

1. Company details

Name of entity:	Integral Diagnostics Limited
ABN:	55 130 832 816
Reporting period:	For the half-year ended 31 December 2017
Previous period	For the half-year ended 31 December 2016

2. Results for announcement to the market

			\$'000
Revenues from ordinary activities	up	5.65% to	93,577
Profit from ordinary activities after tax attributable to the owners of Integral Diagnostics Limited	down	4.74% to	8,251
Profit for the half-year attributable to the owners of Integral Diagnostics Limited	down	4.74% to	8,251

Dividends

Dividends were declared and paid in respect of FY17 of 4.0 cents per share.

The Directors' declared a dividend of 4.0 cents per share on the 18th January 2018 payable on the 5th March 2018.

Comments

Statutory net profit after tax was down 4.74% to \$8.251 million (1H FY2017: \$8.662 million). After adjusting for transaction and take over response costs of \$925k (1H FY2017: \$1.2 million fair value gain on South West MRI), underlying net profit after tax was up 22.7% to \$9.2 million (1H FY2017: \$7.5 million).

Operating revenue for 1H FY2018 was up 5.8% to \$92.8 million (1H FY2017: \$87.7 million). Revenue and other income for 1H FY2018 was up 5.6% to \$93.756 million (1H FY2017: \$88.766 million).

The 1H FY2018 underlying results are a material improvement in operating margin and across all financial performance metrics. Management is delivering on its strategy and the business continues to provide patients and referrers with best-in-class clinical service with significant growth in referrals and exams year on year.

The Board and Management of the Group believe there is further operational upside to be realised through leveraging the Group's hub and spoke model to expand the depth and breadth of the Group's service offering. This may include strategic relationships with private hospitals, additional community sites, the introduction of higher end modalities, extension of reporting contracts and bolt-on acquisitions.

During the period, the Group:

- Involved state and national clinical leadership committees in strategic and operational decision making;
- Initiated a review of radiologist recruitment, retention, incentive and escrow structures;
- Opened a new practice, a Spine Centre of Excellence, on the Gold Coast;
- Opened a new community site on Torquay Road, Grovedale;
- Renewed Breast Screen Victoria accreditation for a further four years;
- Executed leases with three St John Of God hospitals extending tenure for a further 10 years;
- Began redevelopment of St John Of God -Geelong hospital, including facilities for a PET scanner;
- Upgraded phone systems, call centres and IT platforms
 - To improve patient service and utilisation levels
 - To centralise call centres and facilitate patient triage in Southwest WA and the Gold Coast;
- Upgraded clinical systems for improved medical imaging, productivity and referrer engagement;
- Integrated Western District Radiology and South West MRI to be earnings enhancing;
- Expanded tele-radiology services using Australian accredited radiologists based overseas to assist in providing 24/7 coverage at 48 WA hospitals;
- Initiated a vendor audit and cost control program, demonstrating better than expected immediate returns; and
- Renewed and extended debt facilities for a further three years, maintaining average cost of debt at less than 3.7% (N.B. Based on one month BBSW of 1.72% 4 January 2018).

Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	(7.46)	(9.37)

Control gained over entities

Not applicable.

Loss of control over entities

Not applicable.

Dividends

Current period

	Declared Date	Amount per security Cents	Franked amount per security Cents
Dividend declared to shareholders of the Company	18/01/2018	4.0	4.0

Previous period

	Date Paid	Amount per security Cents	Franked amount per security Cents
Interim Dividend paid to shareholders of the Company	30/03/2017	3.0	3.0
Final Dividend paid to shareholders of the Company	04/10/2017	4.0	4.0

Details of associates and joint venture entities

Not applicable.

Audit qualification or review

Details of audit/review dispute or qualification (if any)

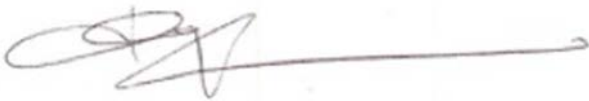
The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Financial Report.

Attachments

Details of attachments (if any):

The Interim Financial Report of Integral Diagnostics Limited for the half-year ended 31 December 2017 is attached.

Signed



Signed

Date: 18 January 2018

Helen Kurincic
Independent - Non-Executive Chairman
Melbourne

Integral Diagnostics Limited
31 December 2017



Integral Diagnostics Limited

ABN 55 130 832 816

Interim Financial Report - 31 December 2017

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Directors Report

The directors present their report, together with the financial statements, of the consolidated entity (referred to hereafter as the 'Group') consisting of Integral Diagnostics Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2017.

Directors

The following persons were directors of Integral Diagnostics Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Helen Kurincic (Independent Non-Executive Chairman)
Dr Ian Kadish (Managing Director and Chief Executive Officer)
Dr Chien Ping Ho (Executive Director)
Dr Sally Sojan (Executive Director)
John Atkin (Independent Non-Executive Director)
Rupert Harrington (Independent Non-Executive Director)
Raelene Murphy (Independent Non-Executive Director) Appointed 1st October 2017

Principal activities

During the half-year, the principal continuing activity of the Group was the provision of diagnostic imaging services.

Significant changes in the state of affairs

Capitol Health announced an unsolicited hostile takeover bid for the Group on 29 November 2017. On December 22 2017, Capitol Health released a copy of its proposed bidder's statement to the ASX. Integral Diagnostics has since written to Capitol Health about a number of issues in the bidder's statement and has requested amendments. Capitol Health has not yet finalised the content of its bidder's statement for dispatch to Integral shareholders.

The Board reiterates that Integral Diagnostics shareholders should TAKE NO ACTION in relation to Capitol Health's unsolicited takeover bid until they have reviewed Integral Diagnostics target's statement, which will be provided to shareholders no later than 15 days after Capitol Health has dispatched its bidder's statement. The target's statement will contain the Board's recommendation and its rationale, an outline of shareholder options and an opinion from an independent expert as to whether the offer is fair and reasonable to shareholders.

There were no other significant changes to the state of affairs of the Group during the financial year.

Review of operations

Statutory net profit after tax was down 4.74% to \$8.251 million (1H FY2017: \$8.662 million). After adjusting for transaction costs and take over response costs of \$925k (1H FY2017: \$1.2 million fair value gain on South West MRI), underlying net profit after tax was up 22.7% to \$9.2 million (1H FY2017: \$7.5 million).

Operating revenue for 1H FY2018 was up 5.8% to \$92.8 million (1H FY2017: \$87.7 million). Revenue and other income for 1H FY2018 was up 5.6% to \$93.756 million (1H FY2017: \$88.766 million).

The 1H FY2018 underlying results are a material improvement in operating margin and across all financial performance metrics. Management is delivering on its strategy and the business continues to provide patients and referrers with best-in-class clinical service with significant growth in referrals and exams year on year.

The Board and Management of the Group believe there is further operational upside to be realised through leveraging the Group's hub and spoke model to expand the depth and breadth of the Group's service offering. This includes strategic relationships with private hospitals, additional community sites, the introduction of higher end modalities, extension of reporting contracts and bolt-on acquisitions.

During the period, the Group:

- Involved state and national clinical leadership committees in strategic and operational decision making;
- Initiated a review of radiologist recruitment, retention, incentive and escrow structures;
- Opened a new practice, a Spine Centre of Excellence, on the Gold Coast;
- Opened a new community site on Torquay Road, Grovedale;
- Renewed Breast Screen Victoria accreditation for a further four years;

- Executed leases with three St John Of God hospitals extending tenure for a further 10 years;
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- Initiated a vendor audit and cost control program, demonstrating better than expected immediate returns; and
- Renewed and extended debt facilities for a further three years, maintaining average cost of debt at less than 3.7% (N.B. Based on one month BBSW of 1.72% 4 January 2018).

Rounding of amounts

The Company is of a kind referred to in Legislative Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report and the financial statements have been rounded off, except where otherwise stated, in accordance with that Legislative Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Comparatives

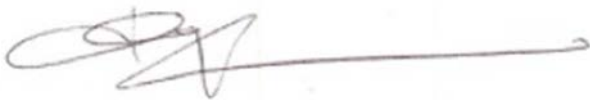
Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Helen Kurincic
Independent Non-Executive Chairman



Dr Ian Kadish
Managing Director and Chief Executive Officer

18 January 2018
Melbourne



Auditor's Independence Declaration

As lead auditor for the review of Integral Diagnostics Limited for the half-year ended 31 December 2017, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Integral Diagnostics Limited and the entities it controlled during the period.



Jason Perry
Partner
PricewaterhouseCoopers

18 January 2018

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T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au
Liability limited by a scheme approved under Professional Standards Legislation.

Consolidated Statement of profit or loss and other comprehensive income For the half-year ended 31 December 2017

	Note	31 Dec 2017 \$'000	31 Dec 2016 \$'000
Revenue			
Revenue	4	93,577	88,574
Interest and other income		179	192
Total revenue and other income		<u>93,756</u>	<u>88,766</u>
Expenses			
Consumables		(4,321)	(4,706)
Employee benefits expense		(53,558)	(51,310)
Depreciation and amortisation expense		(4,921)	(4,941)
Transaction costs and takeover response costs		(1,321)	-
Equipment related expenses		(3,841)	(3,353)
Occupancy expenses		(6,496)	(6,147)
Other expenses		(6,413)	(6,198)
Finance costs		(1,292)	(1,455)
Total expenses		<u>(82,163)</u>	<u>(78,110)</u>
Operating profit		11,593	10,656
Fair Value Gain on acquisition of equity accounted joint venture		-	1,200
Profit before income tax expense		11,593	11,856
Income tax expense		(3,342)	(3,194)
Profit for the year from continuing operations		8,251	8,662
Other comprehensive income, net of tax		-	-
Total comprehensive income		<u>8,251</u>	<u>8,662</u>
Profit is attributable to:			
Owners of Integral Diagnostics Limited		<u>8,251</u>	<u>8,662</u>
Total comprehensive income is attributable to:			
Owners of Integral Diagnostics Limited		<u>8,251</u>	<u>8,662</u>
Earnings per share attributable to the owners of Integral Diagnostics Limited			
		Cents	Cents
Basic earnings per share		5.69	5.97
Diluted earnings per share		5.69	5.97

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

Consolidated Statement of financial position
As at 31 December 2017

	Note	31 Dec 2017 \$'000	30 Jun 2017 \$'000
Assets			
Current assets			
Cash and cash equivalents	5	25,401	24,210
Trade and other receivables		4,945	5,149
Other assets		4,168	3,514
Inventory		393	393
Total current assets		<u>34,907</u>	<u>33,266</u>
Non-current assets			
Property, plant and equipment	6	49,577	50,523
Intangibles	7	103,596	103,921
Deferred tax asset		3,283	2,675
Total non-current assets		<u>156,456</u>	<u>157,119</u>
Total assets		<u>191,363</u>	<u>190,385</u>
Liabilities			
Current liabilities			
Trade and other payables		11,621	8,340
Borrowings	8	11,099	11,495
Income tax payable		997	(34)
Provisions		9,737	10,650
Derivative financial instrument		-	59
Total current liabilities		<u>33,454</u>	<u>30,510</u>
Non-current liabilities			
Borrowings	8	56,546	61,397
Provisions		8,582	8,126
Total non-current liabilities		<u>65,128</u>	<u>69,523</u>
Total liabilities		<u>98,582</u>	<u>100,033</u>
Net assets		<u>92,781</u>	<u>90,352</u>
Equity			
Contributed capital	9	83,782	83,866
Reserves		(11,800)	(11,862)
Retained profits		20,799	18,348
Total equity		<u>92,781</u>	<u>90,352</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Consolidated Statement of changes in equity For the half-year ended 31 December 2017

	Contributed capital \$'000	Reserves \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2016	82,760	(11,862)	13,022	83,920
Profit after income tax expense	-	-	8,662	8,662
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the period	-	-	8,662	8,662
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	1,275	-	-	1,275
Dividends Paid (Note 10)	-	-	(5,806)	(5,806)
	1,275	-	(5,806)	(4,531)
Balance at 31 December 2016	84,035	(11,862)	15,878	88,051
	Contributed capital \$'000	Reserves \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2017	83,866	(11,862)	18,348	90,352
Profit after income tax expense	-	-	8,251	8,251
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the period	-	-	8,251	8,251
Transactions with owners in their capacity as owners:				
Share based payments	-	62	-	62
Unwinding of deferred tax asset in equity	(84)	-	-	(84)
Dividends Paid (Note 10)	-	-	(5,800)	(5,800)
	(84)	62	(5,800)	(5,822)
Balance at 31 December 2017	83,782	(11,800)	20,799	92,781

The above statement of changes in equity should be read in conjunction with the accompanying notes

Consolidated Statement of cash flows
For the half-year ended 31 December 2017

	Note	31 Dec 2017 \$'000	31 Dec 2016 \$'000
Cash flows from operating activities			
Receipts from customers		103,468	87,365
Payments to suppliers and employees		(83,677)	(69,425)
Transaction costs relating to acquisition of subsidiaries		-	(180)
Interest and other finance costs paid		(1,292)	(1,523)
Interest received		179	192
Income taxes paid		(3,004)	(4,900)
Net cash from operating activities		<u>15,674</u>	<u>11,529</u>
Cash flows from investing activities			
Payments for purchase of subsidiary, net of cash acquired		-	(3,529)
Payments for property, plant and equipment		(3,600)	(7,000)
Proceeds from disposal of property, plant and equipment		223	-
Net cash used in investing activities		<u>(3,377)</u>	<u>(10,529)</u>
Cash flows from financing activities			
Proceeds from borrowings		335	6,306
Repayment of borrowings		(5,641)	(3,691)
Dividends paid to Company shareholders	10	(5,800)	(5,806)
Net cash used in financing activities		<u>(11,106)</u>	<u>(3,191)</u>
Net increase/(decrease) in cash and cash equivalents		1,191	(2,191)
Cash and cash equivalents at the beginning of the financial year		<u>24,210</u>	<u>23,620</u>
Cash and cash equivalents at the end of the financial period		<u><u>25,401</u></u>	<u><u>21,429</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Notes to the financial statements

Note 1. General information

The financial report covers Integral Diagnostics Limited as a Group consisting of Integral Diagnostics Limited ('Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year (collectively referred to as the 'Group'). The financial statements are presented in Australian dollars, which is Integral Diagnostics Limited's functional and presentation currency and are rounded to the nearest thousand dollars (\$'000) unless otherwise stated.

Integral Diagnostics Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office is:

Level 8
14-20 Blackwood Street
North Melbourne VIC 3051

A description of the nature of the Group's operations and its principal activities are included in the Directors' Report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 18 January 2018.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2017 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2017 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

Basis of preparation

The financial report has been prepared on a going concern basis.

New, revised or amending Accounting Standards and Interpretations adopted

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 3. Operating segments

Identification of reportable operating segments

The Group comprised the single business segment of the operation of diagnostic imaging facilities.

Operating segment information

As the Group operates in a single business and geographic segment, these financial statements represent the required financial information of that segment.

Geographical information

The diagnostic imaging segment operates from the single geographic location of Australia.

Note 4. Revenue

	Consolidated	
	31 Dec 2017 \$'000	31 Dec 2016 \$'000
<i>Sales revenue</i>		
Services revenue	92,829	87,686
<i>Other revenue</i>		
Other revenue	748	888
Revenue	<u>93,577</u>	<u>88,574</u>

Note 5. Current assets - cash and cash equivalents

	Consolidated	
	31 Dec 2017 \$'000	30 Jun 2017 \$'000
Cash on hand	15	14
Cash at bank	25,386	24,196
	<u>25,401</u>	<u>24,210</u>

Note 6. Non-current assets - property, plant and equipment

Acquisitions and Disposals

During the six months ended 31 December 2017, the Group acquired assets and work in progress with a cost of \$4.2m (six months ended 31 December 2016: \$7m).

Note 7. Non-current assets - intangibles

	Consolidated	
	31 Dec 2017 \$'000	30 Jun 2017 \$'000
Goodwill – at cost	96,387	96,387
Brand names – at cost	7,155	7,155
Customer contracts – at cost	2,456	2,456
Less: Accumulated amortisation	(2,402)	(2,077)
	<u>54</u>	<u>379</u>
Total Intangible Assets	<u>103,596</u>	<u>103,921</u>

Reconciliations:

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Goodwill \$'000	Brand names \$'000	Customer contracts \$'000	Total \$'000
Balances at 1 July 2017	96,387	7,155	379	103,921
Amortisation expense	<u>-</u>	<u>-</u>	<u>(325)</u>	<u>(325)</u>
Balance at 31 December 2017	<u>96,387</u>	<u>7,155</u>	<u>54</u>	<u>103,596</u>

Goodwill and brand names are tested for impairment annually (as at 30 June) and when circumstances indicate the carrying value may be impaired. The Group's impairment test for goodwill and intangible assets with indefinite lives is based on value in use calculations. The key assumptions used to determine the recoverable amount of goodwill were disclosed in the annual consolidated financial statements for the year ended 30 June 2017.

The Group considers current performance against expectations, amongst other factors when reviewing for indicators of impairment. As at 31 December 2017 the performance of the Group was ahead of expectations, as such management's impairment considerations were limited to a review of potential impairment indicators which if identified would have resulted in an impairment test being conducted.

Note 8. Borrowings

	Consolidated	
	31 Dec 2017 \$'000	30 Jun 2017 \$'000
Current		
Borrowings	-	18
Lease liability	11,099	11,477
	<u>11,099</u>	<u>11,495</u>
Non-current		
Borrowings	43,750	43,750
Lease liability	12,796	17,647
	<u>56,546</u>	<u>61,397</u>
Total Borrowings	<u>67,645</u>	<u>72,892</u>

Assets pledged as security

The lease liabilities are effectively secured as the rights to the leases assets, recognised in the Consolidated Statement of Financial Position, revert to the lessor in the event of default.

Terms and conditions of loans

The Group has agreed terms to refinance its existing bank debt facility with a new 3 year \$100 million cash advance facility, plus a \$31 million asset finance facility.

Current cash reserves, ongoing operating cash flows and the extended facility will provide the Group with certainty in relation to its funding for the next 3 years to allow the Group to

Maintain cash reserves for working capital and debt servicing;

Fund forecast maintenance and growth capital expenditure;

Fund bolt on acquisitions as well as 1-2 mid-size acquisitions; and

Meet the obligations under the dividend policy of 65%-75% of net profit after tax.

Key terms of the new debt facility are as follows:

Cash advance facility limit of up to \$80 million, plus an accordion of \$20 million. This increases the facility from the previous \$65 million;

Asset finance facility of \$31 million remains unchanged;

Margin pricing on the cash advance facility has increased by only 10 basis points reflecting the risk of the larger facility, average cost of debt will remain at less than 3.7% (based on one month BBSW of 1.72% 4 January 2018);

Financial indebtedness under lease finance facilities extended to \$30 million (prior year \$15 million) allowing substantial asset finance facilities to be taken out with alternative lenders;

The facility will be subject to the following financial covenants:

Net Debt to EBITDA Ratio not greater than 3.50:1;

Fixed Charge Cover Ratio not less than 2.00:1; and

Interest rate risk hedging on a minimum 25% of the amount drawn under the cash advance facility.

In accordance with Australian Accounting Standards, Loan Establishment fees have been capitalised and will be amortised over the life of the debt facilities.

Note 9. Equity - contributed capital

	Consolidated		Consolidated	
	31 Dec 2017 Shares	30 Jun 2017 Shares	31 Dec 2017 \$'000	30 Jun 2017 \$'000
Ordinary shares - fully paid	<u>145,044,157</u>	<u>145,044,157</u>	<u>83,782</u>	<u>83,866</u>

There has been no movement in issued capital between 31 December 2016 and the current reporting period. Refer to the statement of changes in equity for an explanation of the movement in paid up capital for the period.

Note 10. Equity - dividends

Dividends paid during the financial year were as follows:

	Consolidated	
	31 Dec 2017 \$'000	30 Jun 2017 \$'000
Final Dividend paid 4 cents per share on 4 October 2016	-	5,806
Interim Dividend paid 3 cents per share on 30 March 2017	-	4,351
Final Dividend paid 4 cents per share on 4 October 2017	<u>5,800</u>	<u>-</u>
	<u>5,800</u>	<u>10,157</u>

Note 11. Related Party Transactions

The following transactions occurred with related parties in the six months ended 31 December 2017 and 2016 as well as balances with related parties as at 31 December 2017 and 30 June 2017.

	Consolidated	
	31 December 2017 \$	31 December 2016 \$
Payment for goods and services:		
Cleaning fees paid to GJJ Hughes of which Gregory Hughes is related to (this arrangement was terminated effective January 2017):	-	9,300
Payment for rental of buildings to Eleven How Pty Ltd of which Chien Ho and Gregory Hughes are related to:	199,912	194,885
Payment for rental of buildings to Perhaps Holdings Pty Ltd of which Chien Ho is related to:	-	37,628
Payment for rental of buildings to Kiwi Blue Pty Ltd of which Chien Ho is related to:	121,456	111,973

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	31 December 2017 \$'000	30 June 2017 \$'000
Current receivables:		
Trade and other receivables from related parties	-	54

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 12. Contingent Liabilities and Commitments

The Group has given bank guarantees as at 31 December 2017 of \$1,406,441 (31 December 2016: \$1,408,026) to various landlords.

With regards to takeover response costs associated with the off-market takeover offer as presented in the directors' report on Page 2. As at the date of this report, the outcomes of the takeover offer are unknown and as such the Group is unable to reliably estimate the total potential cost. Inclusive of the \$1.3m recorded as an expense as at 31 December 2017, the directors currently estimate the total takeover costs to be in the range of \$2.9m - \$6.5m.

The Group has capital commitments for Property, Plant and Equipment of \$8 million at reporting date.

There has been no other significant change to the substance or value of commitments to those disclosed in the 30 June 2017 financial report.

Note 13. Events after the reporting period

Dividends of 4.0 cents per share were declared on 18th January 2018, payable on 5th March 2018.

No other matter or circumstance has arisen since 31 December 2017 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Directors' Declaration

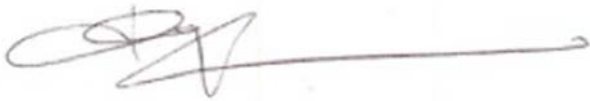
In the directors' opinion:

the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2017 and of its performance for the financial half-year ended on that date; and

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 made pursuant to section 303(5)(a) of the Corporations Act 2001.
On behalf of the directors



Helen Kurincic
Independent Non-Executive Chairman



Dr Ian Kadish
Managing Director and Chief Executive Officer

18 January 2018
Melbourne



Independent auditor's review report to the members of Integral Diagnostics Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Integral Diagnostics Limited (the Company), which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of changes in equity, consolidated statement of cash flows and consolidated statement of profit or loss and other comprehensive income for the half-year ended on that date, selected explanatory notes and the directors' declaration for Integral Diagnostics Limited (the consolidated entity). The consolidated entity comprises the Company and the entities it controlled during that 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 Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Integral Diagnostics 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*.

PricewaterhouseCoopers, ABN 52 780 433 757

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Independent auditor's review report to the members of Integral Diagnostics Limited (Continued)

Report on the Half-Year Financial Report (Continued)

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 Integral Diagnostics Limited is not in accordance with the *Corporations Act 2001* including:

1. giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date;
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



PricewaterhouseCoopers



Jason Perry
Partner
Melbourne

18 January 2018