Vision Group Holdings Limited

ANNUAL REPORT 2011

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VISION GROUP HOLDINGS LIMITED
ABN 21 098 890 816

ANNUAL GENERAL MEETING
Date: Friday 28 October 2011 at 11.00am
To be held at: Royce Hotel,
379 St Kilda Road, Melbourne VIC 3004.

Directors' Report

Your Directors submit their report for the year ended 30 June 2011.

DIRECTORS

The names of the Directors of the Company in office during the year ended 30 June 2011 and until the date of this report are as follows. All Directors, unless otherwise indicated were in office from the beginning of the financial period until the date of this report.

Names, qualifications, experience and special responsibilities

Mr Shane Tanner FCPA, ACIS, AAIM
(Non-executive Chairman)

Mr Tanner has been Chairman since Vision Group formed in December 2001. Mr Tanner has extensive commercial and financial experience in a number of industries including health. Presently he is Vision Group Chairman and Chairman of both the Nomination & Governance and Remuneration committees. He also serves on the Audit & Risk Management committee. During the past three years he has also served as a Director of the following other listed companies:

- Sterihealth Limited (Appointed 30 April 2001; Resigned 5 November 2008).
- Paragon Care Limited (Appointed 21 December 2005).
- Funtastic Limited (Appointed 19 March 2009).

Mr Iain Kirkwood MA (Hons) (Oxon) FCPA, CA, MAICD
(Non-executive Director)

Mr Kirkwood joined the Board in November 2004, immediately prior to Vision Group joining the ASX. He brings extensive financial experience gained from a range of healthcare businesses during his career. He is presently Chairman of the Audit and Risk Management committee and serves on the Nomination & Governance and Remuneration committees. During the past three years he has also served as a Director of the following other listed companies:

- Medical Developments International Limited (Appointed October 2003).
- Metabolic Pharmaceuticals Limited (Appointed July 2008; Resigned April 2009).
- Avexa Limited (Appointed August 2010) – Chairman.
- Bluechiip Limited (Appointed November 2007) – Chairman.

Mr Geoffrey Thompson BBus, Assoc. ICA
(Chief Executive Officer and Managing Director)

Mr Thompson was appointed Chief Executive Officer of Vision Group on 4 May 2010 and joined the Board as Managing Director on 24 May 2010.

Mr Thompson commenced working for the Company as a consultant in June 2008 and was subsequently appointed Chief Financial Officer in February 2009.

Before joining Vision Group Mr Thompson was a founding director of Lifehealthcare and National Hearing Care (NHC). Lifehealthcare is a medical equipment and device distributor and NHC (now owned by Amplifon SpA) is a hearing services provider.

Prior to Lifehealthcare and NHC Mr Thompson was Chief Financial Officer of the diagnostic imaging company, MIA Group in the 18 month period leading to the Company's sale to DCA in September 2004. Before MIA, Mr Thompson held a number of senior leadership roles with AMP and CSR and he commenced his career with PricewaterhouseCoopers.

Dr Michael Lawless MBBS, FRANZCO, FRACS, GAICD.
(Medical Director)

Dr Lawless is an experienced ophthalmologist and administrator having performed in excess of 20,000 LASIK, lens replacement and corneal transplant operations and helped build, with his partners, arguably Australia's premier ophthalmology practice in Chatswood, NSW.

Dr Lawless is a Fellow of the Royal Australian and New Zealand College of Ophthalmologists, a Fellow of the Royal Australian College of Surgeons and a graduate of the Australian Institute of Company Directors. He served as Chairman of the Department of Ophthalmology at Royal North Shore Hospital in Sydney from 2000 to 2006 and is past president of the International Society of Refractive Surgery.

Dr Joseph Reich MBBS, DO (Melbourne), FRACS, FRANZCO, MAICD.

Dr Reich is a specialist cataract and refractive surgeon with extensive experience, and a founding partner of Camberwell Eye Clinic. He is a former head of the Clinic (and Chairman of the Senior Medical Staff) at the Royal Victorian Eye and Ear Hospital.

Dr Reich is also a former Chairman of the Qualification and Education Committee (Victoria) and Federal Councillor for the Royal Australian and New Zealand College of Ophthalmologists.

His past teaching experience includes undergraduate lectures in Ophthalmology at the Royal Victorian Eye and Ear Hospital (Melbourne), lecturer at the Lincoln Institute School of Orthoptics and editorial board member for the American Academy of Ophthalmology (current).

He is also currently the Regional Director in Victoria.

Dr Christopher Rogers MBBS, FRANZCO (Alternate Director)

Dr Rogers is a pioneer of refractive surgery in Australia. He brought the first excimer laser to the country. He has served on the medical advisory board of various international ophthalmic companies and has been actively involved in the development of new laser technology. He has published and lectured widely on the subject of refractive surgery and laser vision correction. He is an emeritus consultant in ophthalmology at Royal North Shore Hospital in Sydney.

He is also currently the Regional Director in New South Wales.

Ms Karen Wilson BA, Dip Ed, FAICD (Non-executive Director resigned 28 March 2011)

Ms Wilson resigned as a Director in March 2011 after serving the Company in that capacity for over six years. She joined the Vision Group Board in November 2004 prior to the Company joining the ASX. Ms Wilson bought to Vision Group many years of public company experience and has now retired from all of her directorships. During the past three years she has also served as a Director of the following other listed companies:

- Ross Human Directions Limited (Appointed 2000; Resigned 12 December 2008).

Mr Craig Stamp B.Optom (Hons), Grad. Dip. Marketing (Non-executive Director resigned 25 October 2010)

Mr Stamp was appointed Chief Executive Officer of Vision Group on 8 December 2008 and joined the Board as Managing Director in May 2009. Mr Stamp resigned as CEO and Managing Director in May 2010 for personal reasons and ceased being a Non-executive Director in October 2010.

Directors' interests in the shares, performance options and tenure rights of the Company

As at the date of this report, the interests of the Directors in the shares, performance options and tenure rights of Vision Group Holdings Limited were:

Director	Ordinary shares	Ordinary non-voting shares	Options/ Tenure Rights
Mr Shane Tanner	475,000	–	–
Mr Iain Kirkwood	43,232	–	–
Mr Geoff Thompson	391,803	–	445,698
Dr Michael Lawless	1,070,663	311,160	–
Dr Joseph Reich	1,635,468	7,513	–
Dr Christopher Rogers	512,298	295,725	–

COMPANY SECRETARIES

Mr John Osborne BSc, FRMIT (Management), DipAppCorpGov, ACIS

Mr Osborne was appointed Company Secretary in November 2006. He has many years of financial, commercial and company secretarial experience with listed companies and in consulting roles.

Ms Vanessa Huxley BCom, CA

Ms Huxley joined Vision Group in 2007 and was the Chief Financial Officer from May 2010 to February 2011 and Company Secretary from May 2010 to the present time. She is a Chartered Accountant with significant experience in both industry and corporate advisory roles prior to joining the Company. Ms Huxley is presently on maternity leave.

Nature of operations and principal activities

During the financial period the Company was the ultimate holding company for a number of subsidiaries that provide private ophthalmic services. There were no significant changes in the nature of these activities during the year.

Directors' Report *continued*

Group overview

Vision Group provides ophthalmic services through the ownership and management of eighteen consulting clinics, nine day surgeries, and seven refractive surgery facilities in Victoria, New South Wales and Queensland.

The business derives its revenue from:

- Consultation fees for patient examinations, investigative and diagnostic tests.
- Surgical fees for ophthalmic procedures.
- Day surgery theatre fees.
- Refractive surgery fees.

This revenue is sourced from a combination of Medicare rebates, Department of Veterans Affairs contributions, private health insurer contributions and from patients directly.

The following table outlines the Group's operations:

Location	Consulting	Day Surgery	Laser Refractive
Victoria			
Camberwell	✓	✓	
Blackburn South	✓		
Coburg	✓		
Footscray	✓	✓	
St Kilda Road	✓		✓
Box Hill	✓	✓	
New South Wales			
Bondi Junction	✓		✓
Chatswood	✓	✓	✓
Cremorne	✓		
Drummoyne	✓		
Hurstville	✓	✓	✓
Queensland			
Southport	✓	✓	✓
Varsity Lakes	✓		
Coolangatta	✓		
Upper Mt Gravatt	✓		
Brisbane	✓	✓	✓
Townsville	✓	✓	✓
Mackay	✓	✓	

OPERATING RESULTS FOR THE YEAR ENDED 30 JUNE 2011

Vision Group operating revenues for the 2011 financial year were consistent with those of the prior year. After excluding the impact of departed doctors in the prior year, revenues increased by 5%. Discretionary revenue declined by 4%.

EBITDA for the year was ($4,210,000), including a $27,681,000 goodwill impairment charge. EBITDA (pre goodwill impairment) was $23,471,000, down from $25,759,000 in the prior year. Non recurring expenses again impacted results. On a normalised basis EBITDA was $28,315,000, which was 12% lower than prior year. The primary reason for the decline was the continued implementation of the Doctor Partner EBIT based remuneration equivalent model to facilitate longevity of doctor engagement and growth.

Loss after tax was ($23,962,000) compared to a ($58,397,000) loss in the prior year.

CAPITAL STRUCTURE

Vision Group, through its voluntary escrow arrangements with doctor partners, has a relevant interest in 13.1% of its issued share capital. It is not permitted to issue any further voting shares subject to escrow restrictions without either being in breach of the takeover provisions of the Corporations Act, or applying for ASIC relief.

Accordingly, to ensure compliance with the Corporations Act, Vision Group issued, with ASX consent, non-voting ordinary shares as part consideration to the partners of practices acquired during the year. These shares will convert into ordinary voting shares when the escrow period lapses and the restrictions under the Corporations Act against the issue of ordinary voting shares cease to apply to those shares.

The ASX register of Vision Group shares is maintained by Link Market Services. For the 20 largest shareholders at the time of writing this report refer to page 70.

The Company will not pay a final dividend for the year ended 30 June 2011. On 27 August 2010 a Deed of Amendment to the existing debt facility with Westpac and ANZ was executed. A requirement of the Deed is that no dividends can be paid for the remaining term of the facility ending 30 September 2011.

Vision Group has maintained a Practice Enhancement Fund (PEF) which is a pool of notional (un-issued) shares. At acquisition a notional amount equivalent to 7.5% of the assessed fair value of each acquisition is set aside in the PEF. This amount is quantified as a number of notional shares, based on the market price of Vision Group shares at the time the acquisition is settled.

Issues from the PEF are made at the discretion of the Board as a means of attracting, retaining and increasing the equity participation of certain Doctor Partners, Associate Doctors, Visiting Surgeons and other eligible staff. During the current year Vision Group did not issue any shares from the PEF, nor where there any additions (2010: 56,340).

At 30 June 2011, Vision Group had accumulated 5,352,199 (2010: 5,352,199) notional unissued shares within the PEF.

Liquidity and funding

The Group had the following funding facilities available at 30 June 2011:

Westpac	Facility	Available
Guarantee facility	$1,150,000	($364,151 un-drawn)
Revolving loan facility	$50,000,000	($0 un-drawn)
ANZ		
Revolving loan facility	$50,000,000	($0 un-drawn)
Total	**$101,150,000**	**($364,151 un-drawn)**

On 27 August 2010 a Deed of Amendment to the existing debt facility with Westpac and ANZ was executed with a facility limit of $110,000,000 shared equally between the two banks.

A Guarantee facility exists to provide guarantees over leased premises.

Notwithstanding the matters outlined in Note 2(c) to the financial statements, the Group has sufficient funds to finance its operations and maintain the facilities set out above to ensure the Group is able to continue to take advantage of appropriate business development opportunities and unforeseen expenditure.

Refer further in this report to the "Significant events after balance date".

Performance indicators

Management and the Board monitor the Group's overall performance, from its implementation of the strategic plan through to the performance of the Company against operating plans and financial budgets.

The Board, together with management, has identified key performance indicators (KPI's) that are used to monitor performance. Management monitor KPI's on a timely basis. Directors receive various financial KPI's for review prior to each monthly Board meeting allowing all Directors to actively monitor the Group's performance.

Risk management

The Board of Vision Group is actively involved in the risk management process and has delegated responsibility for the development and maintenance of a framework of risk identification, management and control to the Audit and Risk Management committee. Risk management committees also operate at a state and individual clinic level to monitor and respond to issues and risks identified by senior management and the Board.

The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with potential business risks and opportunities. These include the following:

- Implementation of Board approved operating plans and budgets and Board monitoring of progress against these budgets, including financial and non-financial key performance indicators.
- The ongoing monitoring by the Audit & Risk Management Committee.
- The establishment of committees at a group, state and local clinic level to monitor and report on specific business risks. Committee members include management, doctors, nursing staff, orthoptists and clinical staff. Established committees include infection control, health and safety, medical advisory committee, day surgery accreditation. The Company makes its risk management processes and procedures available for all staff via the Vision Group intranet facility.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the 2011 financial year, debt was reduced by a further $8,038,000 and 16 Doctors were re-contracted on long term contracts.

On 27 May 2011 a mediated settlement was reached with Dr Eshun-Wilson. This settlement requires Dr Eshun-Wilson to pay the Company $750,000, through 72 monthly instalments of $10,417, in respect of the damages claim. The Company will not make any payment to Dr Eshun-Wilson in respect of his counterclaim.

In the opinion of the Directors, there were no other significant changes in the significant state of affairs of the Group that occurred during the financial year.

SIGNIFICANT EVENTS AFTER BALANCE DATE

On 28 September 2011, a Deed of Amendment to the existing debt facility with Westpac and ANZ was executed. Key amendments include:

- An extension of the facility term until 30 September 2012;
- A reduction in the facility limit to $95,000,000 on 30 September 2011;
- An amortisation schedule of $2,500,000 repayments on each of 31 March 2012, 30 June 2012 and 31 August 2012;
- A continuing margin over the Bank Bill Rate of 3.95% – 4.6%, depending on the earnings gearing ratio for each quarter;
- Amendments to financial covenants; and
- Continued suspension of dividends for the revised term of the facility.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

During 2012 the Group will continue to reduce debt, re-contract Doctors and continue with implementation of the EBIT based Doctor Partner remuneration equivalent model. Recruitment of new Doctors remains a key focus.

SHARE OPTIONS AND TENURE RIGHTS

Unissued shares

As at the date of this report, there were 6,502,578 unissued ordinary shares under performance options, tenure rights and the Practice Enhancement Fund (5,678,066 at the reporting date). Refer to the Remuneration Report for further details of the options and tenure rights outstanding.

Performance options and tenure right holders do not have any right, by virtue of the option or tenure right, to participate in any share issue of the Company or any related body corporate.

Shares issued as a result of the exercise of performance options and tenure rights

During the financial year, employees and executives have exercised tenure rights to acquire 136,422 fully paid ordinary shares in the Company at a weighted average exercise price of $nil per share.

Directors' Report *continued*

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year the Company continued to insure the Directors, secretaries and senior officers of the Group.

The liabilities insured are losses that may be incurred as the result of civil or criminal proceedings that may be brought against the officer in their capacity as an officer of the Company and resulting from the lodgement of the Company's prospectus dated 15 November 2004.

Under the terms of the insurance contracts the premium paid for these policies cannot be disclosed.

DIRECTORS' MEETINGS

	Meetings of the Board & Committees			
	Directors Meetings	Nomination & Governance	Audit & Risk Management	Remuneration
Number of meetings held	13	4	7	4
Number of meetings attended				
S Tanner	13	4	7	4
I Kirkwood	13	4	7	4
G Thompson	13	–	–	–
Dr M Lawless	11	–	–	–
Dr J Reich	13	–	–	–
Dr C Rogers	10	–	–	–
K Wilson	5 (eligible 9)	0 (eligible 2)	3 (eligible 7)	0 (eligible 3)
C Stamp	5 (eligible 6)	–	–	–

COMMITTEE MEMBERSHIPS

At the date of this report, the Company had a Nomination and Governance Committee, an Audit and Risk Management Committee and a Remuneration Committee of the Board of Directors.

Nomination & Governance	Audit & Risk Management	Remuneration
S Tanner (Chairman)	I Kirkwood (Chairman)	S Tanner (Chairman)
I Kirkwood	S Tanner	I Kirkwood

ROUNDING

The amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the Class Order applies.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

During the financial year non-audit services were provided by Ernst & Young, the auditor of the Company. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

The Directors have received the Declaration of Independence from the auditor of the Company, a copy of which follows the Directors' Report.

REMUNERATION REPORT (AUDITED)

The Directors have received the Declaration of Independence from the auditor of the Company, a copy of which follows the Directors' Report.

The Directors have received the Declaration of Independence from the auditor of the Company, a copy of which follows the Directors' Report.

This Remuneration Report for the year ended 30 June 2011 outlines the remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 and its Regulations. The remuneration report has been audited as required by Section 308 (3c) of the Act.

For the purposes of this report, key management personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the Parent company and the Group and includes the five executives in the Parent company and the Group receiving the highest remuneration.

For the purposes of this report, the term 'executive' includes the chief executive officer and senior executives of the Parent company and the Group.

Details of Key Management Personnel

S Tanner	Non-executive Director – Chairman
I Kirkwood	Non-executive Director
G Thompson	Chief Executive Officer and Managing Director
Dr M Lawless	Medical Director
Dr J Reich	Executive Director
Dr C Rogers	Alternate Director for Dr Lawless
C Stamp	Non-executive Director – resigned 25 October 2010
K Wilson	Non-executive Director – resigned 28 March 2011
V Huxley	CFO & Company Secretary – on maternity leave from 11 April 2011
B Coverdale	Interim CFO – from 1 February 2011

There were no changes to KMP after reporting date and before the date the financial report was authorised for issue.

Remuneration Philosophy

The ultimate performance of the Group depends on the quality of its Directors and executives to deliver the Group's operational and financial plan. To prosper the Group must attract, motivate and retain appropriately skilled Directors and executives.

The Group incorporates the following principles in its remuneration framework:

- Link executive rewards to shareholders' returns
- Significant components of executive remuneration are dependent upon meeting pre-determined performance benchmarks
- Non-executive Director share ownership scheme provides the ability for Non-executive Directors to sacrifice a percentage of their annual director's fees to acquire shares.

Remuneration Structure

In accordance with best practice corporate governance, the structure of Non-executive Director and executive remuneration is separate and distinct.

Remuneration Committee

The Remuneration Committee of the Board of Directors of the Company is responsible for determining and reviewing compensation arrangements for the Chief Executive Officer (CEO) and Managing Director and the executives reporting directly to the CEO and Managing Director.

The Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of senior executives on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality executive team.

Nomination and Governance Committee

The Nomination and Governance Committee is responsible for recommending the appointment, and reviewing the performance of Directors, the CEO and Managing Director. The Committee also makes recommendations to the Board in respect of conditions of service for Directors, senior management and employees.

Non-Executive Director Remuneration

Objective
The Board seeks to set aggregate remuneration at a level which provides the Group with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost that is appropriate for the Company's current size and is acceptable to shareholders.

Structure
The Company's constitution provides that the Non-executive Directors are entitled to be paid director's fees in aggregate up to a maximum of $400,000 per annum or such other amount determined from time to time by a general meeting.

The Non-executive Director share ownership scheme provides the ability for Non-executive Directors to sacrifice a percentage of their annual Directors fees to acquire shares.

The Non-executive Directors do not receive retirement benefits, nor do they participate in any incentive programs.

The amount of aggregate remuneration sought is to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually.

The remuneration of Non-executive Directors for the years ended 30 June 2011 and 30 June 2010 is detailed in Tables 1 and 2 respectively on pages 11 and 12.

Executive remuneration

Objective
The Group aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group so as to:

- Reward executives for Group and individual performance against targets set by reference to appropriate benchmarks;
- Align the interests of executives with those of shareholders; and
- Ensure total remuneration is competitive by market standards.

Structure
In determining the level and make-up of executive remuneration, the Remuneration Committee has sought external independent advice in respect to market levels of remuneration for comparable executive roles.

Remuneration consists of the following elements:

- Fixed remuneration (Base salary, superannuation);
- Variable remuneration
  – Short-term incentives (STI)
  – Long-term incentives (LTI).

The proportion of fixed remuneration and variable remuneration established for each executive by the Remuneration Committee for the years ended 30 June 2011 and 30 June 2010 is set out in Tables 1 and 2 respectively on pages 11 and 12.

FIXED REMUNERATION

Objective
The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market.

Fixed remuneration is reviewed annually by the Remuneration Committee and the process consists of a review of Group and individual performance, relevant comparative remuneration in the market and, where appropriate, external advice on policies and practices.

Structure

Executives are given the opportunity to receive their fixed remuneration in several forms including cash and fringe benefits such as motor vehicles. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Group.

VARIABLE REMUNERATION

Short-Term Incentive (STI) and Long-Term Incentive (LTI)

The objective of the variable remuneration plan is to reward executives in a manner which aligns this element of remuneration with the creation of shareholder wealth. Variable remuneration grants are made to senior executives who are able to influence the generation of shareholder wealth and thus have a direct impact on the Group's performance against relevant performance hurdles, and in the case of other personnel, for their contribution to the achievement of performance targets.

The variable remuneration to reward senior executives is set at an aggregate amount of approximately 20% to 100% of the executive's fixed remuneration.

Short-Term Incentive (STI)
The STI component of the variable remuneration may vary from approximately one third to all of the total variable remuneration payable in any one year and will be payable in cash, but only upon achievement of the planned EBIT and non-financial targets set by the Remuneration Committee at the commencement of each financial year.

The STI is:

a. Equal to an agreed percentage of the annual base salary package;

b. Payable on achievement of the Group's Planned Performance Criteria for the immediately past financial year (the Planned Performance Criteria are achievement of the planned EBIT and certain other performance criteria set by the Remuneration Committee prior to the start of the financial year); and

c. Payable following the release of the Group's preliminary final result as a cash bonus so long as the executive was an employee of the Group at the end of the 30 June financial year being reported.

The maximum potential STI bonus for the 2011 financial year is $460,000 (2010: $325,358). Of this amount $210,000 (46%) has been accrued based on an assessment of each executive's performance against Planned Performance Criteria for the year, as determined by the Remuneration Committee.

There have been no alterations to the STI bonus plans since their grant date.

For the 2010 financial year, 23% of the STI bonus as previously accrued in that period vested to executives and was paid in the 2011 financial year.

Performance options and tenure rights

Performance options and tenure rights granted
On 29 April 2011, tranche 2 of Mr Thompson's performance options and tenure rights granted on 29 April 2009 were due to vest, and tranche 1 of Mr Thompson's tenure rights granted on 29 April 2010 were due to vest. Following the vesting date of 29 April 2011, the following changes occurred:

- Tranche 2 of the performance options granted on 29 April 2009 were cancelled as the performance hurdle was not achieved;
- Tranche 2 of the 63,636 tenure rights from the 29 April 2009 grant were converted to 63,636 ordinary shares; and,
- Tranche 1 of the 72,786 tenure rights from the 29 April 2010 grant were converted to 72,786 ordinary shares respectively.

Tranches 3 of the 29 April 2009 grant and Tranches 2 and 3 of the 29 April 2010 grant remain in place.

Performance options and tenure rights granted FY2011
There were no performance options or tenure rights granted during the year ended 30 June 2011.

Executive Share Purchase Plan

In March 2008 the Company introduced an Executive Share Purchase Plan (ESP) for senior executives. The Company offered eligible senior executives an unsecured full recourse loan facility to acquire Vision Group ordinary shares on-market during a permitted trading window in the Company's shares.

The loan to finance the acquisition of the shares was unsecured however the Company has recourse to the executive for repayment of the full principal amount and any outstanding interest. Executives that took up a loan have full entitlement to the benefits of ownership of the shares acquired except the shares are subject to a holding lock and cannot be released for sale without the authority of the Company. The shares acquired under the ESP are released from the holding lock upon repayment of the ESP loan. All executives who acquired shares under the ESP are no longer employees of the Group. As of 30 June 2010, all loans were finalised with the exception of one which is still subject to negotiation of suitable settlement arrangements.

Hedging of equity awards

Employees may not enter into any transaction which would have the effect of hedging or otherwise transferring to any other person the risk of any fluctuation in the value of shares in the Company which are subject to a restriction on disposal under an employee share or incentive plan; or options or performance rights (or shares in the Company underlying them) granted under an employee share or incentive plan. All employees who are the recipients of equity awards have confirmed that no such transactions have been entered into.

Group performance

The financial performance measure that drives STI payments and LTI vesting outcomes is EBIT and ROCE. Over the 5 year period from 1 July 2006 to 30 June 2011 the EBIT (adjusted for goodwill impairment) and ROCE achieved were:

	EBIT	ROCE
2011	17,492,000	12.6%
2010	20,117,000	12.5%
2009	27,400,000	12.0%
2008	32,300,000	14.5%
2007	28,900,000	13.6%

EMPLOYMENT CONTRACTS

Chief Executive Officer and Managing Director

The CEO and Managing Director, Mr Thompson, is employed under a rolling contract. The current employment contract commenced 4 May 2010. Under the terms of the contract:

- Mr Thompson receives fixed remuneration of $500,000 per annum inclusive of superannuation and all other allowances.
- For the year ended 30 June 2011 Mr Thompson was eligible to participate in the Company's STI plan. The target is up to 80% of fixed remuneration subject to meeting specified performance criteria. The Remuneration Committee in consideration of Mr Thompson's performance against the specified performance criteria has determined that his actual STI bonus will be 40% of his fixed remuneration for the year 30 June 2011.
- There was no LTI component of remuneration for the year.
- Mr Thompson may resign from his position and thus terminate this contract by giving three months written notice. On resignation any unvested tenure rights and options will be forfeited.
- The Company may terminate this employment agreement by providing twelve months written notice or providing payment in lieu of the notice period (based on the fixed component of Mr Thompson's remuneration). On termination on notice by the Company, any tenure rights and options that have vested or that will vest during the notice period will be released. Tenure rights and options that have not yet vested will be forfeited.
- The Company may terminate the contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs the CEO is only entitled to that portion of remuneration that is fixed and only up to the date of termination. On termination with cause any unvested options will immediately be forfeited.

Doctor Directors

Doctor Partners (including Doctor Directors) are engaged by the Group under various employee and contractor arrangements. Typically Doctor Partners contract with the Group for an initial 5 year term, following the Group's acquisition of their ophthalmology practice. Contract terms are then usually extended by mutual agreement, mostly for further 5 year terms.

Doctor Partners are contractually required to provide 12 months' notice if they wish to terminate their contract at the end of their current contract term. Furthermore if a Doctor Partner leaves the Group, certain time and location based non-compete restraints apply.

Remuneration arrangements for Doctor Partners vary depending on the manner and timing of the acquisition of their practice. Historically there has been a fixed and variable component to each Doctor Partners' remuneration. The Company is transitioning to a doctor remuneration equivalent model based upon pay-for-performance that is designed to incentivise Doctor Partners to increase revenue and better manage costs, as well as work more collaboratively to manage clinic profitability, while also making the Company more attractive to doctors considering joining the Company. Management believe that this is proving to be a successful incentive model to drive growth.

Other executives (standard contracts)

All executives have rolling contracts. The Group may terminate an executive's employment by providing written notice for periods between 1 and 6 months or providing payment in lieu of the notice period (based on the fixed component of the executive's remuneration). On termination on notice by the Group, any tenure rights and options that have vested or that will vest during the notice period will be released. Tenure rights and options that have not yet vested will be forfeited. The Group may terminate the contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs the executive is only entitled to that portion of remuneration that is fixed and only up to the date of termination. On termination with cause any unvested tenure rights and options will immediately be forfeited.

Table 1: Remuneration for the year ended 30 June 2011

	Short-term	Short-term	Short-term	Post employ-ment	Long term	Term-ination	Share based payments		
	Salary & fees	Cash bonus	Non-mone-tary	Super-annua-tion	Long service leave		Options/ tenure rights	Total	Perfor-mance related
	$	$	$	$	$	$	$	$	%
Non-executive Directors									
S Tanner – Chairman	119,266	–	–	10,734	–	–	–	130,000	–
K Wilson (1)	45,871	–	–	4,128	–	–	–	49,999	–
I Kirkwood	59,633	–	–	5,367	–	–	–	65,000	–
C Stamp (2)	13,922	–	–	577	–	–	–	14,499	–
Sub-total Non-executive Directors	**238,692**	**–**	**–**	**20,806**	**–**	**–**	**–**	**259,498**	
Executive Directors									
C Stamp (2)	59,200	–	–	2,338	–	56,095	–	117,633	–
G Thompson – CEO & Managing Director (3)	450,000	200,000	–	50,000	8,654	–	(27,819)	680,835	25.29
Dr M Lawless – Medical Director (4)	998,906	–	–	–	–	–	–	998,906	–
Dr J Reich (5)	605,144	–	–	–	–	–	–	605,144	–
Dr C Rogers – Alternate Director (5)	424,648	–	–	–	–	–	–	424,648	–
Other key management personnel									
V Huxley – CFO & Company Secretary (6)	157,570	10,000	–	12,276	4,400	–	–	184,246	5.43
B Coverdale (7)	169,332	–	–	–	–	–	–	169,332	–
Sub-total executive	**2,864,800**	**210,000**	**–**	**64,614**	**13,054**	**56,095**	**(27,819)**	**3,180,744**	
Totals	**3,103,492**	**210,000**	**–**	**85,420**	**13,054**	**56,095**	**(27,819)**	**3,440,242**	

(1) Resigned 28 March 2011 (2) Resigned as Executive Director 4 August 2010, appointed Non-executive Director 4 August 2010 and resigned 25 October 2010 (3) In accordance with AASB 2, the accounting value represents a portion of the fair value if options and restricted shares that had not yet fully vested as at the commencement of the financial year. This value includes an assumption that options and restricted shares will vest at the end of the vesting period. The amount included as remuneration is not related to, nor indicative of the benefit (if any) that may ultimately be realised by each Senior Executive should the options or tenure rights become exercisable. The accounting value includes the negative amount for options and tenure rights forfeited or lapsed during the year that failed to satisfy non-market (i.e. ROCE) performance targets. (4) A Medical Director fee of $69,460 is received, all other fees relate to Opthalmic Services provided under contract. (5) No Director fees are received, all fees relate to Opthalmic Services provided under contract. (6) On maternity leave from 11 April 2011 (7) Mr Coverdale was contracted as the interim CFO via a company, with effect from 1 February 2011. Remuneration disclosed reflects the fees paid to that company.

Table 2: Remuneration for the year ended 30 June 2010

	Short-term	Short-term	Short-term	Post employment	Long term	Termination	Share based payments		
	Salary & fees	Cash bonus	Non-monetary	Superannuation	Long service leave		Options/ tenure rights	Total	Performance related
	$	$	$	$	$	$	$	$	%
Non-executive Directors									
S Tanner – Chairman	118,916	–	–	10,694	–	–	–	129,610	–
K Wilson	59,448	–	–	5,350	–	–	–	64,798	–
I Kirkwood	59,448	–	–	5,350	–	–	–	64,798	–
C Stamp (1)	475,000	119,524	–	25,000	–	–	269,419	888,943	43.75
Sub-total Non-executive Directors	**712,812**	**119,524**	**–**	**46,394**	**–**	**–**	**269,419**	**1,148,149**	
Executive Directors									
G Thompson – CEO & Managing Director (2)	287,788	80,599	–	52,789	–	–	159,856	581,032	41.38
Dr M Lawless – Medical Director (3)	601,715	–	–	46,154	–	–	–	647,869	–
Dr J Reich (4)	634,673	–	–	–	–	–	–	634,673	–
Dr C Rogers – Alternate Director (5)	392,454	–	6,831	33,800	–	–	–	433,085	–
Dr D Kitchen (6)	180,085	203,086	–	3,893	–	–	–	387,064	52.47
Dr D Gregor (7)	281,475	–	–	31,450	–	–	–	312,925	–
Other key management personnel									
V Huxley – CFO & Company Secretary (8)	28,831	26,544	3,050	2,224	146	–	–	60,795	–
J Osborne – Company Secretary (9)	106,994	–	–	–	–	–	–	106,994	–
A Cranage – National Operations Manager (10)	103,929	–	–	8,549	2,244	–	–	114,722	–
D Hoy – National Operations Manager (11)	68,765	(1,580)	–	4,591	877	28,000	(2,267)	98,386	(3.91)
L Dellit – Group Marketing Manager (12)	11,648	11,700	–	1,533	–	–	–	24,881	–
Sub-total executive	**2,698,357**	**320,349**	**9,881**	**184,983**	**3,267**	**28,000**	**157,589**	**3,402,426**	
Totals	**3,411,169**	**439,873**	**9,881**	**231,377**	**3,267**	**28,000**	**427,008**	**4,550,575**	

(1) Resigned as Chief Executive Officer and Managing Director 4 May 2010. Appointed Executive Director 4 May 2010, resigned 4 August 2010. Appointed Non-executive Director 4 August 2010 (2) Resigned Chief Financial Officer 4 May 2010, appointed Chief Executive Officer 4 May 2010 and Managing Director 24 May 2010 (3) Engaged as a contractor from 1 May 2010 (4) Engaged as a contractor from 1 July 2009 (5) Engaged as a contractor from 1 May 2010 (6) Resigned 18 August 2009 (7) Resigned 15 February 2010 (8) Appointed 4 May 2010 (9) Engaged as a contractor during the period (10) Appointed 16 October 2009 and met the definition of a key management person to 3 June 2010 (11) Resigned 13 October 2009 (12) Resigned 2 July 2009.

Table 3: Remuneration options and tenure rights granted and vested during the year (consolidated)

		Terms and conditions for each grant						
30 June 2011	**Granted No.**	**Grant date**	**Fair value per option/tenure right at grant date $**	**Exercise price per option/ tenure right $**	**Expiry date**	**First exercise date**	**Vested No.**	**%**
Tenure Rights								
G Thompson	63,636	29 Apr 09	1.19	0	29 Jul 13	29 Apr 11	63,636	100%
G Thompson	72,786	29 Apr 10	0.56	0	29 Jul 13	29 Apr 11	72,786	100%

Table 4: Remuneration options and tenure rights granted and vested during the year (consolidated)

		Terms and conditions for each grant						
30 June 2010	**Granted No.**	**Grant date**	**Fair value per option/tenure right at grant date $**	**Exercise price per option/ tenure right $**	**Expiry date**	**First exercise date**	**Vested No.**	**%**
Options								
C Stamp	487,464	8 Dec 2009	0.36	1.08	8 Mar 2013	8 Dec 2010	–	–
Tenure Rights								
C Stamp	161,887	8 Dec 2009	1.10	0.00	8 Mar 2013	8 Dec 2010	108,025	100%
G Thompson	218,360	29 Apr 2010	0.56	0.00	29 Jul 2013	29 Apr 2011	63,636	100%

Table 5: Value of options/tenure rights awarded, exercised and lapsed during the year ended 30 June 2011

	Value of options/ tenure rights granted during year	Value of options/ tenure rights exercised during year	Value of options/ tenure rights lapsed during year	Remuneration consisting of options/tenure rights during year
30 June 2011	**$**	**$**	**$**	**%**
G Thompson	–	116,488	152,297	–

Table 6: Value options/tenure rights awarded, exercised and lapsed during the year ended 30 June 2010

	Value of options/ tenure rights granted during year	Value of options/ tenure rights exercised during year	Value of options/ tenure rights lapsed during year	Remuneration consisting of options/tenure rights during year
2010	**$**	**$**	**$**	**%**
C Stamp	352,266	101,544	1,715,983	30%
G Thompson	122,282	35,636	152,297	28%
D Hoy *	–	–	17,733	–

* Resigned during the year ended 30 June 2010

Corporate Governance Statement

The Board of Directors of Vision Group Holdings Limited ('Vision Group' or the 'Company') is responsible for the corporate governance of the consolidated entity. The Board guides and monitors the business and affairs of Vision Group on behalf of the shareholders by whom they are elected and to whom they are accountable.

Corporate governance of Vision Group is guided by the ASX Corporate Governance Council's (the Council's) Corporate Governance Principles and Recommendations, 2nd edition published in August 2007, including the 2010 amendments (Recommendations). The Vision Group Corporate Governance Statement provides specific information and disclosure of the extent to which the Company follows the Recommendations. Where a Recommendation has not been followed, the fact is disclosed, together with the reasons for the departure.

The Council's Recommendations are as follows.
A company should:

No.	Principle
1	**Lay solid foundations for management and oversight** Recognise and publish the respective roles and responsibilities of board and management.
2	**Structure the board to add value** Have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.
3	**Promote ethical and responsible decision-making** Actively promote ethical and responsible decision-making.
4	**Safeguard integrity in financial reporting** Have a structure to independently verify and safeguard the integrity of the Group's financial reporting.
5	**Make timely and balanced disclosure** Promote timely and balanced disclosure of all material matters concerning the Company.
6	**Respect the rights of the shareholders** Respect the rights of shareholders and facilitate the effective exercise of those rights.
7	**Recognise and manage risk** Establish a sound system of risk oversight and management and internal control.
8	**Remunerate fairly and responsibly** Ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.

RESPONSIBILITIES AND STRUCTURE OF THE BOARD

The Board's responsibilities include the appointment and removal of the Chief Executive Officer and roles reporting directly to the Chief Executive Officer, determining their conditions of service, reviewing their performance and approving their remuneration (including financial incentives). The Board retains ultimate authority over management, however has delegated authority over the day-to-day management of Vision Group to the Chief Executive Officer and in turn to management. The Board approves any matters in excess of the discretion that it delegates to the Chief Executive Officer and management in relation to business transactions, credit transactions, risk limits and expenditure. The Board has a Remuneration Committee, a Nomination and Governance Committee, and an Audit and Risk Management Committee to assist in the discharge of its responsibilities. The Board directly and through its committees, monitors compliance with regulatory requirements and ethical standards, risk management strategy and internal control systems. The Board approves the annual operating budget and business plan and monitors the performance against the Group's strategic and financial objectives. The Board also approves the Vision Group annual accounts, reports and other public documents and ensures policies and procedures are in place to effectively communicate Vision Group's financial position, trading performance and prospects to all stakeholders, in particular, shareholders, clients and employees. Further detail of the Company's Board Charter is posted in the Corporate Governance pages of the Vision Group website (www.vgaustralia.com).

The skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report is included in the Directors report on page 1. Directors of Vision Group are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgment.

Relationships that may affect independence could occur if; the director has directly or indirectly a substantial shareholding in the Company; has been previously employed or been a principal of a material professional adviser or consultant to the Company in the past three years; is a material supplier or customer or has a material contractual relationship with the Company.

In the context of director independence, "materiality" is considered from both the Company and individual director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal to or less than 5% of the appropriate base amount. It is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the appropriate base amount. Qualitative factors considered include whether a relationshipis strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors which point to the actual ability of the director in question to operational decisions and shape the direction of the Company's loyalty to external service providers.

In accordance with the definition of independence above, and materiality thresholds set, the following directors of Vision Group are considered to be independent:

Name	Position
Mr S Tanner	Non-executive Chairman
Mr I Kirkwood	Non-executive Director

There are procedures in place, agreed by the board, to enable directors, in furtherance of their duties, to seek independent professional advice at the Company's expense.

The term in office held by each director in office at the date of this report is as follows:

Name	Term in Office	Name	Term in Office
Mr S Tanner	9.5 years	Dr J Reich	1.3 years
Mr I Kirkwood	6.5 years	Mr G Thompson	1.2 years
Dr M Lawless	4.8 years	Dr C Rogers (Alternate director to Dr Lawless)	5.5 years

The Company's Board comprises five directors of whom three are executives of the Company. Dr Rogers is an Alternate Director for Dr Lawless and is also an executive of the Company. In March 2011 Ms Karen Wilson resigned as a Director after serving the Company since it was listed in December 2004. The Company has been actively seeking to appoint a new independent person to serve as a Director.

The Council's Recommendation 2.1 is that "a majority of the board should be independent directors". The Company has not adopted this recommendation. The Board considers that a fundamental aspect of the Company's business model is the development of its ophthalmologist's medical and surgical practices and the "medical sovereignty" of its ophthalmologist's. These aspects are both best promoted and safeguarded by a strong representation of 'doctors' on the Board. As a consequence over half of the current Board are executive directors; however the members of the Board's three sub-committees are all non-executive directors.

NOMINATION AND GOVERNANCE COMMITTEE

Mr S Tanner (Chairman)
Mr I Kirkwood

The Board has a Nomination and Governance Committee, which is required to meet at least annually to ensure that the Board continues to operate within the established guidelines, including, when necessary, selecting candidates for the position of Director. The Nomination and Governance Committee is responsible for recommending the appointment, and reviewing the performance, of Directors and the Chief Executive Officer. The Committee also makes recommendations to the Board in respect to conditions of service for Directors, senior management and employees.

The Nomination and Governance Committee comprises non-executive directors and the members as at 30 June 2011 are shown above. Ms Wilson served as a member of this Committee until she resigned in March 2011. The skills, experience and expertise relevant to each member of the Nomination and Governance Committee is included in the Directors report on page 1.For details on the number of meetings of the Nomination and Governance Committee held during the year and the attendees at those meeting, refer to page 6 of the Directors Report.

The Company undertakes a performance evaluation of the Board every two years. The Chairman undertook an evaluation of the Board for the year ended 30 June 2011. The Company does not have a formalised board evaluation process or formalised policies for the selection of directors, however there is an on-going process of assessment of the Company's requirements consistent with the size of the Company and the specialised nature of its business. The Company has embarked upon a process of Board renewal and is planning to appoint at least two new non-executive independent directors to strengthen the Board. The Company is seeking a director with expertise in strategy and marketing and a director with first-hand experience of successfully working with specialist doctors at the highest level.

AUDIT AND RISK MANAGEMENT COMMITTEE

Mr I Kirkwood (Chairman)
Mr S Tanner

The Board has an Audit and Risk Management Committee which operates under a charter approved by the Board. It is the Board's

responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators. The Board has delegated the responsibility for the establishment and maintenance of a framework of internal control and ethical standards for the management of the consolidated entity to the Audit and Risk Management Committee. In 2010, Deloitte Risk Consulting undertook a review of the Company's enterprise risk management framework and provided a number of recommendations for improvement. The majority of recommendations from this review were adopted by the Board and are being progressively implemented.

The Committee also provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial reports. All members of the Committee are non-executive directors and the members as at 30 June 2011 are shown above. Ms Wilson served as a member of this Committee until she resigned in March 2011. The skills, experience and expertise relevant to the each member of the Audit and Risk Management Committee is included in the Directors report on page 1. For details on the number of meetings of the Committee held during the year and the attendees at those meetings, refer to page 6 of the Directors Report.

The Council's Recommendation 4.2 is that Audit and Risk Management Committee be structure such that it:

- consists only of non-executive directors;
- consists of a majority of independent directors;
- is chaired by an independent chair, who is not chair of the board;
- has at least three members.

There are only 2 members of the Audit and Risk Management Committee as the Company only has two non-executive independent directors and until such time as there is an appointment of an additional non-executive independent Director this Committee will only have two members contrary to the Council's Recommendation 4.2.

REMUNERATION COMMITTEE

Mr S Tanner (Chairman)
Mr I Kirkwood

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality board and executive team by remunerating directors and key executives fairly and appropriately with reference to relevant employment market conditions.

To assist in achieving this objective, the Remuneration Committee links the nature and amount of executive emoluments to the Company's financial and operational performance. The expected outcomes of the remuneration structure are:

- Retention and motivation of key executives;
- Attraction of quality management to the Company;
- Performance incentives which allow executives to share the rewards of the success of Vision Group.

A full disclosure of the Company's remuneration philosophy and framework and remuneration received by directors and executives in the current period is incorporated in the remuneration report, which is contained within the Directors Report beginning on page 7.

There is no scheme to provide retirement benefits, other than statutory superannuation to Directors and key executives.

The Board is responsible for determining and reviewing compensation arrangements for the Directors, the Chief Executive Officer and the executive team. It also evaluates the performance and remuneration of the direct reports to the Chief Executive Officer. The performance of the Company's key executives is reviewed regularly against both measurable and qualitative indicators. During the year the Remuneration Committee conducted performance evaluations which involved an assessment of key executives' performance for the previous annual year and the setting of performance expectations/ targets for the current year.

The Board has established a Remuneration Committee, comprising three non-executive directors and the members as at 30 June 2011 are shown above. Ms Wilson served as the Chair of this Committee until she resigned in March 2011. The skills, experience and expertise relevant to the each member of the Remuneration Committee is included in the Directors Report on page 1. For details of the number of meetings of the Remuneration Committee held during the year and the attendees at those meetings, refer to page 1 of the Directors Report. There are only 2 members of the Remuneration Committee as the Company only has two non-executive independent directors and until such time as there is an appointment of an additional non-executive independent Director this Committee will only have two members contrary to the Council's Recommendation 8.2.

CODE OF CONDUCT

The Company and its Board are committed to the highest ethical standards and promote an environment in which its ophthalmologists can practice with medical sovereignty and all practitioners and executives are accountable for responsible decision-making. The Company's Code of Conduct is posted in the Corporate Governance pages of the Vision Group website (www.vgaustralia.com).

DIVERSITY POLICY

The Company is committed to providing the highest calibre of care to its patients by ensuring all of its employees are be appropriately qualified, trained and competent to carry out their duties. Employees are engaged on the basis of qualifications, skills and personal attributes however the Company is also mindful of the benefits to be derived from having a diverse workforce. The Council recommends ASX listed companies disclose measurable objectives for achieving gender diversity. Women represent 85% of total Vision Group employees and are in the majority in senior management and professional roles. The Directors do not consider it necessary to set a formalised policy.

The gender balance of Vision Group employees is as follows:

Vision Group Employees [1]	Male	Female	Total
Directors	6	0	6
Senior Executives [2]	4	4	8
Professional staff [3]	36	142	184
Other employees	10	162	172
Total Employees (Full time equivalents)	56	314	370
Percentages	15%	85%	100%

(1) Total full time equivalent employees, excluding contractors (2) Senior Executives – CEO and direct reports (3) Professional Staff – Doctors, orthoptists, optometrists and nurses (employee only)

TRADING IN THE COMPANY'S SECURITIES

The Company's Securities Trading Policy (as revised in May 2011) distinguishes between Key Management Personnel (KMPs) and other employees, contractors, etc. KMP include directors, officers and senior executives of Vision Group. Persons, other than KMPs, are free to deal in Vision Group securities at any time, upon the proviso that they are not in possession of price sensitive "inside information". KMPs may also deal at any time other than in "Blackout Periods" and if not in possession of any information that may have a material impact upon the Company's securities price. Blackout Periods are the period between the end of Vision Group's financial year and the preliminary announcement of the full year results and the period between the end of Vision Group's half year and the announcement of the half year results. KMP must comply with reporting and approval requirements before dealing at any time and are permitted to deal in a Blackout periods but only in defined exceptional circumstances. Full details of the Company's Securities Trading Policy and procedures for its operation are available on the Vision Group website (www.vgaustralia.com).

SHAREHOLDER COMMUNICATION AND DISCLOSURE

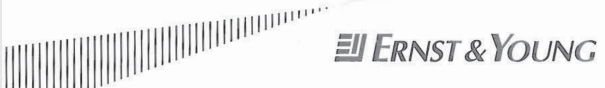
The Company communicates with its shareholders through its periodic reporting, publicly available presentations and the Vision Group website. It adheres to the ASX Continuous Disclosure requirements by announcing any information it may have or be aware of that could have a material effect on the price of the Company's securities and providing all other information as required under the ASX Listing Rules. The Company's policy in relation to shareholder communications and fulfilling its continuous disclosure obligations are incorporated in its "Delegations of Authority". The Company's Continuous Disclosure Policy is posted in the Corporate Governance pages of the Vision Group website (www.vgaustralia.com).

On behalf of the board.

S.F. Tanner
Chairman

Melbourne, 29 September 2011

Auditor's Independence Declaration



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Auditor's Independence Declaration to the Directors of Vision Group Holdings Limited

As lead audit partner for the audit of the financial statements of Vision Group Holdings Limited for the financial year ended 30 June 2011, I declare that to the best of my knowledge and belief, that other than the matter set out below there has been no contravention of the;

(a) auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) any applicable code of professional conduct in relation to the audit

As a result of participation in the review of the half year ended 31 December 2010 the partner who performed the engagement quality review inadvertently exceeded the period permitted to be involved in the audit of the company.

Having considered the circumstances identified above I do not believe that the independence of Ernst & Young in relation to the audit for the financial year ended 30 June 2011 has been impaired.

Ernst & Young

Ernst & Young

Don Brumley
Partner
29 September 2011

Liability limited by a scheme approved
under Professional Standards Legislation

Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2011

	Note	Consolidated	
		2011 $'000	2010 $'000
Rendering of services		106,960	107,739
Rental revenue – other corporations		317	330
Finance revenue		393	442
Total revenue		**107,670**	**108,511**
Cost of services	6	61,727	58,335
Gross profit		**45,943**	**50,176**
Occupancy expenses	6	7,659	7,561
Advertising and communication expenses	6	2,918	3,256
Practice equipment expenses	6	7,657	7,445
Finance costs	6	11,717	9,265
Impairment of goodwill	12	27,681	66,014
Other expenses	6	9,824	11,356
Profit/(loss) before income tax		**(21,513)**	**(54,721)**
Income tax expense	7	2,449	3,676
Profit/(loss)		**(23,962)**	**(58,397)**
Other comprehensive income			
Cash flow hedge			
Fair value taken to equity, net of tax	16	253	(253)
		253	(253)
Total comprehensive income/(loss)		**(23,709)**	**(58,650)**
Basic earnings/(loss) per share (cents per share)	8	(28.13)	(71.85)
Diluted earnings/(loss) per share (cents per share)	8	(28.13)	(71.85)

Statement of Financial Position

AS AT 30 JUNE 2011

	Note	Consolidated 2011 $'000	2010 $'000
Current assets			
Cash and cash equivalents	19	8,881	9,495
Trade and other receivables	10	8,922	8,041
Inventory		1,070	1,098
Current tax asset	7	–	969
Total current assets		**18,873**	**19,603**
Non-current assets			
Deferred tax assets	7	2,511	2,396
Plant and equipment	11	16,751	18,328
Goodwill	12	124,475	152,156
Total non-current assets		**143,737**	**172,880**
Total assets		**162,610**	**192,483**
Current liabilities			
Trade and other payables	13	9,817	9,462
Interest bearing liabilities	14	100,000	107,052
Derivative financial instruments	16	–	360
Provisions	15	3,491	–
Current tax liability	7	1,336	5,164
Total current liabilities		**114,644**	**122,038**
Non-current liabilities			
Trade and other payables	13	792	446
Provisions	17	288	462
Total non-current liabilities		**1,080**	**908**
Total liabilities		**115,724**	**122,946**
Net assets		**46,886**	**69,537**
Equity attributable to the equity holder			
Contributed equity	18	93,557	93,492
Reserves		2,503	1,256
Accumulated losses		(49,174)	(25,211)
Total equity		**46,886**	**69,537**

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2011

	Contributed Equity $'000	Share Based Payment Reserve $'000	Cash Flow Hedge Reserve $'000	(Accumulated Losses) /Retained Earnings $'000	Total $'000
At 1 July 2009	**90,935**	**2,575**	**–**	**34,766**	**128,276**
Loss for period	–	–	–	(58,397)	(58,397)
Other comprehensive loss	–	–	(253)	–	(253)
Total comprehensive loss for the period	**–**	**–**	**(253)**	**(58,397)**	**(58,650)**
Shares issued as part of acquisition consideration	2,025	–	–	–	2,025
Dividend reinvestment plan	532	–	–	–	532
Expired share based payment reserve transfer to accumulated losses	–	(2,452)	–	2,452	–
Repayment of loan on Employee Share Purchase Plan	–	435	–	–	435
Current tax on impaired Employee Share Purchase Plan loans	–	67	–	–	67
Share based payments	–	884	–	–	884
Dividends	–	–	–	(4,032)	(4,032)
Balance at 30 June 2010	**93,492**	**1,509**	**(253)**	**(25,211)**	**69,537**
At 1 July 2010	**93,492**	**1,509**	**(253)**	**(25,211)**	**69,537**
Loss for period	–	–	–	(23,962)	(23,962)
Other comprehensive income	–	–	253	–	253
Total comprehensive loss for the period	**–**	**–**	**253**	**(23,962)**	**(23,709)**
Transactions with owners in their capacity as owners					
Shares issued as part of acquisition consideration	65	–	–	–	65
Share based payments	–	994	–	–	994
Balance at 30 June 2011	**93,557**	**2,503**	**–**	**(49,174)**	**46,886**

Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2011

	Note	Consolidated 2011 $'000	2010 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		107, 037	110,078
Payments to suppliers and employees (inclusive of GST)		(85,470)	(77,609)
Income tax paid		(328)	(5,821)
Interest received		474	442
Interest paid		(10,631)	(9,265)
Net cash flows from operating activities		**11,082**	**17,824**
Cash flows from investing activities			
Acquisitions net of cash acquired		–	(9,634)
Purchase of plant and equipment		(3,308)	(3,270)
Purchase of leased equipment		(1,030)	–
Proceeds from sale of plant and equipment		390	355
Net cash flows used in investing activities		**(3,948)**	**(12,549)**
Cash flows from financing activities			
Dividends paid		(29)	(3,501)
Repayment of receivables		221	434
Cost of debt facility		(900)	(1,806)
Increase in lease liability		1,030	–
Repayment of lease liability		(32)	–
Repayment of borrowings		(8,038)	(7,500)
Net cash flows used in financing activities		**(7,748)**	**(12,373)**
Net (decrease)/increase in cash and cash equivalents		(614)	(7,098)
Add opening cash and cash equivalents brought forward		9,495	16,593
Cash and cash equivalents at end of period	19	**8,881**	**9,495**

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2011

1. Corporate information

The financial report of the Company for the year ended 30 June 2011 was authorised for issue in accordance with a resolution of the Directors on 29 September 2011.

Vision Group Holdings Limited is a company limited by shares incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Group are described in the Directors' Report.

2. Summary of significant accounting policies

Basis of preparation of financial report

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis, except for derivative financial instruments and contingent consideration which have been measured at fair value.

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

(a) Statement of compliance with IFRS

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(b) New accounting standards and interpretations

(i) Changes in Accounting Policy and Disclosures

The accounting policies adopted are consistent with those of the previous financial year except as detailed below.

The Group has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of July 2010. Adoption of these standards did not have any effect on the financial position or performance of the Group.

- AASB 107 *Statement of Cash Flows*: States that only expenditure that results in recognising an asset can be classified as a cash flow from investing activities. This amendment will impact amongst others, the presentation in the statement of cash flows of any cash settlement of contingent consideration on business combinations completed subsequent to 1 July 2010.
- AASB 136 *Impairment of Assets*: The amendment clarifies that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in AASB 8 before aggregation for reporting purposes. The amendment has no impact on the Group as the annual impairment test is performed before aggregation.
- Other amendments to Accounting Standards arising within AASB 2009-5 and AASB 2009-8 have had no material effect on the financial position or performance of the Group.

(ii) Accounting Standards and Interpretations issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting period ended 30 June 2011 are outlined in the table below.

2. Summary of significant accounting policies *continued*

(b) New accounting standards and interpretations *continued*

Reference, Title, Application date of standard	Application date for Group and Summary	Impact on Group financial report
AASB 9 Financial Instruments 1 January 2013	Application date for Group: 1 July 2013 AASB 9 includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement). These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes from AASB 139 are described below: (a) Financial assets are classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. This replaces the numerous categories of financial assets in AASB 139, each of which had its own classification criteria. (b) AASB 9 allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.	The Group has not yet determined the extent of the impact of the requirements under the new standard
AASB 124 (revised) Related Party Disclosures (December 2009) 1 January 2011	Application date for Group: 1 July 2011 **The revised AASB 124 simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition, including:** (a) The definition now identifies a subsidiary and an associate with the same investor as related parties of each other (b) Entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other (c) The definition now identifies that, whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other **A partial exemption is also provided from the disclosure requirements for government-related entities. Entities that are related by virtue of being controlled by the same government can provide reduced related party disclosures.**	The amendment is not expected to have a significant impact on the Group's financial report.

Reference, Title, Application date of standard	Application date for Group and Summary	Impact on Group financial report
Consolidated Financial Statements 1 January 2013	Application date for Group: 1 July 2013 IFRS 10 establishes a new control model that applies to all entities. It replaces parts of IAS 27 Consolidated and Separate Financial Statements dealing with the accounting for consolidated financial statements and SIC-12 Consolidation – Special Purpose Entities. The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. This is likely to lead to more entities being consolidated into the group.	The impact on the Group has not yet been assessed.
Joint Arrangements 1 January 2013	Application date for Group: 1 July 2013 IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly- controlled Entities – Non-monetary Contributions by Ventures. IFRS 11 uses the principle of control in IFRS 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method. This may result in a change in the accounting for the joint arrangements held by the group.	The impact on the Group has not yet been assessed.
Disclosure of Interests in Other Entities 1 January 2013	Application date for Group: 1 July 2013 IFRS 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structures entities. New disclosures have been introduced about the judgements made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.	The impact on the Group has not yet been assessed.
Fair Value Measurement 1 January 2013	Application date for Group: 1 July 2013 IFRS 13 establishes a single source of guidance under IFRS for determining the fair value of assets and liabilities. IFRS 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value under IFRS when fair value is required or permitted by IFRS. Application of this definition may result in different fair values being determined for the relevant assets. IFRS 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined.	The Group has not yet determined the extent of the impact of the amendments.

2. Summary of significant accounting policies *continued*

(c) Going concern

The financial statements have been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. The Group incurred a net loss after tax of $23,962,000 for the year ended 30 June 2011, following recognition of an impairment loss on goodwill of $27,681,000. Net cash inflows from operating activities for the period were $11,082,000. As at 30 June 2011 the Group had $8,881,000 of cash and cash equivalents, net assets of $46,886,000 and a deficiency of current assets to current liabilities of $95,771,000. The deficiency arises because the Group's bank debt has been classified as current at 30 June 2011 as the term of the existing facility ends on 30 September 2011.

Subsequent to year end, the Group has executed a Deed of Amendment to the existing debt facility with the lending syndicate. The main amendments to the facility are outlined in Note 27.

The continued viability of the Group and its ability to continue as a going concern and meet its debts as they fall due is dependent upon the Group's ability to:

- Continue to generate satisfactory levels of operating cash flows;
- Continue to comply with the terms and conditions of the amended debt facility as described in Note 27; and
- Extend or refinance the existing debt facility, which now expires on 30 September 2012.

Without the ongoing support of the lending syndicate or an alternate funding provider there will be significant uncertainty as to the ability of the Group to continue as a going concern and therefore whether it will be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Taking all of the above factors into consideration, the Directors have satisfied themselves that the continued application of the going concern basis is appropriate. Accordingly the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of Vision Group Holdings Limited and its subsidiaries as at and for the period ended 30 June each year ('the Group').

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Investments in subsidiaries held by Vision Group Holdings Limited are accounted for at cost in the separate financial statements of the parent entity less any impairment charges. Dividends received from subsidiaries are recorded as a component of other revenues in the separate Statement of Comprehensive Income of the parent entity, and do not impact the recorded cost of the investment. Upon receipt of dividend payments from subsidiaries, the parent will assess whether any indicators of impairment of the carrying value of the investment in the subsidiary exist. Where such indicators exist, to the extent that the carrying value of the investment exceeds its recoverable amount, an impairment loss is recognised.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values.

The difference between the above items and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or a discount on acquisition.

A change in the ownership interest of a subsidiary that does not result in a loss of control, is accounted for as an equity transaction.

Non-controlling interests are allocated their share of net profit after tax in the Statement of Comprehensive Income and are presented within equity in the consolidated Statement of Financial Position, separately from the equity of the owners of the parent.

Losses are attributed to the non-controlling interest even if that results in a deficit balance.

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary.
- Derecognises the carrying amount of any non-controlling interest.
- Derecognises the cumulative translation differences, recorded in equity.
- Recognises the fair value of the consideration received.
- Recognises the fair value of any investment retained.
- Recognises any surplus or deficit in profit or loss.
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss, or retained earnings/accumulated losses as appropriate.

Prior to 1 July 2009
Several differences in accounting treatment were required for non-controlling interests (formerly known as minority interests) however the Group has held 100% of all its subsidiaries since either incorporation or acquisition date and has therefore not had to account for minority interests.

(e) Business combinations

Subsequent to 1 July 2009
Business combinations entered into from 1 July 2009 are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition-date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at fair value as at the acquisition date through profit or loss.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to contingent consideration are adjusted against goodwill.

(f) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position include cash at bank and in hand and short-term deposits with a maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. The Group does not have an overdraft facility.

(g) Trade and other receivables

Trade receivables generally have terms of 30-60 days and are recognised initially at fair value on the date services are provided and subsequently measured at amortised cost less an allowance for any impairment. At 30 June 2011 the average Days Sales Outstanding was 22 days.

Collectability of trade receivables is reviewed on an ongoing basis at an individual clinic level.

An allowance for impairment loss is made when there is objective evidence that the debt will not be collectible, including default of payment or where the debtor is experiencing financial difficulties. Individual debts that are known to be uncollectible are written off.

(h) Inventories

Inventory comprises medical supplies used in the ophthalmic procedures performed in the Group's day surgery and refractive surgery facilities.

Inventories are valued at the lower of cost and net realisable value.

The cost of purchase comprises the purchase price plus other costs directly attributable to the acquisition of the medical supplies. The fee generated by ophthalmic surgical procedures is well in excess of the cost of medical supplies used in the provision of those procedures.

2. Summary of significant accounting policies *continued*

(i) Derivative financial instruments and hedging

The Group uses derivative financial instruments (interest rate swaps) to hedge its risk associated with interest rate fluctuations. The interest rate swaps are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured to fair value.

Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Held for trading derivative assets and liabilities are classified as current in the Statement of Financial Position.

Derivative assets and liabilities are classified as non-current when the remaining maturity is more than 12 months, or current when the remaining maturity is less than 12 months.

The fair value of interest rate swaps are determined by reference to market values for similar instruments. Any gains or losses arising from changes in the fair value of the interest rate swaps are taken directly to profit or loss for the year except for those that qualify as cash flow hedges. Hedges that meet the strict criteria for hedge accounting are accounted for as cash flow hedges.

Cash flow hedges are hedges of the Group's exposure to variability in cash flows that is attributable to the interest rate risk associated with a forecast transaction (payment of interest on borrowings) and that could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognised in profit or loss.

Amounts taken to equity are transferred out of equity and included in the measurement of the hedged transaction (finance costs) when the forecast transaction occurs.

The Group tests each of the designated cash flow hedges for effectiveness on a six monthly basis. At each balance date, the Group measures ineffectiveness using the ratio offset method. For interest rate cash flow hedges, any ineffective portion is taken to other expenses in the Statement of Comprehensive Income.

If the forecast transaction is no longer expected to occur, amounts recognised in equity are transferred to the Statement of Comprehensive Income.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked (due to it being ineffective), amounts previously recognised in equity remain in equity until the forecast transaction occurs.

(j) Operating segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. Management will also consider other factors in determining operating segments such as the existence of regional Directors and state operations managers and the level of segment information presented to the Board of Directors.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the executive management team.

The group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in each of the following respects:

- Nature of the services;
- Nature of the processes involved and methods used to provide the services;
- Type or class of customer for the services; and
- Nature of the regulatory environment.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 Operating Segments are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for "all other segments".

(k) Plant and equipment

Plant and equipment is carried at historical cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on a straight-line basis over the useful life of individual items of plant and equipment.

Depreciation rates for plant and equipment are over 3 to 10 years.

The cost of improvements to or on leasehold property is capitalised, disclosed as leasehold improvements, and amortised over the unexpired period of the lease or the estimated useful lives of the improvements, whichever is the shorter.

The assets' residual values, useful lives and depreciation methods are reviewed and adjusted if appropriate at each financial year end.

An item of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

(l) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

(m) Impairment of non-financial assets other than goodwill

Non-financial assets other than goodwill are tested for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Assets are written down to their recoverable amount when the carrying amount of the asset is greater than the higher of the assets' fair value less costs to sell and value in use. Where a group of assets working together supports the generation of net cash inflows relevant to the determination of recoverable amount, the net cash inflows are estimated for the relevant group of assets (cash generating unit) and the recoverable amount test is applied to the carrying amount of that group of assets.

Non-financial assets other than goodwill that have been previously impaired are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

(n) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If this consideration transferred is lower than the fair value of the net identifiable assets of the subsidiary acquiree the differences recognised in profit and loss.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised.

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the asset at its current carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units (CGU), or groups of CGU's, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units.

Each unit or group of units to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes and is not larger than an operating segment determined in accordance with AASB 8 Operating Segments.

Impairment is determined by assessing the recoverable amount of the cash generating unit (group of cash generating units), to which the goodwill relates. CGUs have been determined based on groups of clinics which share resources. The Group performs its impairment testing as at 30 June each year using discounted cash flows under the value-in-use methodology. Refer Note 12 for further information.

When the recoverable amount of the CGU (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. When goodwill forms part of a CGU (group of cash-generating units) and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

Impairment losses recognised for goodwill are not subsequently reversed.

2. Summary of significant accounting policies *continued*

(o) Trade and other payables

Trade and other payables are carried at amortised cost and due to their short-term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

Financial guarantees

The fair value of financial guarantee contracts has been assessed using a probability weighted discounted cash flow approach.

(p) Interest bearing loans and borrowing costs

All loans and borrowings are initially recognised at the fair value for the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. The Company does not currently hold qualifying assets but, if it did, the borrowing costs directly associated with this asset would be capitalised (including any other associated costs directly attributable to the borrowing and temporary investment income earned on the borrowing).

(q) Contributed equity

Share capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of shares are recognised directly in equity as a reduction of the share proceeds received.

(r) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Rendering of services

Revenue from the provision of ophthalmic procedures is recognised at the time of completion and billing to the patient.

Interest revenue

Interest accrues using the effective interest method which allocates interest income over the relevant period using an effective interest rate which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Dividends

Dividend income is recognised in the results of the parent only and is recognised when the right to receive payment is established.

(s) Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave.

Wages, salaries and annual leave

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured using remuneration rates which are expected to be paid when the liability is settled.

Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Long service leave

The liability for long service leave is recognised and measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. In determining the present value of expected future cash outflows, the market yield as at the reporting date on national government bonds which have terms to maturity approximating the terms of the related liability are used.

(t) Share based payment transactions

The Group provides benefits to its employees (including key management personnel) in the form of share based payments, whereby employees render services in exchange for shares and rights over shares (equity settled transactions).

The cost of equity settled transactions with employees is measured by reference to the fair value of the equity instruments at the date they are granted. The cost is recognised as an expense in the Statement of Comprehensive Income together with a corresponding increase in equity over the vesting period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (vesting date). The fair value is determined by an external valuer using a Binomial model.

At each subsequent reporting date until vesting, the cumulative charge to the Statement of Comprehensive Income is the product of:

(a) The grant date fair value of the award.

(b) The current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met.

(c) The expired portion of the vesting period.

The charge to the Statement of Comprehensive Income for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding entry to equity.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market condition or non-vesting condition is considered to vest irrespective of whether or not that market condition or non-vesting condition is fulfilled, provided that all other conditions are satisfied.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

(u) Income tax and other taxes

Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- When the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- When the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

2. Summary of significant accounting policies *continued*

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Tax consolidation legislation

Vision Group Holdings Limited and its wholly-owned Australian controlled entities implemented the tax consolidation legislation as of 1 July 2003.

The head entity, Vision Group Holdings Limited and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. The Group has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, Vision Group Holdings Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entitles in the Group.

Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the ATO, in which case the GST is recognised as either part of the cost of acquisition of the asset or as part of the expense items applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(v) Provisions

Provisions are recognised when the Group has a present obligation (legal, equitable or constructive) to make a future outflow of economic benefits as a result of past transactions or other past events, it is probable that a future outflow of economic benefits to settle the obligation will be required and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of the provision to be reimbursed under an insurance contract, the reimbursement is not offset against the provision, but rather recognised as a separate asset when the reimbursement is virtually certain of recovery. The expense relating to any such provision is presented in the Statement of Comprehensive Income net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

(w) Earnings per share

Basic earnings per share is calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares.

3. Significant accounting judgments, estimates and assumptions

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgments and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgments and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources.

Management has identified the following critical accounting policies for which significant estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions can be found in the relevant notes to the financial statements.

Significant accounting estimates and assumptions

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units, using a value in use discounted cash flow methodology, to which the goodwill is allocated. An impairment loss of $27,681,000 (2010: $66,014,000) was recognised in the current year in respect of goodwill. The assumptions used in the estimation of recoverable amount and the carrying amount of goodwill including a sensitivity analysis are discussed in Note 12.

Contingent consideration

A contingent liability arising on business acquisitions subsequent to 1 July 2009 has been recognised at reporting date. The contingent consideration represents additional cash payments to be made to the relevant doctors as well as shares to be issued based on the achievement of personal exertion EBIT targets two years from acquisition date. This requires an estimation of each individual doctor's EBIT at acquisition date based on forecasting a base period EBIT. Future changes in estimates of this amount will be recorded directly in the Statement of Comprehensive Income in the period in which they occur.

4. Financial risk management objective and policies

(a) Financial risk management objective and policies

Interest, liquidity and credit risk arise in the normal course of the Group's business. The Group's principal financial instruments comprise bank loans, cash and short-term deposits and derivatives (interest rate swaps). Other financial instruments include trade receivables and trade payables.

The Group uses different methods to measure and manage different types of risks to which it is exposed, as further outlined below. The Group's management of financial risk is aimed at supporting the delivery of the Group's financial targets while protecting future financial security.

(b) Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates to the Group's floating debt obligations. To manage the exposure to variable rate debt, the Group has entered into interest rate swaps in which the Group agrees to exchange at specific intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed upon notional principal amount of $60 million (representing 50% of the debt facility at 30 June 2010).

At balance date the Group had the following financial instruments exposed to Australian variable interest rate risk that are not designated in cash flow hedges.

4. Financial risk management objective and policies *continued*

(b) Interest rate risk *continued*

	Consolidated	
	2011 $'000	2010 $'000
Financial assets		
Cash and cash equivalents	8,881	9,495
Financial liabilities		
Interest bearing liabilities (50% not hedged in the current year) (2010: 44%)	(50,000)	(48,038)
Net exposure	**(41,119)**	**(38,543)**

Interest rate swaps with a fair value of $nil (2010: $360,000) are exposed to fair value movements if interest rates change. Refer Note 16 for further details.

The following table summarises the sensitivity of the fair value of financial instruments held at balance date to movements in interest rates. At 30 June, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post-tax profit/(loss) and other comprehensive income would have been affected as follows:

	Consolidated post tax(loss)/profit Higher/(Lower)		Comprehensive (loss)/income Higher/(Lower)	
Judgements of reasonably possible movements	2011 $'000	2010 $'000	2011 $'000	2010 $'000
+1% (100 basis points)	288	270	–	409
−0.5% (50 basis points)	(144)	(135)	–	(205)

The movements in profit/(loss) are due to higher/lower interest costs from variable rate debt and cash balances. The movement in other comprehensive income is due to an increase/decrease in the fair value of derivative instruments designated as cash flow hedges.

Significant assumptions used in the interest rate sensitivity analysis include:

- Reasonably possible movements in interest rates were determined based on the Group's relationships with finance institutions, the level of debt that is expected to be renewed as well as a review of the last two year's historical movements and economic forecaster's expectations.
- A price sensitivity of derivatives has been based on a reasonably possible movement of interest rates at balance dates by applying the change as a parallel shift in the forward curve.
- The net exposure at balance date is representative of what the Group was and is expecting to be exposed to in the next twelve months from balance date.
- The effect on other comprehensive income is the effect on the cash flow hedge reserve.

(c) Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulty in meeting obligations associated with financial liabilities as and when they fall due.

The liquidity position for the Group is managed to ensure financial commitments are met in a timely manner. Forecast cash flows are used to calculate the forecast liquidity position and to maintain suitable liquidity levels.

The following liquidity risk disclosures reflect all contractually fixed repayments and interest resulting from recognised financial liabilities and financial guarantees as of 30 June 2011. For the other obligations the respective undiscounted cash flows for the respective upcoming fiscal years are presented. The timing of cash flows for liabilities is based on the contractual terms of the underlying contract.

However, where the counterparty has a choice of when the amount is paid, the liability is allocated to the earliest period in which the Group can be required to pay. When the Group is committed to make amounts available in instalments, each instalment is allocated to the earliest period in which the Group is required to pay.

The risk implied from the values shown in the table below, reflects a balanced view of outflows of non-derivative financial instruments. Trade payables and other financial liabilities mainly originate from the financing of assets used in the Group's ongoing operations such as plant and equipment and investments in working capital (e.g. trade receivables).

Liquid non-derivative assets comprising cash and receivables are considered in the Group's overall liquidity risk. The Group ensures that sufficient liquid assets are available to meet all the required short-term cash payments.

Refer to Note 2(c) for further commentary.

			2011		
	Total $'000	< 1 month $'000	1-2 months $'000	2-12 months $'000	1-2 years $'000
Consolidated					
Trade payables	2,256	2,256	–	–	–
Other payables	6,346	4,284	–	2,062	–
Contingent consideration liability	1,009	–	1,009	–	–
Lease Liability	206	17	17	172	
Interest bearing liabilities (1)(2)	100,000	100,000	–	–	–
Total payables	**109,817**	**106,557**	**1,026**	**2,234**	–

(1) Refer to note 2(p) for discussion of classification of interest bearing liabilities as current. (2) Refer to Note 27 for key amendments to the debt facility.

			2010		
	Total $'000	< 1 month $'000	1-2 months $'000	2-12 months $'000	1-2 years $'000
Consolidated					
Trade payables	1,451	1,451	–	–	–
Other payables	8,011	6,364	208	1,439	
Contingent consideration liability	446	–	–	–	446
Interest bearing liabilities (1)	108,038	108,038	–	–	–
Total payables	**117,946**	**115,853**	**208**	**1,439**	**446**

4. Financial risk management objective and policies *continued*

(d) Credit risk

Credit risk is the risk that a contracting party with the Group may not meet its obligations and in turn result in a potential financial loss to the Group.

The carrying amount of financial assets represents the maximum credit exposure. The major trade receivables of the Group are Medicare (government body) and private health funds and large healthcare companies, so credit risk is low for the majority of the balance. For the remaining trade debtor balances the concentration of credit risk is limited due to the consumer base being large and unrelated. The Group holds no collateral on trade receivables. Receivables balances are monitored on an ongoing basis and given the low risk profile of customers, the Group's exposure to bad debts is not significant.

(e) Fair value

Due to their short-term nature, the fair value of all the financial assets and liabilities held by the Group is assumed to approximate the individual carrying values of those assets and liabilities.

The Group can use various methods in estimating the fair value of a financial instrument. The methods comprise:

Level 1 – the fair value is calculated using quoted prices in active markets.

Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The interest rate swaps are based on a level 2 method to determine fair value.

5. Segment reporting

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the executive management team (the chief operating decision makers) in assessing performance and in determining allocation of resources.

The operating segments are identified by management based on geographical areas characterised by state (Victoria, New South Wales, Queensland). Each state derives revenue from similar ophthalmic services. 'Other' is the aggregation of the Group's corporate and other activities. Discrete financial performance information about each of these regions is reported to the executive management team on at least a monthly basis.

The following items and associated assets and liabilities are not allocated to operating segments as they are not considered to be part of the core operations of any segment:

- Fair value gains/losses on cash flow hedge.
- Interest revenue and expense.
- Corporate and other costs.
- Income tax expense.

The accounting policies used by the Group in reporting segments internally are the same as those contained in Note 2.

The following table is an analysis of the Group's revenue and results by reportable operating segments. The executive management team does not regularly review assets and liabilities of the reportable segments.

	Victoria $000	New South Wales $000	Queensland $000	Total $000
Year ended 30 June 2011				
Revenue				
Revenues from external customers	28,444	32,595	41,029	102,068
Other revenue	–	–	317	317
Segment revenue	**28,444**	**32,595**	**41,346**	**102,385**
Corporate and other				4,892
Interest revenue				393
Total revenue per the statement of comprehensive income				**107,670**
Result				
Segment result	11,389	9,538	7,476	28,403
Interest revenue				393
Impairment of goodwill				(27,681)
Practice closure costs				(202)
Litigation expenses and other legal costs				(814)
Consulting and advisory fees				(2,321)
FBT on executive loan guarantees				(283)
Business combinations – contingent consideration liability				(563)
Business combinations – share based payments				(707)
Share based payments – other				(315)
Corporate and other				(5,706)
Interest expense				(11,717)
Income tax expense				(2,449)
Net loss after tax per the statement of comprehensive income				**(23,962)**

5. Segment reporting *continued*

	Victoria $000	New South Wales $000	Queensland $000	Total $000
Year ended 30 June 2010				
Revenue				
Revenues from external customers	27,117	32,664	43,019	102,800
Other revenue	–	13	317	330
Segment revenue	**27,117**	**32,677**	**43,336**	**103,130**
Corporate and other				4,939
Interest revenue				442
Total revenue per the statement of comprehensive income				**108,511**
Result				
Segment result	9,894	10,756	11,272	31,922
Interest revenue				442
Impairment of goodwill				(66,014)
Debtors adjustments				(1,343)
Practice closure costs				(1,322)
Litigation expenses and other legal costs				(1,363)
FBT on executive loan guarantees				(600)
Business combinations – contingent consideration liability				(446)
Business combinations – share based payments				(538)
Share based payments – other				(346)
Corporate and other				(5,848)
Interest expense				(9,265)
Income tax expense				(3,676)
Net loss after tax per the statement of comprehensive income				**(58,397)**

6. Expenses

	Consolidated	
	2011 $'000	2010 $'000
Cost of services		
Employee benefits expense		
Wages and salaries	29,222	34,408
Workers compensation	164	140
Superannuation contributions	1,678	1,639
Share based payments expense	1,022	884
Employee expenses included in cost of services	32,086	37,071
Contract Doctor Payments	14,862	5,417
Medical supplies expense included in cost of services	12,022	11,681
Other expenses included in cost of services	2,757	4,166
	61,727	**58,335**
Occupancy expenses		
Minimum lease payments – rent on premises	6,359	6,285
Utilities	421	426
Cleaning and maintenance	787	740
Rates	92	110
	7,659	**7,561**
Advertising and communication expenses		
Advertising	2,264	2,601
Communication	654	655
	2,918	**3,256**
Practice equipment expenses		
Depreciation – owned and leased assets	5,960	5,642
Minimum lease payments – equipment hire	103	106
Repairs and maintenance	1,594	1,697
	7,657	**7,445**

6. Expenses *continued*

	Consolidated	
	2011 $'000	2010 $'000
Finance costs		
Interest expense	11,717	9,265
Other expenses		
Debtors adjustments [1]	–	1,343
Practice closure costs	–	358
Impairment of plant & equipment	–	964
Litigation expenses and other legal costs	1,581	1,363
Business combinations – contingent consideration liability	563	446
Bank fees	558	786
Insurance	800	878
Printing and stationery	651	733
Staff and patient amenities	411	414
Optometric services	203	174
Consultancy	1,818	535
Staff procurement	299	216
Other	2,940	3,146
	9,824	**11,356**

(1) Prior year comprises debtors adjustments of $889,000 and debtor's provision of $454,000 arising from matters identified in the reconciliation of debtors.

7. Income tax

(a) Income tax expense

	Consolidated	
	2011 $'000	2010 $'000
Major components of income tax expense are:		
Statement of comprehensive income		
Current income tax		
Current income tax charge	2,236	3,837
Adjustments for current income tax of previous years	17	(3)
Deferred income tax		
Relating to origination and reversal of temporary differences	196	(158)
Income tax expense reported in the statement of comprehensive income	**2,449**	**3,676**

(b) Reconciliation of income tax expense recognised in the Statement of Comprehensive Income and tax expense calculated at the statutory rate

	Consolidated	
	2011 $'000	2010 $'000
Accounting (loss)/profit before tax	(21,513)	(54,721)
At the Group's statutory income tax rate of 30% (2010: 30%)	(6,454)	(16,416)
Items not (assessable)/deductible for income tax purposes:		
Entertainment	10	11
Share based payments expense	307	245
Asset purchases subject to investment allowance	–	(63)
Acquisition costs	3	73
Employee share loans in reserves	67	(67)
Derivatives	–	(107)
Other	195	199
Impairment of goodwill	8,304	19,804
Adjustment for current income tax of previous years	17	(3)
Income tax expense reported in the statement of comprehensive income	**2,449**	**3,676**

7. Income tax *continued*

(c) Recognised current/deferred tax assets and liabilities

	Consolidated			
	2011 Current tax asset /(liability) $'000	2011 Deferred tax asset $'000	2010 Current tax asset /(liability) $'000	2010 Deferred tax asset $'000
Opening balance	969	2,396	(1,085)	2,130
Charged to income	–	(62)	–	158
Charged to equity	–	–	67	108
Current year tax provision	(2,616)	–	(3,830)	–
Tax instalment payments	328	–	5,820	–
(Under)/over provision previous year	(17)	177	(3)	–
Closing balance	**(1,336)**	**2,511**	**969**	**2,396**

(d) Recognised deferred tax assets

	Consolidated			
	Statement of financial position		Statement of comprehensive income	
	2011 $'000	2010 $'000	**2011 $'000**	2010 $'000
Accruals	705	325	380	37
Provision for employee leave entitlements	1,134	1,635	(501)	61
Contingent cash consideration for Doctor acquisition earn outs	303	134	169	134
Other	369	302	66	34
Gross deferred income tax assets	**2,511**	**2,396**	**–**	**–**
Deferred tax income/(expense)	**–**	**–**	**114**	**266**

(e) Tax losses

The Group has capital tax losses for which no deferred tax asset is recognised in the Statement of Comprehensive Income of $282,880 (2010: $282,880) which are available indefinitely for offset against future capital gains subject to continuing to meet relevant statutory tests.

(f) Tax consolidation

Vision Group Holdings Limited and its 100% owned Australian resident subsidiaries form a tax consolidated group with effect from 1 July 2003. Vision Group Holdings Limited is the head entity of the tax consolidated group.

The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the Group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group. The current and deferred tax amounts are measured in a systematic manner that is consistent with the broad principles in AASB 112 Income Taxes. The nature of the tax funding agreement is discussed further below.

In addition to its own current and deferred tax amounts, the head entity also recognises current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Nature of tax funding arrangements and tax sharing arrangements

The head entity Vision Group Holdings Limited, in conjunction with other members of the tax consolidated group, has entered into a tax funding arrangement which sets out the funding obligations of members of the tax consolidated group in respect of tax amounts. The tax funding arrangements require payments to/from the head entity equal to the current tax liability/(asset) assumed by the head entity and any tax-loss deferred tax asset assumed by the head entity, resulting in the head entity recognising an inter-entity receivable/(payable) equal in amount to the tax liability/(asset) assumed. The inter-entity receivables/(payables) are at call.

Contributions to fund the current tax liabilities are payable as per the tax funding arrangement and reflect the timing of the head entity's obligation to make payments for tax liabilities to the relevant tax authorities.

The head entity in conjunction with other members of the tax consolidated group has also entered into a tax sharing agreement. The tax sharing agreement provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payments obligations. No amounts have been recognised in the financial statements in respect of this agreement as payment of any amounts under the tax sharing agreement is considered remote.

At 30 June 2011, there is no recognised deferred tax liability (2010: $nil) for taxes that would be payable on the earnings remitted from the Group's subsidiaries to the Parent as the Group has no liability for additional taxation should such amounts be remitted.

8. Earnings per share

The following reflect the income and share data used in the basic and diluted earnings per share computations.

	Consolidated	
	2011 $'000	2010 $'000
Net profit/(loss) attributable to ordinary equity holders of the parent	**(23,962)**	**(58,397)**

Weighted average number of shares	2011 Thousands	2010 Thousands
Weighted average number of ordinary shares for basic earnings per share	85,171	81,278
Effect of dilution:		
Management Options	–	–
Options and Tenure rights granted	–	–
Practice Enhancement Fund	–	–
Weighted average number of ordinary shares adjusted for the effect of dilution	**85,171**	**81,278**

Potential shares arising under options, tenure rights and the PEF have been excluded from the calculation of diluted earnings per share in the current year and prior, because they are antidilutive.

There have been no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

9. Dividends paid and proposed

	Consolidated	
	2011 $'000	2010 $'000
Declared and paid during the year:		
Final franked dividend 2010 nil cents (2009, 2.5 cents)	–	1,960
Interim dividend 2011 nil cents (2010, 2.5 cents)	–	2,072
	–	**4,032**
Proposed final franked dividend (not recognised as a liability at 30 June)		
Final franked dividend for 2011: nil (2010 nil cents)	–	–
Franking credits balance		
The amount of franking credits available for the subsequent financial year are:		
Franking account balance as at the end of the financial year at 30% (2010: 30%)	23,783	23,440
Franking credits that will arise from the payment of income tax payable as at the end of the financial year	1,200	243
	24,983	**23,683**
The amount of franking credits available for future reporting periods:		
Impact on the franking account of dividends proposed or declared before the financial report was authorised for issue but not recognised as a distribution to equity holders during the period	–	–
	24,983	**23,683**
Dividends per share paid (fully diluted)	–	2.5 cents

The tax rate at which paid dividends have been franked is 30% (2010: 30%).

10. Trade and other receivables (current)

	Consolidated	
	2011 $'000	2010 $'000
Trade debtors	6,252	5,981
Allowance for impairment loss	(394)	(397)
	5,858	**5,584**
Other receivables:		
Sundry receivables	1,772	817
Prepayments	502	642
GST receivable	–	176
	2,274	**2,267**
Loan receivable	980	380
Allowance for impairment loss	(190)	(190)
	790	**190**
Total trade and other receivables	**8,922**	**8,041**
Movements in the allowance for impairment losses were as follows:		
As at 1 July	587	351
Charge for the year	262	700
Amounts written off	(265)	(464)
As at 30 June	**584**	**587**

Trade receivables are non-interest bearing and are expected to settle within 30-60 days. An allowance for impairment loss is made when there is objective evidence that an individual debt will not be recoverable, including default of payment or where the debtor is experiencing financial difficulties.

At 30 June the ageing analysis of trade receivables is as follows:

		Past due not impaired			Considered impaired
	Total $'000	0-30 days $'000	30-60 days $'000	+ 60 days $'000	+ 60 days $'000
2011	6,252	3,548	1,754	540	410
2010	5,981	2,938	1,504	1,142	397

11. Plant and equipment

	Consolidated	
	2011 $'000	2010 $'000
Plant and equipment		
At cost	48,964	47,034
Accumulated depreciation and impairment	(32,213)	(28,706)
Net carrying amount	**16,751**	**18,328**
Reconciliation of carrying amounts at beginning and end of the period		
Plant and equipment		
At 1 July net of accumulated depreciation and impairment	18,328	21,988
Disposals	(218)	(324)
Impairment (1)	–	(964)
Additions	4,601	3,270
Depreciation expense	(5,960)	(5,642)
Total written down amount	**16,751**	**18,328**

(1) Prior year impairment relates to the closure of clinics subsequent to doctor departures at Rockhampton, Bundaberg, Hervey Bay and Gladstone.

Plant and equipment under finance lease

Plant and equipment includes the following amounts where the Group is a lessee under a finance lease:

	2011 $'000	2010 $'000
At cost	1,466	–
Accumulated depreciation	(49)	–
Net carrying amount	**1,417**	–

The debt facility established by the Group in August 2009 (refer Note 14) is secured by all assets of the Group, including plant and equipment.

12. Goodwill

	Note	Consolidated 2011 $'000	Consolidated 2010 $'000
At 30 June			
Cost (gross carrying amount)		218,170	218,170
Accumulated impairment		(93,695)	(66,014)
		124,475	**152,156**
(a) Reconciliation of movement in goodwill			
At 1 July net of accumulated impairment		152,156	206,511
Doctor acquisitions	20	–	11,659
Accumulated impairment		(27,681)	(66,014)
At 30 June net of accumulated impairment		**124,475**	**152,156**

(b) Description of the Group's goodwill

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised but is subject to impairment testing on an annual basis or whenever there is an indication of impairment (refer to section (d) of this note).

(c) Impairment losses recognised

An impairment loss totalling $27,681,000, consisting of NSW $10,736,000 and Queensland $16,945,000 (2010: $66,014,000) on goodwill was recognised in the current financial year. The impairment loss has been separately recognised in the Statement of Comprehensive Income.

There is an excess in the Net Present Value of future cash flows of $26,513,000 in the Victorian CGU above the goodwill carrying value. However, the accounting standards prohibit this from being offset against the impairment loss recognised.

The impairment in NSW and Queensland primarily arose from a revision to the forecast earnings and cash flows of each CGU, following preparation of 2012 budgets and three year forecasts. The recoverable amount is based on the value in use of the cash generating units.

(d) Impairment tests for goodwill

(i) Description of the cash generating units

Goodwill acquired through business combinations has been allocated to and are tested at the level of their respective cash generating units, each of which is both an operating segment and a reportable segment (refer to Note 5), for impairment testing as follows:

- Queensland.
- New South Wales.
- Victoria.

(ii) Carrying amount of goodwill allocated to each of the cash generating units

Goodwill acquired through business combinations has been allocated to individual cash generating units for impairment testing as follows:

	2011 $'000	2010 $'000
Cash generating unit		
Victoria	46,999	46,999
New South Wales	52,116	62,852
Queensland	23,360	42,305
	124,475	**152,156**

(iii) Key assumptions used in value in use calculations

The recoverable amount of the cash generating units has been determined based on a value in use calculation using cash flow projections as at 30 June based on financial budgets and forecasts approved by the Board.

The post-tax discount rate applied to cash flow projections is 13% (2010: post-tax 12.5%). Adjustments for specific regional risk factors have been factored into the underlying cash flows of each CGU such that the same discount rate has been applied to each CGU.

Cash flows are extrapolated for 2 years post the 2012-2014 forecast period using a 5% growth rate (2010: 5%), which is a discount to the average growth expected in the private ophthalmic industry. The terminal growth rate used for discounting cash flows post 2014 was 2.5% (2010: 2%).

(iv) Sensitivity to changes in assumptions

With regard to the assessment of the value in use of the Group's cash generating units, the Company believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the CGUs to fall below their recoverable amount.

For Victoria, an increase in the discount rate assumption of 1% would not generate an impairment.

13. Trade and other payables

	Consolidated	
	2011 $'000	2010 $'000
Current		
Trade payables	2,256	1,451
Other payables	6,254	8,011
Contingent consideration liability	1,009	–
GST payable	92	–
Lease liability	206	–
	9,817	**9,462**
Non-current		
Lease liability	792	–
Contingent consideration liability	–	446
	792	**446**

14. Interest bearing liabilities (current)

	Consolidated	
	2011 $'000	2010 $'000
Borrowings		
ANZ	50,000	54,019
Westpac	50,000	54,019
Establishment fees	–	(986)
	100,000	**107,052**

On 27 August 2010 a Deed of Amendment to the existing bilateral debt facility with Westpac and ANZ was executed. Key amendments included a reduction in the facility limit from $120,000,000 to $110,000,000, an amortisation schedule for the remaining period of the facility of $2.5m each quarter (term ends 30 September 2011), an increase in margin over the Bank Bill Rate to 3.90 – 4.60% depending on the earnings gearing ratio for the quarter, amendments to financial covenants in the short-term, execution of an agreed recapitalisation plan, proceeds from recapitalisation activities to be applied to the reduction of debt and the suspension of dividends for the term of the facility.

A requirement of the agreement is that 50% of the original debt facility is to be covered by interest rate swaps. Subsequent to balance date the term of the debt facility was extended until 30 September 2012 along with various other amendments. Refer to Note 27.

15. Provisions (current)

	Consolidated	
	2011 $'000	2010 $'000
Employee benefits – Annual leave	2,005	3,345
Employee benefits – Long service leave	1,486	1,819
	3,491	**5,164**

16. Derivative financial instruments (current)

	Consolidated	
	2011 $'000	2010 $'000
Interest rate swap contract – cash flow hedges	–	**360**
Movement in interest rate swap contract – cash flow hedge reserve		
Opening balance	(253)	–
Recognition of cash flow hedge	253	(360)
Tax effect of items charged to other comprehensive income	–	107
Closing balance	–	**(253)**

The interest rate swap for the financial year ended 30 June 2011 (notional principal $60,000,000) was closed out on 30 June 2011, and a new interest rate swap was entered effective 1 July 2011 on a notional principal of $50,000,000. This contract ends on 30 September 2011.

17. Provisions (non-current)

	Consolidated	
	2011 $'000	2010 $'000
Employee benefits – Long service leave	288	462

18. Contributed equity

	Consolidated	
	2011 $'000	2010 $'000
Ordinary shares, issued and fully paid	62,652	60,701
Ordinary non-voting shares, issued and fully paid	30,905	32,791
	93,557	**93,492**

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Movement in Ordinary Voting Shares

	Consolidated	
	Thousands	$'000
At 1 July 2009	**70,822**	**57,451**
Shares issued to Associate Doctors as part of a share incentive scheme	25	–
Cancellation of shares issued to employees in relation to the company's employee incentive plan rules	(71)	–
Executive tenure rights conversion	172	–
Shares issued under the terms of the Company's dividend reinvestment plan	691	531
Conversion of ordinary non-voting shares to ordinary shares upon lapse of the voluntary escrow arrangements	1,033	2,719
At 30 June 2010	**72,672**	**60,701**
Shares issued to Associate Doctors as part of a share incentive scheme	211	65
Executive tenure rights conversion	136	–
Conversion of ordinary non-voting shares to ordinary shares	577	1,886
Conversion of ordinary non-voting shares to ordinary shares upon lapse of the voluntary escrow arrangements	601	–
At 30 June 2011	**74,197**	**62,652**

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and be in a position to take advantage of acquisition opportunities as they arise. Management also aims to maintain a capital structure that ensures the lowest cost of capital is available to the entity.

During 2011 the Group paid dividends of $nil (2010: $4,032,000). The Company will not pay a final dividend for the year ended 30 June 2011. On 27 August 2010 a Deed of Amendment to the existing debt facility with Westpac and ANZ was executed and a requirement of the Deed is that no dividends can be paid for the remaining term of the facility ending 30 September 2011.

The Group's acquisition strategy involves issuing shares as part of the consideration paid to the doctor vendors of the practices acquired. The Group will continue with this policy as having Doctors Partners holding equity in the company is an important element of the Group's strategy.

The Group Monitors capital through the Gearing Ratio (Financial indebtedness/total capital employed), the Earnings Gearing Ratio (Financial indebtedness/adjusted EBITDA) and the Interest Cover Ratio (adjusted EBITDA/interest expense less interest revenue). Total capital employed includes a maximum of $5m cash and adjusted EBITDA excludes non-cash and non-recurring items. The targets for the Gearing Ratio, Earnings Gearing Ratio and Interest Cover Ratio are <63% (2010: <55%), <4.1 times (2010: 3.5 times), >2.6 times (2010: 3.25 times) respectively. The Group is required to meet these ratios through its banking covenants. Detailed below are the actual ratios at balance date.

	2011	2010
Ratio		
Gearing Ratio	waived	waived
Earnings Gearing Ratio	3.56	3.3
Interest Cover Ratio	2.88	3.5

Ordinary non-voting shares

As at the date of this report, the Group, through its voluntary escrow arrangements, currently has a relevant interest in more than 14.4% of its total issued share capital. The Company is not permitted to issue any further voting shares as part consideration for acquisitions where the issued scrip would be subject to the escrow restrictions without creating a risk of breaching the takeover provisions of the Corporations Act or applying for ASIC relief. Accordingly, to ensure compliance with the Corporations Act, Vision Group issued, with ASX consent, non-voting ordinary shares as part consideration for acquisitions made during the year. These shares will convert into ordinary voting shares when the escrow period lapses and the restrictions under the Corporations Act against the issue of ordinary voting shares ceases to apply to those shares.

18. Contributed equity *continued*

Movement in Ordinary Non-voting Shares

	Consolidated	
	Thousands	$'000
At 30 June 2009	**7,041**	**33,484**
Issued as part consideration for acquisitions:		
Date issued 14 September 2009	856	–
Date issued 2 October 2009	535	392
Date issued 11 November 2009	831	712
Date issued 24 November 2009	540	395
Date issued 27 November 2009	720	527
Date issued 12 January 2010	689	–
Date issued 2 March 2010	1,089	–
Date issued 18 June 2010	1,239	–
Shares issued to Associate Doctors as part of a share incentive scheme	47	–
Cancellation of shares issued to employees in relation to the company's employee incentive plan rules	(100)	–
Conversion of ordinary non-voting shares to ordinary shares upon lapse of the voluntary escrow arrangements	(1,033)	(2,719)
At 30 June 2010	**12,454**	**32,791**
Issued as part consideration for acquisitions:		
Conversion of ordinary non-voting shares to ordinary shares	(577)	(1,886)
Cancellation of shares issued to employees in relation to the company's employee incentive plan rules	(120)	–
Conversion of ordinary non-voting shares to ordinary shares upon lapse of the voluntary escrow arrangements	(601)	–
At 30 June 2011	**11,156**	**30,905**

Practice Enhancement Fund

The Group's Practice Enhancement Fund is a pool of notional (un-issued) shares. At acquisition a notional amount equivalent to 7.5% of the assessed fair value of individual ophthalmic practice acquisitions is set aside in the Practice Enhancement Fund. This amount is quantified as a number of notional shares, based on the market price of the Group's shares at the time the acquisition is settled.

Issues from the Practice Enhancement Fund are made at the discretion of the Board to promote the long-term success of the Group. The Practice Enhancement Fund serves two primary purposes, firstly to attract, maintain, retain and increase the equity participation of certain Doctors, Associates and Visiting Surgeons and secondly under the terms of its employee share scheme. Details of the arrangements for these issues are set out in Note 26.

The table below sets out the movement in the number of shares in the Practice Enhancement Fund during the year:

	Thousands
At 30 June 2009	**3,804**
Contributions from practices acquired during the year	1,548
At 30 June 2010	**5,352**
Contributions from practices acquired during the year	–
At 30 June 2011	**5,352**

19. Cash flow statement reconciliation

	Consolidated	
	2011 $'000	2010 $'000
Net (loss)/profit	(23,962)	(58,397)
Adjustments for:		
Depreciation of non-current assets	5,960	5,642
(Gain)/Loss on disposal of plant and equipment	(193)	453
Impairment of fixed assets	–	964
Share based payments	1,022	884
Business combinations – contingent consideration liability	564	446
Amortisation of borrowing costs	1,886	–
Impairment of goodwill	27,681	66,014
Changes in assets and liabilities		
(Increase)/decrease in trade receivables	(271)	2,009
(Increase)/decrease in other receivables	(739)	222
(Increase)/decrease in inventory	28	(68)
Increase/(decrease) in trade and other creditors	472	1,596
Increase/(decrease) provision for employee entitlements	(1,847)	380
Increase/(decrease) tax liability/deferred tax asset	481	(2,321)
Net cash flows from operating activities	**11,082**	**17,824**

	Consolidated	
	2011 $'000	2010 $'000
Cash balance comprises:		
Cash at bank and on hand	8,880	3,479
Short-term deposit	1	6,016
Closing cash balance	**8,881**	**9,495**

20. Business combinations

	Consolidated	
	2011 $'000	2010 $'000
Cash paid in respect of acquisitions during the year	–	5,895
Cash paid in respect of contingent consideration for acquisitions made in prior periods	–	3,739
Shares issued in respect of contingent consideration for acquisitions made in prior periods	–	2,025
Goodwill on acquisition	–	**11,659**
Direct costs relating to acquisitions	–	**244**
Net cash effect		
Cash consideration paid	–	9,634
Direct costs	–	244
Cash paid for acquisition of private individual ophthalmic practices	–	**9,878**

Total consideration paid in 2010 on acquisitions was $11,659,000 and comprised issues of equity instruments subject to escrow, cash and contingent consideration paid. The Company issued 4,194,720 shares based on the quoted price of the shares of the Company at the date of exchange.

Acquisitions entered subsequent to 1 July 2009
A business combination undertaken by the Group represents the purchase of a private individual ophthalmic business. Consideration comprises an issue of equity instruments subject to escrow and a cash component. An acquisition can also incorporate an 'earn out' component which is contingent on the achievement of a pre agreed forecast personal exertion EBIT by the individual doctor.

During the year ended 30 June 2010 the Group made six acquisitions of private individual ophthalmic businesses. There were no acquisitions made during the year ended 30 June 2011.

The Group had provisionally accounted for the prior year acquisitions. There were no separately identifiable assets or liabilities recognised on the acquisitions. Cash consideration paid on acquisition date reflected goodwill acquired. The contingent consideration represents additional cash payments to be made to the doctors as well as shares to be issued based on the achievement of personal exertion EBIT targets, as defined in the asset purchase agreements.

Other than the contingent consideration arrangements, there were no further adjustments made during the current year to the accounting for separately identifiable assets and liabilities recognised on acquisition.

The Group forecast each individual doctor's EBIT and probability weighted each to determine a fair value for the contingent consideration arrangement. Refer Note 13. The fair value of this contingent consideration has been included in the determination of the consideration to be transferred. Future changes in estimates of this amount are recorded directly in the statement of comprehensive income in the period in which they occur.

Each of the acquired doctors has entered a service agreement with the Group. All future remuneration is personal services based. Given the contingent payments are linked to the provision of future services to the Group by the relevant doctors, these payments are accounted for as remuneration or remuneration equivalent expense and not as part of goodwill recognised on acquisition date.

Acquisitions entered prior to 1 July 2009
Acquisitions undertaken in prior periods involve the payment of consideration in the form of equity and cash that is contingent on the achievement of personal exertion EBIT. As this contingent consideration was not a present obligation of the Group at acquisition date, under the previous AASB 3 Business Combinations it was not recognised. Only when it becomes a present obligation of the Group is it then accounted for as an adjustment against goodwill. There were no prior period contingent acquisition payments made during the current year.

21. Expenditure commitments

	Consolidated	
	2011 $'000	2010 $'000
Lease expenditure commitments		
Operating leases (non-cancellable)		
Within one year	5,901	6,020
After one year but not more than five years	12,873	8,320
After more than five years	37	–
Total minimum lease payments	**18,811**	**14,340**
Advisory commitments		
Within one year	–	1,637
After one year but not more than five years	–	–
After more than five years	–	–
	–	**1,637**
Plant and equipment finance lease commitments		
Within one year	206	70
After one year but not more than five years	792	–
After more than five years	–	–
	998	**70**

22. Contingencies

Contingent liabilities

On 21 September 2009, the Company commenced action in the Supreme Court of Queensland against Dr Kitchen and others in connection with what the Company contends was Dr Kitchen's wrongful termination of his service agreement with Icon Laser Australia (a subsidiary of the Company). The Company seeks damages (as yet in an unspecified amount) from the defendant for breach of contract, and seeks injunctions and declarations enforcing the non-compete provisions in the service agreement and the share purchase agreement.

The actions are continuing and a directions hearing is listed for October 2011. A trial date is not yet set but is expected to be in 2012.

Contingent assets

The Group had no contingent assets at 30 June 2011.

23. Auditor's remuneration

	Consolidated	
	2011 $'000	2010 $'000
Amounts received or due and receivable by Ernst & Young (Australia) for:		
Audit or review of the financial report	290	283
Accounting advice	40	4
Assurance related procedures	6	8
	336	**295**

24. Related party disclosure

Key management personnel disclosures are contained in the Remuneration Report and Note 25.

(a) Transactions with related parties in wholly-owned group

Companies within the wholly owned group purchased medical supplies from a related party within the wholly owned group on commercial terms.

Companies within the wholly owned group made a distribution of profits to the ultimate parent entity, Vision Group Holdings Limited, through inter-company accounts.

	Consolidated	
	2011 $'000	2010 $'000
Related party		
Silverfields Pty Ltd – lease of premises at Southport, Queensland (a company significantly influenced by Dr D Gregor – resigned as Director 15 February 2010)	–	526
Occuli Service Pty Ltd – lease of premises at Camberwell, Victoria * (a company significantly influenced by Dr J Reich)	334	317
MDK Trust (lease of premises at Rockhampton, Queensland) (a trust in which Dr D Kitchen is a beneficiary – resigned from the Group 18 August 2009)	–	216

(b) Terms and conditions

*The lease of premises was made on normal commercial terms and conditions and at market rates. The lease expires in December 2011 and an option to renew for a further 5 years exists.

25. Key management personnel

(a) Compensation for key management personnel

	Consolidated 2011 $'000	Consolidated 2010 $'000
Short-term employee benefits	3,313,492	3,860,923
Post-employment benefits	85,420	231,377
Long-term employee benefits	13,054	3,267
Termination benefits	56,095	28,000
Share based payment	(27,819)	427,008
Total compensation	**3,440,242**	**4,550,575**

(b) Shares held in Vision Group Holdings Limited (number)

	Balance 1 July 2010	Granted as remun-eration	On exercise of options/ tenure rights	Net change other	Balance 30 June 2011
S Tanner	275,000	–	–	200,000	475,000
K Wilson (1)	71,442	–	–	(71,442)	–
I Kirkwood	43,232	–	–	–	43,232
C Stamp	326,025	–	–	(326,025)	–
G Thompson	80,381	–	136,422	175,000	391,803
Dr M Lawless	1,381,823	–	–	–	1,381,823
Dr J Reich	1,464,482	–	–	178,499	1,642,981
Dr C Rogers	808,023	–	–	–	808,023
J Osborne (2)	20,000	–	–	(20,000)	–
Total	**4,470,408**	**–**	**136,422**	**136,032**	**4,742,862**

(1) Resigned during the year ended 30 June 2011. The 'Net change other' column reflects their non KMP status at 30 June 2011. (2) Ceased KMP status during the year ended 30 June 2011. The 'Net change other' column reflects their non KMP status at 30 June 2011.

	Balance 1 July 2009	Granted as remun-eration	On exercise of options/ tenure rights	Net change other	Balance 30 June 2010
S Tanner	275,000	–	–	–	275,000
K Wilson	66,623	–	–	4,8197	1,442
Kirkwood	41,786	–	–	1,446	43,232
C Stamp	218,000	–	108,025	–	326,025
G Thompson	15,616	–	63,636	1,129	80,381
Dr M Lawless	1,381,823	–	–	–	1,381,823
Dr J Reich	1,464,482	–	–	–	1,464,482
Dr C Rogers	916,477	–	–	(108,454)	808,023
Dr D Kitchen*	2,422,544	–	–	(2,422,544)	–
Dr D Gregor*	1,750,534	–	–	(1,750,534)	–
J Osborne	20,000	–	–	–	20,000
D Hoy*	70,354	–	–	(70,354)	–
Total	**8,643,239**	**–**	**171,661**	**(4,344,492)**	**4,470,408**

* Resigned or ceased KMP status during the year ended 30 June 2010. The 'Net change other' column reflects their non KMP status at 30 June 2010.

(c) Option and tenure rights holdings by key management personnel

						Vested at 30 June 2011	
	Balance 1 July 2010	Granted as remun-eration	Options/ tenure rights exercised	Lapsed/ forfeited	Balance 30 June 2011	Excercisable	Not excercisable
G Thompson	818,606	–	(136,422)	(236,486)	445,698	–	445,698
Total	**818,606**	**–**	**(136,422)**	**(236,486)**	**445,698**	**–**	**445,698**

						Vested at 30 June 2010	
	Balance 1 July 2009	Granted as remun-eration	Options/ tenure rights exercised	Lapsed/ forfeited	Balance 30 June 2010	Excercisable	Not excercisable
C Stamp**	2,039,760	649,351	(108,025)	(2,581,086)	–	–	–
G Thompson	900,368	218,360	(63,636)	(236,486)	818,606	–	818,606
D Hoy*	93,334	–	–	(93,334)	–	–	–
Total	**3,033,462**	**867,711**	**(171,661)**	**(2,910,906)**	**818,606**	**–**	**818,606**

* Resigned during the year ended 30 June 2010

** Resigned as CEO on 4 May 2010 resulting in the forfeiture of all remaining non vested option and tenure rights

26. Share based payments

The share based payments plans are described below. There have been no cancellations or modifications. Refer to Note 25 (c).

Practice Enhancement Fund (PEF)

In prior years employees and doctors have been invited to subscribe for shares from the Practice Enhancement Fund. In some cases the employees were required to enter into a non-interest bearing limited recourse loan agreement upon subscribing. The shares of this scheme are held in escrow for a period of between three and ten years based on the Board's assessment of the appropriate period for escrow. Upon expiration of the escrow period these shares essentially vest. Any issue of shares however is contingent upon the employee or doctor remaining an employee and full repayment of the loan having taken place. The employee entered into a Buy Back Deed which is triggered in the event that the employee terminates their employment prior to the completion of the escrow period. Upon this event taking place the shares revert back to the Company under the terms of the Buy Back Agreement. This event effectively cancels the contract between the Company and employee. The shares revert back to the Company with no transfer of cash being required to be made back to the employee.

Employee Option Plan (EOP)

Selected senior executives are offered options over ordinary shares under the Employee Option Plan.

Performance options and tenure rights granted

The Company agreed a long-term incentive scheme for the Chief Executive Officer, Mr Craig Stamp, when he was appointed in December 2008 and the same scheme was offered to Mr Geoff Thompson when he joined the Company in April 2009 as Chief Financial Officer. The long-term incentives comprised grants of tenure rights and performance options and in respect of the agreed grants to Mr Stamp in 2008 and 2009, the grants were approved by shareholders at the 2009 Annual General Meeting because Mr Stamp was a director at the time.

A grant of tenure rights has a value equal to approximately 35% of the base salary package of the executive and vests in three equal instalments over a period of three years as long as the executive is an employee on the vesting date.

Each tenure right gives the eligible executive the right to acquire one share upon exercise. The issue and exercise price of each tenure right is $nil and there are no restrictions on shares acquired on exercise of tenure rights.

A grant of performance options has a value equal to approximately 35% of the base salary package of the executive and vests in three equal instalments over a period of three years as long as the executive is an employee on the vesting date and has met performance hurdles agreed prior to the grant date. The performance options vesting hurdles are measured using the Group's return on capital employed (ROCE). The options vest in three equal tranches over three years at the anniversary grant date.

Upon vesting the performance options must be exercised within three months of the vesting date. A performance option gives the eligible executive the right to acquire one share upon exercise. The exercise price of the performance options is detailed in the Remuneration Report. There is no issue price for the options and there are no restrictions on shares acquired by the eligible executive on exercise of their options.

All the performance options for each tranche vest if the Group achieves a ROCE of 15% or more for the twelve months to 30 June immediately prior to the vesting date. None of the performance options for each tranche vest if the Group achieves a ROCE of less than 12% for the twelve months to 30 June immediately prior to the vesting date. If the ROCE for the twelve months to 30 June immediately prior to the vesting date is between 12% and 15% the options will vest on a pro-rata basis.

Mr Stamp, as Chief Executive Officer from December 2009 to May 2010 and Managing Director from May 2009 to May 2010 received grants of tenure rights and performance options with effective grant dates of 8 December 2008 and 8 December 2009 as detailed in the Remuneration Report. Mr Thompson, as Chief Financial Officer from April 2009 to May 2010, received a grant of tenure rights and performance options with an effective grant date of 29 April 2009 and a grant of tenure rights with effective grant date of 29 April 2010 as detailed in the Remuneration Report.

The performance options that were to be granted on 29 April 2010 were not proceeded with as agreed upon his appointment as CEO on 4 May 2010. An allocation of tenure rights was granted. These tenure rights vest in three equal tranches over three years at the anniversary grant date as long as the executive is an employee on the vesting date. Each tenure right gives the executive the right to acquire one share upon exercise. The issue and exercise price of each tenure right is $nil and there are no restrictions on shares acquired on exercise of tenure rights (see above). As a result of Mr Stamp's resignation as CEO and Managing Director on 4 May 2010, his performance options and tenure rights were forfeited.

On 29 April 2011, tranche 2 of Mr Thompson's performance options and tenure rights granted on 29 April 2009 were due to vest, and tranche 1 of Mr Thompson's tenure rights granted on 29 April 2010 were due to vest. Tranche 2 of the performance options granted on 29 April 2009 were cancelled following the vesting date of 29 April 2011. There were no changes to the tenure rights other than the vesting and conversion of 63,036 Tranche 2 tenure rights from the 29 April 2009 grant and 72,786 Tranche 1 tenure rights from the 29 April 2010 grant to 63,036 and 72,786 ordinary shares respectively following the vesting on 29 April 2011. Tranches 3 of the 29 April 2009 grant and Tranches 2 and 3 of the 29 April 2010 grant remain in place

Performance options and tenure rights granted FY2011

There were no performance options or tenure rights granted during the year ended 30 June 2011.

27. Significant events after balance sheet date

On 28 September 2011, a Deed of Amendment to the existing debt facility with Westpac and ANZ was executed. Key amendments include:

- An extension of the facility term until 30 September 2012;
- A reduction in the facility limit to $95,000,000 on 30 September 2011;
- An amortisation schedule of $2,500,000 repayments on each of 31 March 2012, 30 June 2012 and 31 August 2012;
- A continuing margin over the Bank Bill Rate of 3.95% – 4.6%, depending on the earnings gearing ratio for each quarter;
- Amendments to financial covenants; and
- Continued suspension of dividends for the revised term of the facility.

28. Parent entity information

	2011 $'000	2010 $'000
Information relating to Vision Group Holdings Limited:		
Current assets	113,566	115,080
Total assets	149,617	176,728
Current liabilities	102,731	107,191
Total liabilities	102,731	107,191
Issued capital	93,557	93,492
Accumulated losses	(49,174)	(25,211)
Share based payment reserve	2,503	1,509
Cash flow hedge reserve	–	(253)
Total shareholders' equity	**46,886**	**69,537**
Profit/(loss) for the parent entity	(23,962)	(44,688)
Total comprehensive (loss)/income of the parent entity	(23,962)	(44,941)

Refer Note 29 for details of the Deed of Cross Guarantee entered by Vision Group Holdings Limited and all of its subsidiaries. Refer Note 22 for details of contingent liabilities of the Parent.

The Parent entity has contractual lease commitments at reporting date for the acquisition of property, plant and equipment, refer to Note 21 for details.

29. Deed of Cross Guarantee

The consolidated financial statements include the financial statements of Vision Group Holdings Limited and all its subsidiaries as listed in the following table. All subsidiaries are incorporated in Australia.

	Percentage of equity held by consolidated entity		Investment	
	2011 %	2010 %	2011 $'000	2010 $'000
Vision Group Pty Ltd	100%	100%	23,400	23,400
Victorian Optical Supplies Pty Ltd	100%	100%	4,600	4,600
Macquarie Eye Centre Pty Ltd	100%	100%	–	–
Sydney Eastern Eye Centre Pty Ltd	100%	100%	316	316
Vision Group Gold Coast Pty Ltd	100%	100%	–	–
Total Vision Solutions Pty Ltd	100%	100%	–	–
Vision Group North QLD Pty Ltd	100%	100%	–	–
The Eye Institute Pty Ltd	100%	100%	52,616	52,616
Swordfish Nominees Pty Ltd (Central QLD)	100%	100%	12,809	12,809
P H Hughes Pty Ltd (Hurstville NSW)	100%	100%	12,593	12,593
Lee Lenton Medical Pty Ltd	100%	100%	–	–
The Laservision Centre Pty Ltd	100%	100%	–	–
Crystal Clear Nominees Pty Ltd	100%	100%	–	–
The Eye Centre Pty Ltd	100%	100%	–	–
Vision ODT No. 1 Pty Ltd*	100%	100%	–	–
Vision ODT No. 2 Pty Ltd*	100%	100%	–	–
Vision ODT No. 3 Pty Ltd*	100%	100%	–	–
Vision ODT No. 4 Pty Ltd*	100%	100%	–	–
Outlook Day Theatre Pty Ltd	100%	100%	–	–
The Eye Centre (Gold Coast) Pty Ltd*	100%	100%	–	–
Icon Laser (Aust) Pty Ltd	100%	100%	–	–
Mackay Day Surgery Pty Ltd	100%	100%	–	–
John Glastonbury Pty Ltd*	100%	100%	–	–
J A Noble Pty Ltd	100%	100%	–	–
Colin C.K. Chan Pty Ltd	100%	100%	–	–
Retina Specialists Pty Ltd	100%	100%	–	–
Dr Andre Horak Pty Ltd	100%	100%	–	–
Dr Ed Boets Pty Ltd	100%	100%	–	–

* Entity was deregistered on 21 August 2011.

Pursuant to Class Order 98/1418, relief has been granted to all subsidiaries outlined above from the Corporations Act 2001 requirements for the preparation, audit and lodgement of their financial reports.

As a condition of the Class Order, Vision Group Holdings Limited and subsidiaries (the Closed Group) entered into a Deed of Cross Guarantee. The effect of the deed is that Vision Group Holdings Limited has guaranteed to pay any deficiency in the event of winding up of a controlled entity or if they do not meet their obligations under the terms of loans, leases or other liabilities subject to guarantee. The controlled entities have also given a similar guarantee in the event that Vision Group Holdings Limited is wound up or if it does not meet its obligations under the terms of loans, leases or other liabilities subject to the guarantee.

Directors' Declaration

In accordance with the resolution of the Directors of Vision Group Holdings Limited, I state that:

1. In the opinion of the Directors:

   (a) The financial statements and notes and additional disclosures included in the Directors' report designated as audited, of the Company and of the consolidated entity 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 30 June 2011 and the performance for the year ended on that date.

      (ii) Complying with Accounting Standards and the Corporations Regulations 2001.

   (b) The financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2(a)

   (c) There are reasonable grounds to believe that the Company will be able to pay its debts as when they become due and payable.

   (d) At the date of this declaration there are reasonable grounds to believe that the members of the Closed Group identified in Note 29 will be able to meet any obligations or liabilities to which they are or may become subject to, by virtue of the Deed of Cross Guarantee.

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2011.

On behalf of the Board

S F Tanner
Chairman
Melbourne, 29 September 2011

Independent Audit Report

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Independent auditor's report to the members of Vision Group Holdings Limited

Report on the financial report

We have audited the accompanying financial report of Vision Group Holdings Limited, which comprises the consolidated statement of financial position as at 30 June 2011, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the 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 financial report that is free from material misstatement, whether due to fraud or error. In Note 2(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

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

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

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

Independence

Other than the matter set out in the Auditor's Independence Declaration 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.

Liability limited by a scheme approved
under Professional Standards Legislation

Opinion

In our opinion:

a. the financial report of Vision Group Holdings Limited is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2(a).

Report on the remuneration report

We have audited the Remuneration Report included in pages 7 to 13 of the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Vision Group Holdings Limited for the year ended 30 June 2011, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Don Brumley
Partner
Melbourne
29 September 2011

Additional ASX Information

Additional information required by the Australian Securities Exchange Limited and not shown elsewhere in this report is as follows. The information is current as at 30 August 2011.

(a) Distribution of equity securities

	Ordinary Voting Shares		Ordinary Non-voting shares	
Investor Range	**Shareholders**	**Issued Capital**	**Shareholders**	**Issued Capital**
1 – 1,000	604	295,391	–	–
1,001 – 5,000	955	2,751,829	5	21,129
5,001 – 10,000	395	3,086,775	11	95,700
10,001 – 100,000	599	18,801,760	84	3,045,018
100,001 and over	101	50,187,414	55	9,291,996
	2,654	**75,123,169**	**155**	**12,453,843**

There are 1,407 shareholders with shareholdings that are marketable parcels (2,294,656 shares).

(b) Substantial shareholders

	Fully paid	
	Number	**Percentage**
DAMENEO (NO 123) PTY LTD	9,911,919	13.19%
UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	3,887,607	5.17%
	13,799,526	**18.36%**

Additional ASX Information *continued*

(c) Twenty largest holders of quoted securities

Number	Name	Fully paid Number	Percentage
1	IDAMENEO (NO 123) PTY LTD	9,911,919	13.19%
2	UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	3,887,607	5.17%
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,479,445	4.63%
4	RUBICON NOMINEES PTY LTD	3,241,674	4.32%
5	DENMARK HILL INVESTMENTS PTY LTD	2,268,310	3.02%
6	T BATSAKIS PTY LTD	2,000,000	2.66%
7	MONKBROOK PTY LTD	1,250,317	1.66%
8	MR LIM S UNG	1,100,000	1.46%
9	MR PAUL COZZI	1,050,000	1.40%
10	OCULAR INVESTMENTS PTY LTD	996,143	1.33%
11	CITICORP NOMINEES PTY LIMITED	924,860	1.23%
12	BT PORTFOLIO SERVICES LIMITED	864,475	1.15%
13	ZIMAN PTY LTD	771,432	1.03%
14	ALISON WATTS INVESTMENTS PTY LTD	732,530	0.98%
15	MR IVAN CASAGRANDE	650,000	0.87%
16	DERAWOOD PTY LTD	605,112	0.81%
17	MARIEL NOMINEES PTY LTD	605,112	0.81%
18	MR ROBERT BRADFIELD	500,000	0.67%
19	MR MAREK JAN WOJT	390,000	0.52%
20	TOONPAINT PTY LIMITED	382,924	0.51%

(d) Securities subject to voluntary escrow provisions

Non-voting ordinary shares

Date escrow ends	Number of securities	Date escrow ends	Number of securities
28 February 2010	69,434	30 August 2013	9,735
1 April 2010	332,305	1 September 2013	82,328
31 August 2010	17,375	30 September 2013	87,038
31 August 2010	25,638	30 September 2013	7,337
30 September 2010	5,716	1 October 2013	242,373
31 October 2010	18,000	31 October 2013	22,457
31 March 2011	26,893	31 October 2013	63,407
1 April 2011	332,308	8 January 2014	106,011
30 August 2011	10,502	1 March 2014	111,439
31 August 2011	8,047	31 March 2014	33,209
1 September 2011	155,567	1 April 2014	146,051
30 September 2011	125,885	11 June 2014	190,541
1 October 2011	303,812	1 July 2014	297,911
31 October 2011	50,697	1 August 2014	127,772
8 January 2012	106,011	31 August 2014	12,070
1 March 2012	111,439	1 September 2014	82,328
6 March 2012	51,982	1 October 2014	242,376
1 April 2012	146,051	1 October 2014	49,595
1 May 2012	1,088,490	8 January 2015	106,011
11 June 2012	190,541	1 March 2015	111,437

(d) Securities subject to voluntary escrow provisions *continued*

Non-voting ordinary shares

Date escrow ends	Number of securities	Date escrow ends	Number of securities
1 July 2012	297,913	6 March 2015	50,675
1 August 2012	195,018	1 April 2015	146,051
30 August 2012	9,736	11 June 2015	190,539
31 August 2012	8,045	1 July 2015	183,754
31 August 2012	12,819	1 August 2015	100,870
1 September 2012	82,328	30 August 2015	14,604
30 September 2012	87,035	30 September 2015	230,613
1 October 2012	579,859	31 October 2015	83,912
31 October 2012	22,456	17 December 2015	548,296
31 October 2012	31,761	17 December 2015	11,765
30 November 2012	55,999	1 February 2016	191,657
31 December 2012	36,109	1 April 2016	558,219
8 January 2013	106,011	1 July 2016	469,149
1 March 2013	111,439	8 July 2016	159,017
6 March 2013	33,783	1 September 2016	123,492
1 April 2013	701,844	11 December 2016	285,811
11 June 2013	190,541	1 September 2017	167,158
1 July 2013	297,913	1 October 2017	365,123
1 August 2013	195,017	1 January 2018	459,389

* Shares shown above held in escrow past the due date remain in escrow until contracted conditions for release are fulfilled

Ordinary voting shares

Number of securities	Date escrow ends	Number of securities	Date escrow ends
30 September 2010	139,446	30 June 2010	1,815,336
31 October 2011	143,449	30 November 2010	151,010
16 December 2008	944,014	31 December 2009	300,000

Corporate Information

ABN 21 098 890 816

DIRECTORS

Mr Shane Tanner	Non-executive Director – Chairman
Mr Iain Kirkwood	Non-executive Director
Mr Geoff Thompson	Chief Executive Officer and Managing Director
Dr Michael Lawless	Medical Director
Dr Joseph Reich	Executive Director
Dr Chris Rogers	Alternate Director to Dr Lawless

COMPANY SECRETARIES

Mr John Osborne
Ms Vanessa Huxley

REGISTERED OFFICE

Level 5, 390 St Kilda Road
Melbourne, VIC. 3004

SHARE REGISTRY

Link Market Services Pty Ltd
Level 4, 333 Collins Street
Melbourne, VIC. 3000

Vision Group Holdings Limited shares are listed
on the Australian Securities Exchange (ASX: VGH).

AUDITORS

Ernst & Young
8 Exhibition Street
Melbourne, VIC. 3000

INTERNET

www.vgaustralia.com

DESIGN: COLLIER & ASSOCIATES THE STRATEGIC DESIGN COMPANY #16134

www.vgaustralia.com