

# **Regis Healthcare Limited**

**ABN 11 125 203 054**

## **Appendix 4D**

### **HALF YEAR INFORMATION GIVEN TO ASX**

**Half Year Ended: 31 December 2015**

**Lodged with the ASX under Listing Rule 4.2A.3**

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1. Details of the reporting period
2. Results for Announcement to the Market
3. Net Tangible Assets per ordinary share
4. Details of Controlled Entities
5. Details of Associates and Joint Venture Entities
6. Dividends
7. Accounting Standards
8. Audit Disputes and Qualifications
9. Half Year Report ended 31 December 2015

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 Annual Financial Report for the year ended 30 June 2015 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 2015 to 31 December 2015**

**The Prior Corresponding Period (PCP) is 1 July 2014 to 31 December 2014**

## **2. Results for Announcement to the Market**

- Revenue increased by \$17.4 million to \$236.6 million, up 7.9% on the PCP.
- Net Profit After Tax from ordinary activities attributable to members increased by \$13.2 million from \$15.1 million to \$28.3 million, up 87.4% on the PCP.
- Net profit attributable to members increased by \$13.2million from \$15.1 million to \$28.3 million, up 87.4% on the PCP.
- A fully franked interim dividend of 9.4 cents per security for the half year ended 31 December 2015 will be paid on 21 March 2016.
- The record date for determining entitlements to the interim dividend is 7 March 2016
- A final dividend of 17.6 cents per security (franked at 64.2%) for the year ended 30 June 2015 was paid on 21 September 2015.

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

<b>31 December 2015</b>	<b>31 December 2014</b>
(33.3) cents	(24.9) 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 joint Ventures.

## 6. Dividends

Dividend Information	Amounts per security (cents)	Franked amounts per security (cents)	Tax Rate for Franking
Interim dividend per security (to be paid 21 March 2016)	9.4	9.4	30%

Interim dividend dates	
Ex-dividend date	3 March 2016
Record date	7 March 2016
Payment date	21 March 2016

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 4.3A

The remainder of the information requiring disclosure to comply with Listing Rule 4.3A is contained in the attached Half-Year Financial Report (which includes the Directors' Report).

Signed by



**Martin Bede, Company Secretary**

26 February 2016

# **REGIS HEALTHCARE LIMITED**

ABN 11 125 203 054

FINANCIAL REPORT  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015



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## 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

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: 1300 554474

### 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

Your directors present their report on Regis Healthcare Limited (the Company or the Parent) and its controlled entities (the Group) for the half-year ended 31 December 2015.

## Directors

The names of directors in office during the half-year and until the date of this report are set out below. Unless otherwise stated, directors were in office for the entire period.

NAME	ROLE
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

## Principal Activities

The group's principal activity during the period was the ownership and operation of residential aged care facilities and retirement villages. No significant changes occurred to these activities during the period.

## Review and Results of Operations

Regis recorded a profit after income tax for the half year period of \$28,279,000 (2014: \$15,112,000). Total revenue for the period was \$236,611,000. This represents an increase of 8% against the previous corresponding reporting period of \$219,195,000.

Regis' revenue growth was driven by strong resident care and government income achieved across its 47 facilities. Regis continues to focus closely on optimising its cost structure and occupancy levels. Revenue growth was further underpinned by the acquisition of additional places at Regis Tiwi, NT (135 operational places acquired on 31/10/2014), Regis Redlynch, QLD (194 operational places acquired on 1/04/2015) and Regis Marleston, SA (115 operational places acquired on 1/07/2015).

In addition to the strong financial result, the Group maintained accreditations at all of its facilities and continued to invest in capital development at existing facilities to improve the standard of Group facilities.

## Acquisitions and Development Activity

During the period, the Group acquired sites for development at Newcastle, NSW and Camberwell, VIC. Regis Marleston, SA (115 operational places) was acquired on 1 July 2015 and successful integration of this facility has occurred during the reporting period.

At Regis Ontario in Mildura, VIC, the facility has been refurbished which has resulted in 38 additional operational places becoming available during the reporting period.

The construction of an additional 64 operational places at Regis Caboolture in QLD is nearly complete and these are expected to receive their first residents before the end of the 2016 financial year.

The construction of a greenfield facility at Regis North Fremantle, WA (109 operational places) has continued during the reporting period. This Regis Club facility is expected to be ready to receive new residents before the end of the 2016 financial year.

At Regis Malvern East, VIC (148 operational places) construction is nearing completion and it is anticipated that this Regis Club facility will be operational in the first half of the 2017 financial year.

The planned closure of Regis Sunset, SA (67 operational places) occurred during the period and this site is currently under re-development.

**DIRECTORS' REPORT (continued)****Liquidity and Cash Management**

The Group's principal sources of funds continue to be cashflow from operations and Refundable Accommodation Deposits (RADs). The Group's cash position is expected to provide sufficient liquidity to meet its expected cash requirements.

**Dividends**

A dividend of \$52,861,000 (franked at 64.2%) was paid on 21 September 2015 in respect of the financial year ended 30 June 2015 and is reflected in the financial statements of the current reporting period.

A dividend of \$28,279,000 (fully franked) was declared on 26 February 2016 for payment for the half year ended 31 December 2015. The financial effect of dividends declared after period end are not reflected in the 31 December 2015 financial statements and will be recognised in subsequent financial reports.

**Significant Changes in State of Affairs**

There have been no significant changes in the state of affairs of the Group during the half year period.

**Significant Events after Balance Sheet date**

No 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.

**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.

**Auditor's Independence Declaration**

In relation to the Auditor's Independence, the Directors have sought and received a report that there have 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 5 and forms part of this report.

Signed in accordance with a resolution of the directors.



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Mark A Birrell  
Chairman  
Melbourne,  
26 February 2016

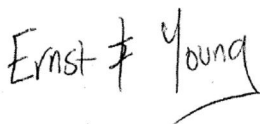


## Auditor's Independence Declaration to the Directors of Regis Healthcare Limited

As lead Auditor for the review of Regis Healthcare Limited for the half-year ended 31 December 2015, I declare 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 Regis Healthcare Limited and the entities it controlled during the financial period.



Ernst & Young



Glenn Carmody  
Partner  
26 February 2016

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended 31 December 2015

	NOTES	31 DEC 2015 \$'000	31 DEC 2014 \$'000
<b>Revenue</b>	4	236,611	219,195
Other (expense)/income	4	(275)	1,326
Staff expenses		(149,735)	(132,865)
Resident care expenses		(17,076)	(15,637)
Administrative expenses		(11,868)	(12,397)
Occupancy expenses		(6,087)	(5,748)
Depreciation	5	(10,529)	(8,659)
IPO costs not deducted from equity		-	(3,915)
<b>Profit before income tax and finance costs</b>		41,041	41,300
Finance costs	5	(643)	(16,128)
<b>Profit before income tax</b>		40,398	25,172
<b>Income tax expense</b>	6	(12,119)	(10,060)
<b>Profit for the half year</b>		28,279	15,112
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified subsequently to profit or loss, net of income tax</i>		-	-
<b>Other comprehensive income, net of income tax</b>		-	-
<b>Total comprehensive income for the period</b>		28,279	15,112
<b>Total comprehensive income attributable to:</b>			
<b>Owners of the parent</b>		28,279	15,112

<b>EARNINGS PER SHARE FOR THE PERIOD ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>	NOTES	31 DEC 2015 CENTS	31 DEC 2014 CENTS
Basic	19	9.42	6.20
Diluted	19	9.41	6.20

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

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	NOTES	31 DEC 2015 \$'000	30 JUNE 2015 \$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	7	38,453	60,917
Trade and other receivables		5,592	20,864
Inventories		498	519
Other current assets		5,236	18,223
<b>Total Current Assets</b>		<b>49,779</b>	<b>100,523</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	8	703,754	624,118
Deferred tax assets		19,077	20,440
Intangible assets		265,716	247,701
<b>Total Non-Current Assets</b>		<b>988,547</b>	<b>892,259</b>
<b>TOTAL ASSETS</b>		<b>1,038,326</b>	<b>992,782</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	9	57,436	29,671
Provisions		36,229	35,843
Income tax payable		5,460	5,989
Accommodation bonds/RADs and entry contributions		741,501	704,615
<b>Total Current Liabilities</b>		<b>840,626</b>	<b>776,118</b>
<b>Non-Current Liabilities</b>			
Interest-bearing loans and borrowings	10	5,000	-
Deferred tax liabilities		2,479	2,765
Provisions		5,297	4,678
<b>Total Non-Current Liabilities</b>		<b>12,776</b>	<b>7,443</b>
<b>TOTAL LIABILITIES</b>		<b>853,402</b>	<b>783,561</b>
<b>NET ASSETS</b>		<b>184,924</b>	<b>209,221</b>
<b>EQUITY</b>			
Issued Capital	11	272,171	272,171
Retained earnings		10,239	34,821
Reserves	12	(97,486)	(97,771)
<b>TOTAL EQUITY</b>		<b>184,924</b>	<b>209,221</b>

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2015

	ISSUED CAPITAL \$'000	RETAINED EARNINGS/ (ACCUMULATED LOSSES) \$'000	ASSET REVALUATION RESERVE \$'000	REMUNERATION RESERVE \$'000	ACQUISITION RESERVE \$'000	TOTAL EQUITY \$'000
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	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	-	15,112	-	-	-	15,112
<b>Transactions with owners in their capacity as owners</b>						
Issue of shares	409,852	-	-	-	-	409,852
Share issue and share buyback costs, net of tax	(14,732)	-	-	-	-	(14,732)
Total transactions with owners	395,120	-	-	-	-	395,120
<b>Other</b>						
Equity settled share based payment expense	-	-	-	110	-	110
<b>At 31 December 2014</b>	<b>270,997</b>	<b>(17,214)</b>	<b>30,093</b>	<b>3,660</b>	<b>(101,497)</b>	<b>186,039</b>
<b>At 1 July 2015</b>	<b>272,171</b>	<b>34,821</b>	<b>-</b>	<b>3,726</b>	<b>(101,497)</b>	<b>209,221</b>
Profit for the period	-	28,279	-	-	-	28,279
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	-	28,279	-	-	-	28,279
<b>Transactions with owners in their capacity as owners</b>						
Cash dividends (Note 20)	-	(52,861)	-	-	-	(52,861)
Total transactions with owners	-	(52,861)	-	-	-	(52,861)
<b>Other</b>						
Equity settled share based payment expense	-	-	-	285	-	285
<b>At 31 December 2015</b>	<b>272,171</b>	<b>10,239</b>	<b>-</b>	<b>4,011</b>	<b>(101,497)</b>	<b>184,924</b>

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2015

	NOTES	31 DEC 2015 \$'000	31 DEC 2014 \$'000
<b>Cash flows from operating activities</b>			
Receipts from residents and government subsidies		230,416	212,615
Government funding received in advance		26,635	-
Payments to suppliers and employees		(185,876)	(171,040)
Interest received		546	713
Finance costs		(1,623)	(5,448)
RAD, accommodation bond & entry contributions inflows		134,508	127,119
RAD, accommodation bond & entry contributions outflows		(109,381)	(83,763)
Income tax paid		(11,374)	(11,937)
<b>Net cash flows from operating activities</b>	7(a)	83,851	68,259
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment		-	2,846
Purchase of property, plant and equipment		(74,662)	(25,289)
Purchase of businesses		-	(8,643)
<b>Net cash flows used in investing activities</b>		(74,662)	(31,086)
<b>Cash flows from financing activities</b>			
Repayment of bank borrowings		-	(333,000)
Payout of interest rate swap derivative		-	(4,504)
Proceeds from issue of shares		-	409,852
Share issue transaction costs		-	(21,046)
Repayment of loan from director & shareholder related entities		-	(35,935)
Proceeds from bank borrowings		5,000	-
Buy-back of special shares		-	(20,000)
SRO Stamp duty refund		16,208	-
Dividends paid	20	(52,861)	-
<b>Net cash flows used in financing activities</b>		(31,653)	(4,633)
<b>Net increase/(decrease) in cash held</b>		(22,464)	32,540
<b>Cash at the beginning of the period</b>		60,917	40,341
<b>Cash at the end of the period</b>	7(b)	38,453	72,881

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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**For the half-year ended 31 December 2015**

## **NOTE 1: CORPORATE INFORMATION**

The condensed consolidated financial statements of Regis Healthcare Limited (the Company or the Parent) and its subsidiaries (collectively, the Group) for the half-year ended 31 December 2015 were authorised for issue in accordance with a resolution of the directors on 26 February 2016.

Regis Healthcare Limited 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.

## **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **(a) Basis of Preparation**

The interim condensed consolidated financial statements for the six months ended 31 December 2015 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 2015.

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 primarily 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 outgoing RADs/ accommodation bonds 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 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 2015.

The Group has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 July 2015:

- AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality.

The application of this new amendment did not materially impact the condensed consolidated financial statements of the Group.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****(c) New Accounting Standards and Interpretations (continued)****(i) *Changes in accounting policies and disclosures (continued)***

The classification of expenses in the statement of profit or loss and other comprehensive income has been revised in the current reporting period. The presentation of expenses has been consolidated to classify the expenses into the categories staff, resident care, administrative and occupancy expenses. In previous financial reports the expenses were presented in a greater number of line items. Interest on refundable RAD expense has been reclassified to finance expenses in the current period (Note 5). The consolidated presentation of information and reclassification is intended to provide more useful and relevant information to the user and is considered by the Directors to be consistent with industry practice.

Comparative figures have also been re-classified to ensure consistent presentation with the current period. This amendment has no effect on the profit before income tax or the total comprehensive income for the period attributable to equity holders of the parent.

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

At the date of authorisation of the condensed consolidated financial statements, the Standards and Interpretations listed below were on issue but not yet effective. 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
AASB 15 Revenue from Contracts with Customers	1 January 2018	1 July 2018
AASB 2014-9 Amendments to Australian Accounting Standards - Equity Method in Separate Financial Statements	1 January 2016	1 July 2016
AASB 2015-1 Amendments to Australian Accounting Standards - Annual Improvements to Australian Accounting Standards 2012-2014 Cycle	1 January 2016	1 July 2016
AASB 2015-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101	1 January 2016	1 July 2016
AASB 1057 Application of Australian Accounting Standards	1 January 2016	1 July 2016
AASB 2015-9 Amendments to Australian Accounting Standards	1 January 2016	1 July 2016
IFRS 16 Leases	1 January 2019	1 July 2019
AASB 2014-4 Clarification of Acceptable Methods of Depreciation and Amortisation - Amendments to IAS 16 and IAS 38	1 January 2016	1 July 2016

### NOTE 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 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

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 instruments, loans and borrowings, RADs and accommodation bonds fall 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.

The Group does not have any assets or liabilities as at 31 December 2015 or 30 June 2015 that are measured at fair value using the Level 1 or Level 3 hierarchies.

#### Fair value measurement

##### Quantitative disclosures fair value measurement hierarchy for liabilities as at 31 December 2015:

Liabilities for which fair values are disclosed:	Date of valuation	Total \$'000	FAIR VALUE MEASUREMENT USING		
			Quoted prices in active markets (Level 1) \$'000	Significant observable inputs (Level 2) \$'000	Significant unobservable inputs (Level 3) \$'000
Floating rate borrowings	31 December 2015	5,000	-	5,000	-
RADs, accommodation bonds & ILU entry contributions	31 December 2015	741,501	-	741,501	-

There have been no transfers between Level 1 and Level 2 during the period ended 31 December 2015.

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.

##### Quantitative disclosures fair value measurement hierarchy for liabilities as at 30 June 2015:

Liabilities for which fair values are disclosed:	Date of valuation	Total \$'000	FAIR VALUE MEASUREMENT USING		
			Quoted prices in active markets (Level 1) \$'000	Significant observable inputs (Level 2) \$'000	Significant unobservable inputs (Level 3) \$'000
RADs, accommodation bonds & ILU entry contributions	30 June 2015	704,615	-	704,615	-

There were no transfers between Level 1 and Level 2 during the year ended 30 June 2015.

#### 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 receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.



**NOTE 4: REVENUE AND OTHER INCOME/(EXPENSES)**

	NOTES	2015 \$'000	2014 \$'000
<b>Revenue</b>			
Government funding		164,599	151,040
Resident fees		66,244	61,010
Interest		546	713
Other operating revenue		5,222	6,432
<b>Total revenues</b>		<u>236,611</u>	<u>219,195</u>
<b>Other income</b>			
(Loss)/Gain on disposal of property, plant and equipment		(275)	843
Gain on bargain purchase		-	483
<b>Total other income</b>		<u>(275)</u>	<u>1,326</u>

**NOTE 5: EXPENSES AND LOSSES/(GAINS)**

	NOTES	2015 \$'000	2014 \$'000
<b>Expenses</b>			
Depreciation of property, plant & equipment	8	<u>10,529</u>	<u>8,659</u>
<b>Finance costs</b>			
Bank loans and overdrafts		5	5,205
Loss on extinguishment of special shares		-	7,826
Net gain from revaluation of interest rate swap		-	(109)
Interest on refundable RADs		1,534	1,299
Other		261	1,908
<b>Total finance costs</b>		<u>1,800</u>	<u>16,128</u>
Less finance charges capitalised		<u>(1,157)</u>	<u>-</u>
<b>Total finance costs expensed</b>		<u>643</u>	<u>16,128</u>

## NOTE 6: INCOME TAX

	2015 \$'000	2014 \$'000
The major components of income tax expense are:		
Current income tax expense	10,846	8,139
Deferred income tax expense related to origination and reversal of deferred taxes	1,273	1,921
Income tax expense recognised in the consolidated statement of profit or loss and other comprehensive income	12,119	10,060

## NOTE 7: CASH AND CASH EQUIVALENTS

	2015 \$'000	2014 \$'000
<b>(a) Reconciliation of the net profit/(loss) after tax to the net cash flows from operating activities</b>		
Net profit after tax	28,279	15,112
<b>Non-Cash Items</b>		
Depreciation	10,529	8,659
Bond retention and deferred management fee income	(3,957)	(4,619)
Borrowing cost amortisation	261	1,556
Fair value gain on derivative	-	(109)
Loss on revaluation of special shares	-	7,826
Gain on bargain purchase	-	(482)
Equity-settled share-based payments	285	110
Capitalised interest	(1,157)	-
(Gain)/loss on disposal of property, plant and equipment	275	(843)
<b>Changes in assets and liabilities</b>		
(Increase)/decrease in trade and other receivables	(1,855)	239
(Increase)/decrease in inventory	21	(31)
(Increase)/decrease in other current assets	(910)	(2,157)
(Increase)/decrease in deferred taxes	1,274	1,921
(Decrease)/increase in tax provision	(529)	(3,798)
(Decrease)/increase in trade and other payables	25,859	(1)
(Decrease)/increase in RADs & ILU resident loans	25,127	43,356
(Decrease)/increase in provisions	349	1,520
Net cash flow from operating activities	83,851	68,259
<b>(b) Reconciliation of cash</b>		
For the purposes of the consolidated statement of cash flows, cash and cash equivalents are comprised of the following:		
Cash at bank	38,363	72,802
Cash on hand	90	79
	38,453	72,881

# NOTE 8: PROPERTY, PLANT AND EQUIPMENT

	FREEHOLD LAND AND BUILDINGS \$'000	PLANT & MACHINERY \$'000	MOTOR VEHICLES \$'000	FURNITURE, FIXTURES & FITTINGS \$'000	LEASEHOLD IMPROVE- MENTS \$'000	DEVELOPMENT COST \$'000	TOTAL \$'000
Cost at 30 June 2015	560,845	125,920	809	35,878	37	42,803	766,292
Accumulated depreciation & impairment	(65,488)	(61,679)	(624)	(14,370)	(13)	-	(142,174)
<b>Carrying amount at 30 June 2015</b>	<b>495,357</b>	<b>64,241</b>	<b>185</b>	<b>21,508</b>	<b>24</b>	<b>42,803</b>	<b>624,118</b>
<b>Reconciliation of carrying amounts</b>							
Carrying amount at 1 July 2014	494,259	53,701	137	13,837	37	17,188	579,159
Additions	16,604	6,115	3	2,318	-	41,574	66,614
Reversal of prior period revaluations	(29,229)	-	-	-	-	-	(29,229)
Transfers from development costs	3,939	10,465	-	1,555	-	(15,959)	-
Disposals	(2,310)	-	-	-	-	-	(2,310)
Acquisition of businesses	20,486	3,225	65	5,022	-	-	28,798
Depreciation expense	(8,392)	(9,265)	(20)	(1,224)	(13)	-	(18,914)
<b>Carrying amount at 30 June 2015</b>	<b>495,357</b>	<b>64,241</b>	<b>185</b>	<b>21,508</b>	<b>24</b>	<b>42,803</b>	<b>624,118</b>
Cost at 31 December 2015	593,701	132,311	872	37,022	37	92,171	856,114
Accumulated depreciation & impairment	(70,047)	(66,522)	(642)	(15,135)	(14)	-	(152,360)
<b>Carrying amount at 31 December 2015</b>	<b>523,654</b>	<b>65,789</b>	<b>230</b>	<b>21,887</b>	<b>23</b>	<b>92,171</b>	<b>703,754</b>
<b>Reconciliation of carrying amounts</b>							
Carrying amount at 1 July 2015	495,357	64,241	185	21,508	24	42,803	624,118
Additions	19,263	5,039	63	1,147	-	50,939	76,451
Transfers from development costs	900	612	-	59	-	(1,571)	-
Disposals	-	(239)	-	(36)	-	-	(275)
Acquisition of businesses	12,693	1,296	-	-	-	-	13,989
Depreciation expense	(4,559)	(5,160)	(18)	(791)	(1)	-	(10,529)
<b>Carrying amount at 31 December 2015</b>	<b>523,654</b>	<b>65,789</b>	<b>230</b>	<b>21,887</b>	<b>23</b>	<b>92,171</b>	<b>703,754</b>

**NOTE 9: TRADE AND OTHER PAYABLES**

	31 DEC 2015 \$'000	30 JUNE 2015 \$'000
<b>Current</b>		
Trade payables	4,010	3,981
Sundry creditors & accrued expenses	26,791	22,819
Fees received in advance	26,635	2,871
	<u>57,436</u>	<u>29,671</u>

**NOTE 10: INTEREST-BEARING LOANS AND BORROWINGS**

	NOTES	31 DEC 2015 \$'000	30 JUNE 2015 \$'000
<b>Non-current</b>			
Borrowings secured by mortgage			
- bank loans	(a)	5,000	-
		<u>5,000</u>	<u>-</u>

**(a) 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 above bank loan at period end was drawn down from this facility.

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.

The Group has negotiated a \$130m accordion facility which is subject to final documentation.

The above liability has been repaid post period end.

**NOTE 11: ISSUED CAPITAL**

	31 DEC 2015 \$'000	30 JUNE 2015 \$'000
Issued and fully paid Ordinary Shares	<u>272,171</u>	<u>272,171</u>

**Movements in ordinary share capital during the half-year**

DETAILS	NO. OF SHARES	\$'000
Balance at 1 July 2015 & 31 December 2015	<u>300,345,797</u>	<u>272,171</u>

## NOTE 12: RESERVES

	NOTES	31 DEC 2015 \$'000	31 DEC 2014 \$'000
Asset revaluation reserve	(a)	-	30,093
Acquisition reserve	(b)	(101,497)	(101,497)
Remuneration reserve	(c)	4,011	3,660
		<u>(97,486)</u>	<u>(67,744)</u>

Movements in the reserves accounts are shown in the statement of changes in equity. The nature and purpose of the reserve accounts are outlined below.

### (a) Asset revaluation reserve

#### *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. This balance is Nil as there was a revision to the accounting policy for fixed assets in the prior financial year, which resulted in the reversal of prior period revaluations.

### (b) Acquisition reserve

#### *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 a 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.

### (c) Remuneration reserve

#### *Nature and purpose of reserve*

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

The movement in the share based payment reserve of \$285,000 for half year ended 31 December 2015 (2014: \$110,000) relates to the new STI and LTI schemes introduced upon listing and the FY2016 STI and LTI schemes. The total movement in the share based payment reserve during the 30 June 2015 financial year was \$176,000. The Performance Rights offered under all schemes entitle the holder to acquire a share for nil consideration.

Under the new schemes, the fair value of each performance right was valued at the offer price of \$5.15. No market conditions are attached to the performance rights. Details of the new schemes in the current financial year are outlined below.

#### *(i) FY2016 Long Term Incentive Scheme*

At the beginning of the current financial year the company granted Performance Rights to senior executives with a face value of \$637,000. Based on the offer price of \$5.15 per ordinary share, this equates to 123,644 Performance Rights. It is based on the performance period 1 July 2015 to 30 June 2018. The Performance Rights are subject to EPS hurdles and certain strategic objectives. Senior executives must also be employed with the Group when the rights vest.

**NOTE 12: RESERVES (continued)**
**(c) Remuneration reserve (continued)**
*(ii) FY2016 Short Term Incentive Scheme*

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.

**NOTE 13: COMMITMENTS**

	31 DEC 2015 \$'000	30 JUNE 2015 \$'000
<b>Capital expenditure commitments</b>		
Contractual commitments for building works at aged care facilities	57,691	51,039

Contractual commitments at the period end relate to ongoing construction activity.

**NOTE 14: CONTINGENCIES**

	31 DEC 2015 \$'000	30 JUNE 2015 \$'000
Estimates of the maximum amounts of contingent liabilities that may become payable:		
(a) Bank guarantees	4,922	7,634
(b) Legal claims and disputes		

Estimates of the maximum amounts of contingent liabilities that may become payable:

(a) Bank guarantees	4,922	7,634
(b) Legal claims and disputes		

Management are not aware of any ongoing legal claims or disputes at the date of this report that may impact on the statutory results.

## **NOTE 15: RELATED PARTY DISCLOSURES**

### **(a) Transactions with related parties**

In December 2014, the Group entered into a contract with First Five Minutes, a fire safety training company owned by Bryan Dorman and Ian Roberts. The contract was awarded after a tender process with two other companies had been undertaken. Purchases of \$60,000 were made during the six months to December 2015, with \$600 outstanding for payment at 31 December 2015.

### **(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.

## **NOTE 16: EVENTS AFTER THE BALANCE SHEET DATE**

No 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.

## NOTE 17: BUSINESS COMBINATIONS

### Acquisition of Regis Marleston Facility

On 1 July 2015, the Group acquired the Marleston Aged Care facility from City of West Torrens located in Marleston, SA. 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 \$15,750,000. This does not appear in the current period cash flow as this balance was prepaid in the financial year ended 30 June 2015. Acquisition related costs of \$275,000 incurred as part of this transaction included professional fees, marketing and legal expenses. These have been expensed and recognised within administrative 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 acquisition were:

	CONSOLIDATED FAIR VALUE AT ACQUISITION DATE \$'000
Property, plant and equipment	13,971
Intangibles and other assets	5,199
	<u>19,170</u>
Accommodation bonds / RADs	(15,776)
Provisions	(656)
	<u>(16,432)</u>
Fair value of identifiable net assets	2,738
Cost	15,750
Goodwill on purchase	<u>13,012</u>
Cost of the combination:	
Cash paid	15,750
Other	-
Total cost of the combination	<u>15,750</u>
Direct costs relating to the acquisition (included in administrative expenses)	<u>275</u>

The goodwill recognised on this acquisition is primarily attributed to the expected synergies and other benefits from combining the assets and activities with those of the Group.

The Consolidated Statement of Profit or Loss and Other Comprehensive Income includes revenue and net profit for the year ended 31 December 2015 of \$4,535,000 and \$498,000 respectively, as a result of the acquisition. The acquisition occurred at the beginning of the reporting period.

In accordance with AASB 3: *Business Combinations*, the Group discloses that, due to the acquisition taking place on 1 July 2015, 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*.



#### NOTE 18: 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/Northern Territory
- Western Australia
- 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.

**NOTE 18: SEGMENT INFORMATION (continued)**

HALF-YEAR ENDED 31 DECEMBER 2015	QLD \$'000	NSW \$'000	VIC \$'000	SA/NT \$'000	WA \$'000	OTHER \$'000	TOTAL \$'000	INTEREST \$'000	CONSOLIDATED \$'000
Government Funding	54,310	17,963	53,136	18,076	18,765	-	162,250	-	162,250
Resident Fees	21,432	9,075	23,323	5,800	6,504	-	66,134	-	66,134
Other	1,049	462	2,830	1,668	1,505	167	7,681	546	8,227
<b>Total Revenue</b>	<b>76,791</b>	<b>27,500</b>	<b>79,289</b>	<b>25,544</b>	<b>26,774</b>	<b>167</b>	<b>236,065</b>	<b>546</b>	<b>236,611</b>
<b>Depreciation</b>	<b>2,363</b>	<b>654</b>	<b>2,769</b>	<b>863</b>	<b>776</b>	<b>3,104</b>	<b>10,529</b>	<b>-</b>	<b>10,529</b>
<b>Segment result</b>	<b>20,673</b>	<b>8,610</b>	<b>19,461</b>	<b>4,451</b>	<b>6,499</b>	<b>(19,199)</b>	<b>40,495</b>	<b>-</b>	<b>40,495</b>
<b>Total Segment Assets</b>	<b>250,526</b>	<b>94,635</b>	<b>303,273</b>	<b>88,931</b>	<b>139,912</b>	<b>22</b>	<b>877,299</b>		<b>877,299</b>
<b>RAD Segment Liability</b>	<b>235,487</b>	<b>107,898</b>	<b>272,509</b>	<b>36,102</b>	<b>83,227</b>	<b>-</b>	<b>735,223</b>	<b>-</b>	<b>735,223</b>

HALF-YEAR ENDED 31 DECEMBER 2014	QLD \$'000	NSW \$'000	VIC \$'000	SA/NT \$'000	WA \$'000	OTHER \$'000	TOTAL \$'000	INTEREST \$'000	CONSOLIDATED \$'000
Government Funding	46,326	18,095	53,955	13,457	19,206	-	151,039	-	151,039
Resident Fees	18,815	8,848	22,797	4,382	6,168	-	61,010	-	61,010
Other	1,523	661	2,844	134	1,176	95	6,433	713	7,146
<b>Total Revenue</b>	<b>66,664</b>	<b>27,604</b>	<b>79,596</b>	<b>17,973</b>	<b>26,550</b>	<b>95</b>	<b>218,482</b>	<b>713</b>	<b>219,195</b>
<b>Depreciation</b>	<b>1,109</b>	<b>315</b>	<b>2,159</b>	<b>226</b>	<b>325</b>	<b>4,525</b>	<b>8,659</b>	<b>-</b>	<b>8,659</b>
<b>Segment result</b>	<b>21,468</b>	<b>9,320</b>	<b>22,105</b>	<b>4,625</b>	<b>7,537</b>	<b>(20,553)</b>	<b>44,502</b>	<b>-</b>	<b>44,502</b>
<b>As at 30 June 2015</b>									
<b>Total Segment Assets</b>	<b>251,107</b>	<b>92,163</b>	<b>287,099</b>	<b>59,664</b>	<b>139,058</b>	<b>(75)</b>	<b>829,016</b>	<b>-</b>	<b>829,016</b>
<b>RAD Segment Liability</b>	<b>227,127</b>	<b>104,317</b>	<b>267,526</b>	<b>18,223</b>	<b>80,704</b>	<b>-</b>	<b>697,897</b>	<b>-</b>	<b>697,897</b>

**NOTE 18: SEGMENT INFORMATION (continued)**

	<b>31 DEC 2015 \$'000</b>	<b>31 DEC 2014 \$'000</b>
<b>Reconciliation of Profit</b>		
<b>Segment Result</b>	40,495	44,502
Finance income	546	713
Finance costs*	(643)	(16,128)
IPO fees	-	(3,915)
<b>Profit before tax</b>	<b>40,398</b>	<b>25,172</b>

	<b>31 DEC 2015 \$'000</b>	<b>30 JUNE 2015 \$'000</b>
<b>Reconciliation of Assets</b>		
<b>Segment Assets</b>	877,299	829,016
Cash	38,453	60,917
Trade and other receivables, Inventories and Other current assets	11,326	39,606
Deferred tax assets	19,077	20,440
Development cost	92,171	42,803
<b>Total Assets</b>	<b>1,038,326</b>	<b>992,782</b>
<b>Reconciliation of Liabilities</b>		
Bond/RAD Segment Liability	735,223	697,897
Trade and other payables	57,436	29,671
Provisions	41,526	40,521
Loans and borrowings	5,000	-
Income tax payable and Deferred tax liabilities	7,939	8,754
ILU entry contributions	6,278	6,718
<b>Total Liabilities</b>	<b>853,402</b>	<b>783,561</b>

**Entity wide disclosure**

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

*\*The finance cost comparative has been amended to reflect the reclassification of the Interest on refundable RAD expense.*

#### NOTE 19: 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.

	2015 \$'000	2014 \$'000
Profit attributable to ordinary equity holders of the Parent	28,279	15,112

	2015 CENTS	2014 CENTS
Basic earnings per share	9.42	6.20
Diluted earnings per share	9.41	6.20

	2015 THOUSANDS	2014 THOUSANDS
Weighted average number of ordinary shares used in the calculation of:		
Basic earnings per share	300,346	243,794
<i>Adjustment for calculation of diluted earnings per share</i>		
- effect of share based payment arrangements	245	118
Diluted earnings per share	300,591	243,912

#### NOTE 20: DIVIDENDS

	2015 \$'000	2014 \$'000
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##### Dividends paid on ordinary shares

During the half year ended 31 December 2015, the following dividends were declared and paid in relation to the financial year ended 30 June 2015 (not recognised as a liability at 30 June 2015):

Final dividend of 17.6 cents per ordinary share (2014: Nil), franked at 64.2%

52,861	-
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##### Proposed dividends on ordinary shares

Interim dividend for 2016: 9.4 cents per share (2015: nil), fully franked

28,279	-
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Proposed dividends on ordinary shares are subject to approval and are not recognised as a liability as at 31 December 2015.

## DIRECTORS' DECLARATION

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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 2015 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



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Mark A Birrell  
Chairman  
Melbourne,  
26 February 2016

## Independent auditor's report to the members of Regis Healthcare Limited

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

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 2015, 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 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 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.

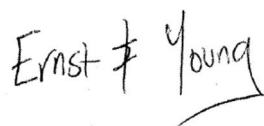
### *Independence*

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.

## *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 2015 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  
26 February 2016