Your Directors submit their report for the half-year ended 31 December 2013

DIRECTORS

The names and details of the Company's directors in office during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Peter Terence Kempen
FCA, FAICD (Chairman)

Dr Sam Aaron Hupert
M.B.B.S. (Deputy Chairman and Chief Executive Officer)

Anthony Barry Hall
B.Sc.(Hons), M.Sc. (Executive Director and Technology Director)

Roderick Lyle
LL.B., B.Com, LL.M (Lond), MBA (Melb) (Non-Executive Director)

REVIEW AND RESULTS OF OPERATIONS

The Company reported a first half after tax profit of $0.20M, an increase of $0.83M compared with the underlying result from operations (as defined by net profit after tax minus one off contributions) for the same period last year. This was due to a combination of increased revenue which improved by 4.4% to $6.07M and a reduction in operating costs.

After taking into account one off contributions in the previous corresponding period from the sale of the Amira business of $8.61M and the after tax impairment loss of $3.22M, reported net profit decreased by 95.8%.

During the period the Company continued to make progress in North America winning a new contract with VISN 23, a division of the Veteran Affairs. Revenue from this contract is expected to commence in the second half of this financial year. The company also successfully implemented the first vRad installation in November with transaction based revenue from this contract commencing at that time.

The Company is looking to build on its presence in North America and is actively pursuing a number of opportunities both within the private imaging center and large teaching hospital markets.

The Company continued its significant investment in R&D, both in Australia as well as overseas. This has led to a number of enhancements to the existing product lines as well as further progress with the company's new technology RIS platform, which continued to be rolled out to new sites during the half.

Promedicus.net, the company's e-health offering, continued to perform well throughout the period despite increasing competition.

The Company's cash reserves remained high at $17.84M at the end of December 2013. It is estimated that approximately $4.0M of this will be used to pay tax on the profit of the Amira sale, leaving the company with cash reserves of around $14M. The company remains debt free.

The Board is of the view that there are sufficient cash reserves to fund the anticipated growth of the business from internal sources. As a result the company has announced an interim dividend of 1.0c per share fully franked.

ROUNDING

The amounts contained in this report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the company under ASIC Class Order 98/0100. The company is an entity to which Class Order applies.

AUDITORS' INDEPENDENCE DECLARATION

In accordance with section 307C of the Corporations Act 2001, we have obtained a declaration of independence from our auditors Ernst & Young, a copy of which is attached.

Signed in accordance with a resolution of the directors.

P T Kempen
Chairman
Melbourne, 21 February 2014

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

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Auditor's Independence Declaration to the Directors of Pro Medicus Limited

In relation to our review of the financial report of Pro Medicus Limited for the half-year ended 31 December 2013, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Paul Gower

Paul Gower
Partner
Melbourne
21 February 2014

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31 DECEMBER 2013

	Notes	Consolidated 2013 $'000	2012 $'000
Continuing operations			
Revenue		**5,938**	5,784
Finance Revenue		**127**	23
Revenue		**6,065**	5,807
Cost of Sales		**(105)**	(137)
Gross Profit		**5,960**	5,670
Net Foreign Currency Gains/(Loss)	3a	**32**	(110)
Accounting and Secretarial Fees		**(265)**	(273)
Advertising and Public Relations		**(454)**	(453)
Depreciation & Amortisation	3b	**(1,544)**	(1,542)
Insurance		**(218)**	(172)
Legal Costs		**(51)**	(36)
Operating Lease Expenditure - minimum lease payments		**(180)**	(168)
Impairment Expense	8	**-**	(4,600)
Other Expense		**(34)**	(223)
Salaries and Employee Benefits Expense	3b	**(2,732)**	(2,961)
Travel and Accommodation		**(265)**	(238)
Profit/(loss) for the period from continuing operations before tax		**249**	(5,106)
Income tax (expense)/benefit	9	**(48)**	1,258
Profit/(loss) for the period from continuing operations		**201**	(3,848)
Discontinued operations			
Profit/(loss) after tax for the period from discontinued operations	11	**-**	8,608
Profit for the period		**201**	4,760
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss			
Foreign currency translation		**599**	1,208
Other comprehensive income for the period		**599**	1,208
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		**800**	5,968
Earnings per share (cents per share)			
-basic for net profit for half-year		0.20¢	4.75¢
-diluted for net profit for the half-year		0.20¢	4.75¢

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INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2013		Consolidated	
	Notes	Dec 2013	Jun 2013
		$'000	$'000
ASSETS			
Current Assets			
Cash and cash equivalents	6	**17,842**	18,023
Trade and other receivables	7	**2,564**	2,648
Inventories		**129**	113
Prepayments		**301**	101
Total Current Assets		**20,836**	20,885
Non-Current Assets			
Deferred tax asset	9	**1,216**	1,089
Plant and equipment		**332**	334
Intangible assets	8	**8,223**	7,110
Prepayments		**182**	-
Total Non-Current Assets		**9,953**	8,533
TOTAL ASSETS		**30,789**	29,418
LIABILITIES			
Current Liabilities			
Trade and other payables	10	**2,406**	1,046
Income tax payable		**4,248**	4,176
Provisions		**1,340**	1,310
Total Current Liabilities		**7,994**	6,532
Non-Current Liabilities			
Deferred tax liabilities	9	**1,975**	1,903
Provisions		**35**	24
Total Non-Current Liabilities		**2,010**	1,927
TOTAL LIABILITIES		**10,004**	8,459
NET ASSETS		**20,785**	20,959
EQUITY			
Contributed Equity		**327**	327
Share Reserve		**255**	226
Foreign Currency Translation Reserve		**695**	96
Retained Earnings		**19,508**	20,310
TOTAL EQUITY		**20,785**	20,959

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	Consolidated				
	Issued Capital	Share Reserve	Foreign Currency Translation Reserve	Retained Earnings	Total Equity
	$'000	$'000	$'000	$'000	$'000
At 1 July 2013	327	226	96	20,310	20,959
Profit for the period	-	-	-	201	201
Other comprehensive income	-	-	599	-	599
Total comprehensive income for the period	-	-	599	201	800
Transactions with owners in their capacity as owners					
Share based payment	-	29	-	-	29
Dividends	-	-	-	(1,003)	(1,003)
At 31 December 2013	327	255	695	19,508	20,785

	Issued Capital	Share Reserve	Foreign Currency Translation Reserve	Retained Earnings	Total Equity
	$'000	$'000	$'000	$'000	$'000
At 1 July 2012	327	172	(1,681)	17,184	16,002
Profit for the period	-	-	-	4,760	4,760
Other comprehensive income	-	-	1,208	-	1,208
Total comprehensive income for the period	-	-	1,208	4,760	5,968
Transactions with owners in their capacity as owners					
Share based payment	-	27	-	-	27
Dividends	-	-	-	(1,003)	(1,003)
At 31 December 2012	327	199	(473)	20,941	20,994

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INTERIM CONSOLIDATED STATEMENT OF CASHFLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	Notes	Consolidated 2013 $'000	2012 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**6,023**	6,403
Payments to suppliers and employees		**(3,272)**	(5,519)
Income tax (paid)/refunded		**(32)**	(153)
NET CASH FLOWS FROM OPERATING ACTIVITIES		**2,719**	731
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Capitalised development costs		**(2,586)**	(1,474)
Interest received		**127**	23
Net inflow from sale of Amira, net of cash disposed	11	**-**	13,883
Purchase of property, plant and equipment		**(69)**	(91)
NET CASH FLOWS FROM/USED IN INVESTING ACTIVITIES		**(2,528)**	12,341
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Payment of dividends on ordinary shares	4b	**(1,003)**	(1,003)
NET CASH FLOWS FROM/USED IN FINANCING ACTIVITIES		**(1,003)**	(1,003)
Net increase in cash and cash equivalents		**(812)**	12,069
Net foreign exchange differences		**631**	1,099
Cash and cash equivalents at beginning of period		**18,023**	5,193
CASH AND CASH EQUIVALENTS AT END OF PERIOD	6	**17,842**	18,361

Notes to the Financial Statements
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

1. Corporate Information

The interim consolidated financial statements of the Group for the six months ended 31 December 2013 were authorised for issue in accordance with a resolution of directors on 21 February 2014.

Pro Medicus Limited is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Company are described in note 2.

BASIS OF PREPARATION AND ACCOUNTING POLICIES

(a) Basis of Preparation

The interim consolidated financial statements for the six months ended 31 December 2013 have been prepared in accordance with AASB 134 *Interim Financial Reporting.*

The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 30 June 2013.

(b) Significant accounting policies

Apart from the changes in accounting policy noted below, accounting policies and methods of computation are the same as those adopted in the most recent annual financial statements for the year ended 30 June 2013.

(c) Changes in accounting policy

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2013, except for the adoption of new standards and interpreations noted below adopted as of 1 July 2013.

- *AASB 12 Disclosure of Interests in Other Entities*

AASB 12 sets out the disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. AASB 12 had no impact on the half year financial report of the Group but may require the Group to provide additional disclosure in the 30 June 2014 annual financial statements.

- *AASB 124 Related Party Disclosure*

Amendments to key management personnel disclosure requirements had no impact on the half year financial report but may require the Group to amend disclosures in the 30 June 2014 annual financial statements.

The adoption of any other new and/or revised Standards, Amendments and Interpretations from 1 July 2013 including AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 13 Fair Value Measurement and AASB 119 Employee Benefits did not have a material effect on the financial position or performance of the Group.

Notes to the Financial Statements
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

2. SEGMENT INFORMATION

The Group has identified its operating segments based on the internal reports that are reviewed and used by the executive management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based on country of origin. Discrete financial information is reported to the executive management team on at least a monthly basis.

Types of products and services
The Group produces integrated software applications for the health care industry. In addition the Group provides services in the form of installation and support.

Accounting policies and inter-segment transactions
The accounting policies used by the Group in reporting segments internally are the same as those used in preparing the accounts and in prior periods.

Inter-entity Sales
Inter-entity sales are recognised based on an internally set transfer price. The price aims to reflect what the business operation could achieve if they sold their output and services to external parties at arm's length.

Operating Segments

Six months ended 31 Dec 2013	Australia		Europe		North America		Total Operations	
	Dec 2013 $'000	Dec 2012 $'000	**Dec 2013 $'000**	Dec 2012 $'000	**Dec 2013 $'000**	Dec 2012 $'000	**Dec 2013 $'000**	Dec 2012 $'000
Revenue								
Sales to external customers	**2,888**	2,808	**1,420**	1,640	**1,630**	1,336	**5,938**	5,784
Inter-segment Sales	**1,013**	846	**2,192**	1,681	**-**	-	**3,205**	2,527
Total segment revenue	**3,901**	3,654	**3,612**	3,321	**1,630**	1,336	**9,143**	8,311
Inter-segment elimination							**(3,205)**	(2,527)
Total consolidation revenue							**5,938**	5,784
Results								
Segment Result	**263**	(836)	**301**	578	**(442)**	(271)	**122**	(529)
Interest Revenue							**127**	23
Non segment expenses								
Impairment Expense							**-**	(4,600)
Income Tax Expense/(Benefit)							**(48)**	1,258
Net Profit/(Loss)							**201**	(3,848)

	Dec 2013 $'000	June 2013 $'000	**Dec 2013 $'000**	June 2013 $'000	**Dec 2013 $'000**	June 2013 $'000	**Dec 2013 $'000**	June 2013 $'000
Assets								
Segment Assets	**43,126**	38,260	**25,225**	22,873	**6,508**	2,812	**74,859**	63,945
Inter-segment elimination							**(44,070)**	(34,527)
Total Assets							**30,789**	29,418
Liabilities								
Segment Liabilities	**37,996**	31,545	**5,634**	5,045	**6,241**	2,379	**49,871**	38,969
Inter-segment elimination							**(39,867)**	(30,510)
Total Liabilities							**10,004**	8,459

Notes to the Financial Statements
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

3. REVENUE AND EXPENSES

	Consolidated	
	Dec 2013 $'000	Dec 2012 $'000
(a) Net Foreign Currency Gains/(Loss)		
Net Currency Gains	**1,377**	674
Net Currency (Loss)	**(1,345)**	(784)
	32	(110)
(b) Expenses		
Depreciation and Amortisation		
Property Improvements	**1**	1
Motor Vehicles	**1**	2
Office Equipment	**69**	60
Furniture and Fittings	**-**	1
Amortisation on computer software	**3**	4
Amortisation on capitalised development costs	**1,285**	1,289
Amortisation on intellectual property	**185**	185
Total Depreciation and Amortisation Expenses	**1,544**	1,542
Salaries and Employee Benefits Expense		
Wages & Salaries	**2,250**	2,547
Long service leave provision	**24**	6
Share-based payment	**29**	27
Defined contribution plan expense	**429**	381
	2,732	2,961

Notes to the Financial Statements
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

4. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES	**Consolidated**	
	2013	2012
	$'000	$'000
(a) Dividends proposed and recognised as a liability		
Franked dividend	**-**	-
(b) Dividends paid during the half-year		
Franked dividend	**1,003**	1,003
(c) Dividends proposed and not recognised as a liability		
Interim Fully Franked dividend	**1,003**	1,003
Dividends per share (cents per share)		
-Franked dividends paid per share (cents per share)	**1.00¢**	1.00¢
-interim dividend per share	**1.00¢**	1.00¢

5. EVENTS AFTER THE BALANCE SHEET DATE
On 21 February 2014, the directors of Pro Medicus Limited declared an interim dividend of 1.0 cents per share.
The total amount of the dividend is $1,002,634 which represents a fully franked dividend of a total of 1.0 cents per share.
The dividend has not been provided for in the 31 December 2013 financial statements.

6. CASH AND CASH EQUIVALENTS

Reconciliation of Cash
For the purposes of the Statement of Cash Flow, cash and cash equivalents comprise the following at 31 December:

	Dec 2013	Jun 2013
	$'000	$'000
Cash at bank and in hand	**15,772**	16,002
Short term deposits	**2,070**	2,021
	17,842	18,023

7. TRADE AND OTHER RECEIVABLES

	Dec 2013	Jun 2013
	$'000	$'000
Trade receivables	**1,681**	1,830
Provision for impairment	**(99)**	(65)
	1,582	1,765
Research & development tax receivable	**977**	654
Other receivables	**5**	229
	2,564	2,648

8. INTANGIBLE ASSETS

			Consolidated		
	Intellectual Property $'000	Customer List $'000	Development Costs $'000	Software Licenses $'000	Total $'000
Six months ended 31 December 2013					
At 1 July 2013 net of accumulated amortisation and impairment	216	-	6,882	12	7,110
Additions - internal development	-		2,586	-	2,586
Amortisation charge for the period	(185)	-	(1,285)	(3)	(1,473)
At 31 December 2013 net of accumulated amortisation and impairment	31	-	8,183	9	8,223
At 31 December 2013					
Cost	1,847	-	19,108	306	21,261
Accumulated amortisation	(1,816)	-	(10,925)	(297)	(13,038)
Net carrying amount	31	-	8,183	9	8,223
Year ended 30 June 2013					
At 1 July 2012 net of accumulated amortisation and impairment	585	21	10,642	19	11,267
Additions - internal development	-		3,259	-	3,259
Disposals	-	(21)	-	-	(21)
Exchange differences	-	-	-	1	1
Impairment	-	-	(4,600)	-	(4,600)
Amortisation charge for the year	(369)	-	(2,419)	(8)	(2,796)
At 30 June 2013 net of accumulated amortisation and impairment	216	-	6,882	12	7,110
At 30 June 2013					
Cost	1,848	213	16,522	282	18,865
Accumulated amortisation	(1,632)	(213)	(9,640)	(270)	(11,755)
Net carrying amount	216	-	6,882	12	7,110

Development Costs

The Group undertook an impairment assessment of the capitalised development costs as at 31 December 2013. The recoverable amount of development costs has been determined based on a value in use calculation using cash flow projections from financial budgets approved by the Board of Directors covering a five-year period. The projected cash flows were updated to reflect the upward change in forecast revenues from the approved financial budgets and a post tax discount rate of 19% (30 June 2013:20%) was applied. Cash flows beyond a 5 year period have been extrapolated using a 2.5% growth rate (30 June 2013:2.5%). All other assumptions remained consistent with those disclosed in the annual statements for the year ended 30 June 2013. As a result of the updated analysis, the Group found no impairment of the capitalised development costs.

8. INTANGIBLE ASSETS (contd)

Key assumptions used in value in use calculations

The calculation of value in use for development costs is most sensitive to the following assumptions:

- Revenue forecasts
- Discount rates
- Growth rates used to extrapolate cash flows beyond the forecast period

Revenue forecasts - Revenue forecasts are based on current year consolidated budgets for each geographical segment and updated for any known change. Estimated growth rates are then used to forecast the following four years revenue for each product used in each geographical segment. Total forecast segment growth rates range from (22%) to 277% across the 4 year period.

Discount rates - Discount rates represent the current market assessment of risks specific to each cash generating unit (CGU), taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average return on assets (WARA). The WARA takes into account the cost of equity from expected return on investments by the Groups investors, whilst there is no debt for the group to take into account. Specific risk is associated with the intangible asset nature and is incorporated by applying individual beta factors. The beta factors are evaluated annually.

Growth rate estimates - rates are based on industry based customer price index (CPI) forecasts. The long term rate of 2.5% was used in the current assessment.

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of development costs, the estimated recoverable amount of the RIS and MagicWeb products is equal to its carrying value and, consequently, any adverse change in key assumptions could result in a further impairment loss. The key assumptions for the recoverable amount are discussed below:

Growth rate assumptions - Rates are based on management's estimated revenue forecast for the next 5 year period for each geographical segment. The revised growth rates reflect the move towards operational revenue forecast, however given the economic uncertainty, further reductions to growth estimates may be necessary in the future, resulting in an impairment.

Discount rates - The discount rate has been adjusted to reflect the current market assessment of the risks specific to the intangible assets and was estimated based on the weighted average return on assets of the company. Further changes to the discount rate may be necessary in the future to reflect changing risks for the industry and changes to the weighted average return on assets. An increase of 2.0% of the discount rate would result in impairment to part of the intangible assets.

9. INCOME TAX

The Group calculates the period income tax expense using the tax rate that would be applicable to expected total annual earnings, i.e., the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

The major components of income tax expense in the interim consolidated income statements are:

Income taxes	**Dec 2013 $'000**	Dec 2012 $'000
Current income tax (expense)/benefit	**(65)**	320
Prior year adjustment	**(38)**	-
Deferred income tax expense related to origination and reversal of deferred taxes	**55**	938
Income tax (expense)/benefit	**(48)**	1,258
Income tax recognised in other comprehensive income	**-**	-
Total income taxes from continuing operations	**(48)**	1,258

	Interim Consolidated Statement of Financial Position		**Interim Consolidated Statement of Comprehensive Income**	
Deferred tax liabilities	**Dec 2013 $'000**	Jun 2013 $'000	**Dec 2013 $'000**	Dec 2012 $'000
Foreign Currency Exchange Gain	**586**	561	**(25)**	67
Intellectual Property expenses	**(365)**	(318)	**47**	156
Liabilities directly associated with the assets calssified as held for saleheld for sale	**-**	-		(681)
Capitalised development expenses	**1,751**	1,657	**(23)**	1,971
Other	**3**	2	**(71)**	1
	1,975	1,902	**(72)**	1,514
Deferred tax assets				
Employment Entitlements	**302**	283	19	3
Tax Losses	**882**	786	95	(585)
Audit Fee Accrual	**27**	16	12	6
Other	**5**	4	1	-
	1,216	1,089	**127**	(576)

Notes to the Financial Statements
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

10. TRADE AND OTHER PAYABLES

	Dec 2013 $'000	Jun 2013 $'000
Trade payables	**162**	199
Other payables and accruals	**920**	629
	1,082	828
Deferred Income	**1,325**	218
	2,406	1,046

11. DISCONTINUED OPERATIONS

On 2 July 2012, the Group publicly announced the decision of its Board of Directors to sell its life sciences division of Visage Imaging, Amira. The business division of Amira is considered non-core to the operations of the Group and an offer to purchase the business was made from a French IT company, Visualization Sciences Group (VSG). The disposal of Amira was completed on 31 July 2012 for $14,144,000 in cash resulting in a pre-tax gain of $12,216,800.

The results of Amira for the period are presented below:

	Consolidated	
	Dec 2013 $'000	Dec 2012 $'000
Revenue	**-**	327
Cost of Goods Sold	**-**	(4)
Gross Profit	**-**	323
Operating Expenses	**-**	(91)
Profit/(loss) before tax from discontinued operations	**-**	232
Income tax expense	**-**	(71)
Profit/(loss) for the period from discontinued operations	**-**	161
Gain on disposal of the discontinued operation	**-**	12,217
Attributable tax expense	**-**	(3,770)
Profit/(loss) after tax on disposal of the discontinued operation	**-**	8,447
Total profit after tax for the period from a discontinued operation	**-**	8,608
Cash inflow on sale:		
Consideration received	**-**	14,144
Net cash disposed of with the discontinued operation	**-**	(261)
Net cash inflow	**-**	13,883
The net cash inflows/(outflows) incurred by Amira are as follows:		
Operating	**-**	276
Investing	**-**	-
Net cash inflow/(outflow)	**-**	276
Earnings/(loss) per share:		
Basic, from discontinued operations	**-**	9.0¢
Diluted, from discontinued operations	**-**	9.0¢

Directors' Declaration

In accordance with a resolution of the directors of Pro Medicus Limited, I state that:

In the opinion of the directors:

(a) The Financial Statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001* , including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and

  (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001

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

On behalf of the Board

P T Kempen
Chairman
Melbourne, 21 February 2014

Building a better working world

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To the members of Pro Medicus Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Pro Medicus Limited, which comprises the statement of financial position as at 31 December 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 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 Pro Medicus Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Ernst & Young

Ernst & Young

Paul Gower

Paul Gower
Partner
Melbourne
21 February 2014