

28 February 2011

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Vision Group Holdings Limited
ABN 21 098 890 816

RESULTS FOR ANNOUNCEMENT TO THE MARKET

VISION GROUP HOLDINGS LIMITED (ASX: VGH)

VISION GROUP H1:11 FINANCIAL RESULTS

Financial Highlights for the half-year ended 31 December 2010

- **Revenue \$53.7m down 3.9%**
 - The decline in operating revenues during the period resulted from the closure of practices at Rockhampton, Hervey Bay and Bundaberg during or since the corresponding prior period. Excluding the impact of these closures, operating revenues increased by 2%. Discretionary revenues declined by 5% due to continued softness in the refractive market.
- **EBITDA \$10.6m down 23.7%**
 - On a normalised basis EBITDA was \$14.3m which was 14% lower than normalised EBITDA of \$16.6m in the prior corresponding period.
 - The normalised EBITDA margin for the half year was 26.6% compared to 29.7% in the prior corresponding period.
 - Normalised costs primarily relate to share based payments, non-recurring advisory fees and litigation legal fees.
 - The decline in normalised EBITDA arose from a combination of the revenue decline and increased direct labour costs (\$1.7m) compared to the corresponding period. Increased costs associated with doctors beginning to transition to the new EBIT based Doctor Partner remuneration equivalent model were largely offset by reduced medical supplies costs (\$0.5m) and indirect costs (\$1.1m).
- **EBIT \$8.0m down 26.6%**
 - Depreciation and amortisation charges were \$2.6m for the period (2009 - \$3.0m).
- **Net Profit after Tax \$1.6m down 66.7%**
 - Normalised profit before tax was \$6.1m; down 38% from \$9.8m in the prior corresponding period. In addition to the matters outlined above the decline was the result of higher interest costs.
- **Performance Compared to Guidance**
 - At the AGM the Company provided full year guidance on:
 - Revenue in the range of \$96m - \$101m
 - Normalised EBITDA in the range of \$23m - \$26m
 - Normalised EBITDA margin in the range of 24% - 26%
 - For the half year to 31 December 2010:
 - Revenue was \$53.7m
 - Normalised EBITDA was \$14.3m
 - Normalised EBITDA margin was 26.6%
 - Given these results the Company is tracking for a full year result at the higher end of all ranges.

VISION GROUP HOLDINGS LIMITED (ACN 098 890 816)

ASX Code: VGH

PRELIMINARY REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	H1:11	H1:10		
	\$'M	\$'M		
Revenue from ordinary activities	53.7	55.9	down	3.9%
Earnings before interest, income tax and depreciation	10.6	13.9	down	23.7%
Earnings before interest and income tax	8.0	10.9	down	26.6%
Profit before income tax	2.4	7.0	down	65.7%
Profit from ordinary activities after tax attributable to members	1.6	4.8	down	66.7%
Net profit for the period attributable to members	1.6	4.8	down	66.7%
Earnings per share (cents per share)	1.98	6.02	down	67.2%
Earnings per share (diluted cents per share) #	1.85	5.52	down	66.4%
Net tangible assets per share	(\$0.94)	(\$1.02)		
Net tangible assets per share (diluted cents per share) #	(\$0.88)	(\$0.94)		

Dilution includes Practice Enhancement Fund unallocated shares and executive options issued.

For investor enquiries please contact:

John Hurst
Cannings Corporate Communications
(02) 8280 9990

Geoff Thompson
Chief Executive Officer
(03) 8844 4000

Brett Coverdale
Chief Financial Officer
(03) 8844 4000



vision group holdings limited
ABN 21 098 890 816

financial report for the half-year ended
31 december 2010

contents

Corporate information	3
Directors' report	4
Auditor's independence declaration	6
Statement of comprehensive income	7
Statement of financial position	8
Statement of changes in equity	9
Statement of cash flows	10
Notes to the financial statements	11
Directors' declaration	18
Independent auditor's review report	19

corporate information

ABN 21 098 890 816

Directors

Mr Shane Tanner	Non-executive Director (Chairman)
Ms Karen Wilson	Non-executive Director
Mr Iain Kirkwood	Non-executive Director
Mr Geoff Thompson	Managing Director and Chief Executive Officer
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

Ground floor, 600 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

directors' report

Your directors submit their report for the half-year ended 31 December 2010.

Directors

The names of the directors of the Company in office during the half-year and until the date of this report are as follows:

Mr Shane Tanner	Non-executive Director (Chairman)
Ms Karen Wilson	Non-executive Director
Mr Iain Kirkwood	Non-executive Director
Mr Craig Stamp	Resigned Executive Director 4 August 2010, appointed Non-executive Director 4 August 2010, resigned 25 October 2010
Mr Geoff Thompson	Managing Director and Chief Executive Officer
Dr Michael Lawless	Medical Director
Dr Joseph Reich	Executive Director
Dr Chris Rogers	Alternate Director to Dr Lawless

All directors, unless otherwise indicated were in office from the beginning of the period until the date of this report.

Review and results of operations

	2010	2009	
	\$'000	\$'000	Change
Revenue from operating activities	53,668	55,872	(4%)
EBITDA	10,556	13,876	(24%)
EBIT	7,975	10,889	(27%)
Profit before income tax	2,384	7,044	(66%)

The decline in operating revenues during the period resulted from the closure of practices at Rockhampton, Hervey Bay and Bundaberg during or since the corresponding prior period. Excluding the impact of these closures, operating revenues increased by 2%. Discretionary revenues declined by 5% due to continued softness in the refractive market.

EBITDA was \$10.6m which was 24% lower than EBITDA of \$13.9m in the prior corresponding period. The decline in EBITDA arose from a combination of the revenue decline and increased direct labour costs (\$1.7m) compared to the corresponding period. Increased costs associated with doctors beginning to transition to the new EBIT based Doctor Partner remuneration equivalent model were largely offset by reduced medical supplies costs (\$0.5m) and indirect costs (\$1.1m).

On a normalised basis EBITDA was \$14.3m which was 14% lower than normalised EBITDA of \$16.6m in the prior corresponding period. Normalised costs primarily relate to share based payments, non-recurring advisory fees and litigation legal fees.

Normalised profit before tax was \$6.1m; down 38% from \$9.8m in the prior corresponding period. In addition to the matters outlined above the decline was impacted by higher interest costs.

directors' report

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.

Auditors' independence declaration

We have obtained a declaration of independence from our auditors Ernst & Young, a copy of which follows the Directors' Report.

Signed in accordance with a resolution of the directors.

A handwritten signature in cursive script, appearing to read 'S. F. Tanner'.

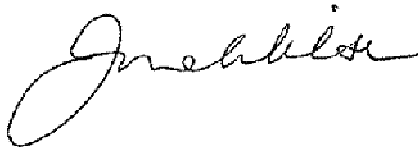
S. F. Tanner
Chairman
Melbourne, 28 February 2011

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

In relation to our review of the financial report of Vision Group Holdings Limited for the half-year ended 31 December 2010, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

A stylized, handwritten signature of 'Ernst & Young' in black ink.

Ernst & Young

A handwritten signature in black ink, appearing to read 'June Wilson'.

June Wilson
Partner
Melbourne
28 February 2011

statement of comprehensive income

for the half-year ended 31 december 2010

	Consolidated	
	31 Dec	31 Dec
	2010	2009
Note	\$'000	\$'000
Rendering of services	53,307	55,413
Rental revenue – other corporations	158	221
Finance revenue	203	238
Total revenue	53,668	55,872
Cost of services	30,542	29,849
Gross profit	23,126	26,023
Other income	-	46
Occupancy expenses	3,894	3,791
Advertising and communication expenses	1,483	1,564
Practice equipment expenses	3,438	3,889
Finance costs	5,837	4,514
Other expenses	3 6,090	5,267
Profit before income tax	2,384	7,044
Income tax expense	778	2,278
Profit	1,606	4,766
Other comprehensive income		
Cash flow hedge		
Fair value movement taken to equity, net of tax	162	(340)
	162	(340)
Total comprehensive income	1,768	4,426
Basic earnings per share (cents per share)	1.98	6.02
Diluted earnings per share (cents per share)	1.85	5.52

statement of financial position

as at 31 december 2010

		Consolidated	
		31 Dec	30 Jun
		2010	2010
Note		\$'000	\$'000
Current assets			
	Cash and cash equivalents	7,739	9,495
	Trade and other receivables	8,945	8,041
	Inventory	1,093	1,098
	Current tax asset	214	969
	Total current assets	17,991	19,603
Non-current assets			
	Deferred tax assets	2,512	2,396
	Plant and equipment	17,008	18,328
	Goodwill	152,156	152,156
	Total non-current assets	171,676	172,880
	Total assets	189,667	192,483
Current liabilities			
	Trade and other payables	7,581	9,462
	Interest bearing liabilities	104,027	107,052
	Derivative financial instruments	129	360
	Provisions	3,770	5,164
	Total current liabilities	115,507	122,038
Non-current liabilities			
	Trade and other payables	1,764	446
	Provisions	381	462
	Total non-current liabilities	2,145	908
	Total liabilities	117,652	122,946
	Net assets	72,015	69,537
Equity attributable to the equity holder			
	Contributed equity	93,557	93,492
	Reserves	2,063	1,256
	Accumulated losses	(23,605)	(25,211)
	Total equity	72,015	69,537

statement of changes in equity

for the half-year ended 31 december 2010

	Contributed equity \$'000	Share Based Payment Reserve \$'000	Cash flow Hedge Reserve \$'000	(Accumula- ted losses) /Retained earnings \$'000	Total \$'000
At 1 July 2010	93,492	1,509	(253)	(25,211)	69,537
Profit for period	-	-	-	1,606	1,606
Other comprehensive income	-	-	162	-	162
Total comprehensive income for the period	-	-	162	1,606	1,768
Transactions with owners in their capacity as owners					
Shares issued as part of acquisition consideration	65	-	-	-	65
Share based payments	-	645	-	-	645
Balance at 31 December 2010	93,557	2,154	(91)	(23,605)	72,015
At 1 July 2009	90,935	2,575	-	34,766	128,276
Profit for period	-	-	-	4,766	4,766
Other comprehensive loss	-	-	(340)	-	(340)
Total comprehensive income for the half-year	-	-	(340)	4,766	4,426
Transactions with owners in their capacity as owners					
Shares issued as part of acquisition consideration	2,025	-	-	-	2,025
Dividend reinvestment plan	384	-	-	-	384
Expired share based payment reserve transfer to retained earnings	-	(2,452)	-	2,452	-
Repayment of loan on Employee Share Purchase Plan	-	296	-	-	296
Share based payments	-	656	-	-	656
Dividends	-	-	-	(1,959)	(1,959)
Balance at 31 December 2009	93,344	1,075	(340)	40,025	134,104

statement of cash flows

for the half-year ended 31 december 2010

	Consolidated	
	31-Dec 2010	31-Dec 2009
Note	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers	52,698	58,890
Payments to suppliers and employees	(43,536)	(39,957)
Income tax paid	(208)	(2,625)
Interest received	246	238
Borrowing costs	(5,744)	(4,632)
Net cash flows from operating activities	3,456	11,914
Cash flows from investing activities		
Acquisition net of cash acquired	-	(2,861)
Contingent consideration for acquisitions made in prior periods	-	(3,739)
Acquisition of property, plant and equipment	(1,266)	(2,018)
Net cash flows used in investing activities	(1,266)	(8,618)
Cash flows from financing activities		
Dividends paid	(28)	(1,582)
Repayment - related party executives and doctors	-	296
Cost of debt facility	(880)	(1,806)
Repayment of borrowings	(3,038)	(7,500)
Net cash flows from used in financing activities	(3,946)	(10,592)
Net decrease in cash held	(1,756)	(7,297)
Add opening cash brought forward	9,495	16,593
Cash and cash equivalents at end of period	7,739	9,296
4		

notes to the financial statements (continued)

for the half-year ended 31 december 2010

1. Basis of preparation and accounting policies

Basis of preparation of half-year financial report

This general purpose condensed financial report for the half-year ended 31 December 2010 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is also recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2010 and considered together with any public announcements made by Vision Group Holdings Limited during the half-year ended 31 December 2010 in accordance with the continuous disclosure obligations of the ASX Listing Rules.

Apart from the changes in accounting policy below, the half-year financial report has been prepared using the same accounting policies and methods of computation as used in the annual financial report for the year ended 30 June 2010.

Changes in accounting policy

New and revised standards that have been adopted from 1 July 2010 are detailed below. 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, AASB 2009-8, AASB 2009-11 and AASB 2009-12 have had no material effect on the financial position or performance of the Group.

The Group has not elected to early adopt any other new standards or amendments that are issued but not yet effective.

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 profit after tax of \$1,606,000 for the half-year ended 31 December 2010. Net cash inflows from operating activities for the period were \$3,456,000. As at 31 December 2010 the Group had \$7,739,000 of cash and cash equivalents, net assets of \$72,015,000 and a deficiency of current assets to current liabilities of \$97,516,000. The deficiency arises because the Group's debt has been classified as current at 31 December 2010 as the term of the existing facility ends on 30 September 2011.

notes to the financial statements (continued)

for the half-year ended 31 december 2010

During the half-year the Group executed a Deed of Amendment to the existing debt facility with the lending syndicate. As at 31 December 2010, the Group incurred technical breaches of various terms of the amended facility agreement. These breaches were waived (and in some cases varied) by the Group's lending syndicate (Westpac and ANZ) subsequent to 31 December 2010. Consequently, the Group is in compliance with the amended facility agreement as at the date of this report.

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 above; and
- Extend or refinance the existing debt facility, which expires on 30 September 2011.

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.

Notwithstanding the above, as previously reported the Group has taken actions and continues to implement initiatives to strengthen and grow future Group performance including:

- The implementation of the new EBIT based doctor partner remuneration equivalent model, which is expected to improve the Group's ability to retain, motivate and attract quality doctors;
- The strengthening of doctor leadership and operational management; and
- The continued roll out of an expense reduction program.

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 or to the amounts and classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

2. Operating segments

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.

notes to the financial statements (continued)

for the half-year ended 31 december 2010

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 of the annual financial report for the year ended 30 June 2010.

The following two tables are 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
Half-year ended 31 December 2010				
Revenue				
Revenues from external customers	13,704	16,498	20,521	50,723
Other revenue	-	-	158	158
Segment revenue	13,704	16,498	20,679	50,881
Corporate and other				2,584
Interest revenue				203
Total revenue per the statement of comprehensive income				53,668
Result				
Segment result	5,656	4,626	4,396	14,678
Interest revenue				203
Practice closure costs				(202)
Business combinations - contingent consideration liability				(1,318)
Business combinations - share based payments				(519)
Share based payments - other				(191)
Recapitalisation costs				(770)
Consultancy fees				(935)
Litigation and other legal fees				(990)
Bank fees				(104)
Interest expense				(5,837)
Corporate and other				(1,631)
Income tax expense				(778)
Net profit after tax per the statement of comprehensive income				1,606

notes to the financial statements (continued)

for the half-year ended 31 december 2010

	New South			
	Victoria	Wales	Queensland	Total
	\$000	\$000	\$000	\$000
Half-year ended 31 December 2009				
Revenue				
Revenues from external customers	13,475	16,892	22,670	53,037
Other revenue	-	63	158	221
Segment revenue	13,475	16,955	22,828	53,258
Corporate and other				2,376
Interest revenue				238
Total revenue per the statement of comprehensive income				55,872
Result				
Segment result	5,345	5,710	6,663	17,718
Interest revenue				238
Practice closure costs				(329)
Impairment of property, plant and equipment				(579)
Debtors adjustment				(889)
Debtors provision				(454)
Interest expense				(4,083)
Corporate and other				(4,578)
Income tax expense				(2,278)
Net profit after tax per the statement of comprehensive income				4,766

3. Other expenses

	Consolidated	
	31-Dec	31-Dec
	2010	2009
	\$'000	\$'000
Practice closure costs	202	329
Business combinations - contingent consideration liability	1,318	115
Business combinations - share based payments	519	67
Share based payments - other	191	474
Recapitalisation costs	770	-
Insurance	404	436
Staff and patient amenities	239	228
Optometric services	104	83
Consultancy	935	118
Litigation and other legal fees	990	402
Impairment of property, plant and equipment	-	579
Debtors adjustment	-	889
Debtors provision	-	454
Other	418	1,093
	6,090	5,267

notes to the financial statements (continued)

for the half-year ended 31 december 2010

4. Cash and cash equivalents

	Consolidated	
	31 Dec	30 Jun
	2010	2010
	\$'000	\$'000
Cash balance comprises:		
Cash at bank and on hand	7,715	3,479
Short term deposit	24	6,016
Closing cash balance	7,739	9,495

5. Dividends paid

	Consolidated	
	31 Dec	31 Dec
	2010	2009
	\$'000	\$'000
Dividends paid during half-year		
Final franked dividend 2010: nil (2009, 2.5 cents)	-	1,959
Dividends proposed and not recognised as a liability		
Interim dividend 2010: nil (2009, 2.5 cents)	-	2,040

6. Business Combinations

During the year ended 30 June 2010 the Group made six acquisitions of private individual ophthalmic businesses as outlined in Note 20 of the annual financial report for the year ended 30 June 2010. There were no acquisitions made during the half-year ended 31 December 2010.

Other than the contingent consideration arrangements, there were no further adjustments made during the half-year to the accounting for separately identifiable assets and liabilities recognised on acquisition. The fair value estimates of the contingent consideration recorded at acquisition were re-estimated at 31 December 2010 resulting in an additional contingent consideration expense and non-current liability of \$1,318,000 being recognised during the half-year.

7. Intangible assets**Cash Generating Units**

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

Key assumptions – Impairment testing for goodwill

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

The pre-tax discount rate applied to cash flow projections is 20% (2009: 17%) and cash flows are extrapolated for 2 years post the 2011 – 2013 forecast period using a 5% growth rate plus labour cost savings expected to be realised in 2014 (2009: 5%) which is a discount to the average growth expected in the private ophthalmic industry.

notes to the financial statements (continued)

for the half-year ended 31 december 2010

Sensitivity to changes in assumptions

With regard to the assessment of the value on use of the Group's cash generating units, the Company believe that no reasonably possible change in any of the above key assumptions would cause the carrying value of the units to fall below their recoverable amount, with the exception of the New South Wales cash generating unit. Any material adverse movement in any key assumption would result in a prima-facie impairment.

The calculation of value in use for the New South Wales cash generating unit is most sensitive to the following assumptions:

Growth rate assumption

Growth rates are used to extrapolate cash flows beyond the budget period. The Company considers the growth rates applied to be appropriate for both the industry and the geographical segment. However, the Company notes that a reduction of 0.5% would result in an impairment of less than \$1m.

Discount rate assumption

The Company recognises that the discount rate is sensitive to the time value of money and the risks specific to each unit that are not already reflected in the cash flows. The Company notes that an increase in the post-tax discount rate of 0.25% would result in an impairment of \$1m - \$2m.

8. Interest bearing liabilities

On 27 August 2010 a Deed of Amendment to the existing debt facility with Westpac and ANZ was executed. Refer Note 1 for further discussion of the amended facility agreement.

During the half-year and in accordance with the amended financing agreement the Group reduced its debt facility by \$3.04 million.

9. Contingencies and commitments

The only changes to the commitment and contingencies disclosed in the most recent annual financial report are detailed below.

Litigation against Dr David Kitchen

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.

By way of counterclaim, Dr Kitchen seeks damages against the Company for alleged breaches of the service agreement and for alleged misrepresentations relating to among other things, the Practice Enhancement Fund. Vision Group denies the alleged breaches and the claim for damages. The parties have recently exchanged expert reports and attended a mediation (which was unsuccessful in resolving the dispute) and the parties will now approach the Court for a trial date and attendant trial directions.

notes to the financial statements (continued)

for the half-year ended 31 december 2010

Litigation against Dr Thomas Eshun-Wilson

On 12 May 2010, the Company commenced action in the Supreme Court of Queensland against Dr Eshun-Wilson in connection with what the Company contends was Dr Eshun-Wilson's wrongful termination of his executive service agreement with Vision Group Pty Ltd (a subsidiary of the Company). The Company seeks damages (as yet in an unspecified amount) from the defendant for breach of contract, injunctions and declarations enforcing the non-compete provisions in the executive service agreement and the asset purchase agreement, and the repayment of a debt owing and now repayable under a loan made by Vision Group Holdings Ltd to Dr Eshun-Wilson. By way of counterclaim, Dr Eshun-Wilson seeks damages against the Company for an alleged breach of the asset purchase agreement and seeks damages equal to the earn out Dr Eshun-Wilson claims to be entitled to under the asset purchase agreement. Dr Eshun-Wilson seeks to set off so much of the counterclaim as is required to extinguish the debt claimed by the Company under the loan agreement.

In October 2010 the Company obtained summary judgment against Dr Eshun-Wilson in the amount of \$424,850 together with its costs and interest in respect of the outstanding loan. Dr Eshun-Wilson has been ordered to repay the judgment amount by monthly instalments to 29 March 2012.

Plant and equipment commitments

At 31 December the Group had expenditure commitments for the acquisition of new ophthalmic equipment for the Hurstville and Chatswood clinics as follows:

	Consolidated	
	31 Dec	31 Dec
	2010	2009
	\$'000	\$'000
Within one year	1,050	-
After one year but not more than five years	416	-
After more than five years	-	-
	1,466	-

10. Significant events after balance date

There were no significant events subsequent to balance date other than those already disclosed.

directors' declaration

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

In the opinion of the directors:

- (a) The financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (i) Giving a true and fair view of the financial position as at 31 December 2010 and the performance for the half-year ended on that date of the consolidated entity
 - (ii) Complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the board



S.F. Tanner
Chairman
Melbourne, 28 February 2011

To the members of Vision Group Holdings Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Vision Group Holdings Limited, which comprises the statement of financial position as at 31 December 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and its Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Vision Group Holdings Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

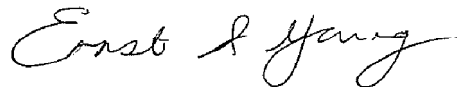
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Vision Group Holdings Limited is not in accordance with the *Corporations Act 2001*, including:

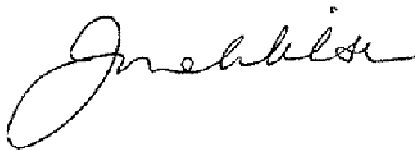
- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Significant Uncertainty Regarding Continuation as a Going Concern

Without qualification to the opinion expressed above, attention is drawn to the matters described in Note 1 to the financial report. As a result of the matters described in Note 1 to the financial report, there is a significant uncertainty as to whether the consolidated entity will be able to continue as a going concern and therefore whether it will be able realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts, particularly intangible assets or to the amounts and classification of liabilities that might be necessary should the consolidated entity not be able to continue as a going concern.

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in cursive script that reads 'June Wilson'.

June Wilson
Partner
Melbourne
28 February 2011