         |
| Less: Accumulated depreciation           | (228)        | (176)       |
|                                          | 190          | 242         |
| Office furniture and equipment - at cost | 7,174        | 6,161       |
| Less: Accumulated depreciation           | (3,212)      | (2,602)     |
|                                          | 3,962        | 3,559       |
|                                          | 44,616       | 37,959      |

## Note 6. Non-current assets - property, plant and equipment (continued)

### Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

| Consolidated                | Leasehold improvements<br>\$'000 | Plant and equipment<br>\$'000 | Motor vehicles<br>\$'000 | Office furniture and equipment<br>\$'000 | Total<br>\$'000 |
|-----------------------------|----------------------------------|-------------------------------|--------------------------|------------------------------------------|-----------------|
| Balance at 1 July 2015      | 6,616                            | 27,542                        | 242                      | 3,559                                    | 37,959          |
| Additions                   | 3,055                            | 6,837                         | -                        | 1,054                                    | 10,946          |
| Disposals                   | -                                | (341)                         | -                        | (2)                                      | (343)           |
| Depreciation expense        | (460)                            | (2,785)                       | (52)                     | (649)                                    | (3,946)         |
| Balance at 31 December 2015 | 9,211                            | 31,253                        | 190                      | 3,962                                    | 44,616          |

## Note 7. Non-current assets - intangibles

|                                | Consolidated<br>31 Dec 2015<br>\$'000 | 30 Jun 2015<br>\$'000 |
|--------------------------------|---------------------------------------|-----------------------|
| Goodwill - at cost             | 89,704                                | 89,704                |
| Brand names - at cost          | 7,000                                 | 7,000                 |
| Customer contracts - at cost   | 2,456                                 | 2,456                 |
| Less: Accumulated amortisation | (1,111)                               | (788)                 |
|                                | 1,345                                 | 1,668                 |
|                                | 98,049                                | 98,372                |

### Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

| Consolidated                | Goodwill<br>\$'000 | Brand names<br>\$'000 | Customer contracts<br>\$'000 | Total<br>\$'000 |
|-----------------------------|--------------------|-----------------------|------------------------------|-----------------|
| Balance at 1 July 2015      | 89,704             | 7,000                 | 1,668                        | 98,372          |
| Amortisation expense        | -                  | -                     | (323)                        | (323)           |
| Balance at 31 December 2015 | 89,704             | 7,000                 | 1,345                        | 98,049          |

## Note 8. Current liabilities - borrowings

|                 | Consolidated<br>31 Dec 2015<br>\$'000 | 30 Jun 2015<br>\$'000 |
|-----------------|---------------------------------------|-----------------------|
| Borrowings      | 179                                   | 7,389                 |
| Lease liability | 6,598                                 | 6,323                 |
|                 | 6,777                                 | 13,712                |

#### Note 9. Current liabilities - other financial liabilities

|                        | Consolidated          |                       |
|------------------------|-----------------------|-----------------------|
|                        | 31 Dec 2015<br>\$'000 | 30 Jun 2015<br>\$'000 |
| Deferred consideration | -                     | 3,150                 |

Deferred consideration relating to acquisition of remaining shares in Global Diagnostics (Australia) Pty Ltd (transaction completed on 30 June 2015) was paid on 8 December 2015.

#### Note 10. Non-current liabilities - borrowings

|                 | Consolidated          |                       |
|-----------------|-----------------------|-----------------------|
|                 | 31 Dec 2015<br>\$'000 | 30 Jun 2015<br>\$'000 |
| Borrowings      | 40,454                | 53,357                |
| Lease liability | 17,390                | 15,384                |
|                 | <u>57,844</u>         | <u>68,741</u>         |

#### Total secured liabilities

The total secured liabilities (current and non-current) are as follows:

|                 | Consolidated          |                       |
|-----------------|-----------------------|-----------------------|
|                 | 31 Dec 2015<br>\$'000 | 30 Jun 2015<br>\$'000 |
| Borrowings      | 40,633                | 60,746                |
| Lease liability | 23,988                | 21,707                |
|                 | <u>64,621</u>         | <u>82,453</u>         |

#### Note 11. Equity - contributed capital

|                              | Consolidated          |                       |                       |                       |
|------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                              | 31 Dec 2015<br>Shares | 30 Jun 2015<br>Shares | 31 Dec 2015<br>\$'000 | 30 Jun 2015<br>\$'000 |
| Ordinary shares - fully paid | <u>144,136,101</u>    | <u>4,219,468</u>      | <u>83,303</u>         | <u>50,743</u>         |

#### Movements in ordinary share capital

| Details                                                 | Date              | Shares             | Issue price | \$'000        |
|---------------------------------------------------------|-------------------|--------------------|-------------|---------------|
| Balance                                                 | 1 July 2015       | 4,219,468          |             | 50,743        |
| Issue of shares on exercise of options                  | 30 September 2015 | 5,380              | \$36.06     | 194           |
| Share split prior to Initial Public Offering            | 30 September 2015 | 122,520,592        |             | -             |
| Issue of shares in Initial Public Offering              | 21 October 2015   | 17,143,244         | \$1.91      | 32,744        |
| Issue of shares to employees in Initial Public Offering | 21 October 2015   | 247,417            | \$1.72      | 426           |
| Discount on employee share offer                        | 21 October 2015   | -                  |             | 47            |
| Less: Share issue transaction costs                     |                   |                    |             | (851)         |
| Balance                                                 | 31 December 2015  | <u>144,136,101</u> |             | <u>83,303</u> |

## Note 12. Equity - reserves

|                                            | Consolidated          |                       |
|--------------------------------------------|-----------------------|-----------------------|
|                                            | 31 Dec 2015<br>\$'000 | 30 Jun 2015<br>\$'000 |
| Share-based payments reserve               | -                     | 128                   |
| Capital reorganisation reserve             | (3,849)               | (3,849)               |
| Transactions with non-controlling interest | (8,013)               | (6,816)               |
|                                            | <u>(11,862)</u>       | <u>(10,537)</u>       |

### Movements in reserves

Movements in each class of reserve during the current financial half-year are set out below:

| Consolidated                               | Share-based<br>payments<br>\$'000 | Capital<br>reorganisation<br>\$'000 | Transactions<br>with non-<br>controlling<br>interest<br>\$'000 | Total<br>\$'000 |
|--------------------------------------------|-----------------------------------|-------------------------------------|----------------------------------------------------------------|-----------------|
| Balance at 1 July 2015                     | 128                               | (3,849)                             | (6,816)                                                        | (10,537)        |
| Share-based payments                       | 66                                | -                                   | -                                                              | 66              |
| Issue of shares to employees               | (194)                             | -                                   | -                                                              | (194)           |
| Transactions with non-controlling interest | -                                 | -                                   | (1,197)                                                        | (1,197)         |
|                                            | <u>-</u>                          | <u>(3,849)</u>                      | <u>(8,013)</u>                                                 | <u>(11,862)</u> |
| Balance at 31 December 2015                | -                                 | (3,849)                             | (8,013)                                                        | (11,862)        |

## Note 13. Equity - dividends

Dividends paid during the financial half-year were as follows:

|                                                                                                                                    | Consolidated          |                       |
|------------------------------------------------------------------------------------------------------------------------------------|-----------------------|-----------------------|
|                                                                                                                                    | 31 Dec 2015<br>\$'000 | 31 Dec 2014<br>\$'000 |
| Dividend paid to shareholders of the Company at \$1.97 per share paid on 14 August 2014                                            | -                     | 5,100                 |
| Dividend paid by Global Diagnostics (Australia) Pty Ltd to non-controlling interests at \$18.56 per share paid on 23 December 2014 | -                     | 160                   |
|                                                                                                                                    | <u>-</u>              | <u>5,260</u>          |

There were no dividends paid, recommended or declared during the current financial half-year.

## Note 14. Contingent liabilities

The Group has given bank guarantees as at 31 December 2015 of \$1,567,000 (31 December 2014: \$1,284,512) to various landlords.

In the 2014 Federal Budget, the Government announced that they intend to proceed with changes to the tax consolidation regime introduced by the former Labor government. The changes as currently drafted are proposed to be retrospective. If this legislation is enacted as currently drafted, this would mean that approximately \$5,000,000 of taxable income would be included in the Group's income. This income would be spread over a four year period. The Group's tax payable would otherwise increase by approximately \$1,500,000 if the legislation as currently drafted is implemented by the Government.

#### Note 15. Commitments

There has been no significant change to the substance or value of commitments to those disclosed in the 30 June 2015 Financial report.

#### Note 16. Events after the reporting period

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

#### Note 17. Earnings per share

|                                                                                           | Consolidated       |                    |
|-------------------------------------------------------------------------------------------|--------------------|--------------------|
|                                                                                           | 31 Dec 2015        | 31 Dec 2014        |
|                                                                                           | \$'000             | \$'000             |
| Profit/(loss) after income tax                                                            | 3,779              | (2,780)            |
| Non-controlling interest                                                                  | -                  | (112)              |
| Profit/(loss) after income tax attributable to the owners of Integral Diagnostics Limited | <u>3,779</u>       | <u>(2,892)</u>     |
|                                                                                           | Number             | Number             |
| Weighted average number of ordinary shares used in calculating basic earnings per share   | 133,470,658        | 111,470,236        |
| Adjustments for calculation of diluted earnings per share:                                |                    |                    |
| Weighted average number of options over ordinary shares                                   | <u>2,661</u>       | <u>4,093</u>       |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | <u>133,473,319</u> | <u>111,474,329</u> |
|                                                                                           | Cents              | Cents              |
| Basic earnings per share                                                                  | 2.83               | (2.59)             |
| Diluted earnings per share                                                                | 2.83               | (2.59)             |

The weighted average number of ordinary shares for the comparative period has been adjusted for the 29 for 1 share split that occurred on 30 September 2015.

**Integral Diagnostics Limited**  
**(Formerly known as Lake Imaging Holdings Pty Ltd)**  
**Directors' declaration**  
**31 December 2015**



In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2015 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

  
Helen Kurincic  
Chairman

  
John Livingston  
Managing Director and Chief Executive Officer

23 February 2016  
Melbourne



## **Independent auditor's review report to the members of Integral Diagnostics Limited**

### ***Report on the Half-Year Financial Report***

We have reviewed the accompanying half-year financial report of Integral Diagnostics Limited (the company), which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for Integral Diagnostics Limited (the consolidated entity). The consolidated entity comprises the company and the entities it controlled during that half-year.

### ***Directors' responsibility for the half-year financial report***

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

### ***Auditor's responsibility***

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

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

### ***Independence***

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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**PricewaterhouseCoopers, ABN 52 780 433 757**

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## **Independent auditor's review report to the members of Integral Diagnostics Limited - continued**

### ***Report on the Half-Year Financial Report- continued***

#### ***Conclusion***

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

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

A handwritten signature in dark ink, appearing to read 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in dark ink, appearing to read 'Daniel Rosenberg'.

Daniel Rosenberg  
Partner

23 Melbourne  
February 2016