

Appendix 4D

Half year report

Name of entity

Monash IVF Group Limited

ABN or equivalent company reference: ACN 169 302 309
--

1. Reporting period

Report for the half year ended	31 December 2015
Previous corresponding period is the half year ended	31 December 2014

2. Results for announcement to the market

				A\$'000
Revenue from ordinary activities (<i>item 2.1</i>)	up	31.6%	to	79,335
Earnings before interest, tax, depreciation & amortisation (EBITDA) ⁽¹⁾	up	26.8%	to	24,503
Earnings before interest and tax (EBIT)	up	26.8%	to	22,441
Net profit (loss) from ordinary activities after tax attributable to members (<i>Item 2.2 & 2.3</i>)	up	27.6%	to	14,009
Dividends (<i>item 2.4</i>)	Date paid / payable (<i>item 5</i>)	Amount per security	Franked amount per security	
Interim dividend				
Current reporting period	8 APR 2016	4.00 ^c	4.00 ^c	
Previous corresponding period	8 APR 2015	3.25 ^c	3.25 ^c	
Final dividend				
Previous corresponding period	15 OCT 2015	3.75 ^c	3.75 ^c	
Record date for determining entitlements to the interim dividend (<i>item 2.5</i>):			9 March 2016	

Brief explanation (*item 2.6*):

Please refer to the commentary in the review of operations and activities section of the directors' report and the Half Year Results Announcement accompanying this Half Year Report.

3. Net tangible assets per security

	Current period	Previous corresponding period
Net tangible asset backing (per share)	(\$0.43)	(\$0.38)
Net asset backing (per share)	\$0.63	\$0.59

4. Details of entities over which control has been gained or lost

Not Applicable

5. Total dividend on all securities paid or payable in period

	Current period \$A'000	Previous corresponding period - \$A'000
Final Dividend Paid (paid 15/10/15)	\$8,709	-
Total dividends paid in period	\$8,709	-

6. There is currently no dividend reinvestment plan in place

7. Share of net profit/(loss) after tax from associates

Nil

8. Foreign Entities accounting standards

Not Applicable

9. Audit of the financial report

The financial report has been subject to a half year audit review by KPMG and no review dispute or qualification is contained in the attached independent review report for the half year ended 31 December 2015.

Monash IVF Group Limited

ACN 169 302 309

Interim Financial Report

31 December 2015

Contents

Directors' report	3
Lead auditor's independence declaration	8
Condensed consolidated statement of profit or loss and other comprehensive income	9
Condensed consolidated statement of financial position	10
Condensed consolidated statement of changes in equity	11
Condensed consolidated statement of cash flows	12
Notes to the condensed consolidated financial statements	13
Directors' declaration	23
Independent auditor's review report	24

Monash IVF Group Limited

Directors' report

For the six months ended 31 December 2015

The directors present their report together with the consolidated financial report of Monash IVF Group Ltd ('the Group'), being the Company (Monash IVF Group Ltd), its subsidiaries, and the Group's interest in associated entities as at and for the six months ended 31 December 2015, and the auditor's review report thereon.

1 Directors

The directors of the Company at any time during or since the end of the interim period are:

Director	Appointed
Mr Richard Davis	4 June 2014
Ms Christy Boyce	4 June 2014
Mr Neil Broekhuizen	4 June 2014
Mr Josef Czyzewski	4 June 2014
Dr Richard Henshaw	30 April 2014
Mr James Thiedeman	30 April 2014

2 Principal activities

The Group is a leader in the field of human fertility services and is one of the leading providers of Assisted Reproductive Services ("ARS") (the most significant component of fertility services) in Australia and Malaysia. ARS encompass a range of techniques used to assist patients experiencing infertility to achieve a clinical pregnancy. In addition, the Group is a significant provider of specialist women imaging services.

3 Operating and financial review

Executive summary

\$m	1H16	1H15	% change
Group revenues	79.3	60.3	31.6%
EBITDA ⁽¹⁾⁽²⁾⁽³⁾	24.5	19.3	26.8%
Operating EBITDA %	30.9%	32.1%	
Depreciation & amortisation	(2.1)	(1.6)	26.4%
Net Finance expenses	(2.5)	(2.4)	4.2%
Profit before Tax	19.9	15.3	30.3%
Income tax (expense) / benefit	(5.9)	(4.3)	37.2%
Net Profit for the period	14.0	11.0	27.6%
Revenue excluding acquisitions ⁽³⁾	69.2	57.3	20.8%

(1) EBITDA is a non IFRS measure which are used by the Group as a key indicator of underlying performance.

(2) EBITDA is earnings before interest, tax, depreciation and amortisation

(3) Excluding Sydney Ultrasound for Women and Monash Bondi Junction (Monash Bondi Junction includes the 5 months to November 2015)

Monash IVF Group Limited

Directors' report

For the six months ended 31 December 2015

3 Operating and financial review (continued)

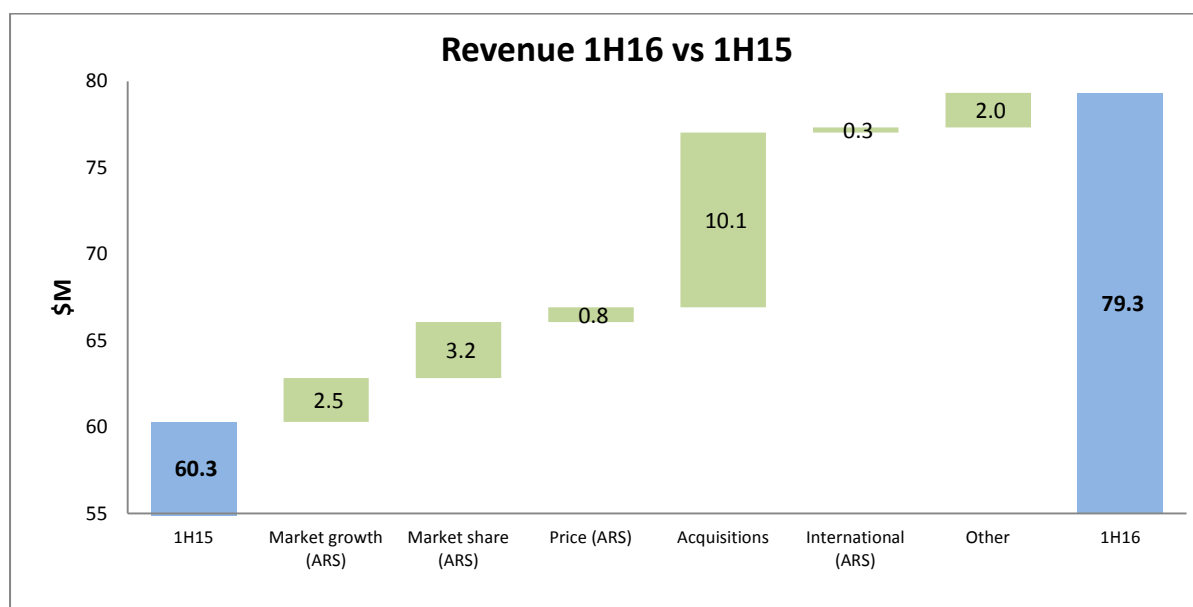
Executive summary (continued)

Group revenues increased by \$19m (31.6%) to \$79.3m compared to 1H15. The increase was driven by a 17.3% increase in IVF Total Patient Treatments as well as an increase in ultrasound income from Sydney Ultrasound for Women (acquired in June 2015). Of the 31.6% increase, 16.9% was derived from acquisitions and 14.7% from organic growth.

Net profit after tax (NPAT) increased by \$3.0m or 27.6% to \$14.0m on the previous corresponding period (pcp).

Summary of financial results

Revenue



The above table provides a reconciliation of 1H16 Total Group Revenue compared to the prior comparative period. Key highlights include:

- **Market growth:** \$2.5m increase against pcp due to Patient Treatment growth across VIC, QLD and NSW
- **Market share:** Continued market share growth across the MVF group
- **Acquisitions:** includes revenue generated from the Sydney Ultrasound for Women (SUFW) and Monash Bondi Junction (Fertility East) acquisitions
- **International:** Business continues to grow revenue delivering 15.4% revenue growth on pcp
- **Other revenue:** growth largely derived from related ARS services (Predominately PGS and non invasive prenatal testing).

Monash IVF Group Limited

Directors' report

For the six months ended 31 December 2015

3 Operating and financial review (continued)

Operating expenditure

Operating expenditure increased by \$14.8m or 37.0%. The increase reflects higher Patient Treatments performed in 1H16 as well as cost base increases due to the SUFW acquisition.

EBITDA grew by 26.8% to \$24.5m whilst margins moderated slightly due to:

- Anticipated margin dilution due to SUFW acquisition
- Lower intervention IVF growth at lower than average margins

Depreciation & amortisation

Depreciation & amortisation increased by 26.4% largely due to additional depreciation from SUFW, Fertility East and growth assets acquired.

Net interest expense

Interest costs remained consistent with 1H15 although average debt was higher than pcp. This was due to lower cost of debt during the period.

Taxation

The effective tax rate has increased to 29.8% compared to 28.3% in 1H15 due to a higher proportion of taxable income derived in Australia as opposed to International operations.

Statement of financial position

\$m	Dec 15	Jun 15	% change
Cash and cash equivalents	10.6	10.0	6.0%
Other current assets	7.4	6.8	8.8%
Current liabilities	(28.2)	(31.4)	10.2%
Working capital position	(10.2)	(14.6)	30.1%
Borrowings	(103.8)	(106.8)	2.8%
Goodwill & Intangibles	249.7	249.8	0.0%
Property Plant & Equipment	14.2	14.5	(2.1%)
Other assets/liabilities	(0.5)	1.1	(145.4%)
Net assets	149.4	144.0	3.8%

Monash IVF Group Limited

Directors' report

For the six months ended 31 December 2015

3 Operating and financial review (continued)

Statement of financial position (continued)

The working capital position has improved by \$4.4m or 30.1% to \$10.2m since 30 June 2015. This improvement is after \$1.6m capital expenditure, \$2.6m in acquisition payments and \$8.7m dividends paid.

Total borrowings reduced by \$3.0m to \$103.8m whilst net debt reduced from \$96.8m to \$93.2m. Total debt facilities available did not change during the period (\$135.0m) with \$23.0m undrawn for working capital purposes and \$8.2m undrawn for acquisitive or capital expenditure purposes.

Net assets increased by 3.8% after NPAT and dividends paid.

Statement of cash flows

\$m	1H16	1H15	% change
Net operating cash flow	19.0	16.8	13.1%
Cash flow from investing activities	(4.3)	(7.0)	(38.6%)
Cash flow from financing activities	(14.0)	(13.4)	(4.5%)
Net cash flow movement	0.7	(3.6)	(119.4%)
Closing cash balance	10.6	10.0	6.0%
Free cash flow ⁽¹⁾	14.7	9.8	50.0%

(1) Free cash flows are a non-IFRS measure used by the Group as a key indicator of cash generated from operating and investing activities

Net operating cash flow improved by 13.1% whilst the conversion of EBITDA to operating cash flow before tax payments was 94.5% compared to 90.7% in 1H15. Free cash flow improved by \$4.9m or 50.0% increasing the availability of funds for dividends, debt repayments and growth opportunities.

Outlook

As a result of our IVF patient treatment growth continuing in the first two months of 2H16 and the impact of the acquisitions into the Monash IVF Group in FY15, and subject to trading in the remaining months of FY16, we anticipate that the reported NPAT for FY16 will be in the range of 25% to 30% up on the previous corresponding period.

Monash IVF Group Limited

Directors' report

For the six months ended 31 December 2015

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

A fully franked interim dividend of 4.0 cents per share was declared on 26 February 2015 with a record date of 9 March 2016 and payment date of 8 April 2016.

7 Events subsequent to reporting date

A Sydney Ultrasound for Women clinic located at Kent Street in the Sydney CBD was involved in a fire on 14 February 2016 whereby it has caused disruption to ultrasound services at that particular clinic. Given the Group's wide network of ultrasound clinics in the Sydney metropolitan area, in the short-term, patients have been provided access to other clinics within the Group's network, until arrangements are finalised at a closely located alternative site. The impact on the Group's full year FY16 earnings is expected to be minimal.

Other than the interim dividend declared as per item 6 above and the Kent Street fire outlined above, there has not arisen in the interval between the end of the financial period 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 will continue to pursue growth opportunities.

9 Indemnification and insurance of officers and auditors

Since the end of the previous financial period, 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 8 and forms part of the directors' report for the six months ended 31 December 2015.

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



Richard Davis
Chairman

Dated at Melbourne this 26th day of February 2016



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

To: the directors of Monash IVF Group Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2015 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

A handwritten signature in blue ink, appearing to be 'BW Szentirmay', with a long horizontal stroke extending to the right.

BW Szentirmay

Partner

Melbourne

26 February 2016

Monash IVF Group Limited
Condensed consolidated statement of profit or loss and other comprehensive income
For the six months ended 31 December 2015

	Consolidated	
	31/12/2015	31/12/2014
	\$'000	\$'000
Revenue	79,335	60,293
Employee benefits expense	(22,769)	(16,860)
Clinician's fees	(12,651)	(9,500)
Raw materials and consumables used	(7,836)	(5,632)
IT and communications expense	(1,393)	(1,290)
Depreciation and amortisation expense	(2,062)	(1,632)
Property expense	(3,985)	(2,980)
Marketing and advertising expense	(2,662)	(2,043)
Professional and other fees	(1,562)	(759)
Start-up & acquisition costs	-	(975)
Other expenses	(1,974)	(926)
Operating Profit	22,441	17,696
Finance income	12	41
Finance expenses	(2,496)	(2,426)
Net finance costs	(2,484)	(2,385)
Profit before tax	19,957	15,311
Income tax expense	(5,948)	(4,330)
Profit for the period	14,009	10,981
Other comprehensive income / (loss)		
Items that are or may be reclassified subsequently to profit and loss:		
Cash flow hedges	166	(618)
Tax on cash flow hedges	(50)	185
Exchange difference on translation of foreign operations	(127)	19
Other comprehensive loss for the period, net of tax	(11)	(414)
Total comprehensive income for the period	13,998	10,567
Profit attributable to:		
Owners of the company	14,009	10,981
Non-controlling interests	-	-
Profit for the period	14,009	10,981
Total comprehensive income attributable to:		
Owners of the company	13,998	10,567
Non-controlling interests	-	-
Total comprehensive income for the period	13,998	10,567
Earnings per share		
Basic earnings per share (cents)	5.95	4.75
Diluted earnings per share (cents)	5.93	4.73

The condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Monash IVF Group Limited
Condensed consolidated statement of financial position
As at 31 December 2015

	Consolidated	
	31/12/2015	30/06/2015
	\$'000	\$'000
		Restated
Current assets		
Cash and cash equivalents	10,619	9,989
Trade and other receivables	2,820	3,110
Other assets	4,564	3,703
Total current assets	18,003	16,802
Non current assets		
Equity accounted investment	1,073	1,073
Trade and other receivables	411	423
Property, plant and equipment	14,152	14,466
Intangible assets ⁽¹⁾	249,747	249,849
Deferred tax assets	-	401
Total non current assets	265,383	266,212
Total assets	283,386	283,014
Current liabilities		
Trade and other payables ⁽¹⁾	16,563	20,556
Borrowings	756	729
Current tax liability ⁽¹⁾	4,772	3,920
Employee benefits	6,087	6,212
Total current liabilities	28,178	31,417
Non current liabilities		
Borrowings	103,398	106,260
Employee benefits	1,101	1,312
Other payables	270	-
Deferred tax liability	1,066	-
Total non current liabilities	105,835	107,572
Total liabilities	134,013	138,989
Net assets	149,373	144,025
Equity		
Contributed equity	428,347	428,347
Reserves	(137,245)	(137,293)
Profits reserve	19,163	13,863
Retained earnings	(160,892)	(160,892)
Total equity	149,373	144,025

(1) Comparative information has been adjusted for changes to the acquisition accounting for the Sydney Ultrasound for Women acquisition during the provisional period. Refer to Note 13 for further information.

The condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

Monash IVF Group Limited
Condensed consolidated statement of changes in equity

For the six months ended 31 December 2015

	Contributed equity \$'000	Other equity reserve ⁽¹⁾ \$'000	Share option reserve \$'000	Profits reserve ⁽²⁾ \$'000	Retained earnings \$'000	Translation reserve \$'000	Hedging reserve \$'000	Total	Non- controlling interest \$'000	Total Equity \$'000
Consolidated Balance at 30 June 2014	422,566	(136,811)	-	-	(160,892)	(4)	(39)	124,820	-	124,820
Profit or loss for the period	-	-	-	10,981	-	-	-	10,981	-	10,981
Total other comprehensive income	-	-	-	-	-	19	(433)	(414)	-	(414)
Total comprehensive income/(loss) for the period	422,566	(136,811)	-	10,981	(160,892)	15	(472)	135,387	-	135,387
Transactions with owners in their capacity as owners directly in equity										
Issue of ordinary shares in Monash IVF Group Ltd	-	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-
Consolidated Balance at 31 December 2014	422,566	(136,811)	-	10,981	(160,892)	15	(472)	135,387	-	135,387
Consolidated Balance at 30 June 2015	428,347	(136,811)	36	13,863	(160,892)	(8)	(510)	144,025	-	144,025
Profit or loss for the period	-	-	-	14,009	-	-	-	14,009	-	14,009
Total other comprehensive income	-	-	-	-	-	(127)	116	(11)	-	(11)
Total comprehensive income/(loss) for the period	428,347	(136,811)	36	27,872	(160,892)	(135)	(394)	158,023	-	158,023
Transactions with owners in their capacity as owners directly in equity										
Issue of ordinary shares in Monash IVF Group Ltd	-	-	-	-	-	-	-	-	-	-
Share-based payment transactions	-	-	59	-	-	-	-	59	-	59
Dividends paid	-	-	-	(8,709)	-	-	-	(8,709)	-	(8,709)
Consolidated Balance at 31 December 2015	428,347	(136,811)	95	19,163	(160,892)	(135)	(394)	149,373	-	149,373

⁽¹⁾ The Other Equity Reserve represents the difference between the Issued Capital in Healthbridge Enterprises Pty Ltd and the consideration paid to acquire Healthbridge Enterprises Pty Ltd on 26 June 2014.

⁽²⁾ The profits reserve comprises the transfer of net profit for the period and characterises profits available for distribution as dividends in future periods.

The condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Monash IVF Group Limited
Condensed consolidated statement of cash flows
For the six months ended 31 December 2015

	Consolidated	
	31/12/2015	31/12/2014
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers	83,843	60,525
Payments to suppliers and employees	(60,695)	(42,981)
Cash generated from operations	23,148	17,544
Income tax paid	(4,111)	(772)
Net cash flows from operating activities	19,037	16,772
Cash flows from investing activities		
Interest received	12	41
Payments for property, plant and equipment	(1,647)	(3,764)
Acquisition of controlled entities and businesses	(2,619)	(3,230)
Net cash flows used in investing activities	(4,254)	(6,953)
Cash flows from financing activities		
Payments for the issue of share capital	-	(3,320)
Receipt of borrowings	5,000	-
Receipt of loans receivable	12	57
Repayment of borrowings	(8,000)	(7,000)
Interest paid	(2,329)	(3,100)
Dividends paid	(8,709)	-
Net cash flows used in financing activities	(14,026)	(13,363)
Total cash flows from activities	757	(3,544)
Cash and cash equivalents at beginning of period	9,989	8,786
Effects of exchange rate changes on foreign currency cash flows and cash balances	(127)	19
Cash and cash equivalents at end of period	10,619	5,261

The condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Monash IVF Group Limited

Notes to the condensed consolidated financial statements

For the six months ended 31 December 2015

1 Reporting entity

Monash IVF Group Limited (the 'Company') is a company domiciled in Australia and listed on the Australian Stock Exchange. These condensed consolidated interim financial statements as at and for the six months ended 31 December 2015 comprise the Company and its subsidiaries (collectively referred to as the 'Group'). The Group is primarily involved in the area of assisted reproductive services and the provision of specialist women's imaging services.

The consolidated annual financial statements of the Group as at and for the year ended 30 June 2015 are available upon request from the Company's registered office at Level 1, 21-31 Goodwood Street, Richmond, Victoria.

2 Basis of accounting

These interim financial statements are general purpose financial statements prepared in accordance with AASB 134 Interim Financial Reporting, and the Corporations Act 2001, and with IAS 34 Interim Financial Reporting.

They do not include all of the information required for a complete set of annual financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 30 June 2015.

These interim financial statements were authorised for issue by the Board of Directors on 26 February 2016.

Going concern

As at 31 December 2015, the Group has a net current asset deficiency of \$10,175,000 (30 June 2015: \$14,615,000).

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 given forecast operating cash flows indicate that cash reserves are sufficient to fund operations, the availability of \$31.2m of committed but undrawn debt, and the nature of certain current liabilities such as employee entitlements and deferred income, which will not be fully realised in the short term so as to cause a liquidity risk. Accordingly, the interim financial report has been prepared on a going concern basis.

Rounding of amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission (ASIC), relating to the rounding off of amounts in the condensed consolidated interim financial statements. Amounts in the condensed consolidated interim financial statements have been rounded off in accordance with that Class Order to the nearest thousand, unless specifically stated to be otherwise.

Monash IVF Group Limited

Notes to the condensed consolidated financial statements

For the six months ended 31 December 2015

3 Significant accounting policies

The accounting policies applied by the Group in these interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 30 June 2015.

4 Use of estimates and judgements

In preparing these interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended 30 June 2015.

5 Seasonality of operations

The Group's operating segments are not materially subject to seasonality factors that may result in fluctuations in revenues and profitability between 1 July to 31 December and 1 January to 30 June in each year.

Monash IVF Group Limited

Notes to the condensed consolidated financial statements

For the six months ended 31 December 2015

6 Operating segments

Information about reportable segments

	Monash IVF Group Australia	Monash IVF Group International	Total reportable segments
31/12/2015	\$'000	\$'000	\$'000
Revenue			
External revenue	76,322	3,013	79,335
Intersegment sales	-	-	-
Total Revenue	76,322	3,013	79,335
Other income	-	-	-
Total revenue and other income	76,322	3,013	79,335
EBITDA	23,432	1,071	24,503
Depreciation and amortisation expense	(2,023)	(39)	(2,062)
Interest revenue	12	-	12
Interest expense	(2,414)	-	(2,414)
Amortisation of bank facility fees	(82)	-	(82)
Profit before income tax expense	18,925	1,032	19,957
Income tax expense	(5,694)	(254)	(5,948)
Profit for the period	13,231	778	14,009
31/12/2015			
Segment assets	280,895	2,491	283,386
Segment liabilities	(133,558)	(455)	(134,013)

Monash IVF Group Limited

Notes to the condensed consolidated financial statements

For the six months ended 31 December 2015

6 Operating segments (continued)

Information about reportable segments (continued)

	Monash IVF Group Australia	Monash IVF Group International	Total reportable segments
31/12/2014	\$'000	\$'000	\$'000
Revenue			
External revenue	57,654	2,639	60,293
Intersegment sales	-	-	-
Total Revenue	57,654	2,639	60,293
Other income	-	-	-
Total revenue and other income	57,654	2,639	60,293
EBITDA	18,194	1,134	19,328
Depreciation and amortisation expense	(1,606)	(26)	(1,632)
Interest revenue	41	-	41
Interest expense	(2,344)	-	(2,344)
Amortisation of bank facility fees	(82)	-	(82)
Profit before income tax expense	14,203	1,108	15,311
Income tax benefit / (expense)	(4,047)	(283)	(4,330)
Profit for the period	10,156	825	10,981
30/06/2015			
Segment assets	276,324	6,690	283,014
Segment liabilities	(138,833)	(156)	(138,989)

7 Tax expense

The Group's consolidated effective tax rate in respect of continuing operations for the six months ended 31 December 2015 was 29.8% (for the six months ended 31 December 2014: 28.3%). The 31 December 2015 tax rate is consistent with the tax rates applicable in each jurisdiction the Group operates in.

8 Property, plant and equipment

Acquisitions and disposals

During the six months ended 31 December 2015, the Group acquired assets with a cost of \$1.8m (six months ended 31 December 2014: \$4.4m).

Capital commitments

As at 31 December 2015, the Group has capital commitment for plant and equipment contracted for amounting to \$1.5m (as at 31 December 2014: \$0.2m).

9 Intangible assets - goodwill

A number of factors were reviewed to assess whether any indicators of impairment were present at 31 December 2015. No indicators of impairment were identified that would require formal testing of impairment as at 31 December 2015.

The following details a reconciliation of carrying amount of goodwill:

	Consolidated	
	31/12/2015	30/06/2015
	\$'000	\$'000
		restated
Cost		
Balance at beginning of period	229,645	199,235
Acquisition through business combination	-	30,410
Balance at end of period	229,645	229,645
Impairment losses		
Balance at beginning of period	(1,549)	(1,549)
Impairment loss	-	-
Balance at end of period	(1,549)	(1,549)
Carrying amounts		
Balance at beginning of period	228,096	197,686
Balance at end of period	228,096	228,096

10 Equity

Movements in ordinary share capital

Contributed Equity	Number of shares issued	\$'000
Opening balance (1/7/15)	235,395,438	428,347
Issued in business combination	-	-
Closing balance (31/12/15)	235,395,438	428,347

Dividends

On 28 August 2015, a fully franked dividend of 3.70 cents per share was declared. This fully franked dividend of \$8,709,000 was paid on 15 October 2015.

11 Earnings per share

	Consolidated	
	31 Dec 2015	31 Dec 2014
Earnings per share	Cents per share	Cents per share
Basic earnings per share	5.95	4.75
Diluted earnings per share	5.93	4.73
	31 Dec 2015	31 Dec 2014
Profit attributable to ordinary shareholders	\$'000	\$'000
Profit after income tax attributable to the ordinary shareholders used in calculating basic and diluted earnings per share	14,009	10,981
	31 Dec 2015	31 Dec 2014
Weighted average number of shares (basic)	Number	Number
Issued ordinary shares at 1 July	235,395,438	231,081,089
Adjustments for calculation of diluted earnings per share	800,000	1,000,000
Weighted average number of ordinary shares (diluted) at 31 December	236,195,438	232,081,089

Basic earnings per share

The calculation of basic earnings per share has been based on profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding.

Diluted earnings per share

The calculation of diluted earnings per share has been based on profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding after adjustment for the effects of share based options yet to vest.

Monash IVF Group Limited

Notes to the condensed consolidated financial statements

For the six months ended 31 December 2015

12 Financial instruments

(a) Carrying amounts and fair value

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 December 2015	Carrying Amount \$'000	Fair Value			Total \$'000
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
Financial assets not measured at fair value					
Trade, other receivables and other assets ⁽¹⁾	6,011	-	-	-	-
Cash and cash equivalents ⁽¹⁾	10,619	-	-	-	-
	16,630	-	-	-	-
Financial liabilities measured at fair value					
Interest rate swaps for hedging	564	-	564	-	564
Contingent consideration	500	-	-	500	500
	1,064	-	564	500	1,064
Financial liabilities not measured at fair value					
Secured bank loans ⁽¹⁾	103,810	-	-	-	-
Trade and other payables ⁽¹⁾	16,063	-	-	-	-
	119,873	-	-	-	-

30 June 2015	Carrying Amount \$'000	Fair Value			Total \$'000
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
Financial assets not measured at fair value					
Trade, other receivables and other assets ⁽¹⁾	5,683	-	-	-	-
Cash and cash equivalents ⁽¹⁾	9,989	-	-	-	-
	15,672	-	-	-	-
Financial liabilities measured at fair value					
Interest rate swaps for hedging	729	-	729	-	729
Contingent consideration	500	-	-	500	500
	1,229	-	729	500	1,229
Financial liabilities not measured at fair value					
Secured bank loans ⁽¹⁾	106,810	-	-	-	-
Deferred consideration ⁽¹⁾	2,619	-	-	-	-
Trade and other payables ⁽¹⁾	17,437	-	-	-	-
	126,866	-	-	-	-

⁽¹⁾ The Group has not disclosed the fair values for financial assets such as short-term trade receivables and payables, because these carrying amounts are a reasonable approximation of fair values.

⁽²⁾ During the period, the provisional fair values included in the 30 June 2015 financial statements have been adjusted to reflect assets and liabilities identified subsequent to the completion review. As a result, the comparative have been restated as disclosed in Note 13.

Monash IVF Group Limited

Notes to the condensed consolidated financial statements

For the six months ended 31 December 2015

12 Financial instruments

(a) Carrying amounts and fair value

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the transfer has occurred. There were no transfers between levels during the six months ended 31 December 2015.

(b) Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Contingent consideration	Discounted cash flows: The valuation model considers the present value of expected payments, discounted using a risk- adjusted discount rate. The expected payment is determined by considering the number of IVF cycles performed during the period under assessment	- Risk-adjusted discount rate - Number of IVF cycles	The estimated fair value would increase (decrease) if: - the risk-adjusted discount rate were lower (higher) - the number of IVF cycles were achieved (not achieved)
Interest rate swaps	<i>Market comparison technique:</i> The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments	Not applicable	Not applicable

Monash IVF Group Limited

Notes to the condensed consolidated financial statements

For the six months ended 31 December 2015

12 Financial instruments

(b) Valuation techniques and significant unobservable inputs

Level 3 fair values

The following table shows reconciliation from the opening balances to the closing balances for Level 3 fair values.

	Contingent consideration (\$,000)
Balance at 1 July 2014	1,230
Assumed in a business combination	500
Loss included in 'finance costs'	
- Net change in fair value (unrealised)	(20)
Gain included in OCI	
- Net change in fair value (unrealised)	
Transfers out of Level 3	(1,210)
Balance at 30 June 2015	500
Balance at 1 July 2015	500
Assumed in a business combination	-
Loss included in 'finance costs'	
- Net change in fair value (unrealised)	-
Gain included in OCI	
- Net change in fair value (unrealised)	-
Transfers out of Level 3	-
Balance at 31 December 2015	500

13 Business acquisition and comparative figures

Sydney Ultrasound for Women

During the period, the provisional fair values included in the 30 June 2015 financial statements have been adjusted to reflect assets and liabilities identified subsequent to the completion review. The effect of these changes to the provisional fair values of assets and liabilities acquired and consideration transferred resulted in a reduction in total consideration transferred by \$1,361,000 and increase in current tax liabilities of \$519,000 and an increase in trade and other payables of \$67,000. The net impact of these adjustments reduces goodwill by \$775,000.

Fertility East

The provisional amounts for asset and liabilities acquired were finalized during the period. There were no changes to the values as disclosed at 30 June 2015.

Monash IVF Group Limited

Notes to the condensed consolidated financial statements

For the six months ended 31 December 2015

14 Contingent liabilities

The Directors are not aware of any contingent liabilities as at the reporting date.

15 Related parties

Parent and ultimate controlling party

The ultimate controlling party of the Group is Monash IVF Group Limited.

Transactions with key management personnel

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

16 Subsequent events

On 26 February 2016, a fully franked interim dividend of 4.0 cents per share was declared. The record date for the dividend is 9 March 2016 and the payment date for the dividend is 8 April 2016.

A Sydney Ultrasound for Women clinic located at Kent Street in the Sydney CBD was involved in a fire on 14 February 2016 whereby it has caused disruption to ultrasound services at that particular clinic. Given the Group's wide network of ultrasound clinics in the Sydney metropolitan area, in the short-term, patients have been provided access to other clinics within the Group's network, until arrangements are finalised at a closely located alternative site. The impact on the Group's full year FY16 earnings is expected to be minimal.

Other than the items above, there has not arisen in the interval between the end of the financial period 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.

Directors' declaration

In the opinion of the directors of Monash IVF Group Limited (the "Company"):

1. the condensed consolidated financial statements and notes that are set out on pages 13 to 22, are in accordance with the Corporations Act 2001 including:
 - (a) giving a true and fair view of the Group's financial position as at 31 December 2015 and of its performance for the six month period ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors:



Mr Richard Davis
Chairman



Mr Benjamin ('James') Thiedeman
Chief Executive Officer and Managing Director

Dated at Melbourne this 26th day of February 2016



Independent auditor's review report to the members of Monash IVF Group Limited

Report on the financial report

We have reviewed the accompanying half-year financial report of Monash IVF Group Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2015, condensed consolidated statement of profit and loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year period ended on that date, notes 1 to 16 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 half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Monash IVF Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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



Conclusion

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

- (a) giving a true and fair view of the Group's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

KPMG

KPMG

BW Szentirmay
Partner

Melbourne

26 February 2016