Healthbridge Enterprises Pty Ltd

ABN 27 132 880 392

Financial statements for the year ended

30 June 2012

Healthbridge Enterprises Pty Ltd

Contents

Healthbridge Enterprises Pty Ltd

Directors' report

For the year ended 30 June 2012

The directors present their report together with the consolidated financial report of Healthbridge Enterprises Pty Ltd ('the Group'), being the Company (Healthbridge Enterprises Pty Ltd) its subsidiaries, and the Group's interest in associated entities for the financial year ended 30 June 2012, and the auditor's report thereon.

1 Directors

The directors of the Company at any time during or since the end of the financial year

Director	Appointed	Resigned
Robert Cooke	9 October 2008	1 July 2011
Neil Broekhuizen	22 October 2008	
Michael Hill	9 October 2008	1 July 2011
Richard Henshaw	4 November 2008	
Tom Woolley	8 October 2008	
Kleanthes Yannakou	1 July 2011	2 December 2011
Christopher Aughton	19 July 2011	16 July 2012

2 Principal activities

The principal activities of the Group during the course of the financial year was the provision of medical services in the area of human reproduction.

3 Operating and financial review

Overview of the Group

The loss after tax for the equity holders of the Company for the year ended 30 June 2012 was $15,320,939 (2011: $13,418,189 loss).

4 Significant changes in the state of affairs

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

5 Environmental regulation

The Group's operations are not subject to any significant environmental regulations under a law of the Commonwealth or State or Territory.

6 Dividends

No dividends were paid or declared during the period. No recommendation for payment of dividends have been made.

7 Events subsequent to reporting date

On 14 December 2012 the company settled on the sale of the hospital property and assets used in the operation of the hospital. An impairment of the assets is reflected in the accounts and only losses incurred in trading between the year end and the date of sale will be reflected in the 2013 accounts

Healthbridge Enterprises Pty Ltd

Directors' report

For the year ended 30 June 2012

7 Events subsequent to reporting date (continued)

On 2 October 2012 a subsidiary, Monash IVF Holdings Pty Ltd, paid a fully franked dividend of $2.8 million and interest on its redeemable preference shares of $2.2 million.

On 16 May 2013 a subsidiary, Monash IVF Holdings Pty Ltd, paid a fully franked dividend of $1.7 million and interest on its redeemable preference shares of $1.3 million.

On 1 January 2013 the company acquired a 65% interest in the Kuala Lumpur Fertility and Gynaecology Centre a premier IVF clinic in Kuala Lumpur, Malaysia. The acquisition price and the results of the business do not materially impact the group. The vendor being the primary Doctor at the Clinc retains a 35% interest in the business.

Other than disclosed above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial periods.

8 Likely developments

The Group expects to at a minimum maintain the present status and level of operations.

Further information about likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Group.

9 Indemnification and insurance of officers and auditors

Since the end of the previous financial year, the Group has not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been an officer or auditor of the Group.

10 Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 4 and forms part of the directors' report for financial year ended 30 June 2012.

This report is made in accordance with a resolution of the directors:

Richard Henshaw
Director

31-May-13

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10 Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 4 and forms part of the directors' report for financial year ended 30 June 2012.

This report is made in accordance with a resolution of the directors:

Richard Henshaw
Director

31-May-13

KPMG

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Healthbridge Enterprises Pty Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2012 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

M Bisetto

Maurice Bisetto
Partner

Melbourne

31 May 2013

Healthbridge Enterprises Pty Ltd

Consolidated statement of comprehensive income

For the year ended 30 June 2012

In AUD	*Note*	**Consolidated** **2012**	**2011**
Continuing operations			
Revenue	7	93,242,563	83,539,472
		93,242,563	83,539,472
Raw materials and consumables used		6,303,962	5,512,765
Employee benefit expense	8	31,132,362	28,139,950
Employee incentive scheme payments		209,321	180,331
Depreciation and amortisation expense	12, 13	6,549,857	5,786,775
Professional and other fees		13,476,685	11,986,488
Occupancy and property expense		3,652,123	3,809,514
IT and communications expense		5,652,417	4,672,602
Marketing, advertising and public relations expense		1,602,909	1,681,796
Corporate costs		-	1,043,485
Other expenses	9	9,904,167	7,376,087
Total expenses		78,483,803	70,189,813
Results from operating activities		14,758,760	13,349,659
Finance income	10	1,003,241	984,066
Finance expense	10	(32,288,793)	(32,101,673)
Net finance expense		(31,285,552)	(31,117,607)
Gain on sale of associate		1,152,113	-
Loss from continued operation before income tax		(15,374,679)	(17,767,948)
Income tax (expense)/benefit	11	(866,504)	(662,525)
Loss from continued operation for the period after tax		(16,241,183)	(18,430,473)
Discontinued operation			
Revenue from discontinued operation	6	-	10,755,233
Expense from discontinued operation	6	-	(23,063,381)
Gain on sale of subsidiary		-	23,825,997
Profit from discontinued operation after tax		-	11,517,849
Other comprehensive income			
Net change in fair value of cash-flow hedges		24,133	1,240,444
Other comprehensive income for the period, net of income tax		24,133	1,240,444
Total comprehensive loss for the period		(16,217,050)	(5,672,180)
Loss attributable to:			
Equity holders of the Company		(15,320,939)	(13,418,189)
Minority interest		(920,244)	6,505,565
Loss for the period		(16,241,183)	(6,912,624)
Total comprehensive loss attributable to:			
Equity holders of the Company		(15,425,916)	(12,437,469)
Minority interest		(791,134)	6,765,289
Total comprehensive loss for the period		(16,217,050)	(5,672,180)

The notes on pages 9 to 40 are an integral part of these consolidated financial statements.

Healthbridge Enterprises Pty Ltd

Consolidated statement of financial position

As at 30 June 2012

In AUD	*Note*	**Consolidated 2012**	**Consolidated 2011**
Assets			
Cash and cash equivalents	*18*	29,600,343	20,259,471
Trade and other receivables	*16*	4,213,499	6,078,944
Other assets	*17*	2,909,944	3,144,907
Total current assets		36,723,786	29,483,322
Deferred tax assets	*15*	1,813,931	8,826,150
Property, plant and equipment	*12*	29,901,019	40,740,203
Intangible assets	*13*	205,383,858	206,105,440
Other assets	*17*	3,483,398	3,163,930
Total non-current assets		240,582,206	258,835,723
Total assets		277,305,992	288,319,045
Liabilities			
Trade and other payables	*22*	13,617,704	12,590,496
Loans and borrowings	*20*	4,425,868	53,686,256
Employee benefits	*21*	3,913,854	3,141,735
Current tax payable	*15*	4,742,695	290,929
Total current liabilities		26,700,121	69,709,416
Loans and borrowings	*20*	280,295,729	221,755,646
Employee benefits	*21*	514,853	566,681
Deferred tax liabilities	*15*	2,360,556	13,576,150
Trade and other payables		18,327	-
Total non-current liabilities		283,189,465	235,898,477
Total liabilities		309,889,586	305,607,893
Net assets/(liabilities)		(32,583,594)	(17,288,848)
Equity			
Share capital	*19*	49,513,640	48,812,142
Reserves		460,351	565,328
Retained earnings		(52,037,946)	(37,434,997)
Total equity attributable to equity holders of the company		(2,063,955)	11,942,473
Minority interest		(30,519,639)	(29,231,321)
Total equity/(deficit)		(32,583,594)	(17,288,848)

The notes on pages 9 to 40 are an integral part of these consolidated financial statements.

Healthbridge Enterprises Pty Ltd

Consolidated statement of changes in equity
For the year ended 30 June 2012

In AUD	Share capital	Retained earnings	Hedging reserve	Non-controlling interest	Total
Consolidated					
Balance at 30 June 2010	40,568,354	(24,052,713)	(415,392)	(36,083,711)	(19,983,462)
Shares issued during the year	8,243,788	-	-	600,006	8,843,794
Changes in ownership interest in subsidiaries that do not result in a loss of control	-	35,905		(35,905)	-
Profit/(Loss) attributable to the members of parent	-	(13,418,189)	-	-	(13,418,189)
Changes in ownership interest in subsidiaries that do result in a loss of control	-	-	-	-	-
Dividends to non-controlling interest	-	-	-	(477,000)	(477,000)
Effective portion of changes in fair value of cash flow hedges	-	-	980,720	259,724	1,240,444
Profit attibutable to minority interest	-	-	-	6,505,565	6,505,565
Balance at 30 June 2011	48,812,142	(37,434,997)	565,328	(29,231,321)	(17,288,848)
Shares issued during the year	701,498	-	-	-	701,498
Profit/(Loss) attributable to the members of parent	-	(15,320,939)	-	-	(15,320,939)
Dividends to non-controlling interest		-	-	(863,794)	(863,794)
Effective portion of changes in fair value of cash flow hedges	-	-	(104,977)	129,110	24,133
Loss attibutable to minority interest	-	-	-	(920,244)	(920,244)
Changes in ownership interest in subsidiaries that do not result in a loss of control	-	717,990	-	366,610	1,084,600
					-
Balance at 30 June 2012	49,513,640	(52,037,946)	460,351	(30,519,639)	(32,583,594)

The notes on pages 9 to 40 are an integral part of these consolidated financial statements.

Healthbridge Enterprises Pty Ltd

Consolidated statement of cash flows

For the year ended 30 June 2012

In AUD	*Note*	Consolidated 2012	2011
Cash flows from operating activities			
Cash receipts from customers		104,112,796	104,307,095
Cash paid to suppliers and employees		(70,285,127)	(89,416,619)
Cash generated from operations		33,827,669	14,890,476
Interest paid		(12,573,726)	(12,582,798)
Income tax paid		(618,113)	1,510,463
Net cash flows from/(used in) operating activities	28	20,635,830	3,818,141
Cash flows from investing activities			
Interest received		1,003,241	-
Acquisition of paid property, plant and eqipment	12	(2,895,105)	(26,356,602)
Proceeds from sale of property, plant and equipment		-	54,000
Proceeds from sale of investments		-	34,637,000
Proceeds from sale of associates		1,152,113	-
Net cash flows from/(used in) investing activities		(739,751)	8,334,398
Cash flows from financing activities			
Proceeds from issue of share capital		701,498	8,243,759
Proceeds from issue of share capital to minority interests		-	600,006
Proceeds from issue of promissory notes		1,598,502	27,183,427
Repayment of borrowings		(11,696,620)	(42,846,893)
Dividends paid on redeemable preference shares		(294,793)	-
Dividends paid to minority interests		(863,794)	-
Net cash flows from/(used in) financing activities		(10,555,207)	(6,819,701)
Net increase/(decrease) in cash and cash equivalents		9,340,872	5,332,838
Cash and cash equivalents at beginning of period		20,259,471	14,926,633
Cash and cash equivalents at end of period	18	29,600,343	20,259,471

The notes on pages 9 to 40 are an integral part of these consolidated financial statements.

Healthbridge Enterprises Pty Ltd

Notes to the financial statements
For the year ended 30 June 2012

1 Reporting entity

Healthbridge Enterprises Pty Ltd (the 'Company') is a for profit company domiciled in Australia. The address of the Company's registered office is Level 17, 1 Bligh Street, Sydney, NSW 2000. The consolidated financial statements as at and for the year ended 30 June 2012 comprise the Company and its subsidiaries (together referred to as the 'Group' and individually as 'Group entities') and the Group's interest in associates. The principal activities of the Group during the course of the financial period were the provision of medical services in the area of human reproduction and human pathology.

2 Basis of preparation

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial report of the Group complies with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

The financial statements were approved by the Board of Directors on 31 May 2013

(b) Principles of consolidation

For every business combination, the Group identifies the acquirer, which is the combining entity that obtains control of the other combining entities or businesses. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Measuring goodwill

The Group measures goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination. If a business combination results in the termination of pre-existing relationships between the Group and the acquiree, then the lower of the termination amount, as contained in the agreement, and the value of the off-market element is deducted from the consideration transferred and recognised in other expenses.

The value of trademark acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the patent or trademark being owned. The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

Healthbridge Enterprises Pty Ltd

Notes to the financial statements

For the year ended 30 June 2012

(b) Principles of consolidation (continued)

Contingent liabilities

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

Non-controlling interest

The Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Transaction costs

Transaction costs that the Group incurs in connection with a business combination, such as finder's fees, legal fees, due diligence fees, and other professional and consulting fees, are expensed as incurred.

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities within the Group are eliminated. Accounting policies of subsidiaries are consistent with the accounting policies of the Group.

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity. Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Investments in associates and jointly controlled entities are accounted for using the equity method (equity accounted investees) and are initially recognised at cost being the fair value of the consideration paid. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to nil, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Minority interests in the result of subsidiaries are shown separately in the statement of comprehensive income and statement of financial position respectively.

(c) Basis of measurement

The consolidated financial statements have been prepared on an accrual basis and are based on historical cost except for the following:

- derivative financial instruments are measured at fair value; and
- financial instruments at fair value through profit or loss are measured at fair value.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models. All derivative financial instruments are valued using unadjusted quoted prices in active markets for identical assets or liabilities.

Healthbridge Enterprises Pty Ltd

Notes to the financial statements
For the year ended 30 June 2012

(d) Functional and presentation currency

The financial report is presented in Australian dollars, which is the Group's functional currency.

(e) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. The estimates and assumptions that have a significant risk in respect of estimates based on future events which could have a material impact on the assets and liabilities are:

Impairment of goodwill

The directors have assessed the valuation of goodwill based on best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group. The directors have assessed the recoverable amount of goodwill based on value-in-use calculations. These calculations are based on projected cash flows covering a period not exceeding five years. The present value of future cash flows has been calculated using a pre-tax discount rate of 13.49% to determine the value-in-use.

Estimation of fair values of assets acquired in Business combination

The Directors have estimated the fair value of net liabilities acquired using the best available information, including reference to an expert report prepared by Leadenhall VRG Pty Ltd.

(f) Going concern

The Group is in a net asset deficiency position of $32,583,594 (2011: $17,288,848) and incurred a net loss of $16,241,183 (2011: $6,912,624). Whilst the Group is in a net asset deficiency position, this is due to the accruing of interest on promissory notes and redeemable preference shares. In line with the terms and conditions attached to these instruments, interest is accrued on a monthly basis however Healthbridge Enterprises Pty Ltd is under no obligation to pay interest until the earlier of maturity or a transaction involving the entity which issued the instrument. The maturity date of the promissory notes and accrued interest totalling $113,050,579 is 30 November 2017. The maturity date of redeemable preference shares totalling $23,698,683 is 30 November 2017. The maturity date of redeemable preference shares totalling $21,911,714 is 16 December 2014. At 30 June 2012 the Group has a current assets surplus over current liabilities of $10,023,665 (2011: net current asset deficiency of $40,226,094) and has positive operating cashflows for the period then ended of $20,635,830 (2011: $3,818,141).

The Directors consider that there are reasonable grounds to believe the Group will be able to pay its debts as and when they fall due as forecast operating cashflows indicate that cash reserves should be sufficient to fund operations, and there will be the continuing financial support by the Group's bankers and other lenders.

Healthbridge Enterprises Pty Ltd

Notes to the financial statements (continued)
For the year ended 30 June 2012

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

(a) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated at foreign exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(b) Financial instruments

(i) Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial assets: cash and cash equivalents, loans and receivables.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables.

Cash and cash equivalents comprise cash balances.

Healthbridge Enterprises Pty Ltd

Notes to the financial statements (continued)
For the year ended 30 June 2012

(ii) Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial liabilities: loans and borrowings, bank overdrafts and trade and other payables.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest rate method.

(iii) Derivative financial instruments, including hedge accounting

The Group holds derivative financial instruments to hedge certain floating interest rate risk exposures.

On initial designation of the hedge, the Group formally documents the relationship between the hedging instruments and hedged items, including the risk management objectives and strategy in undertaking the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the cash flows of the respective hedged items during the period for which the hedge is designated, and whether the actual results of each hedge are within a range of 80-125 percent. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows tha could ultimately affect reported net income.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value and changes therein are accounted for as described below. All derivative financial instruments are valued using unadjusted quoted prices in active markets for identical assets or liabilities.

Cash flow hedge

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised in other comprehensive income to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in other comprehensive income and presented in the hedging reserve in equity remains there until the forecast transaction affects profit or loss. If the forecast transaction is no longer expected to occur, then the balance in other comprehensive income is recognised immediately in profit or loss. In other cases the amount recognised in other comprehensive income is transferred to profit or loss in the same period that the hedged item affects profit or loss.

(iv) Other non-trading derivatives

When a derivative financial instrument is not held for trading, and is not designated in a qualifying hedge relationship, all changes in its fair value are recognised immediately in profit or loss.

Healthbridge Enterprises Pty Ltd

Notes to the financial statements (continued)
For the year ended 30 June 2012

(c) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, and the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs (see below). Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "Other income" in profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight line basis over the estimated useful lives of each part of an item of plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

	2012	2011
Property plant and equipment	2-10 years	2-10 years
Software	2-10 years	2-10 years
Buildings	40 years	40 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

Healthbridge Enterprises Pty Ltd

Notes to the financial statements (continued)
For the year ended 30 June 2012

(d) Intangible assets

Goodwill

Goodwill on consolidation represents the excess of the cost of an acquisition over the fair value of the Company's share of net identifiable assets of the acquired entities at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. Goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired.

Other intangible assets

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation is calculated over the cost of the asset, or an other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

(e) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and, except for investment property, the leased assets are not recognised in the Group's statement of financial position.

(f) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost.

Healthbridge Enterprises Pty Ltd

Notes to the financial statements (continued)

For the year ended 30 June 2012

(g) Impairment

(i) Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) Non-financial assets

The carrying amounts of the Group's non financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are Grouped together into the smallest Group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Groups of assets (the "cash-generating unit").

(h) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

(i) Employee benefits

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 measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefits are measured at their present value of the estimated future cash outflow to be made in respect of services provided by the employees up to the reporting date. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations.

(j) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

Healthbridge Enterprises Pty Ltd

Notes to the financial statements (continued)
For the year ended 30 June 2012

(k) Revenue

(i) Services

Revenue from services rendered is recognised in the profit or loss on completion of services provided. An IVF cycle is completed upon egg collection (OPU).

Revenue from patient fees and auxilliary medical supplies is recognised when the medical procedure is performed or drugs are supplied.

(ii) Goods sold

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

(iii) Other revenue

Other revenue is recognised when the right to receive revenue has been established.

(l) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(m) Finance income and expense

Finance income relating to interest revenue is recognised when it becomes receivable on a proportional basis taking into account the interest rate applicable to the financial assets.

Finance expense comprises interest expense on borrowings, leases, dividends on preference shares classified as liabilities and losses on hedging instruments that are recognised in profit or loss. Finance costs are expensed as

Foreign currency gains and losses are reported on a net basis.

(n) Income tax

Income tax expense comprises current and deferred tax. Current and deferred taxes are recognised in profit or loss except to the extent that they relate to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Healthbridge Enterprises Pty Ltd

Notes to the financial statements (continued)
For the year ended 30 June 2012

(n) Income tax (continued)

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and associates and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income tax expenses that arise from the distribution of cash dividends are recognised at the same time that the liability to pay the related dividend is recognised. The Company does not distribute non-cash assets as dividends to its shareholders.

(i) Tax consolidation

Healthbridge Enterprises and its controlled entities have implemented the tax consolidation legislation and formed a tax-consolidated Group from 8 October 2008. From 10 October 2008 Healthbridge Repromed Pty Ltd and its controlled entities joined the Healthbridge Enterprises Pty Ltd tax consolidation Group. On 28 March 2010 Healthbridge Repromed and its wholly owned subsidiaries exited Healthbridge Enterprises Pty Ltd tax consolidated Group. On 29 March 2010 Healthbridge Repromed and its controlled entities formed a new tax consolidation Group with Healthbridge Repromed Pty Ltd being the head entity. The parent entity and subsidiaries in the tax-consolidated Group have entered into a tax funding arrangement which sets out the funding obligations of members of the tax-consolidated Group in respect of tax amounts.

Monash IVF Holdings Pty Ltd and its subsidiaries implemented the tax consolidation legislation and have formed a tax-consolidated Group from 14 December 2007. Monash IVF Holdings Pty Ltd and subsidiaries in the tax-consolidated Group have entered into a tax funding arrangement which sets out the funding obligations of members of the tax-consolidated Group in respect of tax amounts.

Current tax expense (income), deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated Group are allocated to the Company and recognised using a 'Group allocation' approach. Deferred tax assets and deferred tax liabilities are measured by reference to the carrying amounts of the assets and liabilities in the Company's balance sheet and their tax values applying under tax consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries are assumed by the head entity, and are recognised as amounts payable/(receivable) to other entities in the tax-consolidated Group in conjunction with the tax funding arrangement amounts.

Healthbridge Enterprises Pty Ltd

Notes to the financial statements (continued)
For the year ended 30 June 2012

(n) Income tax (continued)

The Company recognises deferred tax assets arising from unused tax losses to the extent that it is probable that future taxable profits of the Company will be available against which the assets can be utilised. The Company assesses the recovery of its unused tax losses and tax credits only in the period in which they arise, and before assumption by the head entity, in accordance with AASB 112 applied in the context of the tax-consolidated Group. Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability are recognised by the head entity only.

(ii) Nature of tax funding arrangements and tax sharing arrangements

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 Company recognising an inter-entity payable/(receivable) equal in amount to the tax liability/ (asset) assumed. The inter-entity payable/(receivable) is 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 payment 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.

(iii) *Taxation of financial arrangements*

The Tax Laws Amendment (Taxation of Financial Arrangements) Act 2009 and other technical amendments (TOFA legislation) have been substantively enacted. The TOFA legislation provides a framework for the taxation of financial arrangements, potentially providing closer alignment between tax and accounting outcomes. The regime does this by introducing a number of default and elective tax-timing methods which can be applied to take account of gains and losses from a financial arrangement.

(o) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(p) Investments accounted for using the equity method

The equity method of accounting has been applied and recognised in the financial statements in relation to all associated companies. An associated company is a company over which the economic entity is able to exercise significant influence.

Healthbridge Enterprises Pty Ltd

Notes to the financial statements (continued)
For the year ended 30 June 2012

(q) Borrowing and preference shares
Borrowings are classified as current liabilities unless the Group/Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amostised cost. Any differences between proceeds (net of transaction costs) and the redemption amount is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in the statement of comprehensive income as finance costs.

(r) New standards and interpretations not yet adopted
A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2011, and have not been applied in preparing these consolidated financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the Group, except for AASB 9 Financial Instruments, which becomes mandatory for the Group's 2016 consolidated financial statements and could change the classification and measurement of financial assets. The Group does not plan to adopt this standard early and the extent of the impact has not been determined.

Healthbridge Enterprises Pty Ltd

Notes to the financial statements (continued)
For the year ended 30 June 2012

4 Financial risk management
Overview
The Group has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout this financial report.

Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through their training and management standards and procedures, aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(a) Credit risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

Credit risk is managed on a consolidated Group basis and reviewed regularly by the administrative / accounts receivable function. Credit risk is managed through maintaining procedures ensuring, to the extent possible, that customers and counterparties to transactions are of sound credit worthiness and includes the utilisation of systems for the approval, granting and renewal of credit limits, the regular monitoring of exposure against such limits and the monitoring of the financial stability of significant customers and counterparties. Such monitoring is used in assessing receivables for impairment.

Payment reminder notices are issued to customers with outstanding balances at 30, 60 and 90 days. After which, collection of this debt is handled by a collection agency.

(b) Liquidity risk
Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- preparing forward-looking cash flow analysis in relation to its operational, investing and financing activities;
- monitoring undrawn credit facilities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

Healthbridge Enterprises Pty Ltd

Notes to the financial statements (continued)

For the year ended 30 June 2012

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Group enters into derivatives, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by the Board.

Foreign exchange risk

The Group is not exposed to material levels of foreign currency risk at the reporting date or during the financial year.

Interest rate risk

Interest rate risk is managed using a mix of fixed and floating rate debt. At 30 June 2012 approximately 75% of Group debt is fixed. This is achieved by entering into interest rate swaps to mitigate interest rate risk on floating debt.

Price risk

The Group is not exposed to any material commodity price risk.

Capital management

Management control the capital of the Group in order to maintain an appropriate debt to equity ratio, provide the shareholders with adequate returns and to ensure that the Group can fund its operations and continue as a going concern. The Group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There are no externally imposed capital requirements.

5 Economic dependency

The continuing provision of medical servces in the area of human reproduction is dependent on the supply of certain drugs for use in its programs for which only two suppliers operate in Australia. Any shortage of supply, or delay in delivery could have a material impact on the company's operations. The Group's human reproducton operations are dependent on remaining accredited by the relevant authorities.

Healthbridge Enterprises Pty Ltd

Notes to the financial statements (continued)

For the year ended 30 June 2012

6 Discontinued operations

In January 2011 the Group sold its entire human pathology segment and presented the result for the period ended 30 June 2011 with the human pathology segment disclosed as a discontinued operation.

In AUD	*Note*	2012	2011
Results of discontinued operation			
Revenue		-	10,755,233
Raw materials and consumables		-	(2,670,236)
Employee benefits expense		-	(10,784,984)
Depreciation and amortisation		-	(1,193,943)
Professional and other fees		-	(469,859)
Occupancy and property costs		-	(3,660,872)
IT and communication expenses		-	(430,569)
Marketing, advertising and public relations		-	(1,998,379)
Corporate costs		-	(125,000)
Other expenses		-	(1,746,518)
Finance income		-	16,979
Profit / (loss) before income tax		-	(12,308,148)
Income tax		-	-
Profit/(loss) from discontinued operation		-	(12,308,148)
Profit attributable to minority interest		-	(3,015,496)
		-	(9,292,652)
Cash flows from discontinued operation			
Net cash from operating activities		-	(11,114,205)
Net cash from investing activities		-	(1,714,496)
Net cash from financing activities		-	-
Net cash from discontinued operation		-	(12,828,701)

Healthbridge Enterprises Pty Ltd

Notes to the financial statements (continued)

For the year ended 30 June 2012

7 Revenue

In AUD	*Note*	Consolidated 2012	2011
Service revenue		88,864,927	80,987,100
Drug sales		800,456	892,703
Government grants		96,000	96,000
Other revenue		3,481,180	1,563,669
		93,242,563	83,539,472

8 Employee benefit expense

In AUD	Consolidated 2012	2011
Salaries and other employee benefits	28,924,040	26,310,939
Superannuation contributions	2,208,322	1,829,011
	31,132,362	28,139,950

9 Other expenses

In AUD		Consolidated 2012	2011
Loss on sale of associate		-	374,959
Impairment loss intangibles	*13*	-	1,549,000
Impairment loss PPE	*12*	9,000,000	4,546,815
Other		904,167	905,313
		9,904,167	7,376,087

10 Finance income and finance costs

Recognised in profit or loss

In AUD	Consolidated 2012	2011
Interest income	1,003,241	984,066
Finance income	1,003,241	984,066
Borrowing costs	(654,864)	(526,964)
Interest costs on financial liabilities at amortised cost	(31,633,929)	(31,574,709)
Finance costs	(32,288,793)	(32,101,673)
Net finance expense recognised in profit or loss	(31,285,552)	(31,117,607)

Healthbridge Enterprises Pty Ltd

Notes to the financial statements (continued)

For the year ended 30 June 2012

11 Income tax expense

In AUD	*Note*	Consolidated 2012	2011
Current tax expense/(benefit)		5,322,266	(572,220)
Deferred tax expense/(benefit)		(4,455,762)	(90,305)
Total income tax expense/(benefit)		866,504	(662,525)

Numerical reconciliation between tax expense and pre-tax accounting profit

In AUD	*Note*	Consolidated 2012	2011
Loss for the period		(16,241,183)	(6,912,624)
Total income tax (benefit)/expense		866,504	662,525
Loss excluding income tax		(15,374,679)	(6,250,099)
Income tax using the Group's statutory income tax rate of 30% (2011: 30%)		(4,612,404)	(1,875,030)
Non-deductible interest		2,539,311	1,660,878
Utilisation of tax losses		-	(1,281,263)
Derecognition of tax losses		3,062,875	-
TOFA adjustments		(4,019,676)	-
Deferred tax assets not recognised		2,700,000	1,364,045
Deferred tax movement through OCI		-	531,618
Adjustment for discontinued operations		-	567,767
Other items (net)		3,605,989	583,179
Under/(over) provision of previous year		(2,409,591)	(888,669)
		866,504	662,525

Healthbridge Enterprises Pty Ltd

Notes to the financial statements (continued)

For the year ended 30 June 2012

12 Property, plant and equipment

In AUD

	Consolidated			
	Land	**Building**	**Plant and equipment**	**Total**
Cost or deemed cost				
Balance at 30 June 2010	7,790,000	10,794,314	24,280,748	42,865,062
Additions	-	16,957,331	5,829,609	22,786,940
Disposals due to sale of business	-	-	(7,800,504)	(7,800,504)
Disposals	-	-	(88,210)	(88,210)
Balance at 30 June 2011	7,790,000	27,751,645	22,221,643	57,763,288
Additions	-	162,823	2,732,282	2,895,105
Disposals	-	-	(447,555)	(447,555)
Balance at 30 June 2012	7,790,000	27,914,468	24,506,370	60,210,838

In AUD

	Consolidated			
	Land	**Building**	**Plant and equipment**	**Total**
Depreciation and impairment losses				
Balance at 30 June 2010	-	-	(9,010,787)	(9,010,787)
Acquisition through business combination	-	(161,715)	(3,303,768)	(3,465,483)
Depreciation for the year	-	(3,937,542)	(609,273)	(4,546,815)
Balance at 30 June 2011	-	(4,099,257)	(12,923,828)	(17,023,085)
Depreciation for the year	-	(1,790,548)	(2,934,950)	(4,725,498)
Disposals	-	-	438,764	438,764
Impairment loss	-	(9,000,000)	-	(9,000,000)
Balance at 30 June 2012	-	(14,889,805)	(15,420,014)	(30,309,819)
Carrying amount				
At 30 June 2011	7,790,000	23,652,388	9,297,815	40,740,203
At 30 June 2012	7,790,000	13,024,663	9,086,356	29,901,019

All propery, plant and equipment assets are held as security by lenders of commercial loans detailed in note 20.

The carrying value of the assets of Healthbridge Property Hawthorn Pty Ltd, being land and buildings, and Healthbridge Hawthorn Pty Ltd, plant and equipment, have been impaired in accordance with accounting standards based on the recoverable amount being the higher of value in use and fair value less costs to sell.

Healthbridge Enterprises Pty Ltd

Notes to the financial statements (continued)

For the year ended 30 June 2012

13 Intangible assets

Cost	Goodwill	Software	Trademark	Public Contract	Patient Relationships	Employment Contracts	Total
Balance at 1 July 2010	182,019,686	8,467,156	19,845,000	688,000	6,977,000	1,922,000	219,918,842
Additions	-	21,709	-	-	-	-	21,709
Acqusition through business combination	-	-	-	-	-	-	-
Balance at 30 June 2011	182,019,686	8,488,865	19,845,000	688,000	6,977,000	1,922,000	219,940,551
Balance at 1 July 2011	182,019,686	8,488,865	19,845,000	688,000	6,977,000	1,922,000	219,940,551
Additions	-	105,254	-	-	-	-	105,254
Acqusition through business combination	997,523	-	-	-		-	997,523
	183,017,209	8,594,119	19,845,000	688,000	6,977,000	1,922,000	221,043,328
Amortization and impairment losses							
Balance at 1 July 2010	-	(2,434,961)	-	(236,750)	(5,564,600)	(573,024)	(8,809,335)
Amortization for the year	-	(1,286,111)	-	(137,597)	(1,412,400)	(640,668)	(3,476,776)
Impairment loss	(1,549,000)		-	-		-	(1,549,000)
Balance at 30 June 2011	(1,549,000)	(3,721,072)	-	(374,347)	(6,977,000)	(1,213,692)	(13,835,111)
Balance at 1 July 2011	(1,549,000)	(3,721,072)	-	(374,347)	(6,977,000)	(1,213,692)	(13,835,111)
Amortization for the year	-	(1,045,714)	-	(137,977)	-	(640,668)	(1,824,359)
Impairment loss	-	-	-	-	-	-	-
Balance at 30 June 2012	(1,549,000)	(4,766,786)	-	(512,324)	(6,977,000)	(1,854,360)	(15,659,470)
Carry amounts							
at 30 June 2011	180,470,686	4,767,793	19,845,000	313,653	-	708,308	206,105,440
at 30 June 2012	181,468,209	3,827,333	19,845,000	175,676	-	67,640	205,383,868

Healthbridge Enterprises Pty Ltd

Notes to the financial statements (continued)

For the year ended 30 June 2012

13 Intangible assets (continued)

Imapirment testing for cash-generating units containing goodwill

In AUD	Consolidated 2012	2011
Goodwill allocated to:		
Repromed Finance Pty Ltd	81,435,344	81,435,344
Monash IVF Holdings Pty Ltd	100,032,865	99,035,342
	181,468,209	180,470,686

For the purpose of impairment testing, goodwill acquired in the prior periods is allocated to Repromed Finance Pty Ltd and Monash IVF Holdings Pty Ltd which represent the lowest levels within the Group at which the goodwill is monitored for internal management purposes.

The recoverable amount of Repromed Finance Pty Ltd and its controlled entities and Monash IVF Holdings Pty Ltd and its controlled entities was based on its value in use.

Value in use was determined by discounting the future cash flows generated from the continuing use of the unit. The calculation of the value in use was based on the following key assumptions:

- Cash flows were projected based on past experience, actual operating results and the 5-year business plan approved by the Board in 2012. Cash flow for a further period were extrapolated using a constant growth rate of 3 percent (2011: 3%), based on directors' understanding of expected future business development.

- A pre-tax discount rate of 13-14% (2011: 13-14%) was applied in determining the recoverable amount. The discount rate was estimated based on past experience, and industry average weighted cost of capital.

The recoverable amount in Repromed Finance Pty Ltd is sensitive to possible changes in EBIT. Repromed Finance Pty Ltd is forecasting for EBIT to return to 2009 levels within three years. A decrease in forecast annual EBIT would result in further impairment.

14 Equity accounted investees

The Group's share of profit in its equity accounted investees for the period to the date of sale was nil (2011: nil)

Summary financial information for equity accounted investees, not adjusted for the percentage ownership held by the Group:

In AUD	Owner-ship	Current assets	Non-current assets	Total assets	Current liabilities	Non- current liabilities	Total liabilities
2012							
Repromed New Zealand Limited	0.0%	-	-	-	-	-	
		-	-	-	-		-
2011							
Repromed New Zealand Limited	47.5%	712,278	1,973,249	2,685,527	831,323	1,349,134	2,180,457
		712,278	1,973,249	2,685,527	831,323	1,349,134	2,180,457

On 16 September 2011, the Group divested assets in its equity accounted investment, Repromed New Zealand Limited. In the prior year and in the period until the date of sale, the Group did not recognise accumulated losses relating to Repromed New Zealand Limited as they exceeded the interest in the associate.

Healthbridge Enterprises Pty Ltd

Notes to the financial statements (continued)
For the year ended 30 June 2012

15 Tax assets and liabilities
Current tax assets and liabilities

In AUD	Consolidated 2012	2011
Current tax receivable/(liability)	(4,742,695)	(290,929)
	(4,742,695)	(290,929)

Deferred tax liability
Deferred tax assets have not been recognised in respect of the following items:

In AUD	Consolidated 2012	2011
Opening balance	(13,576,150)	(11,773,094)
Charged to income	11,215,594	(1,803,056)
Closing balance	(2,360,556)	(13,576,150)

Deferred tax asset

In AUD	Consolidated 2012	2011
Opening balance	8,826,150	9,133,415
Charged to income	(6,759,832)	258,044
Charged to other comprehensive income	(252,387)	(565,309)
Closing balance	1,813,931	8,826,150

Recognised deferred tax assets and liabilities
Deferred tax assets and liabilities are attributable to the following:

	Deferred tax assets		Deferred tax liabilities	
In AUD	For the period ended 30/06/2012	For the period ended 30/06/2011	For the period ended 30/06/2012	For the period ended 30/06/2011
Property, plant and equipment	961,815	191,158	-	130,861
Intangible assets	-	-	9,999,416	639,857
Employee benefits	422,435	395,329	-	-
Loans and borrowings	306,643	397,348	38,002	19,372
Trade and other receivables	-	14,127	-	4,397
Trade and other payables	1,094,921	114,908	-	-
Tax losses carried forward	5,512,534	5,486,027	-	204,500
Other items	1,165,960	1,661,944	286,437	12,577,163
Cash flow hedges	312,922	565,309	-	-
Tax assets/liabilities before set off	9,777,230	8,826,150	10,323,855	13,576,150
Set off of tax	(7,963,299)	-	(7,963,299)	-
Tax assets/liabilities	1,813,931	8,826,150	2,360,556	13,576,150

Directors believe that tax losses are recoverable based on future budget forecasts and their understanding of business

Tax losses totalling $3,062,875 have not been recognised as at 30 June 2012 (2011: nil) as it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom

Healthbridge Enterprises Pty Ltd

Notes to the financial statements (continued)
For the year ended 30 June 2012

16 Trade and other receivables

In AUD	Consolidated 2012	Consolidated 2011
Current		
Trade receivables	2,639,479	3,553,179
Provision for impairment	(191,909)	(146,877)
	2,447,570	3,406,302
Other debtors	1,388,380	2,075,552
Loan to other related party	-	25,149
Accrued income	377,549	571,941
	4,213,499	6,078,944

17 Other assets

In AUD	Consolidated 2012	Consolidated 2011
Current		
Prepayments	808,360	1,106,389
Inventory	533,297	559,756
Other current assets	1,568,287	1,478,762
	2,909,944	3,144,907
Non-current		
Investments	250,100	250,412
Related party loans	3,233,298	2,913,518
	3,483,398	3,163,930

18 Cash and cash equivalents

In AUD	Consolidated 2012	Consolidated 2011
Cash at bank and in hand	8,273,594	6,373,694
Short-term bank deposits	21,326,749	13,885,777
Cash and cash equivalents	29,600,343	20,259,471

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 23.

Healthbridge Enterprises Pty Ltd

Notes to the financial statements (continued)
For the year ended 30 June 2012

19 Capital and reserves
Share capital

	Number of ordinary shares	
On issue at 30 June– fully paid	**30 June 2012**	**30 June 2011**
A class ordinary shares	30,073,065	29,705,487
B class ordinary shares	19,440,586	19,106,666
Z class shares	10	10
Z class special shares	10	10
	49,513,671	48,812,173

Share capital of the Group is divided into A ordinary shares, B ordinary shares and Z class shares. A and B ordinary shares confer on their holders the same entitlements in all respects. Z class shares do not confer on their holders any entitlements to participate in the profits or assets or attend and vote at any general meeting. Subject to and immediately prior to an exit event each Z class share will be automatically converted, without any requirement for board or share holder approval, into B Ordinary Share by subdividing Z class share into a greater number of shares in accordance with the formula set.

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At shareholder meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands. Ordinary shares have no par value.

Issuance of ordinary shares
Directors resolved on the issuance of ordinary shares during the year ended 30 June 2012 as follows:

Date	*Class of shares*	*Number of shares*
5 August 2011	A class ordinary shares	10
21 December 2011	A class ordinary shares	367,568
21 December 2011	B class ordinary shares	333,920

All shares are issued at a price of $1 per share and are fully paid.

Hedging reserve
The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Unused franking credits

	Company	
	2012	**2011**
Unused franking credits	2,501,604	4,188,768

The above available amounts are based on the balance of the dividend franking account at year-end adjusted for franking credits that will arise from the payment of the current tax liabilities. The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends.

Healthbridge Enterprises Pty Ltd

Notes to the financial statements (continued)

For the year ended 30 June 2012

20 Loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings which are measured at amortised cost. For more information about the Group's exposure to interest rate and liquidity risk, see note 24.

In AUD	Consolidated 2012	2011
Non-current liabilities		
Commercial loans	120,638,251	83,099,783
Promissory notes	74,924,939	73,326,437
Accumulated interest - Promissory notes	38,125,640	23,518,045
Redeemable preference shares ('RPS')	28,180,901	27,041,150
Accumulated interest - RPS	17,429,495	13,373,253
Capitalised finance facility fees	(661,128)	(487,385)
Derivatives	1,657,631	1,884,363
	280,295,729	221,755,646
Current liabilities		
Derivatives	-	241,786
Commercial loans and other loans	4,840,474	54,143,218
Capitalised finance facility fees	(414,606)	(931,248)
Other loans	-	232,500
	4,425,868	53,686,256

Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

In AUD	Currency	Nominal interest rate	Year of maturity	Consolidated 2012 Face value	Carrying amount
Commercial loans	AUD	8%	2013	37,194,985	37,194,985
Commercial loans	AUD	9%	2013	88,283,740	88,283,740
Promissory notes	AUD	14%	2017	113,050,579	113,050,579
Redeemable preference shares	AUD	14%	2017	23,698,683	23,698,683
Redeemable preference shares	AUD	16%	2014	21,911,714	21,911,714
Total interest-bearing liabilities				284,139,701	284,139,701

Commercial loans are secured over all assets of Healthbridge Repromed Pty Ltd, Healthbridge Property Hawthorn Pty Ltd and Monash IVF Holdings Pty Ltd and their controlled entities, with a total carrying amount of $347m (2011: 355m). Loans contain certain covenants requiring quarterly compliance.

The current portion of commercial loans has reduced in the year following the renegotiation of a subsidiaries debt facility.

Unused debt facility amounted to nil as at 30 June 2012 (2011: nil).

Healthbridge Enterprises Pty Ltd

Notes to the financial statements (continued)

For the year ended 30 June 2012

20 Loans and borrowings (continued)

Promissory notes accrue interest on a monthly basis, however promissory notes and interest are payable in cash on the earlier of 30 Novemeber 2017, immediately prior to the date of share sale or listing on ASX or as elected by the directors of Healthbridge Enterprises Pty Ltd.

RPS's of $23,698,683 must be redeemed on the earlier of the 30 November 2017, immediately prior to the date Healthbridge Enterprises Pty Ltd is listed on the ASX or if there is a sale of all of the shares. RPS's of $21,911,714 must be redeemed on the earlier of the 16 December 2014, immediately prior to the winding up or if there is a sale of all of the shares of Monash IVF Holding Pty Ltd. RPS's accumulate interest on a monthly basis.

Promissory notes and Redeemable preference shares are not secured but rank in priority to ordinary shareholders upon wind-up. For accounting purposes the Group has classified these as a debt instrument.

				Consolidated	
				2011	
In AUD	Currency	Nominal interest rate	Year of maturity	Face value	Carrying amount
Commercial loans	AUD	8%	2013	46,999,932	46,999,932
Commercial loans	AUD	9%	2013	90,475,569	90,475,569
Promissory notes	AUD	14%	2017	96,844,482	96,844,482
Redeemable preference shares	AUD	14%	2017	21,219,763	21,219,763
Redeemable preference shares	AUD	16%	2014	19,194,640	19,194,640
Total interest-bearing liabilities				274,734,386	274,734,386

21 Employee benefits

	Consolidated	
In AUD	2012	2011
Current		
Liability for long service leave	1,851,716	1,333,045
Liability for annual leave	2,062,138	1,808,690
Total employee benefits - current	3,913,854	3,141,735
Non-current		
Liability for long service leave	514,853	566,681
Total employee benefits – non current	514,853	566,681

A provision has been recognised for employee benefits relating to long service leave for employees. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data.

Healthbridge Enterprises Pty Ltd

Notes to the financial statements (continued)

For the year ended 30 June 2012

22 Trade and other payables

Current *In AUD*	**Consolidated** 2012	2011
Trade payables	1,267,716	2,099,355
Accrued expense	4,963,009	1,463,609
Prepaid income	4,626,379	4,504,835
Other current liabilities	2,760,600	4,522,697
	13,617,704	12,590,496

23 Financial Instruments

Credit risk

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

In AUD	**Consolidated** 2012	2011
Trade and other receivables	4,213,499	6,078,944
Other assets	6,393,342	7,693,975
Cash and cash equivalents	29,600,343	20,259,471
	40,207,184	34,032,390

The aging of the Group's trade receivables at the reporting date was:

In AUD	**Consolidated** 2012	2011
Past due 0-30 days	1,920,774	3,210,629
Past due 31-120 days	348,447	75,484
Past due more than 121 days	370,258	267,066
Provision for impairment	(191,909)	(146,877)
	2,447,570	3,406,302

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	Consolidated 2012	2011
Balance at beginning of period	146,877	145,467
Impairment loss recognised	45,032	1,410
Balance at end of period	191,909	146,877

Healthbridge Enterprises Pty Ltd

Notes to the financial statements (continued)

For the year ended 30 June 2012

23 Financial Instruments (continued)

Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

Consolidated
30 June 2012

In AUD	Carrying amount	Contractual cash flows	Within 1 year	1-5 years	Over 5 years
Non-derivative financial liabilities					
Bank overdraft and loans	125,478,725	(140,086,140)	(15,761,610)	(124,324,530)	-
Promissory notes	113,050,579	(243,077,005)	-	-	(243,077,005)
Redeemable preference shares	45,610,396	(77,955,158)	-	(26,999,162)	(50,955,996)
Trade and other payables	8,991,325	(8,991,325)	(8,991,325)	-	-
	293,131,025	(470,109,628)	(24,752,935)	(151,323,692)	(294,033,001)

Consolidated
30 June 2011

In AUD	Carrying amount	Contractual cash flows	Within 1 year	1-5 years	Over 5 years
Non-derivative financial liabilities					
Bank overdraft and loans	137,475,501	(152,506,248)	(53,994,575)	(98,511,673)	-
Promissory notes	96,844,482	(225,045,694)	-	-	(225,045,694)
Redeemable preference shares	40,414,403	(84,662,104)	-	(33,426,364)	(51,235,740)
Trade and other payables	8,085,661	(8,067,799)	(8,085,661)	-	-
	282,820,047	(470,281,845)	(62,080,236)	(131,938,037)	(276,281,434)

Fair values

Fair values versus carrying amounts

The fair values equal carrying amounts as at 30 June 2012 as well as 30 June 2011.

Foreign exchange risk

The Group's exposure to foreign currency risk at reporting date was as follows, based on notional amounts:

	Consolidated			
In AUD	AUD	NZD	AUD	NZD
	30 June 2012		30 June 2011	
Current related party receivables	-	-	2,802	3,633
Non current related party receivables	-	-	-	-
Gross balance sheet exposure	-	-	2,802	3,633

Interest rate risk

The maximum exposure to credit risk by class of recognised financial assets at reporting date, excluding the value of any collateral or other security held is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

Interest rate risk is managed using a mix of floating and fixed rate debt.This is achieved by entering into interest rate swaps.

Healthbridge Enterprises Pty Ltd

Notes to the financial statements (continued)

For the year ended 30 June 2012

23 Financial Instruments (continued)

Interest rate risk (continued)

In AUD	Consolidated Carrying amount 2012	Consolidated Carrying amount 2011
Fixed rate instruments		
Financial assets	4,213,499	6,078,944
Financial liabilities	(158,660,975)	(137,258,885)
	(154,447,476)	(131,179,941)
Variable rate instruments		
Financial assets	29,600,343	20,259,471
Financial liabilities	(125,478,725)	(137,475,501)
	(95,878,382)	(117,216,030)

The Group does not have any material credit risk exposure to any single receivable or Group of receivables under financial instruments entered into by the Group. The trade receivables balance at reporting date does not include any counterparties with external credit ratings. Customers are assessed for credit worthiness using the criteria detailed above.

Sensitivity analysis

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates remain constant.

	Consolidated profit or loss			
	2012		2011	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Financial assets	10,032	(10,032)	202,595	(202,595)
Financial liabilities	(125,737)	125,737	(159,491)	159,491
	(115,705)	115,705	43,104	(43,104)

Healthbridge Enterprises Pty Ltd

Notes to the financial statements (continued)
For the year ended 30 June 2012

24 Operating leases
Leases as lessee
Non-cancellable operating lease rentals are payable as follows:

In AUD	Consolidated 2012	2011
Less than one year	4,954,031	4,363,762
Between one and five years	19,700,106	18,393,015
More than five years	11,800,251	15,169,421
	36,454,388	37,926,198

25 Capital expenditure commitments
There were no capital expenditure commitments as at 30 June 2012 (2011: nil)

26 Contingent liabilities
The Director's are not aware of any contingent liabilities as at reporting date.

27 Employee compensation commitments
Key management personnel

	Consolidated 2012	2011
Short-term benefits	2,221,070	1,348,300
Post Employment benefits	143,701	104,244
	2,364,771	1,452,544

28 Reconciliation of cash flows from operating activities

In AUD	*Note*	Consolidated 2012	2011
Cash flows from operating activities			
Loss for the period		(16,241,183)	(6,912,624)
Adjustments for:			
Net finance expense	10	31,285,562	31,297,417
Depreciation and amortisation		6,549,857	6,980,718
Income tax expense	11	866,504	989,521
Impairment loss	9	9,000,000	6,095,815
Net profit on sale of investment		-	(23,826,997)
Loss on disposal of PPE		8,791	-
Net profit on sale of associate		(1,152,113)	-
Operating profit before changes in working capital and provisions		30,317,408	14,624,850
Change in trade and other receivables	16	1,665,445	529,927
Change in other assets		(84,505)	148,777
Change in trade and othe payables	22	760,639	3,048,303
Change in provisions and employee benefits	21	720,291	(631,464)
Change in tax balances		248,391	(2,110,321)
		33,827,669	15,610,072
Net interest paid		(12,573,726)	(13,302,394)
Income taxes paid		(618,113)	1,510,463
Net cash from operating activities		20,635,830	3,818,141

Healthbridge Enterprises Pty Ltd

Notes to the financial statements (continued)
For the year ended 30 June 2012

29 Group entities

Ultimate controlling party

The ultimate controlling party of the Group is Ironbridge Fund II LP. The ultimate controlling party was the same in the prior reporting period.

		Ownership interest	
Parent entity	*Country of incorporation*	**2012**	**2011**
Healthbridge Enterprises Pty Ltd	Australia		
Significant subsidiaries			
Healthbridge IVF Holdings Pty Ltd	Australia	100.0%	100.0%
Healthbridge Shared Services Pty Ltd	Australia	100.0%	100.0%
Healthbridge Repromed Pty Ltd	Australia	98.3%	98.3%
Repromed FinancePty Ltd	Australia	98.3%	98.3%
Repromed Holdings Pty Ltd	Australia	98.3%	98.3%
Prepromed NZ Holding Pty Ltd	Australia	98.3%	98.3%
Repromed Australia Pty Ltd	Australia	98.3%	98.3%
Adelaide Fertility Centre Pty Ltd	Australia	98.3%	98.3%
Monash IVF Holdings Pty Ltd	Australia	77.0%	77.0%
Monash IVF Finance Pty Ltd	Australia	77.0%	77.0%
Monash IVF Pty Ltd	Australia	77.0%	77.0%
Wesley Monash IVF Pty Ltd*	Australia	46.2%	46.2%
Wesley Monash JV*	Australia	46.2%	46.2%
Monash Reproductive Pathology and Genetics Pty Ltd	Australia	77.0%	77.0%
Monash Ultrasound Pty Ltd	Australia	50.1%	77.0%
Healthbridge Property Holdings Pty Ltd	Australia	100.0%	100.0%
Healthbridge Property Hawthorn Pty Ltd	Australia	100.0%	100.0%
Healthbridge Obstetrics Holdings Pty Ltd	Australia	100.0%	100.0%
Healthbridge CMS Pty Ltd	Australia	92.0%	92.0%
Healthbridge Hawthorn Holdings Pty Ltd	Australia	81.5%	81.5%
Healthbridge Hawthorn Finance Pty Ltd	Australia	81.5%	81.5%
Healthbridge Hawthorn Pty Ltd	Australia	81.5%	81.5%

* The Group's majority owned subsidiary Monash IVF Pty Ltd , holds a 60% interest in these entities as at 30/06/12 (2011: 60%).

Healthbridge Enterprises Pty Ltd

Notes to the financial statements (continued)
For the year ended 30 June 2012

30 Parent entity

In AUD	Company 30/06/2012 $	30/06/2011 $
Result of the parent entity		
Loss for the period	(2,592,120)	(2,085,794)
Other comprehensive income	-	-
Total comprehensive loss for the period	(2,592,120)	(2,085,794)
Financial position of the parent entity at year end		
Current assets	3,686,177	5,378,803
Total assets	180,768,352	163,564,191
Current liabilities	480,722	50,968
Total liabilities	137,229,985	118,115,212
Total equity of the parent entity comprising of:		
Share capital	49,513,650	48,812,142
Retained earnings	(5,955,283)	(3,363,163)
Total equity	43,558,367	45,448,979

31 Subsequent events

On 2 October 2012 a subsidiary, Monash IVF Holdings Pty Ltd, paid a fully franked dividend of $2.8 million and interest on its redeemable preference shares of $2.2 million.

On 16 May 2013 a subsidiary, Monash IVF Holdings Pty Ltd, paid a fully franked dividend of $1.7 million and interest on its redeemable preference shares of $1.3 million.

On 1 January 2013 the company acquired a 65% interest in the Kuala Lumpur Fertility and Gynaecology Centre a premier IVF clinic in Kuala Lumpur, Malaysia. The acquisition price and the results of the business do not materially impact the group. The vendor being the primary Doctor at the Clinc retains a 35% interest in the business.

The property owned by the subsidiary Healthbridge Property Hawthorn Pty Ltd and the plant and equipment owned by Healthbridge Hawthorn were sold in December 2012.

Other than disclosed above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial periods.

32 Auditors' remuneration

In AUD	Consolidated 2012	2011
Audit services		
Auditors of the Company		
KPMG Australia:		
Audit and review of financial reports	156,100	149,200
	156,100	149,200
Other services		
Auditors of the Company		
KPMG Australia		
Other assurance services	4,650	88,500
Financial statement preparation	45,000	45,000
Taxation services	119,455	84,041
	169,105	217,541

Healthbridge Enterprises Pty Ltd

Notes to the financial statements (continued)
For the year ended 30 June 2012

33 Related party transactions

Transactions with key management personnel and related parties
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Outstanding balances

In AUD	Consolidated 2012	2011
Other assets - non-current		
Repromed Management Trust	25,000	25,000
Management of Monash IVF Holdings Pty Ltd and their related parties	1,793,234	1,793,234
Management of Healthbridge CMS Pty Ltd and their related parties	600,284	600,284
	2,418,518	2,913,518
Redeemable preference shares		
Shareholders of the Group	15,312,772	15,312,772
Promissory notes		
Shareholders of the Group	74,924,939	86,920,990
Interest payable or paid for Redeemable preference shares and promissory notes		
Shareholders of the Group	46,511,550	23,518,045

Repromed Management Trust, Monash Management and Healthbridge CMS loans were provided to management to take equity ownerships into Healthbridge Repromed Pty Ltd, Monash IVF Holdings Pty Ltd and Healthbridge CMS and controlled entities respectively The Loan to Monash management accrues 5 per cent interest and the loan to Healthbridge CMS Management accrues 10 per cent interest per annum. Loans are secured by any payment due to management and shares held. These loans are repayable on the date on which employment or services providing by management ceases, or on the date when shares are sold.

Healthbridge Enterprises Pty Ltd

Director's declaration

In the opinion of the directors of Healthbridge Enterprises Pty Ltd (the "Company"):

a) the financial statements and notes that are set out on pages 5 to 40, are in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the Group's financial position as at 30 June 2012 and of it's performance for the financial year ended on that date; and

   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations), other mandatory professional reporting requirements to the extent described in note 2, and the Corporations Regulations 2001; and

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

c) The financial report also complies with International Financial Reporting Standards as disclosed in note 2(a).

Signed in accordance with a resolution of directors.

Richard Henshaw
Director

31-May-13

(i) giving a true and fair view of the Group's financial position as at 30 June 2012 and of it's performance for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations), other mandatory professional reporting requirements to the extent described in note 2, and the Corporations Regulations 2001; and

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

c) The financial report also complies with International Financial Reporting Standards as disclosed in note 2(a).

Signed in accordance with a resolution of directors.

Richard Henshaw
Director

31-May-13

KPMG

Independent auditor's report to the members of Healthbridge Enterprises Pty Ltd

Report on the financial report

We have audited the accompanying financial report of Healthbridge Enterprises Pty Ltd (the company), which comprises the consolidated statement of financial position as at 30 June 2012, and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 33 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group 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 control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 2, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group 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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 judgement, 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 control relevant to the entity's preparation of the financial report that gives a true and fair view 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 control. 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 performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

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

KPMG

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

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

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

KPMG

KPMG

M. Bisetto

Maurice Bisetto
Partner

Melbourne

31 May 2013