

Lake Imaging Pty Ltd

ACN 098 499 293

Financial Statements

For the Year Ended 30 June 2014

Lake Imaging Pty Ltd

ACN 098 499 293

Contents

For the Year Ended 30 June 2014

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Lake Imaging Pty Ltd

ACN 098 499 293

Directors' Report For the Year Ended 30 June 2014

Your directors present their report on Lake Imaging Pty Ltd for the financial year ended 30 June 2014.

The names of each person who has been a director during the year and to the date of this report are:

Mark Jago (Appointed 14 August 2014)
Robert Radcliffe-Smith (Appointed 14 August 2014)
Donald Barrie
Sally May Sojan (Appointed 14 August 2014)
Ross Stephen Breadmore (Resigned 3 March 2014)
Alastair Gerald Firkin (Resigned 25 July 2014)
John Andrew Livingston
Anthony John French (Resigned 25 July 2014)
Craig David Bremner (Resigned 25 July 2014)
Gregory James Hughes
Alexius Paul Meakin
Chien Ping Ho
Robert James House (Resigned 3 March 2014)
Craig John Lightfoot (Resigned 3 March 2014)
Vincenzo Mercuri (Resigned 3 March 2014)
Manish Mittal (Resigned 3 March 2014)
Gregory Lee Murray (Resigned 3 March 2014)
Kim Min New (Resigned 3 March 2014)
Alexander Gregory Pitman (Resigned 3 March 2014)
Lucila Zentner (Resigned 3 March 2014)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal activities

The principal activity of Lake Imaging Pty Ltd during the financial year was the provision of imaging services.

No significant changes in the nature of the entity's activity occurred during the financial year.

Operating results

The profit of the Company after providing for income tax amounted to \$5,929,218 (2013: \$3,980,438).

Dividends paid or recommended

Dividends paid or declared since the start of the financial year are as follows:

- A fully franked dividend of \$3,635,000 was paid or declared for the year ended 30 June 2014.

Significant changes in state of affairs

There have been no significant changes in the state of affairs of the Company during the year.

Lake Imaging Pty Ltd

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Directors' Report

For the Year Ended 30 June 2014

After balance date events

On 14 August 2014 Lake Imaging Pty Ltd acquired the business of South Coast Radiology, which provides medical imaging services in Queensland. As part of the business purchase, the parent entity, Lake Imaging Holdings Pty Ltd, has issued share capital to the former owners of South Coast Radiology and to a third party.

Other than the matter listed above, no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

Future developments and results

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

Environmental issues

The Company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

Indemnification and insurance of officers and auditors

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of Lake Imaging Pty Ltd.

Proceedings on behalf of company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2014 has been received and can be found on page 3 of the financial report.

Signed in accordance with a resolution of the Board of Directors:

Director:
John Andrew Livingston

Director:
Alexius Paul Meakin

Dated 30 October 2014

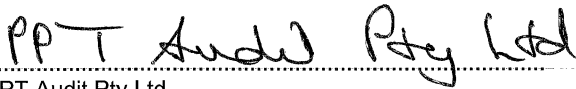
Lake Imaging Pty Ltd

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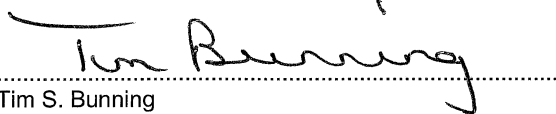
Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 To the Directors' of Lake Imaging Pty Ltd

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2014, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



PPT Audit Pty Ltd
Certified Practising Accountants



Tim S. Bunning
Director

20 Lydiard Street South, Ballarat

29 October 2014

Lake Imaging Pty Ltd

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Statement of Comprehensive Income
For the Year Ended 30 June 2014

		2014	2013
	Note	\$	\$
Revenue	2	54,286,439	50,944,282
Consumables used		(2,169,256)	(1,959,127)
Employee benefits expense		(174,058)	(137,097)
Consultants and contractors		(32,720,597)	(31,421,207)
Depreciation and amortisation expense		(2,998,972)	(3,137,565)
Other operating expenses		(6,975,064)	(7,609,854)
Finance costs		(762,552)	(982,334)
Profit before income tax	3	8,485,940	5,697,098
Income tax expense	4	(2,556,722)	(1,716,660)
Profit for the year		5,929,218	3,980,438
Other comprehensive income:			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		5,929,218	3,980,438

The accompanying notes form part of these financial statements.

Lake Imaging Pty Ltd

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Statement of Financial Position**As At 30 June 2014**

	Note	2014 \$	2013 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	4,907,208	2,512,206
Trade and other receivables	7	3,221,974	2,780,683
TOTAL CURRENT ASSETS		8,129,182	5,292,889
NON-CURRENT ASSETS			
Investments	8	9,600	9,600
Property, plant and equipment	9	11,106,595	13,206,195
Deferred tax assets	13(b)	130,991	100,783
Intangible assets	10	10,297,690	10,348,517
TOTAL NON-CURRENT ASSETS		21,544,876	23,665,095
TOTAL ASSETS		29,674,058	28,957,984
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	8,965,171	6,327,484
Borrowings	12	3,094,493	5,332,311
Current tax liabilities	13(a)	1,267,857	484,865
TOTAL CURRENT LIABILITIES		13,327,521	12,144,660
NON-CURRENT LIABILITIES			
Borrowings	12	7,010,368	9,647,684
Deferred tax liabilities	13(b)	202,893	326,582
TOTAL NON-CURRENT LIABILITIES		7,213,261	9,974,266
TOTAL LIABILITIES		20,540,782	22,118,926
NET ASSETS		9,133,276	6,839,058
EQUITY			
Issued capital	14	2,531,380	2,531,380
Retained earnings		6,601,896	4,307,678
TOTAL EQUITY		9,133,276	6,839,058

The accompanying notes form part of these financial statements.

Lake Imaging Pty Ltd

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Statement of Changes in Equity
For the Year Ended 30 June 2014**2014**

	Ordinary Shares	Retained Earnings	Total
	\$	\$	\$
Balance at 1 July 2013	2,531,380	4,307,678	6,839,058
Profit attributable to members of the entity	-	5,929,218	5,929,218
Dividends provided for or paid	-	(3,635,000)	(3,635,000)
Balance at 30 June 2014	2,531,380	6,601,896	9,133,276

2013

	Ordinary Shares	Retained Earnings	Total
	\$	\$	\$
Balance at 1 July 2012	2,531,380	3,207,240	5,738,620
Profit attributable to members of the entity	-	3,980,438	3,980,438
Dividends provided for or paid	-	(2,880,000)	(2,880,000)
Balance at 30 June 2013	2,531,380	4,307,678	6,839,058

The accompanying notes form part of these financial statements.

Lake Imaging Pty Ltd

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Statement of Cash Flows
For the Year Ended 30 June 2014

	Note	2014 \$	2013 \$
CASH FROM OPERATING ACTIVITIES:			
Receipts from customers		57,832,245	56,802,657
Payments to suppliers		(43,608,437)	(46,129,323)
Interest received		71,163	50,174
Interest paid		(762,551)	(982,334)
Income tax paid		(1,927,628)	(1,423,035)
Net cash provided by (used in) operating activities	17	<u>11,604,792</u>	<u>8,318,139</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Net proceeds from sale of property, plant and equipment		650,000	11,955
Payment for intangible assets		-	(57,210)
Purchase of property, plant and equipment		(1,349,656)	(3,764,855)
Net cash used by investing activities		<u>(699,656)</u>	<u>(3,810,110)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net proceeds (repayments) from borrowings		(4,875,134)	(1,561,412)
Dividends paid		(3,635,000)	(2,880,000)
Net cash used by financing activities		<u>(8,510,134)</u>	<u>(4,441,412)</u>
Net increase (decrease) in cash and cash equivalents held		2,395,002	66,617
Cash and cash equivalents at beginning of year		2,512,206	2,445,589
Cash and cash equivalents at end of financial year	6	<u>4,907,208</u>	<u>2,512,206</u>

The accompanying notes form part of these financial statements.

Lake Imaging Pty Ltd

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Notes to the Financial Statements

For the Year Ended 30 June 2014

Lake Imaging Pty Ltd is a Company limited by shares, incorporated and domiciled in Australia.

1 Summary of Significant Accounting Policies

Basis of preparation

The directors have prepared the financial statements on the basis that the Company is a non-reporting entity because there are no users dependent on general purpose financial statements. These financial statements are therefore a special purpose financial statements that has been prepared in order to meet the requirements of the *Corporations Act 2001*.

The financial statements have been prepared in accordance with recognition and measurement criteria in the Australian Accounting Standards and the disclosure requirements of AASB 101 Presentation of Financial Statements, AASB 107 Statement of Cash Flows and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.

The significant accounting policies disclosed below are those which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous period unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in notes.

(a) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less which are convertible to a known amount of cash and subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(b) Trade and Other Receivables

The company recognises receivables at their amounts due.

The collectability of receivables is assessed at balance date, based on a review of the current status of existing receivables and management's evaluation of periodic aging of accounts, and provision is made for any receivables considered doubtful.

Bad debts are accounted for using the direct write-off method. The expense is recognised only when a specific receivable is determined to be uncollectible.

(c) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Depreciation

The depreciable amount of all fixed assets, including capitalised leased assets, are depreciated on a reducing balance basis or straight line basis over the asset's useful life to Lake Imaging Pty Ltd commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the estimated useful lives of the improvements. The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The depreciation rates used for each class of depreciable assets are:

Plant and Equipment	2 - 60%
Motor Vehicles	12-29%
Office Equipment	2 - 60%
Leasehold Improvements	2 - 20%

Notes to the Financial Statements

For the Year Ended 30 June 2014

1 Summary of Significant Accounting Policies continued

(d) Intangibles - Goodwill

Goodwill is initially recorded at the amount by which the purchase price for a business combination exceeds the fair value attributed to the interest in the net fair value of identifiable assets, liabilities and contingent liabilities at date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(e) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to the Company are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for that period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the Company will obtain ownership of the asset or over the term of the lease.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(f) Revenue and other income

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of Lake Imaging Pty Ltd's activities.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

All revenue is stated net of the amount of goods and services tax (GST).

(g) Income tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also

Notes to the Financial Statements

For the Year Ended 30 June 2014

1 Summary of Significant Accounting Policies continued

(g) Income tax continued

result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting year. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Tax Consolidation

Lake Imaging Pty Ltd is a member of an income tax consolidation group comprising Lake Imaging Holdings Pty Ltd and its wholly owned subsidiaries. Each entity in the group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the 'stand-alone taxpayer' approach to allocation. Current tax liabilities (assets) and deferred tax assets (liabilities) arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the parent entity. The tax consolidated group has entered into a tax funded arrangement whereby each company in the group contributed to the income tax payable by the group's taxable income. Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding arrangement are recognised as either a contribution by, or distribution to, the parent entity.

(h) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

(i) Comparative figures

Comparative figures have been adjusted to conform to changes in presentation for the current financial year where required by Australian Accounting Standards or as a result of a change in accounting policy.

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Notes to the Financial Statements**For the Year Ended 30 June 2014****2 Revenue**

	2014	2013
	\$	\$
Sales revenue	54,021,057	50,820,250
Other revenue		
- Interest revenue	71,163	50,174
- dividend income	200	-
- rental income	42,153	83,917
- net gain on disposal of assets	146,479	-
- other income	5,387	4,731
	265,382	138,822
	54,286,439	50,959,072

3 Result for the Year

The result for the year includes the following specific expenses:

Finance costs	762,551	982,334
Property and equipment rental	4,245,074	5,109,936
Bad debts	55,621	23,890
Depreciation	2,945,735	3,089,437
Amortisation	53,236	48,128
Net loss on disposal of assets	-	14,759

4 Income Tax Expense

The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:

Prima facie tax payable on profit from ordinary activities before income tax at 30% (2013: 30%)

Add tax effect of:

- non-deductible expense

	2,545,783	1,709,129
	10,939	7,531
Income tax expense	2,556,722	1,716,660

5 Dividends Paid

Paid and declared fully franked ordinary dividend of \$1.44 per share (2013: \$1.14)

	3,635,000	2,880,000
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Lake Imaging Pty Ltd

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Notes to the Financial Statements**For the Year Ended 30 June 2014****6 Cash and Cash Equivalents**

	2014	2013
	\$	\$
Cash on hand	8,050	8,050
Cash at bank	4,899,158	2,504,156
	<u>4,907,208</u>	<u>2,512,206</u>

7 Trade and Other Receivables**CURRENT**

Trade receivables	2,152,258	1,414,753
Provision for impairment	(40,000)	(62,000)
	<u>2,112,258</u>	<u>1,352,753</u>
Prepayments	492,336	518,167
Accrued revenue	208,481	84,236
Deposits	4,545	4,545
GST receivable	404,354	807,298
Amount owed by associated entity	-	8,684
Other receivables	-	5,000
	<u>3,221,974</u>	<u>2,780,683</u>

8 InvestmentsShares in Vicwest Community Enterprise Ltd - at Independent
Valuation 2010

	9,600	9,600
	<u>9,600</u>	<u>9,600</u>

Notes to the Financial Statements

For the Year Ended 30 June 2014

9 Property, Plant and Equipment

	2014 \$	2013 \$
PLANT AND EQUIPMENT		
At cost	16,798,545	17,126,203
Accumulated depreciation	(9,632,272)	(8,395,755)
Total plant and equipment	7,166,273	8,730,448
MOTOR VEHICLES		
At cost	35,004	35,004
Accumulated depreciation	(33,605)	(33,071)
Total motor vehicles	1,399	1,933
OFFICE EQUIPMENT		
At cost	3,444,669	3,196,116
Accumulated depreciation	(2,611,263)	(2,032,449)
Total office equipment	833,406	1,163,667
LEASEHOLD IMPROVEMENTS		
At cost	4,033,124	3,975,603
Accumulated depreciation	(927,607)	(665,456)
Total leasehold improvements	3,105,517	3,310,147
Total property, plant and equipment	11,106,595	13,206,195

Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Plant and Equipment \$	Motor Vehicles \$	Office Equipment \$	Leasehold Improvements \$	Total \$
Balance at the beginning of year	8,730,448	1,933	1,163,667	3,310,147	13,206,195
Additions	1,042,343	-	249,792	57,521	1,349,656
Disposals - written down value	(503,272)	-	(249)	-	(503,521)
Depreciation expense	(2,103,246)	(534)	(579,804)	(262,151)	(2,945,735)
Balance at 30 June 2014	7,166,273	1,399	833,406	3,105,517	11,106,595

Lake Imaging Pty Ltd

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**Notes to the Financial Statements
For the Year Ended 30 June 2014****10 Intangible Assets**

	2014	2013
	\$	\$
Goodwill - at cost	10,177,895	10,177,895
Funding and establishment expenses - at cost	259,301	291,776
Accumulated amortisation and impairment	(139,506)	(121,154)
	<u>10,297,690</u>	<u>10,348,517</u>

11 Trade and Other Payables

Trade creditors	2,593,668	1,329,612
Other creditors	6,296,433	4,936,069
Credit cards	75,070	61,803
	<u>8,965,171</u>	<u>6,327,484</u>

12 Borrowings

CURRENT		
ANZCAP loans	1,407,351	2,964,728
Other bank loans	1,687,142	2,367,583
	<u>3,094,493</u>	<u>5,332,311</u>
NON-CURRENT		
ANZCAP Loan	2,565,851	3,933,553
Other bank loans	4,444,517	5,714,131
	<u>7,010,368</u>	<u>9,647,684</u>

Security held in support of external loan facilities

The bank loans and hire purchase facilities are secured by first registered mortgages over plant and equipment owned by the company supported by equitable charges and cross guarantees over the assets and undertakings of the company and the associated entities together with Directors Guarantees.

Lake Imaging Pty Ltd

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Notes to the Financial Statements**For the Year Ended 30 June 2014****13 Tax Assets and Liabilities****(a) CURRENT**

	2014	2013
	\$	\$
Income tax payable	1,267,857	484,865

(b) NON CURRENT

Deferred tax assets	130,991	100,783
Deferred tax liabilities	202,893	326,582

14 Issued Capital

2,531,380 (2013: 2,531,380) fully paid ordinary shares

2,531,380	2,531,380
2,531,380	2,531,380

Fully paid ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

15 Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

Payable - minimum lease payments:

- no later than 1 year	2,979,297	3,819,736
- between 1 year and 5 years	4,393,611	6,165,311
	7,372,908	9,985,047

Lake Imaging Pty Ltd

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Notes to the Financial Statements

For the Year Ended 30 June 2014

16 Auditors' Remuneration

	2014	2013
	\$	\$
Remuneration of the auditor of the company, PPT Audit, for:		
- auditing or reviewing the financial report	9,150	8,300
- systems audit review	-	9,250
- other audit services	6,500	8,500
- financial report preparation services	2,700	2,200
	<u>18,350</u>	<u>28,250</u>

17 Cash Flow Information

Reconciliation of net income to net cash provided by operating activities:

Profit for the year	5,929,218	3,980,438
- amortisation	53,236	48,128
- depreciation	2,945,735	3,089,437
- (gain)/loss on disposal of property, plant and equipment	(146,479)	14,759
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(737,505)	327,251
- (increase)/decrease in prepayments	(98,414)	(38,542)
- increase/(decrease) in trade and other payables	3,029,906	603,043
- increase/(decrease) in taxes payable	629,095	293,625
Cashflow from operating activities	<u>11,604,792</u>	<u>8,318,139</u>

18 Contingent Liabilities

The company's bankers have provided bank guarantees totalling \$303,958 as at 30 June 2014.

19 Events Occurring After the Reporting Date

On 14 August 2014 Lake Imaging Pty Ltd acquired the business of South Coast Radiology, which provides medical imaging services in Queensland. As part of the business purchase, the parent entity, Lake Imaging Holdings Pty Ltd, has issued share capital to the former owners of South Coast Radiology and to a third party.

20 Company Details

The registered office of the company is:

Lake Imaging Pty Ltd
20 Lydiard Street South
BALLARAT VIC 3350

Lake Imaging Pty Ltd

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Directors' Declaration

The directors have determined that the Company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 4 to 16, are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Accounting Standards as stated in Note 1; and
 - (b) give a true and fair view of the Company's financial position as at 30 June 2014 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Director
John Andrew Livingston

Director
Alexius Paul Meakin

Dated 30 October 2014

Lake Imaging Pty Ltd

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Independent Audit Report to the members of Lake Imaging Pty Ltd

Report on the Financial Report

We have audited the accompanying financial report, being a special purpose financial report of Lake Imaging Pty Ltd, which comprises the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error

Auditor's Responsibility

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

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

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

Independence

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

Lake Imaging Pty Ltd

ACN 098 499 293

Independent Audit Report to the members of Lake Imaging Pty Ltd

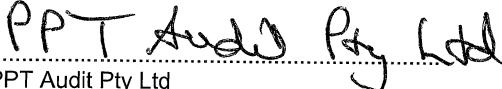
Opinion

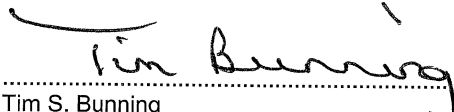
In our opinion the financial report of Lake Imaging Pty Ltd is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Company's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards to the extent described in Note 1, and the *Corporations Regulations 2001*.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose.


PPT Audit Pty Ltd
Certified Practising Accountants


Tim S. Bunning
Director

20 Lydiard St South Ballarat VIC 3350

31 October 2014

