Appendix 4D

For the half-year ended 31 December 2012

Vision Eye Institute Limited

ABN 21 098 890 816

ASX Code: VEI

RESULTS FOR ANNOUNCEMENT TO THE MARKET

For the half-year ended 31 December 2012 ("current period")

	31 Dec 12 $'000	31 Dec 11 $'000		Change from 31 Dec 11 %
Revenue from ordinary activities	54,555	56,348	down	3.2%
Profit from ordinary activities after tax attributable to members	4,909	4,458	up	10.1%
Net profit for the period attributable to members	4,909	4,458	up	10.1%
Earnings per share per share (cents)	5.5	5.1	up	7.8%
Diluted earnings per share per share (cents)	5.5	5.1	up	7.8%
Net tangible assets per share (cents)	(58.4)	(83.4)	up	30.0%
Diluted net tangible assets per share (cents)	(58.4)	(82.6)	up	29.3%

Dividend information

The company has not declared a dividend for the half-year ended 31 December 2012 (2011: $nil).

This report is based on the condensed consolidated financial report for the half-year ended 31 December 2012 which has been reviewed by Deloitte with the Independent Auditor's Review included in the attached condensed consolidated financial report.

Additional Appendix 4D disclosure requirements can be found in the notes to the condensed consolidated financial report and the Directors' Report for the half-year ended 31 December 2012. Information requiring disclosure to comply with Listing Rule 4.3A is contained in, and should be read in conjunction with, the notes to the Consolidated Financial Statements and the Directors' Report for the year ended 30 June 2012.

Summary

Vision Eye Institute Limited (ASX: VEI) and its subsidiary companies (together the Group) announce the results for the six months ended 31 December 2012. Key highlights for the period are:

- **Gross profit margin constant at 40% on lower revenue base**
- **Net profit after tax increased 10.1%**
- **EPS up 7.8% to 5.5 cents per share on increased net profit after tax**
- **Reduction of bank debt by $5 million to $80 million**
- **Capital raising of $27.2 million announced in December 2012 and completed January 2013**
- **$22.5 million bank debt repaid since 31 December 2012 which results in a significantly reduced gearing level**
- **Net debt at the end of February 2013 will be $45 million**

Overview of Results

The Group recorded revenue of $54.6 million for the half-year ended 31 December 2012, a decrease of 3.0% from December 2011. The decrease was driven by:

- The impact to theatre revenue of the banding change to intravitreal injections by the National Procedural Banding Committee. The impact of this was in line with the company's expectations;
- The exit from the Mackay day surgery business in January 2012;
- The continued decline in discretionary refractive revenue; and
- Two departing doctors in the period to 31 December 2011.

The Group continues to experience growth in our day surgeries, with theatre revenue accounting for 34% of the Group's total revenue (2011: 29%). After adjusting for factors noted above, theatre revenue increased 6%, reflecting increasing demand for non-discretionary surgical procedures.

Surgical revenue increased 5%, consistent with the trend in theatre revenue and consulting revenue remained flat. Refractive revenue has continued to contract since December 2011. This reflects a decline in the number of refractive laser procedures performed as the ageing demographic shifts the (refractive) market towards non-laser refractive procedures.

Gross profit at $21.9 million (a decrease of 3.9%) reflected the lower revenue, however the gross profit margin remained constant at 40% as costs were kept in line with activity levels.

EBITDA for the half-year to 31 December 2012 was $13.3 million, a 4.3% decrease from $13.9 million at 31 December 2011. The EBITDA/Revenue margin has decreased over the same period from 24.7% to 24.2%. This reflects the Group's lower revenue for the period offset by lower direct and indirect costs.

Revenue and EBIT for Victoria and New South Wales were lower due to the banding change to intravitreal injections and decline in demand for refractive laser services. Queensland EBIT improved on lower revenues due to the exit of the loss making Mackay day surgery business in January 2012, and the impact of certain non-recurring costs in the 2011 result.

Net finance costs decreased 24.4% to $3.4 million for the half-year to 31 December 2012 as the Group reduced its gross bank debt to $80 million (with $5.0 million repaid during the period) and benefited from lower interest rates.

The Group's operating cash flow for the 6 months ending 31 December 2012 was $10.7 million, a 15.2% decrease from $12.9 million in December 2011, a direct result of the lower revenue generated in the period.

On 11 December 2012 the Company announced a fully underwritten capital raising of $27.2 million for new fully paid voting ordinary shares at an issue price of $0.34 per share to existing and new shareholders consisting of:

- a $4.4 million placement; and
- 2 for 3 pro rata non-renounceable rights issue to raise approximately $22.8 million.

Since 31 December 2012 the Group has repaid a further $22.5 million of its bank debt which has resulted in a significant reduction in the level of gearing.

Results Guidance

The Board of Directors have reviewed the trading results for the seven months to 31 January 2013 and the latest EBITDA forecast for the remainder of the 2013 financial year. As a result it has been determined that the EBITDA guidance for FY13 previously provided to the market of $24 million to $25 million is now expected to be in the range $25 million to $26 million.

VISION EYE INSTITUTE LIMITED (ACN 098 890 816)

ASX Code: VEI

SUMMARY OF RESULTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012*

	HY12 $'000	**HY11 $'000**	% change
Revenue from ordinary activities	54,555	56,348	(3.2%)
Cost of services	(32,671)	(33,557)	(2.6%)
Gross profit	21,884	22,791	(4.0%)
Gross profit margin	*40.1%*	*40.5%*	
Operating expenses	(8,539)	(8,844)	(3.5%)
Earnings before interest, income tax and depreciation (EBITDA)	13,345	13,947	(4.3%)
EBITDA margin	*24.2%*	*24.7%*	
Depreciation	(2,830)	(2,747)	3.0%
Results from operating activities (EBIT)	10,515	11,200	(6.1%)
Net finance costs	(3,369)	(4,496)	(25.0%)
Profit before tax	7,146	6,704	6.6%
Income tax expense	(2,237)	(2,246)	(0.4)%
Net profit after tax	4,909	4,458	10.1%

*The numbers contained in this table are derived from the Group's consolidated financial statements for the half-year ended 31 December 2012 that has been reviewed.

For investor enquiries please contact:

Brett Coverdale
Managing Director & Chief Executive Officer
(03) 8844 4000

vision eye institute limited

ABN 21 098 890 816

condensed consolidated financial report for the half-year ended 31 december 2012

ABN 21 098 890 816

Directors

Mr Shane Tanner	Non-executive Director (Chairman)
Mr Brett Coverdale	Managing Director and Chief Executive Officer
Mr Iain Kirkwood	Non-executive Director
Ms Zita Peach	Non-executive Director
Dr Michael Wooldridge	Non-executive Director
Dr Michael Lawless	Executive Director
Dr Joseph Reich	Executive Director
Dr Chris Rogers	Executive Director

Company secretaries
Ms Anne McGrath
Ms Karen Lopreiato

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 Eye Institute Limited shares are listed on the Australian Securities Exchange (ASX: VEI).

Auditor
Deloitte Touche Tohmatsu
550 Bourke Street
Melbourne VIC 3000

Website
www.visioneyeinstitute.com.au

Your directors submit their report of the consolidated entity (referred to hereinafter as the Group) consisting of Vision Eye Institute Limited (the Company) and entities it controlled for the half-year ended 31 December 2012.

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)
Mr Brett Coverdale	Managing Director and Chief Executive Officer (appointed 1 September 2012)
Mr Iain Kirkwood	Non-executive Director
Ms Zita Peach	Non-executive Director
Dr Michael Wooldridge	Non-executive Director (appointed 1 July 2012)
Dr Michael Lawless	Executive Director
Dr Joseph Reich	Executive Director
Dr Chris Rogers	Executive Director
Mr Geoff Thompson	Managing Director and Chief Executive Officer (resigned 31 August 2012)

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

	2012 $'000	**2011 $'000**	**Change**
For half-year ended 31 December			
Total revenue from operating activities	54,555	56,348	(3%)
Result from operating activities before depreciation (EBITDA)	13,345	13,947	(4%)
Result from operating activities (EBIT)	10,515	11,200	(6%)
Profit before income tax	7,146	6,704	7%
Profit after income tax	4,909	4,458	10%

The decrease in operating revenues for the six months to 31 December 2012 was driven by:

- the continued decline in discretionary refractive laser revenue;
- the effect of exiting the Mackay Day Surgery business in January 2012; and
- the impact to theatre revenue of the banding change to intravitreal injections.

After adjusting for the exit of Mackay Day Surgery and the impact of the banding change to the intravitreal injections, theatre revenues for the period increased 6.4% from the prior period. Refractive revenue has also weakened further since the June 2012 half. Surgical revenue grew during the period in line with adjusted theatre revenue. Consulting revenue remained flat on the corresponding period.

The decrease in EBITDA reflects the decline in revenue offset by lower expenditure, in particular advertising and marketing expense.

Profit before tax was up on the prior corresponding period with lower results from operating activities benefitting from lower interest costs as a result of the reduced levels of outstanding debt and lower average interest rates.

On 11 December 2012 the Company announced a $27.2 million fully underwritten capital raising for new fully paid voting ordinary shares at an issue price of $0.34 per share to existing and new shareholders consisting of:

- a $4.4 million placement; and
- 2 for 3 pro rata non-renounceable rights issue to raise approximately $22.8 million.

The net funds from the placement were received on 14 December 2012 and the net funds from the rights issue were received on 21 and 22 January 2013.

The net funds raised by the capital raising were used to reduce the existing bank debt by $20 million ($5 million was repaid on 2 January 2013 and $15 million was repaid on 1 February 2013) and to provide additional working capital.

Since 31 December 2012 the Company has repaid a total of $22.5 million of its bank debt which has resulted in a significant reduction in the level of gearing of the Group.

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's independence declaration

We have obtained a declaration of independence from our auditors Deloitte Touche Tohmatsu, a copy of which follows the Directors' Report.

Signed in accordance with a resolution of the directors.

S. F. Tanner
Chairman
Melbourne, 26 February 2013

Deloitte.

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The Board of Directors
Vision Eye Institute Limited
Level 5, 390 St Kilda Road
MELBOURNE VIC 3004

26 February 2013

Dear Board Members

Vision Eye Institute Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Vision Eye Institute Limited.

As lead audit partner for the review of the financial statements of Vision Eye Institute Limited for the half-year ended 31 December 2012, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
(ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Chris Biermann
Partner

		Consolidated	
		31 Dec 2012	**31 Dec 2011**
	Note	**$'000**	**$'000**
Rendering of services		54,555	56,348
Total revenue		**54,555**	**56,348**
Cost of services		(32,671)	(33,557)
Gross profit		**21,884**	**22,791**
Occupancy expenses		(3,941)	(3,946)
Practice equipment expenses - depreciation		(2,830)	(2,747)
Practice equipment expenses - other		(953)	(917)
Advertising and marketing expenses		(659)	(1,156)
Other expenses	3	(2,986)	(2,825)
Results from operating activities		**10,515**	**11,200**
Finance income		135	188
Finance costs		(3,504)	(4,684)
Net finance costs		**(3,369)**	**(4,496)**
Profit before income tax		**7,146**	**6,704**
Income tax expense		(2,237)	(2,246)
Profit for the period		**4,909**	**4,458**
Other comprehensive income			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		**4,909**	**4,458**
Basic earnings per share (cents per share)		**5.5**	**5.1**
Diluted earnings per share (cents per share)		**5.5**	**5.1**

Notes to the condensed consolidated financial statements are included on pages 11 to 16

Prior period comparatives for Cost of services and Other expenses (totalling $369,000) have been adjusted to be consistent with current period disclosures.

		Consolidated	
		31 Dec 2012	30 Jun 2012
	Note	$'000	$'000
Current assets			
Cash and cash equivalents	4	12,602	7,306
Trade and other receivables		6,748	7,341
Inventory		979	892
Total current assets		**20,329**	**15,539**
Non-current assets			
Deferred tax assets		2,294	2,266
Plant and equipment		14,321	14,684
Goodwill		124,475	124,475
Total non-current assets		**141,090**	**141,425**
Total assets		**161,419**	**156,964**
Current liabilities			
Trade and other payables		8,330	8,774
Interest bearing liabilities	7	16,119	84,763
Provisions		4,308	4,191
Current tax liability		1,829	1,777
Total current liabilities		**30,586**	**99,505**
Non-current liabilities			
Interest bearing liabilities	7	63,281	-
Trade and other payables		1,520	688
Provisions		295	322
Total non-current liabilities		**65,096**	**1,010**
Total liabilities		**95,682**	**100,515**
Net assets		**65,737**	**56,449**
Equity attributable to the equity holder			
Contributed equity	8	97,715	93,557
Reserves		1,342	1,121
Accumulated losses		(33,320)	(38,229)
Total equity		**65,737**	**56,449**

Notes to the condensed consolidated financial statements are included on pages 11 to 16

	Contributed equity $'000	Share based payment reserve $'000	Accumu-lated losses $'000	Total $'000
At 1 July 2012	**93,557**	**1,121**	**(38,229)**	**56,449**
Profit for the period	-	-	4,909	4,909
Other comprehensive income	-	-	-	-
Total comprehensive profit for the year	-	-	**4,909**	**4,909**
Share based payments	-	221	-	221
Issue of ordinary shares (net of costs)	4,158	-	-	4,158
Balance at 31 December 2012	**97,715**	**1,342**	**(33,320)**	**65,737**
At 1 July 2011	**93,557**	**2,503**	**(49,175)**	**46,885**
Profit for the period	-	-	4,458	4,458
Total comprehensive income for the period	-	-	**4,458**	**4,458**
Share based payments	-	384	-	384
Balance at 31 December 2011	**93,557**	**2,887**	**(44,717)**	**51,727**

Notes to the condensed consolidated financial statements are included on pages 11 to 16

	Note	Consolidated 31 Dec 2012 $'000	31 Dec 2011 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		56,675	57,210
Payments to suppliers and employees (inclusive of GST)		(43,725)	(42,082)
Income tax paid		(2,213)	(2,217)
Net cash inflows from operating activities		**10,737**	**12,911**
Cash flows from investing activities			
Acquisitions - Earn outs		-	(902)
Purchase of plant and equipment		(1,296)	(1,958)
Proceeds from sale of plant and equipment		151	1
Net cash flows used in investing activities		**(1,145)**	**(2,859)**
Cash flows from financing activities			
Receipt of loan and settlement funds		127	162
Net proceeds from placement		4,158	-
Interest received		135	188
Interest paid		(2,778)	(2,287)
Cost of debt facility		(800)	(950)
Repayment of lease liability		(139)	(48)
Repayment of borrowings		(5,000)	(5,000)
Net cash flows used in financing activities		**(4,296)**	**(7,935)**
Net increase in cash and cash equivalents		5,296	2,117
Add cash and cash equivalents at the beginning of the financial year		7,306	8,881
Cash and cash equivalents at end of period	4	**12,602**	**10,998**

Notes to the condensed consolidated financial statements are included on pages 11 to 16.

Prior period comparative for Interest received and Interest paid has been reclassified from 'Net cash inflows from operating activities' to 'Net cash flows used in financing activities' to be consistent with current period disclosures.

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 2012 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 2012 and considered together with any public announcements made by Vision Eye Institute Limited during the half-year ended 31 December 2012 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 2012.

Changes in accounting policy

New and revised standards that have been adopted from 1 July 2012 are detailed below. Adoption of these standards did not have any effect on the financial position or performance of the Group.

AASB 2011-9 'Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income'

These amendments arise from the issuance of the IASB Standard 'Presentation of Items of Other Comprehensive Income (Amendments to IAS 1)' in June 2011. The amendments:

- Require entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).
- Require tax associated with items presented before tax to be shown separately for each of the two groups of OCI items (without changing the option to present items of OCI either before tax or net of tax).

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

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.

The following items 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 2012.

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.

	VIC $'000	NSW $'000	QLD $'000	Total $'000
Half-year ended 31 December 2012				
Revenue				
Revenues from external customers	16,286	16,875	21,331	54,492
Segment revenue	**16,286**	**16,875**	**21,331**	**54,492**
Corporate and other				63
Total consolidated revenue				**54,555**
Result				
Segment result	5,119	3,820	5,274	14,213
Corporate overhead				(3,698)
Result from operating activities (EBIT)				**10,515**
Net finance costs				(3,369)
Profit before tax				**7,146**
Income tax expense				(2,237)
Net profit after tax				**4,909**

2. Operating segments (continued)

	VIC $'000	NSW $'000	QLD $'000	Total $'000
Half-year ended 31 December 2011				
Revenue				
Revenues from external customers	16,073	17,482	22,793	56,348
Segment revenue	**16,073**	**17,482**	**22,793**	**56,348**
Corporate and other				-
Total consolidated revenue				**56,348**
Result				
Segment result	5,487	4,724	4,968	15,179
Corporate overhead				(3,979)
Result from operating activities (EBIT)				**11,200**
Net finance costs				(4,496)
Profit before tax				**6,704**
Income tax expense				(2,246)
Net profit after tax				**4,458**

3. Other expenses

	Consolidated	
	31 Dec 2012 $'000	**31 Dec 2011 $'000**
Other expenses		
Other clinic management expenses	938	907
Administration related expenses	811	708
Consultancy expenses	207	246
Business combinations - contingent consideration liability	-	149
Travel and conference related expenses	361	356
IT related expenses	271	196
Legal expenses	398	263
	2,986	**2,825**

4. Cash and cash equivalents

	Consolidated	
	31 Dec 2012 $'000	**30 Jun 2012 $'000**
Cash balance comprises:		
Cash at bank and on hand	12,602	7,306
Closing cash balance	**12,602**	**7,306**

5. Dividends paid

No dividends were declared or paid during the period (2011:$nil).

No dividends are proposed to be paid in respect of the half-year ended 31 December 2012 (2011:$nil)

	Consolidated	
	31 Dec 2012 $'000	**31 Dec 2011 $'000**
Dividends paid during half-year		
Final franked dividend 2012: nil (2011, nil)	-	-
Dividends proposed and not recognised as a liability		
Interim dividend 2012: nil (2011, nil)	-	-

6. Intangible assets

As outlined in Note 12 of the annual financial report for the year ended 30 June 2012, the carrying value of the Group's cash generating units was assessed for impairment at 30 June 2012 and recognised no impairment loss.

At 31 December 2012, a further review was undertaken to assess whether there are any indicators that the carrying values of the Group's cash generating units may be impaired. As a result of this review, the Group does not consider that there are any such indicators.

7. Interest bearing liabilities

	Consolidated	
	31 Dec 2012 $'000	**30 Jun 2012 $'000**
Current		
Borrowings	**16,719**	85,000
Establishment fees	**(600)**	(237)
	16,119	84,763
Non-current		
Borrowings	**63,281**	**-**
	63,281	**-**
Total interest bearing liabiliies	**79,400**	**84,763**

On 28 August 2012, the Company executed an Amendment and Restatement Deed which amended the existing debt facility with Westpac and ANZ. Key terms included:

- A two year extension of the facility term until 30 September 2014;
- A reduction in the facility limit to $80,000,000 on 30 September 2012; and
- Principal repayments of $10,000,000 per annum to 30 September 2014.

Following a capital raising and placement announced in December 2012 (see notes 8 and 10 below for further details), a further Amendment Deed to the Facility Agreement was executed on 19 December 2012. The amendment allowed for a $2.5 million reduction in the amortisation schedule to $17.5 million over the term of the facility on repayment of $20 million of principal before 1 March 2013.

8. Contributed equity

	Consolidated	
	31 Dec 12 $'000	**30 Jun 12 $'000**
Ordinary shares, issued and fully paid	66,810	62,652
Ordinary non-voting shares, issued and fully paid	30,905	30,905
	97,715	**93,557**

On 11 December 2012 the Company announced a fully underwritten capital raising of $27.2 million for new fully paid voting ordinary shares at an issue price of $0.34 per share to existing and new shareholders consisting of:

- A $4.4 million placement; and
- 2 for 3 fully underwritten pro rata non-renounceable rights issue to raise approximately $22.8 million.

A total of 13,110,506 new shares were issued under the placement in December 2012. The funds for the placement of $4.2 million (net of costs) were received on 14 December 2012.

A further 67,008,410 new fully paid ordinary shares were issued under the non-renounceable entitlement issue in January 2013.

The total number of fully paid ordinary shares on issue on completion of the capital raising was 167,522,286.

9. Contingencies and commitments

There were no changes to the commitments and contingencies disclosed in the most recent annual financial report with the litigation against Dr David Kitchen still awaiting trial. A summary of this matter is 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.

Dr Kitchen has made a counter claim against the Company in respect of this matter.

The actions are continuing and a trial date is not yet set.

There were no other material contingent assets or contingent liabilities at 31 December 2012.

10. Significant events after balance date

The Company announced a fully underwritten $27.2 million capital raising on 11 December 2012 at $0.34 per new share consisting of:

- A $4.4 million placement: and
- $22.8 million non-renounceable entitlement issue.

A total of 13,110,506 new fully paid ordinary shares were issued under the placement in December 2012 and a further 67,008,410 new fully paid ordinary shares were issued under the non-renounceable entitlement issue on 22 January 2013.

The funds for the placement of $4.2 million (net of costs) were received on 14 December 2012. The remaining funds in respect of the non-renounceable rights issue were received on 21 and 22 January 2013.

The net funds raised by the capital raising were used to reduce the existing debt by $20 million and to provide additional working capital.

There were no other significant events subsequent to balance date.

In accordance with the resolution of the directors of Vision Eye Institute Limited, I declare 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 2012 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, 26 February 2013

Deloitte.

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Independent Auditor's Review Report to the Members of Vision Eye Institute Limited

We have reviewed the accompanying half-year financial report of Vision Eye Institute Limited, which comprises the condensed statement of consolidated financial position as at 31 December 2012, and the condensed consolidated statement of profit and loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 7 to 17.

Directors' Responsibility for the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Vision Eye Institute Limited, which comprises the condensed statement of consolidated financial position as at 31 December 2012, and the condensed consolidated statement of profit and loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 7 to 17.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year 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 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Vision Eye Institute Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Vision Eye Institute Limited, would be in the same terms if given to the directors as at the time of this auditor's review 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 Eye Institute 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 2012 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*.

DELOITTE TOUCHE TOHMATSU

Chris Biermann
Partner
Chartered Accountants
Melbourne, 26 February 2013