Regis Healthcare Limited

ABN 11 125 203 054

Appendix 4D

HALF YEAR INFORMATION GIVEN TO ASX

Half Year Ended: 31 December 2014

Lodged with the ASX under Listing Rule 4.2A.3

CONTENTS

This Interim Financial Report does not include all the notes of the type normally included in an Annual Financial Report. Accordingly, this report is to be read in conjunction with the Regis Healthcare Prospectus dated 25 September 2014 and any public announcements made by Regis Healthcare Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

1. Details of the reporting period and the previous corresponding period

The Current Period is from 1 July 2014 to 31 December 2014

The Prior Corresponding Period (PCP) is 1 July 2013 to 31 December 2013

2. Results for Announcement to the Market

- Revenue from ordinary activities increased by $19.7 million to $219.2 million, up 9.9% on the PCP.
- Net Profit After Tax from ordinary activities attributable to members decreased by $2.6 million from $17.7million to $15.1 million, a decrease of 9.8% on the PCP.
- Net profit attributable to members decreased by $1.6m from $16.7million to $15.1million, a decrease of 10% on the PCP.
- In accordance with the Prospectus dated 25 September 2014, no dividends were provided for or paid in respect of the period ended 31 December 2014.

3. Net Tangible Assets per ordinary share (NTA backing)

31 December 2014	31 December 2013
(24.9) cents	(94.6) cents

4. Details of Controlled Entities

The Company has not acquired control of any entities during the period.

5. Details of Associates and Joint Venture Entities

The company has no associates or joint ventures.

6. Dividends

It is intended that the first dividend will also be a final dividend which will be paid following the end of the financial year.

There are no dividend or distribution reinvestment plans in operation.

7. Accounting Standards

AASB Standards, other AASB authoritative announcements and interpretations have been used in compiling the information contained in this Appendix 4D.

8. Audit Disputes and Qualifications

There are no audit disputes or qualifications.

Other Information required by Listing Rule 4.2A.3

The remainder of the information requiring disclosure to comply with Listing Rule 4.2A.3 is contained in the attached Half-Year Financial Report (which includes the Directors' Report and Media Release).

Signed by

Martin Bede, Company Secretary

20 February 2015

Regis Healthcare Limited

ABN 11 125 203 054

Financial Report

for the half-year ended 31 December 2014

Financial Report
for the half-year ended 31 December 2014

Contents

HALF-YEARLY FINANCIAL REPORT

Corporate Information

Directors

Mark A Birrell	Chairman, Non-Executive Director
Ross J Johnston	Managing Director and CEO
Bryan A Dorman	Non-Executive Director
Sylvia Falzon	Non-Executive Director
Trevor Gerber	Non-Executive Director
Ian G Roberts	Non-Executive Director

Company Secretary
Mr Martin Bede

Registered Office
Level 2, 615 Dandenong Road
Armadale VIC 3143

Principal Place of Business
Level 2, 615 Dandenong Road
Armadale VIC 3143

Share Registry
Link Market Services Limited
Level 1, 333 Collins St
Melbourne VIC 3000
Phone : 1300554474

Stock exchange listing
Regis Healthcare Limited shares are listed on the Australian Securities Exchange (ASX code:REG).

Solicitors
King & Wood Mallesons
Level 50, 600 Bourke St
Melbourne VIC 3000

Bankers
ANZ Banking Group Limited
100 Queen Street
Melbourne VIC 3000

Auditors
Ernst & Young Australia
8 Exhibition St
Melbourne VIC 3000

DIRECTORS' REPORT

31 December 2014

Your directors present their report on the Company and its controlled entities for the half-year ended 31 December 2014.

Directors

The names of directors in office during the half-year and until the date of this report are set out below.

Name	Role	Period of directorship if not full period
Mark A Birrell	Chairman, Non-Executive Director	Appointed 18 September 2014
Ross J Johnston	Managing Director and CEO	Appointed 18 September 2014
Bryan A Dorman	Non-Executive Director	
Sylvia Falzon	Non-Executive Director	Appointed 18 September 2014
Trevor Gerber	Non-Executive Director	Appointed 18 September 2014
Ian G Roberts	Non-Executive Director	
Mark D Allan	Non-Executive Director	Resigned 18 September 2014
Nicholas S Dorman	Non-Executive Director	Resigned 18 September 2014

Review and results of operations

Regis produced results for the half-year ended 31 December 2014 in line with its full year prospectus forecast. Regis recorded a statutory profit (loss) after tax of $15.1m, which reflected the impact of the IPO costs and Regis' prior financial arrangements. Revenue of $219.2m was up 9.6% on the first half FY 2014. Operating EBITDA of $47.9m was up 15.9% over the FY 2014 result of $41.4m.
The revenue for the period increased by $19.1 million to $219.2 million representing an increase of 9.6% against the previous corresponding reporting period of $200.1 million

Regis's revenue growth of 9.6% was driven by strong resident care income achieved across the nation. Average occupancy for 1H FY 2015 of 94.2% was 0.6% behind the prospectus target for the period. Regis continues to focus closely on optimising its ACFI outcomes and occupancy levels. Revenue growth was further underpinned by both additional places from Regis Tiwi (135 places acquired 31/10/14) and additional ACFI income from the increasing acuity of residents. As a result of the Living Longer Living Better reforms we now have resident Daily Accommodation Payment income (DAP). In the period this amounted to $1.2m.

Significant Changes in State of Affairs

The group raised significant funds during the half year period as a result of an initial public offering in October 2014. The company issued 112,288,352 shares at an issue price of $3.65. The $410m proceeds of the share issue were primarily used to reduce debt, purchase and cancel special shares owned by the founding shareholders and pay for the costs of the offer. Interest bearing loans and borrowings are Nil at the balance date (30 June 2014: $345,174,000).

Rounding

The amounts contained in this report and in the financial report have been rounded to the nearest thousand dollars ($'000) unless otherwise stated under the option available to the Company under ASIC Class Order 98/100. The Company is an entity to which the class order applies.

DIRECTORS' REPORT (continued)

Significant Events after Balance Sheet date

In January 2015, the Group announced the acquisition of Redlynch Glenmead Village, located in the Cairns suburb of Redlynch. The acquisition of the 194 place aged care home, whilst subject to the approval of the Department of Social Services, is due to be completed on 1 April 2015 at which point the facility will be known as Regis Redlynch.

No other matters or circumstances have arisen since the end of the half-year to the date of this report which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the group in subsequent financial periods.

Auditor's Independent Declaration

In relation to the Auditor's independence, the Directors have sought and received a report that there has been no contraventions of the Auditor independence requirement of the Corporations Act 2001 or any applicable code of professional conduct. The report is shown on page 23

Signed in accordance with a resolution of the directors.

....

Mark A Birrell
Chairman

Melbourne, 20 February 2015

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2014

	Notes	2014 $'000	2013 $'000
Revenue	4	219,195	200,610
Other income	4	1,326	12
Employee benefits expense		(119,096)	(112,753)
Payroll tax expense		(5,406)	(5,112)
Catering expenses		(6,515)	(5,970)
Professional services		(2,881)	(1,917)
Insurance		(2,654)	(3,227)
Repairs and maintenance		(2,829)	(2,564)
External contracts		(10,888)	(9,540)
Depreciation	5	(8,659)	(7,731)
Loss on disposal of property, plant & equipment		-	(475)
Rates and utilities		(5,756)	(5,732)
Impairment of intangible assets		-	(2,000)
Listing fees and share registry expenses		(192)	-
IPO costs not deducted from equity		(3,915)	-
Other expenses		(11,728)	(9,426)
Profit before income tax and finance costs		40,002	34,175
Finance costs		(14,830)	(9,022)
Profit before income tax		25,172	25,153
Income tax expense	6	(10,060)	(8,397)
Profit for the half year		15,112	16,756
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss		-	-
Income tax on items that will not be reclassified to profit or loss		-	-
Other comprehensive income, net of income tax		-	-
Total comprehensive income for the period		15,112	16,756
Total comprehensive income attributable to:			
Owners of the parent		15,112	16,756
Earnings per share			
		cents	cents
Earnings per share for the period attributable to ordinary equity holders of the Parent			
Basic	17	6.20	4.77
Diluted	17	6.20	4.77

This statement should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Financial Position

As at 31 December 2014

	Notes	31 Dec 2014 $'000	30 June 2014 $'000
ASSETS			
Current Assets			
Cash and cash equivalents	7	72,881	40,341
Trade and other receivables		3,559	3,797
Inventories		501	470
Other current assets		3,375	2,774
Total Current Assets		80,316	47,382
Non-Current Assets			
Receivables		-	-
Property, plant and equipment		606,140	579,159
Deferred tax assets		22,236	17,362
Intangible assets		238,513	237,163
Total Non-Current Assets		866,889	833,684
TOTAL ASSETS		947,205	881,066
LIABILITIES			
Current Liabilities			
Trade and other payables		32,598	32,601
Provisions		31,436	30,500
Derivative financial instrument		-	4,612
Income tax payable		6,708	10,506
Accommodation bonds/RADs and entry contributions		674,199	630,713
Total Current Liabilities		744,941	708,932
Non-Current Liabilities			
Trade and other payables		-	35,935
Interest-bearing loans and borrowings	8	-	345,174
Deferred tax liabilities		11,061	11,197
Provisions		5,164	4,131
Total Non-Current Liabilities		16,225	396,437
TOTAL LIABILITIES		761,166	1,105,369
NET ASSETS		186,039	(224,303)
EQUITY			
Issued Capital	9	270,997	(124,123)
Retained earnings/(accumulated losses)		(17,214)	(32,326)
Reserves	10	(67,744)	(67,854)
TOTAL EQUITY		186,039	(224,303)

This statement should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2014

	Issued capital $'000	Retained earnings/ (accumulated losses) $'000	Asset revaluation reserve $'000	Remun-eration reserve $'000	Acquisition reserve $'000	Total equity $'000
At 1 July 2013	59	(23,425)	30,093	-	(99,424)	(92,697)
Profit for the period	-	16,756	-	-	-	16,756
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	16,756	-	-	-	16,756
Transactions with owners in their capacity as owners	-	-	-	-	-	-
Other	-	-	-	-	-	-
Equity settled share based payment expense	-	-	-	-	-	-
At 31 December 2013	59	(6,669)	30,093	-	(99,424)	(75,941)
At 1 July 2014	(124,123)	(32,326)	30,093	3,550	(101,497)	(224,303)
Profit for the period	-	15,112	-	-	-	15,112
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	15,112	-	-	-	15,112
Transactions with owners in their capacity as owners:						
Issue of shares (Note 9)	409,852					409,852
Share Issue costs, net of tax	(14,732)					(14,732)
Total transactions with owners	395,120	-	-	-	-	395,120
Other						
Equity settled share based payment expense	-	-	-	110	-	110
At 31 December 2014	270,997	(17,214)	30,093	3,660	(101,497)	186,039

This statement should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Cash Flows

For the half-year ended 31 December 2014

	Notes	2014 $'000	2013 $'000
Cash flows from operating activities			
Receipts from residents and government subsidies		212,615	212,888
Payments to suppliers and employees		(171,040)	(156,078)
Interest received		713	544
Finance costs		(5,448)	(9,489)
RAD, accommodation bond & entry contributions inflows		127,119	120,910
RAD, accommodation bond & entry contributions outflows		(83,763)	(73,017)
Income tax paid		(11,937)	(2,800)
Net cash flows from operating activities	7(a)	68,259	92,958
Cash flows from investing activities			
Proceeds of sale of property, plant and equipment		2,846	-
Purchase of property, plant and equipment		(25,289)	(17,823)
Purchase of businesses	15	(8,643)	-
Net cash flows used in investing activities		(31,086)	(17,823)
Cash flows from financing activities			
Repayment of bank borrowings		(333,000)	(60,000)
Payout interest rate swap derivative		(4,504)	-
Proceeds from issue of shares		409,852	-
Share issue transaction costs		(21,046)	-
Repayment of loan from director and shareholder related entities		(35,935)	(16,642)
Buy-back of special shares		(20,000)	-
Net cash flows used in financing activities		(4,633)	(76,642)
Net increase/(decrease) in cash held		32,540	(1,507)
Cash at the beginning of the period		40,341	51,518
Cash at the end of the period	7(b)	72,881	50,011

This statement should be read in conjunction with the notes to the financial statements.

Notes to the consolidated financial statements
For the half-year ended 31 December 2014

1 CORPORATE INFORMATION

The condensed consolidated financial statements of Regis Healthcare Limited and its subsidiaries (collectively, the Group) for the half-year ended 31 December 2014 were authorised for issue in accordance with a resolution of the directors on 19th February 2015

This financial report includes the consolidated financial statements and notes for the consolidated entity consisting of Paragon Group Investments Pty Ltd, as the accounting parent under the reverse acquisition, and its deemed subsidiaries and the separate financial statements and notes.

Regis Healthcare Limited (the "Company") is a for-profit listed public company limited by shares, incorporated and domiciled in Australia. The Group's principal activities are the ownership and operation of residential aged care facilities and retirement villages.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation and changes to the Company's accounting policies.

(a) Basis of Preparation

The interim condensed consolidated financial statements for the six months ended 31 December 2014 have been prepared in accordance with AASB 134 *Interim Financial Reporting.*

The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the financial report for the year ended 30 June 2014.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated.

(b) Going Concern

The financial report has been prepared on a going concern basis, notwithstanding that the Group has a net current asset deficiency. This deficiency arises because refundable accommodation deposits (RADs), accommodation bonds and entry contributions are recorded as a current liability as required under accounting standards. However in practice, only a limited amount is likely to be required to be paid in the next 12 months as outgoings are generally replaced by new RADs. In addition, the Group has positive operating cash flow and has access to substantial undrawn credit facilities.

(c) New Accounting Standards and Interpretations

(i) Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2014.

The Group has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 July 2014:

AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities
Interpretation 21 Levies
AASB 2013-4 Amendments to Australian Accounting Standards - Novation of Derivatives and Continuation of Hedge Accounting [AASB 139]
AASB 2014 -1 Amendments to Australian Accounting Standards - Part A Annual improvements to IFRSs 2010-2012 cycle
AASB 2014-1 Amendments to Australian Accounting Standards - Part A Annual improvements to IFRSs 2011-2013 cycle
AASB 1031 Materiality
AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments
AASB 2014-2 Amendments to AASB 1053 – Transition to and between Tiers, and related Tier 2 Disclosure Requirements

The application of these new standards and amendments did not materially impact the consolidated financial statements of the Group.

Notes to the consolidated financial statements (continued)

For the half-year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ii) Accounting standards and interpretations issued but not yet effective

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were on issue but not yet effective. Management are yet to undertake analysis to determine the impact of the changes, but it is not expected the changes will have a significant impact on the Group.

Standard / Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending on or around
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018	1 July 2018
Amendments to IAS 16 and IAS 38; Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016	1 July 2016

3 FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group uses various methods in estimating the fair value of assets and liabilities held at fair value. These methods comprise:

Level 2 - The fair value is estimated using inputs other than quoted prices that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices). The derivative financial instrument, loans and borrowings, RADs and accommodation bonds falls within this method of determining fair value.
Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable. Land and buildings fall within this method of determining fair value.
The Group does not have any assets or liabilities that are measured at fair value using the Level 1 hierarchy.

Fair value measurement
The following table provides the quantitative disclosures fair value measurement hierarchy for liabilities as at 31 December 2014:

			Fair value measurement using		
	Date of valuation	Total $'000	Quoted prices in active markets (Level 1) $'000	Significant observable inputs (Level 2) $'000	Significant unobservable inputs (Level 3) $'000
Liabilities for which fair values are disclosed:					
Interest-bearing loans and borrowings					
Financial guarantees	31 December 2014	7,596	-	7,596	-
Refundable accommodation deposits (RADS), accommodation bonds and entry contributions	31 December 2014	674,199	-	674,199	-

There have been no transfers between Level 1 and Level 2 during the period.

Refundable accommodation deposits (RADs), accommodation bonds and entry contributions are recorded at an amount equal to the proceeds received, net of retention, where applicable, and any other amounts deducted from the bond in accordance with the Aged Care Act 1997.

Notes to the consolidated financial statements (continued)

For the half year-ended 31 December 2014

3 FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Quantitative disclosures fair value measurement hierarchy for liabilities as at 30 June 2014:

	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		$'000	$'000	$'000	$'000
Liabilities for which fair values are disclosed:					
Interest-bearing loans and borrowings					
Floating rate borrowings	30 June 2014	93,000	-	93,000	-
Fixed rate borrowings	30 June 2014	240,000	-	240,000	-
Financial guarantees	30 June 2014	7,596	-	7,596	-
Accommodation bonds and entry contributions	30 June 2014	630,713	-	630,713	-

There were no transfers between Level 1 and Level 2 during the year ended 30 June 2014.

Fair Values

The carrying amounts of financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair value.

Management have assessed that cash, other current assets, trade receivable, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

4 REVENUE AND OTHER INCOME

	Notes	2014 $'000	2013 $'000
Revenue			
Government funding		151,040	136,997
Resident fees		61,010	56,791
Interest		713	544
Other operating revenue		6,432	6,278
Total revenues		219,195	200,610
Other income			
Gain on disposal of property, plant and equipment		843	-
Gain on bargain purchase	15	483	12
Total other income		1,326	12

Notes to the consolidated financial statements (continued)

For the half-year ended 31 December 2014

	Notes	2014 $'000	2013 $'000
5 EXPENSES AND LOSSES/(GAINS)			
Expenses			
Depreciation of property, plant & equipment		8,659	7,731
Finance costs			
Interest expense:			
- Bank loans and overdrafts		5,205	6,452
- Related parties		-	2,362
Loss on extinguishment of special shares	8	7,826	-
Net gain from revaluation of interest rate swap		(109)	(772)
Other		1,908	980
Total finance costs		14,830	9,022
Less finance charges capitalised		-	-
Total finance costs expensed		14,830	9,022
Allowance for impairment loss - intangible assets		-	2,000

6 INCOME TAX

The major components of income tax expense in the statement of profit or loss are:

	2014 $'000	2013 $'000
Current income tax charge expense	8,139	2,245
Deferred income tax expense related to origination and reversal of defered taxes	1,921	6,152
Income tax expense recognised in the statement of profit or loss	10,060	8,397

Notes to the consolidated financial statements (continued)
For the half-year ended 31 December 2014

	2014 $'000	2013 $'000
7 CASH AND CASH EQUIVALENTS		
(a) Reconciliation of the net profit/(loss) after tax to the net cash flows from operating activities		
Net profit	15,112	16,756
Non-Cash Items		
Depreciation and impairment of non-current assets	8,659	9,731
Bond retention and deferred management fee income	(4,619)	(4,320)
Borrowing cost amortisation	1,556	305
Fair value gain on derivative	(109)	(772)
Loss on revaluation of special shares	7,826	-
Gain on bargain purchase	(482)	(12)
Equity-settled share-based payments	110	-
Gain/loss on disposal of property plant and equipment	(843)	475
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	239	(2,629)
(Increase)/decrease in inventory	(31)	-
(Increase)/decrease in other current assets	(2,157)	(904)
(Increase)/decrease in deferred taxes	1,921	6,152
(Decrease)/increase in tax provision	(3,798)	(555)
(Decrease)/increase in trade and other payables	(1)	19,286
(Decrease)/increase in RADs, accommodation bonds & ILU resident loans	43,356	47,893
(Decrease)/increase in restructuring provision	-	(345)
(Decrease)/increase in provisions	1,520	1,896
Net cash flow from operating activities	68,259	92,957

(b) Reconciliation of cash

For the purposes of the consolidated statement of cash flows, cash and cash equivalents are comprised of the following-

	2014 $'000	2013 $'000
Cash at bank	72,802	49,925
Cash on hand	79	86
	72,881	50,011

Notes to the consolidated financial statements (continued)

For the half-year ended 31 December 2014

8 INTEREST-BEARING LOANS AND BORROWINGS	Notes	31 Dec 2014 $'000	30 June 2014 $'000
Non-current			
Borrowings secured by mortgage			
- bank loans	(a)	-	333,000
Unsecured loans from related parties			
- liability under Special Shares	(c)	-	12,174
		-	345,174

(a) Movement in borrowings

The bank borrowing outstanding as at 30 June 2014 were fully repaid in October 2014 from the proceeds of shares issued on the Company's listing on the ASX.

(b) Bank facility details

The group has a $40 million undrawn revolving loan note facility. This facility can be used to fund growth, through acquisitions or capital expenditure.

The group has a $50 million multi-option working capital facility. This facility can be used to fund the group's' working capital and RAD liquidity requirements.

(c) Special shares

The special shares were bought back in September 2014 at a cost of $20,000,000 and subsequently cancelled. This payment extinguished the liability under special shares comprising the balance of the liability in the 30 June 2014 balance sheet of $12,174,000 and a subsequent loss on extinguishment of $7,826,000.

9 ISSUED CAPITAL	31 Dec 2014 $'000	30 June 2014 $'000
Issued and fully paid		
Ordinary shares	270,997	(124,123)

Movements in ordinary share capital during the year

Details	Date	No. of shares	Issue price	$'000
Balance	1 July 2014	194,167,065		(124,123)
Cancellation of shares following selective capital reduction	11 September 2014	(6,109,620)		-
Issue of shares through public offer	7 October 2014	112,288,352	$3.65	409,852
Share issue costs, net of tax	7 October 2014	-		(14,732)
		300,345,797		270,997

Notes to the consolidated financial statements (continued)

For the half-year ended 31 December 2014

	Notes	31 Dec 2014 $'000	31 Dec 2013 $'000
10 RESERVES			
Asset revaluation reserve	(a)	30,093	30,093
Acquisition reserve	(b)	(101,497)	(99,424)
Remuneration reserve	(c)	3,660	-
		(67,744)	(69,331)

(a) Asset revaluation reserve

(i) Nature and purpose of reserve

The asset revaluation reserve is used to record increments and decrements in the value of non-current assets. The reserve can only be used to pay dividends in limited circumstances.

(ii) Movements in reserve

	31 Dec 2014 $'000	31 Dec 2013 $'000
Balance at beginning and end of year	30,093	30,093

(b) Acquisition reserve

(i) Nature and purpose of reserve

The reserve is used to accumulate the difference on cost of shares issued by the company and share buy-backs. In 2008, the difference arose because of the reverse acquisition, valuing the net asset at the fair value on the day of transaction versus the cost of the shares as agreed per the shareholder agreement.

(ii) Movements in reserve

	31 Dec 2014 $'000	31 Dec 2013 $'000
Balance at end of the financial period	(101,497)	(99,424)

(c) Remuneration reserve

(i) Nature and purpose of reserve

The employee remuneration reserve comprises the fair value of share based payment plans recognised as an expense in the statement of profit or loss.

(ii) Movements in reserve

	31 Dec 2014 $'000	31 Dec 2013 $'000
Balance at beginning of period	3,550	-
Equity settled share based payments expense	110	-
Balance at end of the financial period	3,660	-

Notes to the consolidated financial statements (continued)

For the half-year ended 31 December 2014

10 RESERVES, continued

(c) Remuneration reserve, continued

(a) Long term incentive (LTI) Pre-listing Scheme

Pre-listing Scheme relates to services performed prior to listing. The scheme was granted and expensed in FY 2014. It is cash settled and payable over three years beginning 1 July 2015.

(b) Long term incentive (LTI) and Short Term Incentive (STI) Post-listing Scheme

Share based payment reserve of $109,871 for half- year ended 31 December 2014 (2013: $nil) relates to the new STI and LTI schemes introduced upon listing. The Performance Rights offered under both schemes, entitle the holder to acquire a share for nil consideration. Fair value of each performance right was valued to be the offer price at listing, as this was the most recent and indicative price relevant to the grant date (18 September 2014). No market conditions are attached to the performance rights.

(i) New LTI

At time of listing on the ASX the company granted Performance Rights to senior executives with a face value of $643,860. Based on the share public offer price of $3.65 per ordinary share, this equates to 176,400 Performance Rights. It is based on performance period starting the day of listing to 30 June 2017. The Performance Rights are subject to EPS hurdles. Senior executives must also be employed with the company when the rights are transferred.

(ii) New STI

A portion of short term incentives for senior executives are delivered in the form of a Performance Right that entitles the holder to acquire shares at nil cost. Half of these Performance Rights vest 12 months after the grant date. The remaining half vest 24 months after the grant date.

No performance rights or cash payments were transferred during the period. The performance conditions have an EBITDA growth target for the financial year ending 30 June 2015, starting from the date of listing. Senior executives must also be employed with the company when the rights are transferred.

Notes to the consolidated financial statements (continued)

For the half-year ended 31 December 2014

	31 Dec 2014 $'000	30 June 2014 $'000
11 COMMITMENTS		
Capital expenditure commitments		
Contractual commitments for building works at aged care facilities	67,511	80

The increase in construction contract commitments is in line with the growth strategy noted in the Regis Healthcare Prospectus dated 18 September 2014.

12 CONTINGENCIES

	31 Dec 2014 $'000	30 June 2014 $'000
Estimates of the maximum amounts of contingent liabilities, that may become payable:		
(a) Bank guarantees	7,596	7,596

(b) Legal claims and disputes

Dispute with State Revenue Office of Victoria in relation to the acquisition of Paragon

Regis has instituted two proceedings in the Supreme Court of Victoria challenging notices of assessment issued by the State Revenue Office of Victoria in September 2011 and in October 2012 in relation to the acquisition by Regis of the shares in Paragon Group Investments Pty Ltd in July 2007. Regis has paid $14.2 million of the $15.3 million assessed by the SRO. If unsuccessful in the proceedings, Regis may be liable to pay the outstanding $1.1 million under the assessments. If successful, the amounts already paid under the original assessment should be refunded with interest. The further amount claimed under the amended assessment would also cease to be payable.

The appeal was heard by the Supreme Court of Victoria in November 2014. A decision in the case is likely to be made in the first half of calender year 2015 at the earliest.

Notes to the consolidated financial statements (continued)

For the half-year ended 31 December 2014

13 RELATED PARTY DISCLOSURES

(a) Director related entities

Loans from director related entities Ashburn Pty Ltd and Galabay Pty Ltd, provided to the company at the time of the share buy-back in January 2014, were repaid during the period from the proceeds of the share issue.

Special shares owned by director related entities Ashburn Pty Ltd and Galabay Pty Ltd were bought back during the period. Refer Note 8.

(b) Other

Other related party transactions include the remuneration of key management personnel and directors. These are in the ordinary course of business and are not disclosed in the half-year financial report

14 EVENTS AFTER THE BALANCE SHEET DATE

In January 2015, the Group announced the acquisition of Redlynch Glenmead Village, located in the Cairns suburb of Redlynch. The acquisition of the 194 place aged care home is subject to the approval of the Department of Social Services and is due to be completed on 1 April 2015 at which point the facility will be known as Regis Redlynch. The financial effect of the above transaction is not known at the time of this report.

Notes to the consolidated financial statements (continued)

For the half-year ended 31 December 2014

15 BUSINESS COMBINATIONS

On 1 November 2014 the Group acquired the Tiwi Residential care facility from ECH Inc. located in Darwin, NT. The Group has acquired this facility in line with its growth strategy. The acquisition has been accounted for using the acquisition method.

The cash consideration transferred was $8,643,585. Acquisition related costs of $743,777 incurred as part of this transaction included professional fees and stamp duty costs. These have been expensed and recognised within professional services and other expenses in the consolidated statement of profit or loss and other comprehensive income.

The fair value of the identifiable assets and liabilities as at the dates of the acquisitions were:

	Consolidated fair value at acquisition date $'000
Property, plant & equipment	12,356
Bed licences	1,350
Deferred tax assets	618
	14,324
Accommodation bonds/RADs	(4,749)
Provisions	(449)
	(5,198)
Fair value of identifiable net assets	9,126
Cost	(8,643)
Gain on purchase	483
Cost of the combination:	
Cash paid	8,643
Other	-
Total cost of the combination	8,643
Direct costs relating to the acquisition (included in professional services and other expenses)	744

The gain on purchase resulted from the fair value of the deferred tax asset exceeding the vendor allowance in the purchase consideration.

The consolidated statement of comprehensive income includes revenue and net profit for the year ended 31 December 2014 of $1,735,148 and $259,648 respectively, as a result of the acquisition. Had the acquisition occurred at the beginning of the reporting period, the consolidated statement of comprehensive income would have included revenue and profit of approximately $5,205k and $779k respectively.

In accordance with AASB 3: *Business Combinations*, the Group discloses that, due to the acquisition taking place on 1 November 2014, the initial accounting for the business combination is provisional. The Group will determine and disclose the final accounting within 12 months of the acquisition date, in accordance with AASB 3: *Business Combinations.*

Notes to the consolidated financial statements (continued)

For the half-year ended 31 December 2014

16 SEGMENT INFORMATION

For management reporting purposes, the Group has reportable segments that are based on geographical locations as per the following:
- Queensland
- New South Wales
- Victoria
- South Australia
- Western Australia/Northern Territory
- Other

Executive management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and segment performance. Segment performance is evaluated based on operating profit or loss and is measured consistently with the profit and loss in the consolidated financial statements. Group finance costs (interest income and expense), income taxes and assets and liabilities are managed on a Group basis and therefore have not been allocated to an operating segment.

Half-year ended 31 December 2014	QLD $'000	NSW $'000	VIC $'000	SA $'000	WA/NT $'000	OTHER $'000	TOTAL $'000	INTEREST $'000	CONSOL-IDATED $'000
Government Funding	46,325	18,095	53,955	12,202	20,462	-	151,040	-	151,040
Resident Fees	18,816	8,848	22,797	3,931	6,619	-	61,010	-	61,010
Other	1,523	661	2,844	105	1,204	95	6,432	713	7,145
Total Revenue	66,664	27,604	79,596	16,238	28,285	95	218,482	713	219,195
Depreciation	1,109	315	2,159	226	325	4,525	8,659	-	8,659
Impairment charges	-	-	-	-	-	-	-	-	-
Segment result	21,076	9,019	21,657	4,338	7,666	(20,553)	43,203	-	43,203
Total Segment Assets	233,751	89,643	286,498	41,062	150,024	16,827	817,805	-	817,805
Bond Segment Liability	210,610	107,839	253,803	11,579	83,156	-	666,987	-	666,987

Half-year ended 31 December 2013	QLD $'000	NSW $'000	VIC $'000	SA $'000	WA / NT $'000	OTHER $'000	TOTAL $'000	INTEREST $'000	CONSOL-IDATED $'000
Government Funding	41,216	17,045	48,933	11,587	18,216	-	136,997	-	136,997
Resident Fees	17,745	8,475	20,712	3,757	6,102	-	56,791	-	56,791
Other	1,492	635	2,802	106	1,091	152	6,278	544	6,822
Total Revenue	60,453	26,155	72,447	15,450	25,409	152	200,066	544	200,610
Depreciation	2,632	1,057	3,148	147	699	48	7,731	-	7,731
Impairment charges	-	-	2,000	-	-	-	2,000	-	2,000
Segment result	15,512	7,204	16,003	3,939	5,450	(14,249)	33,859	-	33,859
Total Segment Assets	220,342	87,519	282,353	42,429	132,101	12,117	776,861	-	776,861
Bond Segment Liability	184,975	97,094	243,630	11,248	57,721	-	594,668	-	594,668

Notes to the consolidated financial statements (continued)

For the half-year ended 31 December 2014

16 SEGMENT INFORMATION (continued)

	2014 $'000	2013 $'000
Reconciliation of Profit		
Segment Result	43,203	33,859
Finance income	713	544
Finance costs	(14,830)	(9,022)
IPO fees	(3,915)	-
Other	-	(228)
Profit before tax	**25,172**	**25,153**
Reconciliation of Assets		
Segment Assets	817,805	776,861
Cash	72,881	50,011
Receivables and other	7,435	24,251
Share loans	-	1,605
Deferred tax assets	22,236	16,713
Development cost	26,848	48,005
Total Assets	**947,205**	**917,446**
Reconciliation of Liabilities		
Bond/RAD Segment Liability	666,987	594,668
Trade and other payables	31,921	50,341
Provisions	36,600	29,651
Loans and borrowings	-	299,632
Tax payable and Deferred taxes	17,769	9,905
Other	7,889	9,149
Total Liabilities	**761,166**	**993,346**

Entity wide disclosure

Revenue from one source, being the Federal Government constitutes or provides greater than 10 per cent of total revenues received.

Notes to the consolidated financial statements (continued)

For the half-year ended 31 December 2014

17 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the year. The diluted earnings per share calculation reflects the dilutive effect of employee Performance Rights.

	2014 $'000	2013 $'000
Profit attributable to ordinary equity holders of the Parent	15,112	16,756

	2014 cents	2013 cents
Basic earnings per share	6.20	4.77
Diluted earnings per share	6.20	4.77

	2014 thousands	2013 thousands
Weighted average number of ordinary shares used in the calculation of -		
Basic earnings per share	243,794	351,435
Adjustment for calculation of diluted earnings per share		
- effect of share based payment arrangements	118	-
Diluted earnings per share	243,912	351,435

Directors' Declaration

In accordance with a resolution of the directors of Regis Healthcare Limited, I state that:

In the opinion of the directors:

(a) the financial statements and notes of Regis Healthcare Limited are in accordance with the *Corporations Act 2001* , including:

(i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001.*

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the board

Mark A Birrell
Chairman
Melbourne, 20 February 2015

Building a better working world

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000
Fax: +61 3 8650 7777
ey.com/au

Independent review report to members of Regis Healthcare Limited

We have reviewed the accompanying half-year financial report of Regis Healthcare Limited, which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a 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 half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the 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 2014 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 Regis Healthcare Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation

Building a better
working world

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 Regis Healthcare Limited is not in accordance with the Corporations Act 2001, including:

a. giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and

b. complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Ernst & Young

Glenn Carmody
Partner
Melbourne
20 February 2015

ASX ANNOUNCEMENT

20 February 2015

The Manager
Company Announcements Office
Australian Securities Exchange Limited
Level 4, Exchange Centre
20 Bridge Street
Sydney NSW 2000

REGIS HEALTHCARE REPORTS INTERIM FINANCIAL RESULTS FOR 1H FY2015 AND UPGRADES FULL YEAR FY2015 FORECAST

First Half Highlights

- Pro forma NPAT of $29.6 million from revenue of $219.4 million
- Pro forma net cash flow of $44.1 million, ahead of expectations
- Occupancy at 94.5% as at 31 December 2014
- Growth in operational places to 4,855 in line with prospectus
- Completion of acquisition of Regis Tiwi Gardens, Darwin
- Net cash as at 31 December 2014 of $72.9 million with no debt

Regis Healthcare Limited (ASX: **REG**) is pleased to announce a statutory net profit after tax attributable to equity holders of $15.1 million for the half-year ended 31 December 2014. This result corresponds to a pro forma net profit after tax for the period of $29.6 million[1].

Commenting on the results, Regis' Managing Director, Mr Ross Johnston, said "Regis delivered a strong performance in the first half of the financial year, and we now anticipate EBITDA and NPAT for the full year exceeding forecasts presented in the Company's Prospectus[2] by between five and ten per cent.

The half year result is underpinned by strong revenue and from prudent management of expenses. Net RAD[3] cashflow, which was $43.4 million in the half year compared to the FY15 full year prospectus forecast of $47.0 million, was the primary contributor to a strong cashflow performance."

[1] Pro forma net profit after tax reflects statutory net profit after tax adjusted for one off items including the transaction costs and adjusted capital structure resulting from Regis' IPO
[2] Dated 25 September 2014
[3] Refundable Accommodation Deposits and Accommodation Bonds

Financial Results

Highlights of the 1H FY2015 financial results include:

	$ million actual 1H FY2015	% of prospectus forecast full year FY2015
Pro forma Revenue	219.4	51 %
Pro forma EBITDA	51.2	59 %
Pro forma NPAT	29.6	62 %
Statutory NPAT	15.1	45 %
Net RAD inflows	43.4	92 %
Pro forma Net cashflow before dividends	44.1	271 %

Key contributors to the earnings and cash flow result are:

- Increased ACFI[4] per resident per day to $179.5[5] for the month ending 31 December 2014 and continued focus on management of ACFI claims
- Expenses well managed to offset a marginally below expectation occupancy performance
- Growth in operational places to 4,855 from completion of the Regis Tiwi Gardens acquisition
- 92% of full year forecast net RAD inflows achieved in first half as a result of increased RAD pricing

Market Position and Growth Strategy

Regis' medium term growth strategy continues to combine organic elements, including greenfield and brownfield development, with acquisitive elements, including single facility acquisitions and portfolio acquisitions.

Commenting on the position of Regis in the Australian residential aged care market, Mr Johnston said "Regis is one of the largest and most geographically diverse Australian residential aged care providers. We are proud of our portfolio of high quality aged care facilities with a service offering targeted at the premium end of the market and a focus on high acuity care."

Mr Johnston says "Our greenfield development program has been expanded and we are also focussing on brownfield opportunities to expand and refurbish existing sites. On the acquisition side, we will continue making single site purchases when opportunities are identified that meet our criteria, and we will also assess portfolio acquisition opportunities as they arise."

He also notes "Regis operates in a highly fragmented industry which gives rise to a range of opportunities to grow by acquisition. In addition, long term demographic change in Australia

[4] Aged Care Funding Instrument
[5] Including adjustment of 8.5% for Conditional Adjustment Payment

supports continued investment in the residential aged care sector. Industry forecasts suggest 260,000 places will be required by 2022, representing annual growth of around 3.5%."

Outlook

Pro forma EBITDA and NPAT guidance has been upgraded by 5 to 10% for FY2015 subject to the continuation of the current economic and regulatory environments.

For further information, contact:

Kirsty Nottle
General Manager Investor Relations
T 03 8573 0444
E knottle@regis.com.au