Cover•More

GROUP LIMITED

20 February 2015

The Manager
Companies Announcement Office
Australian Securities Exchange

Via E-lodgement

Dear Sir/Madam,

COVER-MORE GROUP LIMITED 2015 INTERIM RESULTS

Please find attached the Appendix 4D Half Year Report, Directors' Report, the Financial Report and Auditor's Independent Review Report for the half-year ended 31 December 2014.

This information should be read in conjunction with the Cover-More Group Limited's 2014 Annual Report.

This announcement comprises the information required by ASX Listing Rule 4.2A and the statement required by Rule 4.2C.2.

Yours sincerely,

Mark Steinberg
Company Secretary

TRAVEL INSURANCE • MEDICAL ASSISTANCE

Cover-More Group Limited
ACN 166 776 334
Level 2, 60 Miller Street, North Sydney NSW 2060 Australia
Private Bag 913, North Sydney NSW 2059 Australia
Phone: 1300 72 88 22 Fax: 02 9202 8001
enquiries@covermore.com.au www.covermore.com.au

Appendix 4D
Half-year report
For the six months ended 31 December 2014

Name of entity

Cover-More Group Limited

The following information must be given to the ASX under listing rule 4.2A.3.

ABN:	79 166 776 334
Current period	1 July 2014 to 31 December 2014
Previous corresponding period	1 July 2013 to 31 December 2013

Results for announcement to the market

	Half-year ended 31 December 2014 $'000	Half-year ended 31 December 2013 $'000	Movement up/(down) $'000	Movement %
Revenues from ordinary activities	111,960	78,974	32,986	41.77%
Profit from ordinary activities after tax attributable to members	11,867	94	11,773	12524.47%
Net profit attributable to members	11,867	94	11,773	12524.47%

Dividends	Amount per security Cents	Franked amount per security Cents
Interim dividend for the period 1 July 2014 to 31 December 2014	3.2	3.2
Special dividend for the period 1 July 2014 to 31 December 2014	1.8	1.8
Record date for determining entitlements to the dividend	27 February 2015	

Commentary on results for the period

The profit after income tax has increased to $11.867m during the six months ended 31 December 2014 due to organic growth, effective cost management, lower finance costs and the impact of the IPO and acquisitions in the prior period.

Dividends

	Amount per security Cents	Franked amount per security %
Final dividend for the financial year ended 30 June 2014	4.0	100
Special dividend for the financial year ended 30 June 2014	3.2	100
Interim dividend for the period 1 July 2014 to 31 December 2014	3.2	100
Special dividend for the period 1 July 2014 to 31 December 2014	1.8	100

On 19 February 2015 the directors declared an interim ordinary dividend (fully franked), in respect of the period from 1 July 2014 to 31 December 2014, of $10.160m (3.2 cents per share) to be paid on 10 April 2015 to shareholders on the register at 27 February 2015.

The directors have also declared a special dividend (fully franked), in respect of the period from 1 July 2014 to 31 December 2014, of $5.715m (1.8 cents per share) to be paid on 10 April 2015 to shareholders on the register at 27 February 2015.

There is no dividend reinvestment plan.

Review and results of operation

Refer to the accompanying Interim Report for Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Statements of Cash Flows and Notes to the Financial Statements.

Also refer to the Directors' Report in the accompanying Interim Report for details on the result of operating performance for the six months ended 31 December 2014.

Net tangible assets per security

	31 December 2014 Cents per share	31 December 2013 Cents per share
Net assets per security	62.9	60.6
Net tangible asset backing per ordinary security	(15.2)	(19.0)

Refer to the Consolidated Balance Sheet and related notes in the accompanying Interim Report.

Control gained or lost over entities

None.

Details of associates and joint venture entities

None.

Half-year ended 31 December 2014

Cover-More Group of Companies
ABN 79 166 776 334

Cover-More

We focus on what matters.

Contents

Our 2015 half-year performance

The following pages provide an overview of the H1 FY2015 performance against the pro-forma performance for H1 FY2014. This section has not been subject to audit or independent review by the external auditor. The pro-forma accounting basis used to determine the H1 FY2014 actual performance is on the same basis as that used in the IPO prospectus. This pro-forma basis primarily reflects the acquisitions that Cover-More Group Limited has made since 1 July 2012 as if they had occurred prior to 1 July 2012 and also backdates the operating and capital structure that was in place following completion of the IPO as if it had been in place at 30 June 2012. In addition, certain other adjustments have been made for non-recurring items arising due to the IPO and associated business combinations. There are no pro-forma adjustments required for H1 FY2015.

Reconciliation of Statutory Revenue and NPAT to Net Revenue and NPAT per Table B

Table A: Pro-forma adjustments to the audited statutory consolidated income statement for H1 FY2014 and adjustments to the audited statutory consolidated income statement for H1 FY2015

A$ in millions	**H1 FY2015**	H1 FY2014
Statutory revenue	**112.0**	79.0
Pro-forma impact of historical acquisitions	-	22.2
Reclassification from other income	**0.7**	0.6
Net revenue per Table B	**112.7**	101.8
Statutory NPAT	**11.9**	0.1
Pro-forma impact of historical acquisitions	-	(7.8)
Public company costs	-	(0.5)
Other non-recurring items	-	0.1
Offer costs (IPO transaction costs)	-	17.4
Amortisation	-	(1.7)
Interest adjustment (debt structure costs)	-	3.9
Income tax effect	-	(2.1)
NPAT per Table B	**11.9**	9.4

Income Statement

Table B: Summary pro-forma consolidated income statement for H1 FY2014 and summary consolidated income statement for H1 FY2015

A$ in millions	H1 FY2015	Pro-forma H1 FY2014
Gross Travel Insurance sales	**187.3**	168.8
Gross Medical Assistance sales	**33.7**	31.6
Gross sales - total	**221.0**	200.4
Net Travel Insurance sales	**79.0**	70.2
% of Gross Travel Insurance sales	***42.2%***	*41.6%*
Net Medical Assistance sales	**33.7**	31.6
Total net revenue	**112.7**	101.8
%	***100.0%***	*100.0%*
Cost of sales	**(68.5)**	(62.1)
Gross margin[1]	**44.2**	39.7
%	***39.2%***	*39.0%*
Employment overheads	**(11.6)**	(10.8)
Occupancy costs	**(3.2)**	(2.9)
Other overheads	**(5.0)**	(4.9)
Total overheads	**(19.8)**	(18.6)
EBITDA	**24.4**	21.1
%	***21.7%***	*20.7%*
Depreciation	**(1.2)**	(1.5)
Amortisation of capitalised IT and software	**(1.2)**	(0.8)
EBITA	**22.0**	18.8
%	***19.5%***	*18.5%*
Amortisation of acquired intangibles	**(3.8)**	(3.9)
EBIT	**18.2**	14.9
%	***16.1%***	*14.6%*
Net interest expense	**(1.3)**	(1.5)
Forex gains/losses	**0.3**	-
Income tax expense	**(5.3)**	(4.0)
NPAT	**11.9**	9.4
%	***10.6%***	*9.2%*
NPATA	**14.6**	12.1
%	***13.0%***	*11.9%*

[1] Certain expenses have been reclassified in pro-forma H1 FY2014 to align with current year disclosures.

Net Revenue

Net Revenue at $112.7m was 10.7% ahead of pro-forma H1 FY2014.

Travel Insurance

Gross Travel Insurance Sales (GTIS) of $187.3m and Travel Insurance Net Revenue of $79.0m were 11.0% and 12.5% higher than pro-forma H1 FY2014 GTIS and Net Revenue respectively.

Net Revenue at 42.2% of GTIS was in line with pro-forma H1 FY2014.

Medical Assistance

Net Revenue of $33.7m was 6.6% above pro-forma H1 FY2014.

Gross Margin

The gross margin of $44.2m was 11.3% higher than pro-forma H1 FY2014. The gross margin ratio of 39.2% was slightly ahead of H1 FY2014.

Overhead

Overheads of $19.8m were 6.5% higher than pro-forma H1 FY2014 and contained at a level well within the 11.3% increase in gross margin.

EBITDA

H1 FY2015 EBITDA at $24.4m was 15.6% above pro-forma H1 FY2014 mainly due to strong revenue growth and effective cost management.

Performance by Segment

Operating Segments

Table C: Summary pro-forma consolidated income statement by operating segment for H1 FY2014 and summary consolidated income statement by operating segment for H1 FY2015

A$ in millions	H1 FY2015	Pro-forma H1 FY2014
Travel Insurance	**79.0**	70.2
Medical Assistance	**33.7**	31.6
Net revenue	**112.7**	101.8
Travel Insurance	**29.7**	27.4
Medical Assistance	**14.5**	12.3
Gross margin	**44.2**	39.7
Travel Insurance	**15.4**	14.6
Medical Assistance	**9.0**	7.5
Total operating segments	**24.4**	22.1
Corporate/unallocated	**-**	(1.0)
EBITDA[1]	**24.4**	21.1

The Travel Insurance gross margin ratio of 37.6% is 1.4 pts lower than pro-forma H1 FY2014 mainly due to a slightly higher rate of profit share as a % of net revenue paid to profit share partners due to the dilution of allocated expenses and a higher rates of commission paid to new partners under transitory 'aligned economic interest' models, most notably in New Zealand.

The Medical Assistance gross margin ratio of 43.0% is 4.1pts higher than pro-forma H1 FY2014 mainly due to margin optimisation and productivity improvements in Australia.

[1] The positive variance in Corporate/unallocated costs compared to H1 FY2014 is due to the fact that corporate costs have been allocated to the operating segments from H2 FY2014. In H1 FY2015 $0.8m of corporate costs have been allocated to the Travel Insurance segment and $0.1m of corporate costs have been allocated to the Medical Assistance segment. Excluding the impact of these allocations the Travel Insurance EBITDA and Medical Assistance EBITDA have increased by approximately 11% and 21% respectively compared to H1 FY2014.

Geographic Segments

Table D: Summary pro-forma consolidated income statement by geography for H1 FY2014 and summary consolidated income statement by geography for H1 FY2015

A$ in millions	**H1 FY2015**	Pro-forma H1 FY2014
Australia, NZ, UK	**105.1**	94.7
Asia	**7.6**	7.1
Net revenue	**112.7**	101.8
Australia, NZ, UK	**41.3**	36.8
Asia	**2.9**	2.9
Gross margin	**44.2**	39.7
Australia, NZ, UK	**23.6**	20.1
Asia	**0.8**	2.0
Total geographic segments	**24.4**	22.1
Corporate/unallocated	**-**	(1.0)
EBITDA	**24.4**	21.1

Asia net revenue grew at 7.0% compared to pro-forma H1 FY2014 with strong growth in India and Malaysia. In China management focused on quality of earnings, resulting in a slight degradation of sales but leading to an overall improvement in margins.

Australia, NZ, UK net revenue grew at 11.0% compared to pro-forma H1 FY2014 with notable growth in New Zealand as a result of business from our new airline partner.

Reported profitability in Asia has been impacted by a revised basis of allocating head office costs and additional investment in management resources to focus on profitable growth in the region. On a like for like basis, Asia profit continues to grow strongly with gross margin approximately 16% and EBITDA approximately 11% higher than H1 FY2014 – with stronger growth in Q2.

After adjusting for the impact of the revised basis of allocating head office costs and on a like for like basis Australia, NZ, UK gross margin and EBITDA both grew at approximately 11% compared to H1 FY2014.

Corporate Expenses Analysis

Table E: Pro-forma corporate expenses by operating segment for H1 FY2014 and corporate expenses by operating segment for H1 FY2015

A$ in millions	**H1 FY2015**	Pro-forma H1 FY2014
Corporate expenses allocated to Travel Insurance	**0.8**	-
Corporate expenses allocated to Medical Assistance	**0.1**	-
Corporate/unallocated	**-**	1.0
Total corporate expenses	**0.9**	1.0

Table F: Pro-forma corporate expenses by geography for H1 FY2014 and corporate expenses by geography for H1 FY2015

A$ in millions	**H1 FY2015**	Pro-forma H1 FY2014
Corporate expenses allocated to Australia/NZ,UK	**0.8**	-
Corporate expenses allocated to Asia	**0.1**	-
Corporate/unallocated	**-**	1.0
Total corporate expenses	**0.9**	1.0

Financial Position

Table G: Net borrowings as at 30 June 2014 and net borrowings as at 31 December 2014

A$ in millions	**31 December 2014**	30 June 2014
Borrowings[1]	**(56.2)**	(45.6)
Cash and cash equivalents	**21.3**	20.6
Net borrowings	**(34.9)**	(25.0)

[1] 31 December 2014 borrowings include $56.4 million drawn down on banking facilities and are net of $0.4 million capitalised costs associated with banking facility (30 June 2014: borrowings include $45.8 million drawn down on banking facilities and are net of $0.5 million capitalised costs associated with banking facility).

At 31 December 2014 undrawn bank facilities of $15.6 million were available for use (30 June 2014: $26.7 million) and a further $4.9 million (30 June 2014: $4.4 million) had been used as a guarantee for lease obligations.

Reconciliation of Statutory Cash Flow to Cash Flow per Table I

Table H: Pro-forma adjustments to the consolidated statement of cash flows for H1 FY2014 and adjustments to the consolidated statement of cash flows for H1 FY2015

A$ in millions	**H1 FY2015**	Pro-forma H1 FY2014
Statutory operating free cash flow after capital expenditure[1]	**13.7**	(10.8)
Pro-forma impact of historical acquisitions	**-**	6.2
Offer costs	**-**	14.4
Cash impact of other pro-forma adjustments	**-**	(0.4)
Income tax paid [2]	**8.8**	7.1
Operating free cash flow after capital expenditure per Table I	**22.5**	16.5

[1] The statutory operating free cash flow after capital expenditure has been adjusted to include initial public offer costs recognised through profit & loss. The statutory operating free cash flow after capital expenditure is calculated as follows:

	H1 FY2015	**H1 FY2014**
Net cash inflow from operating activities	$15.4 million	$5.5 million
Deduct: - IPO costs recognised in consolidated income statement	-	($14.4 million)
- Payments for plant, equipment and intangible assets	($1.7 million)	($1.9 million)
Adjusted statutory operating free cash flow after capital expenditure	**$13.7 million**	**($10.8 million)**

[2] Income tax paid is included in operating free cash flow after capital expenditure in the consolidated statement of cash flows.

Cash Flow

Table I: Summary pro-forma consolidated cash flow statement for H1 FY2014 and summary consolidated cash flow statement for H1 FY2015

A$ in millions	**H1 FY2015**	Pro-forma H1 FY2014
EBITDA	**24.4**	21.1
Non- cash items in EBITDA	**0.3**	0.1
Change in working capital	**(0.5)**	(2.3)
Operating free cash flow before capital expenditure	**24.2**	18.9
% of EBITDA	***99.2%***	*89.6%*
Capital expenditure		
Capitalisation of software	**(1.2)**	(1.5)
Net payments for property, plant and equipment	**(0.5)**	(0.9)
Total capital expenditure	**(1.7)**	(2.4)
Operating free cash flow after capital expenditure	**22.5**	16.5
% of EBITDA	***92.2%***	*78.2%*

Operating free cash flow before capital expenditure grew at 28.0% compared to prior period due to an ongoing focus on working capital management.

Outflows from capital expenditure were 29.2% lower than H1 FY2014 mainly due to the timing of investment in property, plant and equipment in FY2015.

Directors' report

The Directors present their report on the consolidated entity consisting of Cover-More Group Limited and the entities it controlled at the end of, or during, the six months ended 31 December 2014. Throughout the report, the consolidated entity is referred to as the Group.

Directors

The following persons were directors of Cover-More Group Limited during the six months ended 31 December 2014 and up to the date of this report:

Michael Alscher (Chairman)
Louis Carroll
Peter Edwards
Stephen Loosley
Lisa McIntyre
Trevor Matthews
Sam Mostyn

Principal activities

The principal activities of the Group during the six months ended 31 December 2014 were providing specialist and integrated travel insurance and medical assistance services within Australia, New Zealand, India, Malaysia, Singapore, China and the United Kingdom.

Dividends

Dividends paid to members during the six months ended 31 December 2014 were as follows:

	Half-year ended 31 December 2014 $'000	Half-year ended 31 December 2013 $'000
Interim ordinary dividend for the year ended 30 June 2014 of 69 cents per share paid on 2 October 2013	**-**	10,124
Final ordinary dividend for the year ended 30 June 2014 of 4.0 cents (2013 – 54 cents) per share paid on 26 September 2014	**12,700**	7,932
Special dividend of 3.2 cents (2013 – 0 cents) per share paid on 26 September 2014	**10,160**	-
	22,860	18,056

Dividends (continued)

On 19 February 2015 the directors declared an interim ordinary dividend (fully franked), in respect of the period from 1 July 2014 to 31 December 2014, of $10.160m (3.2 cents per share) to be paid on 10 April 2015.

The directors have also declared a special dividend (fully franked), in respect of the period from 1 July 2014 to 31 December 2014, of $5.715m (1.8 cents per share) to be paid on 10 April 2015.

Operating and financial review

The profit for the Group for the six months ended 31 December 2014 after providing for income tax amounted to $11.867m (31 December 2013: $0.094m).

Earnings before interest, tax, depreciation and amortisation ("EBITDA") is a financial measure which is not prescribed by Australian Accounting Standards ("AASBs") and represents the profit under AASBs adjusted for specific non-cash and significant items. The directors consider EBITDA to reflect the core earnings of the consolidated entity. The following table summarises the key reconciling items between statutory profit before income tax attributable to the shareholders of Cover-More Group Limited and EBITDA for the half-year.

	Half-year ended 31 December 2014 $'000	Half-year ended 31 December 2013 $'000
Profit before income tax	**17,209**	1,969
Depreciation and amortisation expense	**6,165**	4,023
Interest income	**(97)**	(224)
Interest expense	**1,417**	5,457
Foreign exchange gain	**(311)**	(80)
Adjusted EBITDA	**24,383**	11,145

The Group continued to engage in its principal activities, the results of which are disclosed in the attached financial statements.

The financial position of the Group is sound with net assets of $199.611m at 31 December 2014 (30 June 2014: $206.998m).

The profit before income tax has increased to $17.209m during the six months ended 31 December 2014 due to organic growth, effective cost management, lower finance costs and the impact of the IPO and acquisitions in the prior period.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the six months ended 31 December 2014.

Events occurring after the reporting period

Except for the interim dividend disclosed above, no matter or circumstance has arisen since 31 December 2014 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Rounding of amounts

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

Auditor's independence declaration

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

Auditor

PricewaterhouseCoopers continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

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Peter Edwards	Michael Alscher
Director	Director
19 February 2015	19 February 2015
Sydney	Sydney

Auditor's Independence Declaration

As lead auditor for the review of Cover-More Group Limited for the half-year ended 31 December 2014, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Cover-More Group Limited and the entities it controlled during the period.

Scott Fergusson
Partner
PricewaterhouseCoopers

Sydney
19 February 2015

PricewaterhouseCoopers, ABN 52 780 433 757
Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

Interim financial report

The interim financial report includes the consolidated financial statements for Cover-More Group Limited (the ultimate parent entity or the company) and its controlled entities (Cover-More or the Group). The interim financial report is presented in Australian dollars, which is Cover-More Group Limited's functional and presentation currency.

The interim financial report consists of the financial statements, notes to the financial statements and the directors' declaration.

Cover-More Group Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 2, 60 Miller Street

North Sydney, NSW, 2060, Australia

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

The interim financial report was authorised for issue, in accordance with a resolution of directors, on 19 February 2015. The directors have the power to amend and reissue the financial report.

Consolidated Income Statement

For the six months ended 31 December 2014

	Notes	Half-year ended 31 December 2014 $'000	Half-year ended 31 December 2013 $'000
Revenue		**111,960**	78,974
Cost of sales		**67,732**	46,085
Gross profit		**44,228**	32,889
Other income		**1,495**	960
Step gain on acquisition		**-**	12,656
Other expenses from ordinary activities			
Occupancy		**4,060**	2,605
Advertising and promotion		**2,208**	3,270
Administration		**20,765**	18,882
Other		**64**	4
		18,626	21,744
Initial public offer costs		**-**	14,377
Share of net profit of associate accounted for using the equity method		**-**	(59)
Finance costs		**1,417**	5,457
Profit before income tax		**17,209**	1,969
Income tax expense		**5,342**	1,875
Profit for the half-year		**11,867**	94
Profit is attributable to:			
Owners of Cover-More Group Limited		**11,867**	94
Earnings per share for profit attributable to the ordinary equity holders of the company:			
Basic earnings per share	7	**3.7**	0.0
Diluted earnings per share	7	**3.7**	0.0

The above statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income

For the six months ended 31 December 2014

	Half-year ended 31 December 2014 $'000	Half-year ended 31 December 2013 $'000
Profit for the half-year	**11,867**	94
Other comprehensive income		
Items that may be reclassified to profit or loss		
Changes in the fair value of cash flow hedges	**(16)**	-
Exchange differences on translation of foreign operations	**3,621**	229
Income tax relating to these items	**5**	-
Other comprehensive income for the half-year, net of tax	**3,610**	229
Total comprehensive income for the half-year	**15,477**	323
Total comprehensive income for the period attributable to:		
Owners of Cover-More Group Limited	**15,477**	323

The above statement should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet

As at 31 December 2014

	Notes	31 December 2014 $'000	30 June 2014 $'000
ASSETS			
Current assets			
Cash and cash equivalents		**21,336**	20,615
Trade and other receivables		**30,499**	30,239
Total current assets		**51,835**	50,854
Non-current assets			
Plant and equipment		**4,597**	5,206
Intangible assets	3	**248,005**	248,255
Deferred tax assets		**156**	68
Total non-current assets		**252,758**	253,529
Total assets		**304,593**	304,383
LIABILITIES			
Current liabilities			
Trade and other payables		**31,699**	31,293
Deferred liabilities		**237**	237
Borrowings	4	**197**	60
Current tax provisions		**3,118**	7,373
Employee benefits		**3,680**	3,383
Total current liabilities		**38,931**	42,346
Non-current liabilities			
Deferred liabilities		**258**	361
Borrowings	4	**55,994**	45,510
Employee benefits		**466**	427
Deferred tax liabilities		**8,876**	8,300
Derivative financial instruments		**457**	441
Total non-current liabilities		**66,051**	55,039
Total liabilities		**104,982**	97,385
Net assets		**199,611**	206,998
EQUITY			
Contributed equity		**220,067**	220,067
Other reserves		**3,207**	(399)
Retained earnings		**(23,663)**	(12,670)
Total equity		**199,611**	206,998

The above statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the six months ended 31 December 2014

	Notes	Contributed equity $'000	Other reserves $'000	Retained earnings $'000	Total equity $'000
Balance at 1 July 2013		14,476	1,917	(10,264)	6,129
Profit for the half-year		-	-	94	94
Other comprehensive income		-	229	-	229
Total comprehensive income for the half-year		-	229	94	323
Transactions with owners in their capacity as owners:					
Contributions of equity net of transaction costs		205,591	-	-	205,591
Dividends provided for or paid	5	-	-	(18,056)	(18,056)
Share-based payment reserve		-	(1,607)	-	(1,607)
		205,591	(1,607)	(18,056)	185,928
Balance at 31 December 2013		220,067	539	(28,226)	192,380
Balance at 1 July 2014		**220,067**	**(399)**	**(12,670)**	**206,998**
Profit for the half-year		**-**	**-**	**11,867**	**11,867**
Other comprehensive income		**-**	**3,610**	**-**	**3,610**
Total comprehensive income for the half-year		**-**	**3,610**	**11,867**	**15,477**
Transactions with owners in their capacity as owners:					
Dividends provided for or paid	5	**-**	**-**	**(22,860)**	**(22,860)**
Share-based payment reserve		**-**	**(4)**	**-**	**(4)**
		-	**(4)**	**(22,860)**	**(22,864)**
Balance at 31 December 2014		**220,067**	**3,207**	**(23,663)**	**199,611**

The above statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the six months ended 31 December 2014

	Half-year ended 31 December 2014 $'000	Half-year ended 31 December 2013 $'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	**116,226**	81,116
Payments to suppliers and employees (inclusive of GST)	**(93,111)**	(69,197)
	23,115	11,919
Other income	**1,087**	656
Income taxes paid	**(8,797)**	(7,069)
Net cash inflow from operating activities	**15,405**	5,506
Cash flows from investing activities		
Payments for acquisition of subsidiaries, net of cash acquired	**-**	(98,346)
Payments for plant and equipment	**(479)**	(451)
Payments for intangible assets	**(1,201)**	(1,497)
Interest received	**97**	224
Net cash outflow from investing activities	**(1,583)**	(100,070)
Cash flows from financing activities		
Proceeds from issues of shares	**-**	520,071
Proceeds relating to employee loan schemes	**-**	6,254
Proceeds from borrowings	**25,579**	128,800
Payments to shareholders for ASTIS shares	**-**	(335,818)
Payment of Initial Public Offering transaction costs	**-**	(21,778)
Repayment of borrowings	**(15,000)**	(161,291)
Finance lease payments	**(45)**	(45)
Interest and other finance costs paid	**(1,272)**	(36,922)
Dividends paid to company's shareholders	**(22,860)**	(18,056)
Net cash (outflow)/inflow from financing activities	**(13,598)**	81,215
Net increase/(decrease) in cash and cash equivalents	**224**	(13,349)
Cash and cash equivalents at the beginning of the half-year	**20,615**	29,474
Effects of exchange rate changes on cash and cash equivalents	**497**	133
Cash and cash equivalents at end of the half-year	**21,336**	16,258

The above statement should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

Note 1. Basis of preparation

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2014 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001.*

This condensed consolidated 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 annual report for the year ended 30 June 2014 and any public announcements made by the Group during the interim reporting period in accordance with the continuous disclosure requirements arising under the Australian Stock Exchange Listing Rules and the *Corporations Act 2001.*

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except as set out below.

(a) New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period, however, the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards. There will be some changes to the disclosures in the 30 June 2015 annual report as a consequence of these amendments.

(b) Impact of standards issued but not yet applied by the Group

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2017 but is available for early adoption. The amendments required under AASB 9 are only expected to affect the presentation of the Group financial report and will not have a major direct impact on the measurement and recognition of amounts disclosed in the financial report.

AASB 15 *Revenue from Contracts with Customers* provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The standard is not applicable until 1 January 2017 and its impact is yet to be assessed by the Group.

Note 2. Segment information

(a) Operating segments

AASB 8 'Operating Segments' requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating Decision Maker (CODM), being the Chief Executive Officer, in order to allocate resources to the segment and to assess its performance. The Group currently has two operating segments being travel insurance and medical assistance. The Group has determined that a disclosure of these segments is most appropriate due to the similar economic characteristics faced by the operating segments and the similar nature of the products and services being delivered to a similar customer base. Unallocated amounts represent balances in the holding entities which are not directly attributable to the operating segments.

(i) Segment revenue

Sales between segments are carried out at arm's length and are eliminated on consolidation. The revenue from external parties reported to the Chief Executive Officer is measured in a manner consistent with that in the statement of comprehensive income. Revenue from external customers is derived from the provision of travel insurance and medical assistance services. A breakdown of revenue and results is provided below.

(ii) Segment EBITDA

Segment performance is assessed on the basis of Segment EBITDA. Segment EBITDA comprises expenses which are incurred in the normal trading activity of the segments and excludes the impact of depreciation, amortisation, interest, share-based payments and other items which are determined to be outside of the control of the respective segments.

	Travel Insurance $'000	Medical Assistance $'000	Intersegment eliminations/ unallocated $'000	Total $'000
Half-year ended 31 December 2014				
Revenue				
Sales to external customers	78,261	33,426	-	111,687
Total sales revenue	78,261	33,426	-	111,687
Other revenue	273	-	-	273
Total revenue	78,534	33,426	-	111,960
Segment EBITDA	15,404	9,047	(68)	24,383
Depreciation and amortisation expense	(1,726)	(612)	(3,827)	(6,165)
Interest income	48	29	20	97
Interest expense	(11)	(2)	(1,404)	(1,417)
Foreign exchange gain	127	175	9	311
Profit before income tax	13,842	8,637	(5,270)	17,209
Income tax expense	(4,244)	(2,686)	1,588	(5,342)
Profit after income tax	9,598	5,951	(3,682)	11,867

	Travel Insurance $'000	Medical Assistance $'000	Intersegment eliminations/ unallocated $'000	Total $'000
Half-year ended 31 December 2013				
Revenue				
Sales to external customers	66,429	12,334	-	78,763
Total sales revenue	66,429	12,334	-	78,763
Other revenue	211	-	-	211
Total revenue	66,640	12,334	-	78,974
Segment EBITDA	13,328	3,317	(5,500)	11,145
Depreciation and amortisation expense	(1,586)	(284)	(2,153)	(4,023)
Interest income	56	11	157	224
Interest expense	(14)	-	(5,443)	(5,457)
Foreign exchange gain	47	31	2	80
Profit before income tax	11,831	3,075	(12,937)	1,969
Income tax expense	(3,494)	(998)	2,617	(1,875)
Profit after income tax	8,337	2,077	(10,320)	94

(b) Geographical segments

The Group currently operates in Australia, New Zealand (NZ), United Kingdom (UK), Singapore, Malaysia, China and India. The Group has determined that a disclosure of two aggregated segments, Australia/NZ/UK and Asia are most appropriate due to the similar economic characteristics faced by the geographical segments and the similar nature of the products and services being delivered to a similar customer base. Unallocated amounts represent balances in the holding entities which are not directly attributable to the geographical segments.

	Australia/ NZ/UK $'000	**Asia $'000**	**Intersegment eliminations/ unallocated $'000**	**Total $'000**
Half-year ended 31 December 2014				
Revenue				
Sales to external customers	**104,504**	**7,183**	**-**	**111,687**
Total sales revenue	**104,504**	**7,183**	**-**	**111,687**
Other revenue	**273**	**-**	**-**	**273**
Total revenue	**104,777**	**7,183**	**-**	**111,960**
Half-year ended 31 December 2013				
Revenue				
Sales to external customers	75,240	3,523	-	78,763
Total sales revenue	75,240	3,523	-	78,763
Other revenue	211	-	-	211
Total revenue	75,451	3,523	-	78,974

(c) Understanding the segment results

(i) Segment revenue

Sales between segments are carried out at arm's length and are eliminated on consolidation. The revenue from external parties is measured in the same way as in the income statement.

Revenues from external customers represent commission earned on the sale of travel insurance and providing medical assistance services.

(ii) Segment balance sheet

No segment balance sheet is prepared as the Chief Executive Officer reviews the Group's assets and liabilities in aggregate.

(iii) Seasonality of operations

The Group has consistently experienced higher revenue months in February and March each year, representing the typical promotional period for several of Cover‑More's travel insurance distribution partners in Australia, coinciding with the release of updated pricing and flight schedules by international airlines in respect of the Northern Hemisphere summer period. Consequently, the revenue and profit is historically weighted in favour of the second half of the financial year.

Note 3. Intangible assets

	Goodwill $'000	Customer contracts and distributor relationships $'000	Capitalised software $'000	Brand and trade-marks $'000	Total $'000
At 30 June 2014					
Cost	196,340	69,842	9,745	11,060	286,987
Accumulated amortisation and impairment	-	(33,599)	(4,872)	(261)	(38,732)
Closing net book amount	196,340	36,243	4,873	10,799	248,255
Half-year ended 31 December 2014					
Opening net book amount	196,340	36,243	4,873	10,799	248,255
Additions – Internal development*	-	-	1,201	-	1,201
Exchange differences	3,510	-	(44)	-	3,466
Amortisation charge	-	(3,345)	(1,090)	(482)	(4,917)
Closing net book amount	199,850	32,898	4,940	10,317	248,005
At 31 December 2014					
Cost	199,850	69,842	11,013	11,060	291,765
Accumulated amortisation and impairment	-	(36,944)	(6,073)	(743)	(43,760)
Closing net book amount	199,850	32,898	4,940	10,317	248,005

* Software includes capitalised development costs being an internally generated intangible asset.

(a) Goodwill

Goodwill is allocated to the Group's cash generating units (CGUs) according to operating segment and country of operation. A CGU level summary of the goodwill allocation is presented below. The carrying amount of the goodwill allocated to India and China increased by $3.058m and $0.452m, respectively, due to foreign currency exchange differences recognised during the half-year ended 31 December 2014.

	Australia & New Zealand (Travel insurance) $'000	India (Travel insurance) $'000	Australia & New Zealand (Medical assistance) $'000	Australia & New Zealand (Employee assistance) $'000	China (Medical assistance) $'000	Total $'000
At 31 December 2014						
Goodwill	**83,989**	**37,597**	**29,000**	**45,897**	**3,367**	**199,850**
At 30 June 2014						
Goodwill	83,989	34,539	29,000	45,897	2,915	196,340

Note 4. Borrowings

	31 December 2014			**30 June 2014**		
	Current $'000	**Non-current $'000**	**Total $'000**	Current $'000	Non-current $'000	Total $'000
Secured						
Bank loans*	**-**	**55,994**	**55,994**	-	45,338	45,338
Finance lease liabilities	**197**	**-**	**197**	60	172	232
Total borrowings	**197**	**55,994**	**56,191**	60	45,510	45,570

*Bank loans are net of costs associated with the banking facility that have been capitalised.

(a) Compliance with loan covenants

There has been no change to the Group's loan facilities during the period. The Group has complied with the financial covenants throughout the reporting period.

Note 5. Dividends

(a) Dividends paid or provided for:

	Half-year ended 31 December 2014 $'000	Half-year ended 31 December 2013 $'000
Dividends provided for or paid during the half-year	**22,860**	18,056

(b) Dividends not recognised at the end of the reporting period

On 19 February 2015 the directors declared an interim ordinary dividend (fully franked), in respect of the period from 1 July 2014 to 31 December 2014, of $10.160m (3.2 cents per share) to be paid on 10 April 2015.

The directors have also declared a special dividend (fully franked), in respect of the period from 1 July 2014 to 31 December 2014, of $5.715m (1.8 cents per share) to be paid on 10 April 2015.

Note 6. Contingencies

The Westpac Banking Corporation holds financial guarantees amounting to $4.910m (30 June 2014: $4.364m) in respect of property leases entered by the Group.

No other contingent liabilities exist at 31 December 2014.

Note 7. Earnings per share

	Half-year ended 31 December 2014 Cents	Half-year ended 31 December 2013 Cents
(a) Basic earnings per share		
Basic earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company	**3.7**	0.0
(b) Diluted earnings per share		
Diluted earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company	**3.7**	0.0

	$'000	$'000
(c) Basic earnings per share		
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share	**11,867**	94
(d) Diluted earnings per share		
Profit from continuing operations attributable to the ordinary equity holders of the company used in calculating basic earnings per share	**11,867**	94
Add: Share-based payment expense on employee LTI plan	**14**	-
Profit attributable to the ordinary equity holders of the company used in calculating diluted earnings per share	**11,881**	94

	Number	Number
(e) Weighted average number of shares used as the denominator		
Weighted average number of shares used as the denominator used in calculating basic earnings per share*	**317,500,000**	202,443,673
Weighted average number of shares and potential shares used as the denominator used in calculating diluted earnings per share	**317,750,000**	202,443,673

*Weighted average number of shares has been adjusted retrospectively to reflect the change in the number of ordinary shares as if the IPO had occurred at the beginning of 2013.

Note 8. Events occurring after the reporting period

On 19 February 2015 the directors declared an interim ordinary dividend (fully franked), in respect of the period from 1 July 2014 to 31 December 2014, of $10.160m (3.2 cents per share) to be paid on 10 April 2015.

The directors have also declared a special dividend (fully franked), in respect of the period from 1 July 2014 to 31 December 2014, of $5.715m (1.8 cents per share) to be paid on 10 April 2015.

Except for the interim dividend disclosed above, no other matter or circumstance has arisen since 31 December 2014 that has significantly affected, or may significantly affect:

(a) the Group's operations in future financials year; or
(b) the results of those operations in future financial years; or
(c) the Group's state of affairs in future financial years.

Directors' declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 13 to 25 are in accordance with the *Corporations Act 2001*, including:

(i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

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

(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.

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

Peter Edwards
Director

19 February 2015
Sydney

Michael Alscher
Director

19 February 2015
Sydney

Independent auditor's review report to the members of Cover-More Group Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Cover-More Group Limited (the Company), which comprises the consolidated balance sheet as at 31 December 2014, the consolidated income statement and 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, selected explanatory notes and the directors' declaration for Cover-More Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

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

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

Independence

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

PricewaterhouseCoopers, ABN 52 780 433 757
Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

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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 Cover-More Group 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;

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

Matters relating to the electronic presentation of the reviewed financial report

This review report relates to the financial report of the Company for the half-year ended 31 December 2014 included on Cover-More Group Limited's web site. The company's directors are responsible for the integrity of the Cover-More Group Limited web site. We have not been engaged to report on the integrity of this web site. The review report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on this web site.

PricewaterhouseCoopers

Scott Fergusson
Partner

Sydney
19 February 2015

Corporate directory

Directors
Michael Alscher (Chairman)
Louis Carroll
Peter Edwards
Stephen Loosley
Lisa McIntyre
Trevor Matthews
Sam Mostyn

Company secretary
Mark Steinberg

Registered office
Cover-More Group Limited
Level 2
60 Miller Street
North Sydney NSW 2060

Principal place of business
Cover-More Group Limited
Level 2
60 Miller Street
North Sydney NSW 2060

Share register
Link Market Services Limited
Level 12
680 George Street
Sydney NSW 2000

Auditor
PricewaterhouseCoopers
Darling Park Tower 2
201 Sussex Street
Sydney NSW 2000

Banker
Westpac Banking Corporation
Level 3
275 Kent Street
Sydney NSW 2000

Stock exchange listing
Cover-More Group Limited shares are listed
On the Australian Securities Exchange
(ASX code: CVO)

Website:
www.covermore.com