PROSPECTUS

For the fully underwritten initial public offering of ordinary shares in Integral Diagnostics Limited

ABN 55 130 832 816

integral DIAGNOSTICS

FINANCIAL ADVISER

HIGHBURY PARTNERSHIP

JOINT LEAD MANAGERS

Morgan Stanley

UBS

IMPORTANT NOTICES

The Offer

This Prospectus is issued by Integral Diagnostics Limited (ABN 55 130 832 816) (**IDX** or **Company**) and Integral Diagnostics SaleCo Limited (ACN 608 146 443) (**SaleCo**) for the purposes of Chapter 6D of the Corporations Act 2001 (Cth) (**Corporations Act**). The offer contained in this Prospectus is an initial public offering to acquire fully paid ordinary shares (**Shares**) in IDX (**Offer**).

Lodgement and Listing

This replacement prospectus is dated 9 October 2015 (**Prospectus Date**) and was lodged with the Australian Securities and Investments Commission (**ASIC**) on that date. It is a replacement prospectus, which replaces the prospectus dated 1 October 2015 and lodged with ASIC on that date (**Original Prospectus**). For the purposes of this document, this replacement prospectus will be referred to as the **Prospectus**.

The Prospectus provides revised or additional disclosure regarding:

- the purpose of the Offer (see Sections 1.1 and 7.1.3);
- the proportion of the total number of Shares that will be subject to voluntary escrow arrangements on Completion of the Offer (see Section 9.5);
- the description of the services provided by the Advent Funds (see Section 6.3.3);
- the details of the shareholding structure of IDX (see Section 6.3.4);
- the provision of certain information by the Company to the Advent Funds under the Relationship Deed (see Section 9.7); and
- IDX's related party arrangements (see Sections 1.3 and 9.8).

None of ASIC, the Australian Securities Exchange (ASX) or their respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

The Company applied to ASX on 1 October 2015 for admission to the official list and quotation of the Shares on ASX.

As set out in Section 7.7, it is expected that the Shares will be quoted on the ASX initially on a conditional and deferred settlement basis. The Company, SaleCo, Computershare Investor Services Pty Limited (**Share Registry**), and the Joint Lead Managers disclaim all liability, whether in negligence or otherwise, to persons who trade Shares before receiving their holding statement.

Expiry Date

This Prospectus expires on the date that is 13 months after the Prospectus Date (**Expiry Date**) and no Shares will be issued or transferred on the basis of this Prospectus after the Expiry Date.

Note to Applicants

The information in this Prospectus is not financial product advice and does not take into account your investment objectives, financial situation or particular needs. It is important that you read this Prospectus carefully and in its entirety before deciding whether to invest in the Company.

In particular, you should consider the assumptions underlying the Forecast Financial Information and the risk factors that could affect the performance of the Company. You should carefully consider these risks in light of your personal circumstances (including financial and tax issues) and seek professional guidance from your stockbroker, solicitor, accountant or other independent professional adviser before deciding whether to invest in the Company. Some of the key risk factors that should be considered by prospective investors are set out in Section 5. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

Except as required by law, and only to the extent required, no person named in this Prospectus, nor any other person, warrants or guarantees the performance of the Company or the repayment of capital by the Company or any return on investment made pursuant to this Prospectus.

This Prospectus includes information regarding past performance of IDX. Investors should be aware that past performance is not indicative of future performance.

No person is authorised to give any information or to make any representation in connection with the Offer described in this Prospectus that is not contained in this Prospectus. Any information not so contained may not be relied upon as having been authorised by the Company, SaleCo, the Joint Lead Managers or any other person in connection with the Offer. You should rely only on information contained in this Prospectus.

Financial Information presentation

Section 4 sets out in detail the Financial Information referred to in this Prospectus and the basis of preparation of that information is set out in Section 4.2.

The Financial Information has been prepared and presented in accordance with the recognition and measurement principles of Australian Accounting Standards (including the Australian Accounting Interpretations) issued by the Australian Accounting Standards Board (**AASB**). The Forecast Financial Information included in this Prospectus is unaudited and is based on the best estimate assumptions of the Directors. The basis of preparation and presentation of the Forecast Financial Information is, to the extent applicable, consistent with the basis of preparation and presentation of the Historical Financial Information.

All financial amounts contained in this Prospectus are expressed in Australian currency and are rounded to the nearest $100,000 (unless otherwise stated). Any discrepancies between totals and sums of components in tables and figures contained in this Prospectus are due to rounding. Tables and figures contained in this Prospectus have not been amended by IDX to correct immaterial summation differences that may arise from this rounding convention.

The Historical Financial Information and the Forecast Financial Information in this Prospectus should be read in conjunction with, and are qualified by reference to, the information contained in Section 4.

Forward-looking statements

This Prospectus contains forward-looking statements that are identified by words such as "may", "could", "believes", "estimates", "expects", "intends" and other similar words that involve risks and uncertainties. The Forecast Financial Information included in Section 4 is an example of forward-looking statements.

Any forward-looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause actual events or outcomes to differ materially from the events or outcomes expressed or anticipated in these statements, many of which are beyond the control of the Company and the Directors. The Forecast Financial Information and the forward-looking statements should be read in conjunction with, and are qualified by reference to, the risk factors as set out in Section 5, the general and specific assumptions set out in Sections 4.7.1 and 4.7.2, the sensitivity analysis set out in Section 4.8 and other information contained in this Prospectus.

The Directors cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on such forward-looking statements. Neither the Company nor SaleCo intends to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

This Prospectus uses market data and third party estimates and projections. The Company and SaleCo have obtained significant portions of this information from market research prepared by third parties. There is no assurance that any of the third party estimates or projections contained in this information will be achieved. Neither the Company nor SaleCo has independently verified this information. Estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed in the risk factors set out in Section 5.

Foreign jurisdictions

This Prospectus does not constitute an offer or invitation to apply for Shares in any place in which, or to any person to whom, it would be unlawful to make such an offer or invitation. No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offering of the Shares, in any jurisdiction outside Australia.

The taxation treatment of Australian securities may not be the same as those for securities in foreign jurisdictions.

The distribution of this Prospectus outside Australia may be restricted by law, and persons who come into possession of this Prospectus outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

In particular, the Shares have not been, and will not be, registered under the United States Securities Act of 1933, as amended (**US Securities Act**) or any state securities laws in the United States and may not be offered, sold, pledged or transferred in the United States unless the Shares are registered under the US Securities Act, or an exemption from the registration requirements of the US Securities Act and applicable US state securities laws is available.

See Section 9.11 for more details on selling restrictions that apply to the Offer and sale of Shares in jurisdictions outside Australia.

Exposure Period

The Corporations Act prohibits the Company and SaleCo from processing Applications in the seven day period after the date of lodgement of the Original Prospectus (**Exposure Period**). The Exposure Period enabled the Original Prospectus to be examined by market participants prior to the processing of Applications. The Exposure Period expired on 9 October 2015. Applications received during the Exposure Period, and Applications received after the expiry of the Exposure Period but prior to the lodgement of this Prospectus (dated 9 October 2015) have not been processed by the Company and will not receive any preference.

Prospectus availability

During the Offer Period, a paper copy of this Prospectus is available free of charge to any person in Australia by calling the IDX Offer Information Line on 1300 387 367 (within Australia) and +61 3 9415 4620 (outside Australia) from 9.00am to 5.00pm (Melbourne time), Monday to Friday (excluding public holidays). This Prospectus is also available to Australian resident investors in electronic form at the Offer website, www.idxshareoffer.com.au.

The Offer constituted by this Prospectus in electronic form is available only to persons downloading or printing it within Australia and is not available to persons in any other jurisdiction (including the United States). Persons who access the electronic version of this Prospectus must ensure that they download and read the entire Prospectus.

Applications

Applications may be made only during the Offer Period by completing an Application Form in respect of the Broker Firm Offer or by visiting www.idxshareoffer.com.au and completing the online Application Form in respect of the Employee Offer and Priority Offer (whichever is relevant to you and which is generally referred to as an Application Form) attached to, or accompanying, this Prospectus in its paper copy form, or in its electronic form, which must be downloaded in its entirety from the Offer website, www.idxshareoffer.com.au. By making an Application, you represent and warrant that you were given access to the Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing on to another person an Application Form unless it is attached to, or accompanied by, the complete and unaltered version of this Prospectus.

No cooling-off rights

Cooling-off rights do not apply to an investment in Shares issued or transferred under the Prospectus (or are otherwise defined where used in this Prospectus). This means that, in most circumstances, you cannot withdraw your Application once it has been accepted.

Definitions

Defined terms and expressions used in this Prospectus are explained in the Glossary at the end of this Prospectus. Unless otherwise stated or implied, references to times in this Prospectus are to the time in Melbourne, Victoria (**Melbourne time**).

Privacy

By filling out an Application Form to apply for Shares, you are providing personal information to the Company, SaleCo and the Share Registry, which is contracted by the Company to manage Applications. The Company and SaleCo and the Share Registry on their behalf, may collect, hold and use that personal information in order to process your Application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration. Some of this personal information is collected as required or authorised by certain laws including the Income Tax Assessment Act 1997 (Cth) and the Corporations Act.

If you do not provide the information requested in an Application Form, the Company, SaleCo and the Share Registry may not be able to process or accept your Application.

Your personal information may also be used from time to time to inform you about other products and services offered by the Company, that it considers may be of interest to you.

Your personal information may also be provided to the Company's agents and service providers on the basis that they deal with such information in accordance with the Company's privacy policy. The agents and service providers of the Company may be located outside Australia where your personal information may not receive the same level of protection as that afforded under Australian law. The types of agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be shared are:

- The Share Registry for ongoing administration of the register of members;
- Printers and other companies for the purpose of preparation and distribution of statements and for handling mail;
- Market research companies for the purpose of analysing the Shareholder base and for product development and planning; and
- Legal and accounting firms, auditors, contractors, consultants and other advisers for the purpose of administering, and advising on, the Shares and for associated actions.

If an Applicant becomes a Shareholder, the Corporations Act requires the Company to include information about the Shareholder (including name, address and details of the Shares held) in its public register of members. If you do not provide all the information requested, your Application Form may not be able to be processed.

The information contained in the Company's register of members must remain there even if a person ceases to be a Shareholder. Information contained in the Company's register of members is also used to facilitate dividend payments and corporate communications (including financial results, annual reports and other information that the Company may wish to communicate to its Shareholders) and compliance by the Company with legal and regulatory requirements. An Applicant has a right to access and correct the information that the Company and the Share Registry hold about that person, subject to certain exemptions under law.

Applicants can obtain a copy of the Company's privacy policy by visiting the Company's website, www.integraldiagnostics.com.au. The privacy policy contains further details regarding access, correction and complaint rights and procedures. To contact the Company regarding privacy matters, please contact the Company through the contact details provided on its website, or write to the Company at its address as set out in the Corporate Directory.

The Share Registry's complete privacy policy can be accessed by calling 1300 850 505 (free call within Australia), 9.00am to 5.00pm (Melbourne time), Monday to Friday (excluding public holidays) and requesting a copy. A copy is also available at the Share Registry's website www.computershare.com.au.

Photographs and diagrams

Photographs and diagrams used in this Prospectus that do not have descriptions are for illustration only and should not be interpreted to mean that any person shown in them endorses this Prospectus or its contents. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the Prospectus Date.

Questions

If you have any questions about how to apply for Shares, please call the IDX Offer Information Line on 1300 387 367 (within Australia) or +61 3 9415 4620 (outside Australia) from 9.00am to 5.00pm (Melbourne time), Monday to Friday (excluding public holidays). Instructions on how to apply for Shares are set out in Section 7 and on the Application Form.

If you have any questions about whether to invest in the Company, you should seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser.

OFFER SUMMARY

The Offer[1]	
Offer Price (excluding the Employee Offer)	$1.91 per Share
Total number of Shares offered under this Prospectus[2]	70.0 million
Total Offer proceeds	$133.7 million
Number of Shares to be held by Existing Shareholders at Completion of the Offer[3]	74.1 million
Total number of Shares on issue at Completion of the Offer	144.1 million
Market capitalisation[4]	$275.3 million
Pro forma net debt on Completion of the Offer[5]	$50.2 million
Enterprise Value[6]	$325.5 million
Enterprise Value/pro forma consolidated FY2016F EBITDA	8.7 times
Enterprise Value/pro forma consolidated FY2016F EBITA	11.2 times
Enterprise Value/pro forma consolidated FY2016F EBIT	11.5 times
Offer Price/pro forma consolidated FY2016F NPATA per Share	15.0 times
Implied FY2016F dividend yield at the Offer Price[7] (shown for illustrative purposes only)	4.7 %

1 The Forecast Financial Information set out in Section 4 has been prepared on the basis of the best estimate assumptions set out in Section 4.7 and should be read in conjunction with the discussion of the Pro Forma Historical Financial Information and the Forecast Financial Information in Section 4, including the sensitivities set out in Section 4.8, and the risk factors set out in Section 5. There is no assurance that forecasts will be achieved.

2 Includes the transfer of Existing Shares through SaleCo and the issue of Shares by the Company.

3 For further information, see Section 1.8. Certain Management Shareholders will also have the opportunity to subscribe for Shares under the Offer, including under the Employee Offer.

4 Market capitalisation is determined by multiplying the number of Shares expected to be on issue immediately following Completion of the Offer by the Offer Price. It is possible that Shares may trade above or below the Offer Price after Listing. If Shares trade below the Offer Price after Listing, the market capitalisation may be lower.

5 Net debt is calculated as current and non-current borrowings less cash and cash equivalents.

6 Enterprise Value is calculated by adding the market capitalisation of $275.3 million and pro forma net debt of the Group on Completion of the Offer.

7 Calculated as the implied dividend per Share (assuming a dividend payout ratio of 70% of pro forma NPATA in FY2016F) divided by Offer Price. Payment of a dividend by the Company is at the discretion of the Directors and will be a function of a number of factors the Directors may consider relevant. No assurance can be given by any person, including the Directors, about the payment of any dividend and the level of franking on any such dividend. For more information on the Company's dividend policy, see Section 4.9. It is intended that the first dividend paid will be in respect of the period from 1 January 2016 to 30 June 2016. The implied dividend yield has been calculated on the basis of pro forma FY2016F results. It is presented to illustrate a full 12 month dividend yield under the new capital structure of IDX following Completion of the Offer.

IMPORTANT DATES

Description	
Broker Firm Offer, Employee Offer and Priority Offer open	Monday, 12 October 2015
Broker Firm Offer, Employee Offer and Priority Offer close	Monday, 19 October 2015
Expected commencement of trading on ASX (conditional and deferred settlement basis)	Wednesday, 21 October 2015
Settlement of the Offer	Monday, 26 October 2015
Issue and transfer of Shares (Completion of the Offer) and last day of conditional trading	Tuesday, 27 October 2015
Expected despatch of holding statements	Wednesday, 28 October 2015
Shares expected to begin trading on a normal settlement basis	Thursday, 29 October 2015

Dates may change

The dates above are indicative only and may change without notice. IDX and SaleCo in consultation with the Joint Lead Managers reserve the right to vary the times and dates of the Offer including to close the Offer early, or any part of it, extend the Offer, or any part of it, or to accept late Applications, either generally or in particular cases, without notification. Applications received under the Offer are irrevocable and may not be varied or withdrawn except as required by law. Investors are encouraged to submit their Application Forms as early as possible after the Offer opens. All times are Melbourne time.

How to invest

Applications for Shares can only be made by completing and lodging the Application Form. Instructions on how to apply for Shares are set out in Section 7.3 of this Prospectus and on the back of the Application Form.

CHAIRMAN'S LETTER

9 October 2015

Dear Investor,

On behalf of the Directors, it is my pleasure to invite you to become a Shareholder of IDX.

IDX is a leading provider of Diagnostic Imaging Services in Australia that aims to provide its patients and Referrers with best-in-class clinical service and access. IDX's success is driven by its network of 44 sites (including 12 hospital sites), comprehensive service offering, strength in higher-value equipment and technology used to take images (also referred to as Modalities) and a large team of high quality Radiologists and Technical Professionals. These characteristics put IDX in a strong position to service the growing demand for Diagnostic Imaging Services and increasing preference of patients and Referrers for higher-value Modalities.

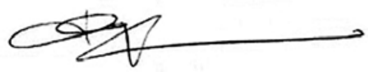
IDX operates brands in three States: Lake Imaging in Victoria (primarily around Ballarat, Geelong and the outer western areas of Melbourne), South Coast Radiology in Queensland (primarily in the Gold Coast and the Toowoomba and Mackay regional areas) and Global Diagnostics in Western Australia (primarily in the south west regional area). IDX's core features are:

- **Geographic leadership**: In each of IDX's regional locations it holds a strong competitive position, operates with the benefit of MRI Licences and is the leader by number of sites;
- **Clinical strength**: IDX combines its 12 hospital sites with a network of surrounding comprehensive Diagnostic Imaging clinics to offer patients and Referrers rapid access to a comprehensive range of Modalities, including the higher-value Modalities of MRI, Nuclear Medicine (including PET) and CT;
- **Technology capability**: As a group with scale across three States, IDX is able to invest in systems and technology platforms to advance patient and Referrer outcomes and Radiologist experiences, share best-practice techniques and extract savings to provide its Diagnostic Imaging Services more efficiently; and
- **Skilled collaborative team**: At the heart of IDX's success is a team of skilled Radiologists, who work collaboratively with a team of approximately 770 support staff, including Radiographers, Sonographers and Nuclear Medicine Technicians, administrative and client-facing staff and management. IDX is led by an experienced senior management team, which has a track record of driving growth in its business.

This Prospectus contains detailed information about the Offer, the Diagnostic Imaging industry and IDX's financial and operating performance. IDX is subject to a range of risks including changes to the regulatory framework, inadequate levels of Commonwealth Government patient funding or private health insurance rebates, changes to the rebate eligibility criteria for equipment, non-renewal or termination of IDX's service agreements and leases with public and private hospitals, an inability to recruit and retain Radiologists and other imaging staff and deterioration of IDX's relationship with Radiologists and Referrers. These and other risks are fully detailed in Section 5. Before making your investment decision, please read this Prospectus carefully and in its entirety and consult with your stockbroker, solicitor, accountant or other independent professional adviser.

As IDX commences this important and exciting step in the evolution and growth of our business, we look forward to welcoming you as a Shareholder.

Yours sincerely,



Helen Kurincic
Chairman
Integral Diagnostics Limited

CONTENTS

1

INVESTMENT OVERVIEW

1. INVESTMENT OVERVIEW

1.1. INTRODUCTION

Topic	Summary	For more information
What is IDX?	Integral Diagnostics Limited (**IDX**) is an Australian healthcare services company whose main activity is providing Diagnostic Imaging Services to general practitioners, medical specialists and allied health professionals (**Referrers**) and their patients. IDX provides services through a network of 44 sites, including 12 hospital sites, and operates under different brands in each of the States it operates in: Lake Imaging (Victoria), South Coast Radiology (Queensland) and Global Diagnostics (Western Australia). Lake Imaging also operates (and holds a 50% interest in) South West MRI, a business which provides MRI services in Western Victoria using an MRI Eligible Unit. In FY2015, IDX provided close to 1 million patient images and generated $160.0 million of pro forma revenue, making it one of the largest providers of Diagnostic Imaging Services in Australia.	Section 3.1
What is Diagnostic Imaging?	Diagnostic Imaging is a generic term used to define the use of practices and processes to create images of the structures and activities inside the human body for diagnostic and treatment purposes. The type of image a Referrer requests depends on the symptoms and part of the body being examined and includes the following core Modalities: Radiography (**X-ray**), Ultrasound, Computed Tomography (**CT**), Magnetic Resonance Imaging (**MRI**) and Nuclear Medicine (which includes positron emission tomography (**PET**)).	Section 3.1
Why is the Offer being conducted?	The Offer is being conducted to: • Provide the Existing Shareholders with an opportunity to realise part of their investment in IDX by the sale of Existing Shares through SaleCo; • Provide IDX with funds to repay a portion of IDX's existing debt; • Pay the costs of the Offer; • Provide IDX with a capital structure which, together with access to capital markets, will provide additional financial flexibility to pursue future growth opportunities; and • Provide a liquid market for its Shares and an opportunity for others to invest in IDX.	Section 7.1.3

1.2. KEY FEATURES OF THE AUSTRALIAN DIAGNOSTIC IMAGING INDUSTRY

Topic	Summary	For more information
What drives demand for Diagnostic Imaging Services?	Diagnostic Imaging is a critical tool for Referrers in diagnosing and deciding on a form of treatment for patients. Demand for Diagnostic Imaging Services is growing, driven by: • A growing and ageing population, with Australia's population forecast to grow at a compound annual growth rate (**CAGR**) of 1.5% between 2015 and 2030, and people aged over 65 years forecast to grow at a CAGR of 3.0% over the same period;[1] • An increasing prevalence of chronic disease leading to greater demand for healthcare services, which in turn drives demand for Diagnostic Imaging Services; • The range and quality of available services and the ability to obtain greater understanding of a patient's conditions; • A growing preference by Referrers for non-invasive testing; and • A shift towards higher quality clinical services (e.g. MRI, which can provide higher quality images relative to other types of Diagnostic Imaging Services). Between FY2005 and FY2015, the number of Diagnostic Imaging Services undertaken in Australia grew at a CAGR of 5.4%.[2]	Section 2.2
Who provides Diagnostic Imaging Services and what is the competitive landscape?	Diagnostic Imaging Services in Australia are provided either at public hospitals or through private providers. Private providers operate at hospital sites, comprehensive sites or community clinics. IDX estimates that the Addressable Market for private providers generated total revenue of approximately $3.6 billion in FY2015,[3] and that the five largest private providers accounted for more than 40% of the total Addressable Market revenue in FY2014.	Sections 2.1.3 and 2.3
How are Diagnostic Imaging Services funded?	Providers of Diagnostic Imaging Services set their own price for their services and patients receive either partial or full reimbursement from the Commonwealth Government and/or private health insurance. In FY2015, approximately 86% of Addressable Market revenue was reimbursed to patients by the Commonwealth Government.[4] Reimbursement from private health insurance depends on the level of insurance coverage held by each patient and is only available if the Diagnostic Imaging Service is provided to the patient while they are admitted to hospital (that is, while they are an inpatient).	Section 2.4

1 Australian Bureau of Statistics Reports for item 3222.0 '*Population Projections, Australia, 2012 (base) to 2101*' <http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/3222.02012%20(base)%20to%202101?OpenDocument>.

2 Medicare Benefits Schedule Item Statistics Report for Category 5 '*Diagnostic Imaging Services*' <http://medicarestatistics.humanservices.gov.au/statistics/mbs_group.jsp>.

3 Based on information sourced from The Department of Health '*Annual Medicare Statistics – Financial Year 2007-08 to 2014-15*' <http://health.gov.au/internet/main/publishing.nsf/Content/Medicare+Statistics-1>.

4 The Department of Health '*Annual Medicare Statistics – Financial Year 2007-08 to 2014-15*' <http://health.gov.au/internet/main/publishing.nsf/Content/Medicare+Statistics-1>. This is measured as total Commonwealth Government reimbursement and does not mean that all costs are covered in 86% of cases.

Topic	Summary	For more information
How are Diagnostic Imaging Services regulated?	For patients of Diagnostic Imaging Services to receive a Commonwealth Government reimbursement in respect of those services, the provider of the service must hold the following registrations and accreditations, which effectively operate as a regulatory regime for the Diagnostic Imaging industry in Australia: • Registration with the Department of Human Services resulting in a Location Specific Practice Number (**LSPN**). Every site where Diagnostic Imaging Services are provided must have an LSPN; • Once an LSPN has been obtained, accreditation under the Diagnostic Imaging Accreditation Scheme by HDAA Australia Pty Ltd, the National Association of Testing Authorities Australia or Quality Innovation Performance (which has to be renewed every four years); and • Obtaining full or partial Medicare eligibility for MRI units from the Commonwealth Government Department of Health. Full Medicare-eligible MRI units provide Commonwealth Government reimbursement for all MRI items listed on the Medicare Benefits Schedule (**MBS**) that are referred by Referrers. Partial Medicare-eligible MRI units only provide Commonwealth Government reimbursement for a limited number of MRI items listed on the MBS that are referred by Referrers. In addition to regulations relating to funding, Diagnostic Imaging Service providers also need to comply with state-based radiation safety legislation to the extent that the Diagnostic Imaging Service they provide involves the use of radioactive material, which is used in Nuclear Medicine.	Section 2.4
What are common terms used in the Diagnostic Imaging industry?	In this Prospectus, various industry-specific terms are used to describe key features of the Diagnostic Imaging industry. The key terms used include: • **Modality:** this refers to the type of equipment and technology used to take the image of the interior of the human body. Types of Modalities used include X-ray, Ultrasound, CT, MRI and Nuclear Medicine (which includes PET); • **Referrer:** in order to receive a Diagnostic Imaging Service and be eligible to receive Commonwealth Government reimbursement, a patient must receive a referral to a Diagnostic Imaging provider. This referral can come from a general practitioner, medical specialist or allied health professional; • **Radiologist:** a Radiologist is a specialist medical doctor who has had specific postgraduate training in performing and interpreting the images generated by Diagnostic Imaging Services. They are responsible for assessing the images, reviewing the Diagnostic Imaging procedures and producing a report, which is provided to the Referrer; • **Inpatient:** a patient who is admitted to hospital for treatment; • **Outpatient:** a patient who is referred to hospital, but not admitted to hospital for treatment; and • **MRI Licence:** a licence granted by the Commonwealth Government which entitles a patient to receive Commonwealth Government reimbursement for certain MRI services performed on the MRI unit to which the licence attaches. If an MRI unit does not have an MRI Licence, the patient will not be eligible for Commonwealth Government reimbursement. Funding available to patients serviced by an MRI Eligible Unit (an MRI unit with an attaching MRI Licence) differs depending on whether it is a full or partial MRI Licence. The Commonwealth Government caps the number of MRI Licences.	Section 3.1

1.3. KEY FEATURES OF IDX'S BUSINESS MODEL

Topic	Summary	For more information
How does IDX generate its income?	IDX generates income by providing high quality Diagnostic Imaging Services to Referrers and patients from its network of 44 sites, including 12 hospital sites. Patients may be eligible to receive partial or full reimbursement for Diagnostic Imaging Services provided by IDX from the Commonwealth Government, private health insurance and other sources.	Section 3.2
What is IDX's history?	IDX comprises three core brands: • **Lake Imaging**, which was founded in 2002 by a small group of Radiologists and Radiographers, including the current CEO John Livingston, to establish a private practice that offered Referrers and patients a superior level and quality of service. Lake Imaging Holdings Pty Ltd, the parent company of Lake Imaging, recently converted to a public company and was renamed Integral Diagnostics Limited; • **South Coast Radiology**, which was founded in 1967 in Southport on the Gold Coast. In August 2014, South Coast Radiology was acquired by Lake Imaging; and • **Global Diagnostics**, which was founded in 1997 in the south west region of Western Australia. Lake Imaging acquired a majority shareholding in Global Diagnostics in April 2014 and acquired the remaining shareholding in June 2015. Each of IDX's brands has strong regional market positions, operates in key hospital sites, is strong in higher value and more complex Modalities and operates with sizeable groups of Radiologists.	Section 3.1.2
What arrangements does IDX have in place with Radiologists?	Radiologists are engaged by IDX to provide the medical component of Diagnostic Imaging Services. This involves assessing patient images, reviewing Diagnostic Imaging procedures and producing a report for the Referrer. IDX employed 52 Radiologists as at 30 June 2015. IDX relies upon its ability to attract and retain high quality Radiologists to provide the Diagnostic Imaging Services that generate its revenue. Radiologists that are employed by IDX enter individual employment contracts that contain minimum clinical standards and remuneration via salary which is set at market levels. IDX believes remuneration via salary, as opposed to payment per patient report (that is, volume-based payment), delivers better quality outcomes for Referrers and patients and facilitates a more collegiate workplace environment. Certain Radiologists either own Shares or are provided the opportunity to acquire Shares. Ownership of Shares by Radiologists assists in the long-term alignment between Radiologists and IDX. A summary of the key terms of the Radiologists' employment contracts is set out in Section 3.3.1.3.	Section 3.3.1

Topic	Summary	For more information
What arrangements does IDX have in place with its Referrers and hospitals where it operates?	Referrers may choose to refer their patients to IDX for a variety of reasons, including the location of IDX's sites (that is, convenience and proximity to patients), the quality of IDX's Diagnostic Imaging Services and the clinical capability of IDX's Radiologists, the range of Modalities offered, and IDX's equipment, technology platform and shared systems. Referrers are prohibited by law from entering into commercial arrangements with Diagnostic Imaging providers under which a benefit passes to the Referrer as a result of the referral and therefore, there are no arrangements in place between IDX and Referrers. IDX has entered into service agreements with certain public hospitals under which the public hospital subcontracts the provision of Diagnostic Imaging Services to public patients at the relevant site to IDX. Similarly, certain private hospital operators have entered into lease and service level agreements under which the private hospital operator appoints IDX as the on site Diagnostic Imaging provider for the private hospital.	Sections 3.2.1 and 9.6.1
Which geographical areas does IDX operate in?	IDX operates in three regional areas: • **Victoria**: primarily around Ballarat, Geelong and the outer western areas of Melbourne (23 sites); • **Queensland**: primarily in the Gold Coast area and the Toowoomba and Mackay regional areas (12 sites); and • **Western Australia**: primarily in the south west regional area (9 sites). Lake Imaging also operates in western Victoria (Warrnambool) through a 50%-owned joint venture called South West MRI.	Section 3.2.1
What is IDX's strategy?	IDX is strategically positioned to capitalise on the growing demand for Diagnostic Imaging Services. IDX's strategy is focused around: • Delivering best-in-class clinical service and access for Referrers and patients; • Expanding its Diagnostic Imaging Services within existing regions with a focus on Modalities that deliver better patient and Referrer outcomes, clinic opening times and locations; • Attracting and retaining Radiologists and Technical Professionals; and • Executing strategic acquisition opportunities to expand into existing or new geographic markets by leveraging its existing systems and technology.	Section 3.4
How does IDX expect to fund its operations?	IDX has historically funded its operations through cash flow. Past acquisitions have been funded through a combination of cash flow from operations, debt and/or equity. After Listing, IDX will have total debt facilities in place of $109 million, which will comprise a term debt facility and equipment finance facilities. On Listing, it is expected that IDX will have drawn debt of $38.2 million and finance leases of $21.7 million. Following Listing, IDX expects to fund any acquisitions via a combination of cash flow from operations, debt and/or equity (including placement of shares to shareholders of acquired businesses). The Directors believe that, following Completion of the Offer, IDX will have sufficient working capital to carry out its stated business objectives.	Sections 4.4.3 and 7.1

Topic	Summary	For more information
What are IDX's key costs?	IDX's largest cost categories are employee and contractor expenses as well as occupancy expenses. These costs represented 71% and 9% of FY2015 pro forma operating expenses respectively.	Section 4.6.1
What are IDX's related party dealings?	Three property trusts (beneficially owned by a variety of Radiologist Shareholders and Management Shareholders) lease certain properties to IDX on commercial arm's length terms.	Section 9.8

1.4. KEY STRENGTHS

Topic	Summary	For more information
Growing demand for Diagnostic Imaging Services	The demand for Diagnostic Imaging Services in Australia has experienced year-on-year growth over the last 10 years, with total services provided growing at a CAGR of 5.4% between FY2005 and FY2015.[5] The rate and consistency of growth are underpinned by the key drivers of demand set out in Section 1.2.	Sections 1.2 and 2.2
Large Addressable Market where scale is important	IDX estimates that the Addressable Market for private Diagnostic Imaging providers generated approximately $3.6 billion in revenue in FY2015.[6] Scale of operations at both a local and national level delivers competitive advantages to providers of Diagnostic Imaging Services. Scale of operations at a local level enables providers such as IDX to: • **Tender and/or renew contracts to operate hospital sites**: where the ability to operate and manage a large site, deliver required service levels, attract a quality Radiologist group and fund required equipment is important; • **Develop a clinical network around hospital sites**: where the clinical network benefits from its proximity to hospital sites and is able to deliver continuity of care to patients and Referrers; • **Profitably deliver higher quality clinical services**: providers with scale have the financial capacity and patient demand to profitably operate MRI, PET and Nuclear Medicine Modalities; and • **Attract high quality Radiologists**: where the ability to offer Radiologists a highly attractive professional environment due to diversity of clinical mix and higher value Modalities and equipment is important in attracting and retaining key staff. Scale at a national level enables providers such as IDX to: • **Invest in systems and technology platforms**: that enable clinic networks to deliver high quality services to patients and Referrers; • **Share best-practice techniques and collaborate across the network**; • **Procure and utilise equipment more efficiently**: that enables providers to obtain better prices on new equipment and share equipment across their network; and • **Spread central operating costs**: enabling providers to spread operating costs over a larger number of clinics.	Section 3

5 Medicare Benefit Schedule Item Statistics Report for Category 5 '*Diagnostic Imaging Services*' <http://medicarestatistics.humanservices.gov.au/statistics/mbs_group.jsp>.

6 Based on information sourced from The Department of Health '*Annual Medicare Statistics – Financial Year 2007-08 to 2014-15*' <http://health.gov.au/internet/main/publishing.nsf/Content/Medicare+Statistics-1>.

Topic	Summary	For more information
Strong market position	Across the regional areas in each State in which it operates, IDX is a market leader by number of sites and operates more sites than other competitors. Key features of IDX's strong market position include: • **Hospital sites**: 46% of FY2015 pro forma revenue was generated from hospital sites (many of which have been operating for a number of years), the majority of which have a contract length of five or more years, often with renewal options to extend for another five or more years; • **MRI Licences**: nine full and three partial MRI Licences that provide significant competitive advantages;[7] • **Comprehensive Modality offering, with strength in higher value Modalities**: providing Referrers and patients with access to all major Modalities and in particular higher value Modalities that deliver better quality patient and Referrer outcomes and which are experiencing stronger growth; and • **Located in high-growth areas**: IDX operates with strong positions in the Gold Coast and outer western Melbourne region, which are population growth corridors that are expected to grow faster than the national average in the period between 2013 and 2026.[8] The strength of IDX's local market position enables it to operate with a large and growing Referral network and operate an attractive specialist healthcare model that attracts and retains high quality Radiologists.	Section 3
High quality systems deliver better patient and Referrer outcomes	IDX uses its high-quality technology platform and clinical and operating systems to deliver better outcomes to patients and Referrers. IDX, through Lake Imaging, became the first private radiology practice in Australia to operate various technology platforms that currently connect its 44 sites with approximately 16,000 Referrers and which handled close to 1 million scans in FY2015. The technology platform enables IDX to: Reduce the turnaround time for Referrers; • Provide Referrers with access to images on a mobile device in many locations, which allows them to use their time more efficiently; • Store digital images for comparative reporting; • Deliver workflow efficiencies for Radiologists, which increases the available time for clinical work; and • Distribute images between local clinics to share the workload across its Radiologist group.	Section 3.2.3
Diversified service mix and sources of funding	In FY2015, approximately 55% of IDX's pro forma revenue was funded directly by the Commonwealth Government, 28% was paid directly by patients and the remaining pro forma revenue was derived from a range of other funding sources. The significant component of funding received directly from patients reflects the strength of IDX's competitive position, its focus on higher value Modalities and its billing policies.	Section 3.2.4

7 Includes the MRI Licence held by South West MRI, a 50%-owned joint venture.

8 Australian Bureau of Statistics Reports for item 3222.0 '*Population Projections, Australia, 2012 (base) to 2101*' <http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/3222.02012%20(base)%20to%202101?OpenDocument>.

Topic	Summary	For more information
Multiple levers for growth	IDX employs three primary strategies to drive growth in its business: • **Existing business**: servicing growing demand for Diagnostic Imaging Services in the regions where it operates and utilising existing capacity within its business; • **Capacity expansion**: adding capacity to its business in existing regions to service the growing demand for Diagnostic Imaging Services. Given IDX's strong competitive position in these regions, IDX has a good understanding of where capacity constraints may exist and the likely utilisation of increased capacity, meaning that demand risk for these projects is generally low; and • **Acquisition**: IDX has a track record of expanding its business via acquisition and will consider opportunities in existing and new regions in order to continue to expand its leading regionally-focused Diagnostic Imaging platform.	Section 3.4
Attractive specialist healthcare model	IDX operates an attractive specialist healthcare model that has enabled it to attract, retain and grow its Radiologist group. As at 30 June 2015, 52 Radiologists were employed by IDX, with approximately half of these below 45 years of age. Key features of IDX's specialist healthcare model include: • Clinical autonomy and excellence within IDX's quality framework; • A diverse and interesting mix of clinical work; • Benefits arising from IDX's large Referrer network; • Opportunities to develop sub-specialty interests and share clinical workload; • IDX's technology and systems, which reduce administrative burden and increase the time available for clinical work; • Attractive employment terms, with financial remuneration in line with other leading private providers; and • The potential for long-term Share ownership.	Section 3
Track record of growth and strong financial performance	IDX has delivered 13 years of year-on-year revenue growth since 2002 under the leadership of CEO John Livingston. Over the last two years (between FY2013 and FY2015), IDX's pro forma revenue and EBITDA (pro forma for the impact of the acquisitions of South Coast Radiology and Global Diagnostics Australia made part way through this period) have increased at a CAGR of 7.4% and 16.3% respectively.	Sections 3 and 4
Experienced management team and Board	IDX's senior management team has considerable experience in Diagnostic Imaging and has a proven track record of growth. The senior management team is led by CEO John Livingston who, with a small group of Radiologists and Radiographers, founded IDX's original business, Lake Imaging, in 2002 and has driven its growth over the last 13 years. The Board is led by Helen Kurincic (Chairman) who brings 20 years of healthcare executive and board experience.	Section 3

1.5. KEY RISKS

Topic	Summary	For more information
IDX operates in a heavily regulated industry	As a participant in the Diagnostic Imaging industry, IDX is subject to extensive laws, government policies and regulations relating to matters including the conduct of its operations, Commonwealth Government rebate arrangements, licensing, registration and accreditation of facilities and equipment and the addition and development of new facilities and equipment. Changes to these laws, government policies and regulations may have a material adverse impact on the financial and operational performance of IDX, and may result in IDX being required to dedicate more time, resources and expenditure to ensure ongoing compliance. Further, any violation by IDX of applicable laws and regulations may result in penalties, damages, fines, disruption to its operations and reputational damage, which could adversely affect IDX's financial results and ability to operate its business.	Section 5.2.1
Inadequate rebates may reduce demand for IDX's services	The eligibility for, and level of, Commonwealth Government rebates for Diagnostic Imaging Services depend on a number of factors. Non-indexation of MBS fees for Diagnostic Imaging Services by the Commonwealth Government, or a reduction in MBS fee levels, could reduce the level of patient rebates. In turn, this would lead to an increase in out-of-pocket costs incurred by patients in obtaining Diagnostic Imaging Services from companies such as IDX. If patient out-of-pocket expenses continue to rise, this may adversely affect the affordability and demand for IDX's services, which may negatively impact IDX's ability to sustain current prices, growth and services and/or impact its financial position and prospects. In relation to privately-insured Inpatients, whose Diagnostic Imaging Services attract a combination of Medicare and private health insurance rebates, a reduction in, or failure to increase, private health insurance rebates would also increase patient out-of-pocket expenses, which could adversely affect the affordability and demand for IDX's services for these patients.	Section 5.2.2
Rebate eligibility criteria applying to equipment may change, and could restrict IDX's future growth	Equipment eligibility criteria rules, known as 'capital sensitivity', govern the level of rebates available in respect of Diagnostic Imaging Services provided from IDX's equipment. Changes to capital sensitivity rules could result in IDX having to refurbish current Diagnostic Imaging equipment or acquire new equipment earlier than intended in order for patients to be eligible for higher levels of rebates from Diagnostic Imaging Services provided by the relevant equipment, failing which IDX's patients would face increased out-of-pocket expenses. This could reduce the demand for IDX's Diagnostic Imaging Services and erode its competitive position, which could have a material adverse effect on IDX's financial position, performance and prospects. Strict eligibility criteria governing the introduction of new MRI Eligible Units may also place restrictions on IDX's growth opportunities in the MRI Modality.	Section 5.2.3

Topic	Summary	For more information
IDX's service agreements and related property leases may be breached, terminated or not renewed	Service agreements (with public hospitals) and service level agreements (with private hospitals) are a key feature of IDX's business and in FY2015 were responsible for approximately 46% of IDX's pro forma revenue. In the event that IDX breaches a service agreement or service level agreement, including if it fails to deliver Diagnostic Imaging Services to the specified standard, IDX may be liable for damages under the relevant agreement and in certain cases the customer may be entitled to terminate the agreement. IDX's service agreements and service level agreements may also not be renewed for a number of reasons, including performance below required service levels, adverse publicity or increased competition. In circumstances where a service agreement or service level agreement is connected, or interdependent, with a related property lease, the term of the lease generally coincides with the term of the relevant agreement (and the term of the relevant agreement will generally coincide with the term of the lease). Accordingly, in the event that IDX materially breaches a property lease, there is a risk that the breach (or subsequent termination by the landlord) may give the hospital termination rights under the relevant service agreement or service level agreement. Any breach, termination or non-renewal of a service agreement or service level agreement or related property lease between IDX and its public or private hospital customers could materially adversely affect IDX's reputation, financial position and prospects.	Sections 5.2.4 and 9.6
IDX may be unable to recruit and retain Radiologists and Technical Professionals	IDX relies on Radiologists to provide the core medical services associated with Diagnostic Imaging. There have been shortages of qualified Radiologists, particularly in some of the regional markets that IDX operates in. Failure to recruit and retain a sufficient number of Radiologists could result in IDX being unable to achieve its growth projections or maintain its market share, which could adversely impact IDX's revenue generation and profitability. IDX's success also depends on its continuing ability to recruit and retain other highly skilled Technical Professionals, such as Radiographers, Sonographers and Nuclear Medicine Technologists. In the event that IDX is not able to hire and retain a sufficient number of skilled employees, or to do so at anticipated salary levels, this could have a negative impact on IDX's operations, financial position and future prospects.	Section 5.2.5
IDX's relationship with Radiologists and Technical Professionals may deteriorate	The ongoing success of IDX's business relies on the strength of its relationship with its Radiologists and Technical Professionals. In the event that IDX experiences a deterioration in its relationship with its Radiologists and Technical Professionals, this could potentially lead to reputational damage, loss of key employees, increased labour costs and the inability for IDX to undertake the number of Diagnostic Imaging Services it anticipates in the future. Any of these outcomes could have a negative impact on IDX's operations, financial position and future prospects.	Section 5.2.6
IDX's relationships with Referrers may deteriorate	IDX depends on referrals of patients from unaffiliated Referrers, who have no obligation or incentive to refer patients to IDX, for a substantial portion of its revenue. Accordingly, relationships with Referrers are vitally important to IDX's business. If a sufficiently large number of Referrers were to discontinue referring patients to IDX, the volume of Diagnostic Imaging Services that IDX undertakes could decrease, which would adversely affect IDX's business, financial position and prospects.	Section 5.2.7

Topic	Summary	For more information
IDX's competitive position may deteriorate	IDX competes for patients on the basis of its reputation, its ability to provide multiple Modalities at its facilities, the location of its facilities, the quality of its Diagnostic Imaging Services, the level of skill and experience of its Radiologists and the prices it charges its customers. If IDX is unable to successfully compete, its business, financial position and prospects may be adversely affected.	Section 5.2.8
IDX's labour costs may increase	IDX faces the risk of increased direct and indirect labour costs, particularly in circumstances of low unemployment or competition for personnel, such as IDX faces in respect of Radiologists and certain of its Technical Professionals. Any increase in direct or indirect labour costs incurred by IDX may result in actual labour costs being higher than IDX has budgeted for, which could lead to reduced profitability.	Section 5.2.9
IDX may be unable to recruit and retain key management personnel	The successful operation of IDX's business relies on its ability to recruit and retain experienced and high-performing key management and operating personnel. The unexpected loss of any key members of management or operating personnel, or the inability on the part of IDX to attract experienced personnel, may adversely affect its ability to develop and implement its business strategies.	Section 5.2.10
IDX's information systems may fail	IDX relies on its information systems to perform key functions critical to its ability to operate equipment, store and transmit images and schedule and invoice patients. Any damage or interruption to IDX's information systems could result in a material loss of referrals and could significantly curtail, directly and indirectly, IDX's ability to conduct its business and generate revenue and could result in significant costs being incurred, for example to rebuild internal systems, respond to regulatory inquiries or actions, pay damages, or take other remedial steps with respect to third parties.	Section 5.2.11

1.6. KEY FINANCIAL AND OFFER METRICS

Topic	Summary	For more information
What is IDX's historical and forecast financial performance?	See tables below. The Financial Information presented above contains non-IFRS financial measures and is intended as a summary only and should be read in conjunction with the more detailed discussion of the Financial Information disclosed in Section 4 as well as the risk factors set out in Section 5. Certain financial information is described as pro forma for the reasons described in Section 4.	Section 4
What are the key investment metrics?	See table below. On Listing, it is expected that IDX will have drawn debt of $38.2 million and finance leases of $21.7 million.	Section 4

	Pro forma historical			Pro forma forecast	Statutory forecast
$ millions	FY2013	FY2014	FY2015	FY2016F	FY2016F
Total revenue	138.7	149.9	160.0	169.6	169.6
EBITDA	25.6	30.7	34.6	37.3	29.8
EBITA	16.4	21.6	26.1	29.1	21.5
EBIT	15.7	20.9	25.4	28.4	20.8
NPAT	8.8	12.5	15.8	17.9	12.4
NPATA	9.2	13.0	16.2	18.3	12.8

	Actual historical		
$ millions	FY2013	FY2014	FY2015
Total revenue	51.0	54.5	151.2
EBITDA	11.1	13.0	23.7
EBITA	8.0	10.0	15.7
EBIT	8.0	10.0	15.0
NPAT	4.9	6.2	4.8

The Financial Information presented above contains non-IFRS financial measures and is intended as a summary only and should be read in conjunction with the more detailed discussion of the Financial Information disclosed in Section 4 as well as the risk factors set out in Section 5. Certain financial information is described as pro forma for the reasons described in Section 4.

Enterprise Value/pro forma consolidated FY2016F EBITDA	8.7 times
Enterprise Value/pro forma consolidated FY2016F EBITA	11.2 times
Enterprise Value/pro forma consolidated FY2016F EBIT	11.5 times
Offer Price/pro forma consolidated FY2016F NPATA per Share	15.0 times
Implied FY2016F dividend yield at the Offer Price (shown for illustrative purposes only)	4.7%

On Listing, it is expected that IDX will have drawn debt of $38.2 million and finance leases of $21.7 million.

Topic	Summary	For more information
What is IDX's dividend policy?	The payment of a dividend is at the discretion of the Directors. It is the intention of the Board to pay interim dividends in respect of half years ending 31 December and final dividends in respect of full years ending 30 June. Future dividends will be franked to the maximum extent possible. The Directors intend to target a payout ratio of between 65% and 75% of NPATA. However, the level of dividend payout ratio may vary depending on a range of factors including: • General business and financial conditions; • IDX's cash flow; • Unusual or non-recurring items; • Capital expenditure requirements; • Working capital requirements; • Potential acquisition opportunities; • Taxation requirements; and • Other factors that the Directors consider relevant.	Section 4.9
When will the first dividend be paid?	It is intended that the first dividend paid will be a final dividend in respect of the period from 1 January 2016 to 30 June 2016.	Section 4.9
What will IDX's capital structure be on Completion of the Offer?	On Completion of the Offer, IDX will have on issue 144.1 million Shares and will only have one class of share on issue, being fully paid ordinary shares. There will be no options or any other class of security on issue.	Section 4

1.7. DIRECTORS AND KEY EXECUTIVES

Topic	Name	Position	For more information
Who are the directors of IDX?	Helen Kurincic	Independent Chairman	Section 6.1
	John Livingston	Managing Director and Chief Executive Officer	
	Dr Chien Ho	Executive Director	
	Dr Sally Sojan	Executive Director	
	Rupert Harrington	Non-Executive Director	
	John Atkin	Independent Non-Executive Director	
	Garry Hounsell	Independent Non-Executive Director	
Who are the other key corporate executives of IDX?	Craig Bremner	Chief Financial Officer	Section 6.2
	Greg Hughes	Chief Operating Officer	
	Craig Lightfoot	Director of Business Development and Special Projects	

1.8. SIGNIFICANT INTERESTS OF KEY PEOPLE AND RELATED PARTY TRANSACTIONS

<table>
<tr><th>Topic</th><th>Summary</th><th>For more information</th></tr>
<tr><td>Who are the Existing Shareholders and what will be their interest following Completion of the Offer?</td><td>
The Existing Shareholders are the current owners of IDX, being the Radiologist Shareholders, Management Shareholders and the Advent Funds.
The Existing Shareholders (other than the Advent Funds and certain Shareholders with low shareholdings and recently acquired Shares and certain Radiologist Shareholders that have entered into the Put Option Arrangements) have agreed to sell between 30% and 40% of their Existing Shares into the Offer through their arrangements with SaleCo, while the Advent Funds have agreed to sell between 50.0% and 63.3% of their Existing Shares into the Offer.
The interests of the Existing Shareholders on the Prospectus Date, and their expected interests following Completion of the Offer (excluding any Shares applied for under the Offer), are as follows and further details are set out in Section 6.3.4.
<table>
<tr><th>Existing Shareholders</th><th>Prospectus Date (% of issued Shares)</th><th>On Completion of the Offer (million Shares)</th><th>On Completion of the Offer (% of issued Shares)</th></tr>
<tr><td>Radiologist Shareholders</td><td>49.4</td><td>39.7 to 45.4</td><td>27.5 to 31.5</td></tr>
<tr><td>Management Shareholders</td><td>16.7</td><td>12.9</td><td>9.0</td></tr>
<tr><td>Advent Funds</td><td>34.0</td><td>15.8 to 21.5</td><td>11.0 to 14.9</td></tr>
<tr><td>Total</td><td>100.0</td><td>74.1</td><td>51.4</td></tr>
</table>
The range in Shares on Completion of the Offer arises as a result of the Put Option Arrangements between certain Radiologist Shareholders and SaleCo.
The Advent Funds and SaleCo have entered into the Securities Lending Arrangements.
Please refer to Section 9.3 for further details of the Securities Lending Arrangements and the Put Option Arrangements.
The Advent Funds are party to a Relationship Deed with IDX. The Relationship Deed will require the provision of certain information from IDX to the Advent Funds to enable the Advent Funds to meet their reporting requirements, and also provides for Director appointment rights whilst the Advent Funds maintain certain ownership levels in IDX. The Relationship Deed will terminate if the Advent Funds' shareholding in IDX falls below 5%. Refer to Section 9.7 for further details of the Relationship Deed.
</td><td>Sections 4, 6.3.4, 7.1, 9.2, 9.3 and 9.7</td></tr>
<tr><td>What significant benefits are payable to Directors and other persons connected with IDX or the Offer and what significant interests will they hold?</td><td>
The shareholdings of the Directors on Completion of the Offer are set out in Section 6.3.2.6, and details of applicable voluntary escrow arrangements are set out in Section 9.5.
Directors are entitled to remuneration and fees as disclosed in Section 6.3.2.
Advisers and other service providers are entitled to fees for services as disclosed in Section 6.3.1.
</td><td>Sections 6.3.1, 6.3.2 and 9.5</td></tr>
</table>

Topic	Summary	For more information
Will any Shares be subject to restrictions on disposal following Completion of the Offer?	Yes. Details are provided in Section 9.5.	Section 9.5

1.9. OVERVIEW OF THE OFFER

Topic	Summary	For more information
What is the Offer?	The Offer is an initial public offering of new Shares to be issued by IDX and Existing Shares to be sold by SaleCo. In total, approximately 70.0 million Shares are being offered under the Offer. All Shares will be issued or transferred at the Offer Price of $1.91 per Share other than the Shares issued by IDX to Eligible Employees under the Employee Offer, which will be issued at the Employee Offer Price of $1.72 per Share.	Section 7.1
Who are the issuers of this Prospectus?	Integral Diagnostics Limited (ACN 130 832 816) and Integral Diagnostics SaleCo Limited (ACN 608 146 443), each incorporated in Victoria, Australia.	Section 9.1
What is SaleCo and what role does it play in the Offer?	SaleCo is a special purpose vehicle, established to enable Selling Shareholders to sell a portion of their Existing Shares. The Existing Shares, which SaleCo acquires from the Selling Shareholders, will be transferred to successful Applicants at the Offer Price. SaleCo is also party to the Put Option Arrangements with certain Radiologist Shareholders.	Sections 9.2 and 9.3
What is the purpose of the Offer?	The Offer is being conducted to: • Provide the Existing Shareholders with an opportunity to realise part of their investment in IDX by the sale of Existing Shares through SaleCo; • Provide IDX with funds to repay a portion of IDX's existing debt; • Pay the costs of the Offer; • Provide IDX with a capital structure, which, together with access to capital markets, will provide the business with additional financial flexibility to pursue further growth opportunities; and • Provide a liquid market for its Shares and an opportunity for investors to invest in IDX.	Section 7.1.3

<table>
<tr><th>Topic</th><th>Summary</th><th>For more information</th></tr>
<tr><td>How will the proceeds of the Offer be used?</td><td>
<table>
<tr><th>Sources of funds</th><th>$ million</th><th>%</th><th>Uses of funds</th><th>$ million</th><th>%</th></tr>
<tr><td colspan="6">Company</td></tr>
<tr><td rowspan="2">Cash proceeds received by the Company for the issue of Shares under the Offer</td><td rowspan="2">33.2</td><td rowspan="2">24.8</td><td>Costs of the Offer</td><td>10.5</td><td>7.9</td></tr>
<tr><td>Repayment of existing debt facilities</td><td>22.7</td><td>16.9</td></tr>
<tr><td colspan="6">SaleCo</td></tr>
<tr><td>Cash proceeds received for the sale of Existing Shares to Applicants</td><td>100.5</td><td>75.2</td><td>Payment by SaleCo of cash proceeds to Existing Shareholders as consideration for the acquisition of Existing Shares</td><td>100.5</td><td>75.2</td></tr>
<tr><td>Total sources</td><td>133.7</td><td>100</td><td>Total uses</td><td>133.7</td><td>100</td></tr>
</table>
The costs of the Offer will be borne by the Company. The Existing Shareholders will not bear any costs of the Offer. See Section 6.3.5 for further details.</td><td>Sections 6.3.5 and 7.1.4</td></tr>
<tr><td>Will the Shares be quoted on the ASX?</td><td>IDX applied to ASX on 1 October 2015 for admission to the official list of ASX and for quotation of the Shares on the ASX under the code IDX. It is expected that quotation will initially be on a conditional and deferred settlement basis. Completion of the Offer is conditional on the ASX approving this application.

If approval is not given within three months after the Prospectus Date (or any longer period permitted by law), the Offer will be withdrawn and all Application Payments received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.</td><td>Section 7.2</td></tr>
<tr><td>Is the Offer underwritten?</td><td>Yes. The Offer is fully underwritten by the Joint Lead Managers.</td><td>Section 9.4</td></tr>
</table>

Topic	Summary	For more information
How is the Offer structured and who will be eligible to participate?	The Offer comprises the: • Retail Offer, consisting of: – the Broker Firm Offer, which is open to persons who receive an allocation of Shares from their Broker and who have a registered address in Australia; – the Employee Offer, which is open to Eligible Employees; and – the Priority Offer, which is open to persons who receive a personalised invitation to participate from IDX and who have a registered address in Australia; and • Institutional Offer, which consists of an invitation to certain Institutional Investors in Australia and a number of other eligible jurisdictions to apply for Shares.	Section 7.1.2
What is the allocation policy?	The allocation of Shares between the Retail Offer (comprising the Broker Firm Offer, Employee Offer and Priority Offer) and Institutional Offer is determined by agreement between the Joint Lead Managers and the Company. With respect to the Broker Firm Offer, it is a matter for the Brokers how they allocate Shares among their eligible retail clients. The allocation of Shares in the Employee Offer and Priority Offer will be determined by IDX, following consultation with the Joint Lead Managers, subject to a guaranteed minimum allocation of: • $2,000 of Shares for Applicants under the Employee Offer (or as specified in the personalised initiative for Applicants under the Employee Offer); and • The amount of Shares specified in the personalised invitation for Applicants under the Priority Offer, in each case subject to a minimum Application size of $2,000 of Shares (or as otherwise specified in an Applicant's personalised invitation to participate in the Priority Offer). The allocation of Shares among Applicants in the Institutional Offer is determined by agreement between the Joint Lead Managers and IDX.	Sections 7.2, 7.3 and 7.4
Is there any brokerage, commission or stamp duty payable by Applicants?	No brokerage, commission or stamp duty is payable by Applicants on the acquisition of Shares under the Offer.	Section 7.2
What are the tax implications of investing in the Shares?	A summary of certain Australian tax consequences of participating in the Offer and investing in Shares is set out in Section 9.9. The tax consequences of any investment in the Shares will depend on an investor's particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to invest.	Section 9.9

Topic	Summary	For more information
When will I receive confirmation my Application has been successful?	It is expected that initial holding statements will be despatched by standard post on or about Wednesday, 28 October 2015. Applicants in the Broker Firm Offer should confirm their allocation of Shares with the Broker from whom they received their allocation. Refunds to Applicants under the Employee Offer and Priority Offer, who make an Application and are scaled back, will be made as soon as possible post Completion of the Offer, which is expected to occur on or about Tuesday, 27 October 2015. No refunds will be made where the overpayments relate solely to rounding at the Offer Price or Employee Offer Price.	Section 7.2
How can I apply?	If you are an investor applying under the Broker Firm Offer, you should complete and lodge your Broker Firm Application Form with the Broker from whom you received your allocation of Shares. Broker Firm Application Forms must be completed in accordance with the instructions given to you by your Broker and the instructions set out on the reverse of the Broker Firm Application Form. Employee Offer and Priority Offer Applicants may apply for Shares by submitting an Employee Offer or Priority Offer Application Form online, and must comply with the instructions on the Offer website, www.idxshareoffer.com.au.	Sections 7.2 and 7.3
Can the Offer be withdrawn?	Yes. IDX and SaleCo reserve the right not to proceed and withdraw the Offer at any time before the issue of new Shares or transfer of Existing Shares to successful Applicants. If the Offer, or any part of it, does not proceed, all relevant Application Payments will be refunded (without interest).	Section 7.6
Where can I find out more information about this Prospectus or the Offer?	For more information, call the IDX Offer Information Line on 1300 387 367 (within Australia) or +61 3 9415 4620 (outside Australia) from 9.00am until 5.00pm (Melbourne time) Monday to Friday. If you are unclear in relation to any matter or are uncertain as to whether IDX is a suitable investment for you, you should seek professional guidance from your solicitor, stockbroker, accountant or other independent and qualified professional adviser before deciding whether to invest.	Corporate Directory

2

INDUSTRY OVERVIEW

2. INDUSTRY OVERVIEW

2.1. OVERVIEW OF DIAGNOSTIC IMAGING IN AUSTRALIA

Diagnostic Imaging involves a set of techniques that non-invasively produce images of the human body for clinical analysis and medical intervention. Images can be produced using a variety of Modalities, including:

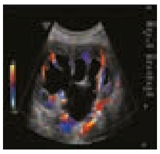
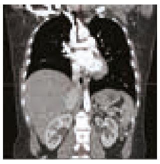
- Radiography (**X-ray**);
- Ultrasound;
- Computed Tomography (**CT**);
- Magnetic Resonance Imaging (**MRI**); and
- Nuclear Medicine (which includes positron emission tomography (**PET**)).

The images produced by Diagnostic Imaging are a critical tool for Referrers in diagnosing and deciding on a form of treatment for patients.

2.1.1. MODALITIES

Five main Modalities are used to produce the large majority of diagnostic images in Australia. These Modalities are used in the clinical analysis and medical intervention for a variety of diseases, including chronic and prevalent diseases such as cardiovascular disease and cancer (oncology). The choice of Modality for producing the image of the human body is influenced by the nature and location of the patient's condition and the evidence or information the Referrer is seeking.

TABLE 1: Summary of Major Diagnostic Imaging Modalities in Australia

Modality	Description	Examples of Conditions Requiring Diagnostic Imaging Services	Indicative Visual Output	% of Services Provided in Australia[1]	Estimated Average Revenue per Service ($)[2]
				FY2015	FY2015
X-ray	Includes general X-ray of bone structure, measuring bone density (bone densitometry) and mammography (examination of female breast)	• Cancer (oncology) • Asthma • Fractures • Pulmonary disease (lung)		43.5%	$61
Ultrasound	Uses high-energy sound waves to generate cross-sectional and three-dimensional images of soft tissue. Ultrasound is also capable of demonstrating blood flow and abnormalities associated with blood vessels	• Cardiovascular • Pregnancy • Digestive and muscular conditions		37.8%	$132
Computed Tomography	A computer analyses information received from X-ray to generate multiple cross-sectional and three-dimensional images of a particular organ or area of the body	• Cancer (oncology) • Cardiovascular disease • Dementia • Pulmonary disease (lung) • Hearing loss		11.9%	$366
Magnetic Resonance Imaging	High strength magnetic fields to create computer-processed cross-sectional and three-dimensional images of the body; MRI creates images of soft tissues and organs, especially the brain and spinal cord	• Cancer (oncology) • Cardiovascular disease • Multiple sclerosis • Musculoskeletal • Parkinson's disease • Breast cancer • Prostate cancer		4.1%	$454
Nuclear Medicine (including PET)	Patients are given radioactive isotopes, which are then detected by a gamma camera to indicate metabolic and biological functions within the body. Nuclear Medicine also includes PET, a precise imaging procedure often used as a tool for cancer diagnosis, staging and monitoring	• Cancer (oncology) • Thyroid disorders • Stress fractures • Breast cancer • Prostate cancer • Dementia		2.8%	$463

1 IDX estimates based on information sourced from Medicare Benefits Schedule Item Statistics Report for Category 5 '*Diagnostic Imaging Services*' <http://medicarestatistics.humanservices.gov.au/statistics/mbs_group.jsp>.

2 IDX estimates based on information sourced from Medicare Benefits Schedule Item Statistics Report for Category 5 '*Diagnostic Imaging Services*' <http://medicarestatistics.humanservices.gov.au/statistics/mbs_group.jsp> and The Department of Health '*Annual Medicare Statistics – Financial Year 2007-08 to 2014-15*' <http://health.gov.au/internet/main/publishing.nsf/Content/Medicare+Statistics-1>.

2.1.2. USERS OF DIAGNOSTIC IMAGING

Referrers access Diagnostic Imaging Services on behalf of their patients to undertake a specific Modality. Images and reports are produced by a Diagnostic Imaging provider to assist in the diagnosis and associated management plans of patient conditions. A referral from a Referrer is required in order for the patient to receive partial or full Commonwealth Government reimbursement for Diagnostic Imaging Services in Australia (see Section 2.4.1 for further details).

2.1.3. PROVIDERS OF DIAGNOSTIC IMAGING

Diagnostic Imaging in Australia is provided by public and private providers. Public providers are public hospitals who provide Diagnostic Imaging Services to patients admitted to hospital (that is, public Inpatients) and patients who are referred to, but not admitted to, hospital for treatment (that is, public Outpatients). Private providers are those that operate sites at private hospitals (either in-house or via an outsourced arrangement), within comprehensive sites or at community clinics.

The Addressable Market in Australia for private providers such as IDX includes all patients who receive a referral for Diagnostic Imaging Services. Within this market, IDX estimates approximately 92% of the estimated total number of Diagnostic Imaging Services were provided by private operators in FY2015.[3] See Section 2.2.2 for further details.

Diagram 1 provides an outline of the type of providers of Diagnostic Imaging Services in Australia and IDX's Addressable Market.

DIAGRAM 1: Overview of Providers in the Diagnostic Imaging Industry

	PUBLIC MARKET		PRIVATE MARKET	
SERVICES AND LOCATIONS	INPATIENT	OUTPATIENT	INPATIENT	OUTPATIENT
GOVERNMENT FUNDING	Services funded by individual public hospital via funds administered by state and Commonwealth Governments	Patients may be eligible for Commonwealth Government reimbursement for services provided		
REFERRAL REQUIRED TO ACCESS GOVERNMENT FUNDING	✗	✓	✓	✓
ADDRESSABLE MARKET FOR PRIVATE PROVIDERS OF DIAGNOSTIC IMAGING		Addressable Market for IDX and other Private Providers of Diagnostic Imaging in Australia		
PUBLIC VS PRIVATE SPLIT IN THE ADDRESSABLE MARKET (% SERVICES PROVIDED IN FY2015)		8%	92%	

Source: IDX estimates based on information sourced from The Department of Health '*Annual Medicare Statistics – Financial Year 2007-08 to 2014-15*' <http://health.gov.au/internet/main/publishing.nsf/Content/Medicare+Statistics-1>.

2.1.4. SIZE OF IDX'S ADDRESSABLE MARKET

IDX's Addressable Market includes services funded by the Commonwealth Government, private health insurers and other parties (for example, the Department of Veterans Affairs, State-based compulsory workers compensation insurance schemes and third party compulsory motor vehicle insurers). The majority of services in the Addressable Market are funded by the Commonwealth Government and in FY2015, these services generated an estimated total revenue of $3.6 billion.[4]

The Addressable Market generated approximately 23.9 million individual Diagnostic Imaging Services in FY2015.[5]

3 IDX estimates based on information sourced from The Department of Health '*Annual Medicare Statistics – Financial Year 2007-08 to 2014-15*' <http://health.gov.au/internet/main/publishing.nsf/Content/Medicare+Statistics-1>.

4 Based on information sourced from The Department of Health '*Annual Medicare Statistics – Financial Year 2007-08 to 2014-15*' <http://health.gov.au/internet/main/publishing.nsf/Content/Medicare+Statistics-1>.

5 Medicare Benefit Schedule Item Statistics Report for Category 5 '*Diagnostic Imaging Services*' <http://medicarestatistics.humanservices.gov.au/statistics/mbs_group.jsp>.

2.2. GROWTH IN DIAGNOSTIC IMAGING IN AUSTRALIA

The size of IDX's Addressable Market has experienced steady, consistent growth over the last 10 years. Total annual revenue has increased from $1.8 billion in FY2005 to $3.6 billion in FY2015, representing a CAGR of 7.4%.[6] This is consistent with the growth in annual healthcare expenditure in Australia, which experienced a CAGR of 7.9% between FY2003 and FY2013.[7]

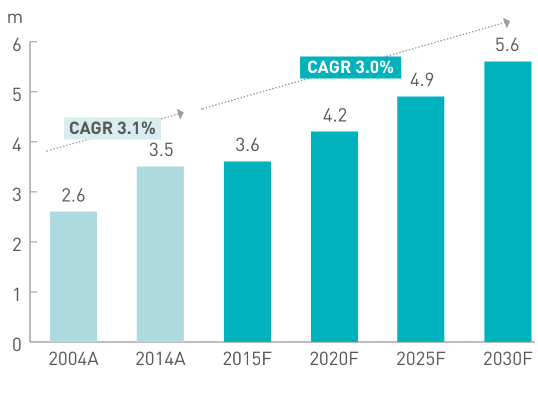
2.2.1. DRIVERS OF GROWTH

Growth in Diagnostic Imaging has been driven by the factors outlined in Table 2. IDX expects these factors to continue to drive growth for Diagnostic Imaging Services in the future.

TABLE 2: Drivers of Growth in Diagnostic Imaging

Growing and Ageing of Population	Australia had a population of 23.5 million people as at 30 June 2014 and this is forecast to grow at a CAGR of 1.5% (between 2015 and 2030).[8] People aged over 65 years were the largest users of Diagnostic Imaging (33% of all services in FY2014), and this cohort is expected to grow at a CAGR of 3.0% between 2015 and 2030.[9] The expected growth is in line with historically observed growth rates (3.1% CAGR between 2004 and 2014). By 2030, there are expected to be 5.6 million people aged over 65 years. Between 2015 and 2030, the growth in the Australian population aged over 65 years is expected to be double the growth in the total Australian population. See further Charts 1 and 2 below.

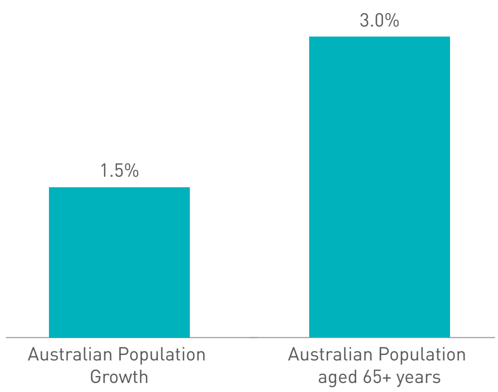
CHART 1: Australian Population Aged over 65 Years



Source: Australian Bureau of Statistics Reports for item 3101.0 '*Australian Demographic Statistics*'.

Australian Bureau of Statistics Reports for item 3222.0 '*Population Projections, Australia, 2012 (base) to 2101*'.

CHART 2: Population Growth Forecasts (2015-2030 CAGR)



Source: Australian Bureau of Statistics Reports for item 3101.0 '*Australian Demographic Statistics*'.

6 Based on information sourced from The Department of Health '*Annual Medicare Statistics – Financial Year 2007-08 to 2014-15*' <http://health.gov.au/internet/main/publishing.nsf/Content/Medicare+Statistics-1>.

7 AIHW '*Australian Health Expenditure 2012-13*' <http://www.aihw.gov.au/publication-detail/?id=60129548871>.

8 Australian Bureau of Statistics Reports for item 3222.0 '*Population Projections, Australia, 2012 (base) to 2101*' <http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/3222.02012%20(base)%20to%202101?OpenDocument>.

9 The Department of Health '*Annual Medicare Statistics – Financial Year 2007-08 to 2014-15*' <http://health.gov.au/internet/main/publishing.nsf/Content/Medicare+Statistics-1> and Australian Bureau of Statistics Reports for item 3222.0 '*Population Projections, Australia, 2012 (base) to 2101*' <http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/3222.02012%20(base)%20to%202101?OpenDocument>.

TABLE 2: Drivers of Growth in Diagnostic Imaging

Increasing Prevalence of Chronic Disease

The increasing prevalence of chronic disease is leading to greater demand for healthcare, which in turn drives demand for Diagnostic Imaging Services. The prevalence of chronic disease is increasing in Australia due to a range of factors, including:

- An ageing population where people aged over 65 years have a higher likelihood of having multiple long-term conditions;
- Improvements in detection and treatment; and
- Lifestyle factors such as diet and exercise, which can cause obesity and are an identified risk factor for diseases such as cardiovascular disease, cancer and diabetes.

CHART 3: Percentage of Australian Population over 20 Years of Age Who Are Overweight and/or Obese

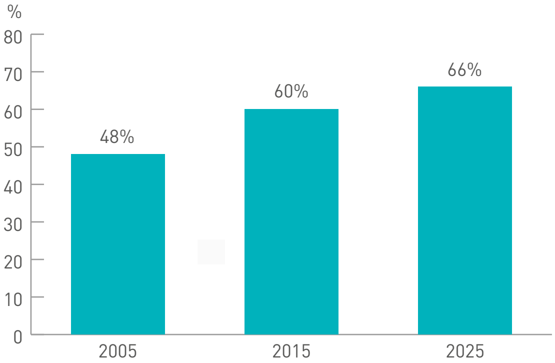
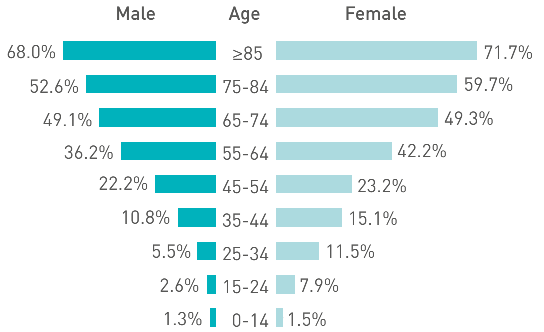


CHART 4: Prevalence of Five or More Long-Term Medical Conditions[10]



Source: Australian Bureau of Statistics Reports for item Ref #4364.0.55.001 *'Australian Health Survey: First Results, 2011-12'*.

Source: AIHW, *'Australia's Health, 2010'* <http://www.aihw.gov.au/publication-detail/?id=6442468376>.

10 Types of long-term conditions reported varied with age (e.g. conditions such as asthma, hayfever and rhinitis were common in younger age groups, whereas osteoarthritis and high blood pressure or related conditions featured as common conditions for those aged 55 years and over).

TABLE 2: Drivers of Growth in Diagnostic Imaging

Increasing Use of Diagnostic Imaging

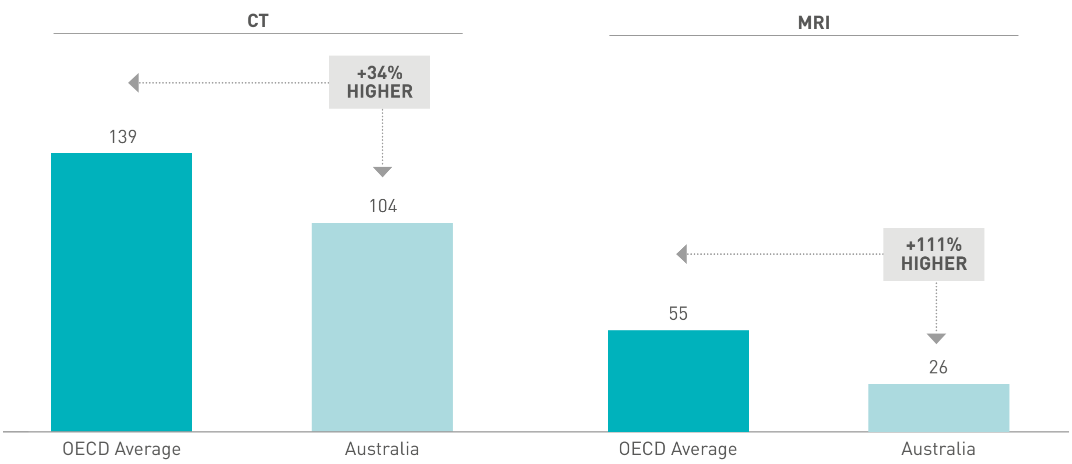
The use of Diagnostic Imaging has been increasing due to a number of factors including:

- The increasing range and quality of Diagnostic Imaging Services available to Referrers to assist in clinical decision-making; and
- The benefits of non-invasive testing for patients (which can be an alternative to invasive procedures).

IDX believes these factors lead to better outcomes for patients. Notwithstanding this, use of Diagnostic Imaging in Australia per capita remains below the average across countries in the Organisation for Economic Co-operation and Development (**OECD**).

CHART 5: Use of CT and MRI Services in Australia and OECD Countries, CY2012

Exams per 1,000 people



Source: OECD iLibrary, '*Health: Key Tables from OECD*' (Ref #10.1787/20758480) <http://www.oecd-ilibrary.org/social-issues-migration-health/health-key-tables-from-oecd_20758480>.

Medicare Benefits Schedule Item Statistics Report for Category 5 '*Diagnostic Imaging Services*' <http://medicarestatistics.humanservices.gov.au/statistics/mbs_group.jsp>.

Shift Towards Higher Quality Clinical Services

An increasing proportion of Diagnostic Imaging Services provided are in Modalities that deliver higher quality clinical outcomes (specifically MRI and PET). These services generate relatively higher revenue per service.

Growth in these services has been driven by a range of factors, such as:

- MRI has no radiation exposure to patients;
- Improvement in management plans for oncology patients (PET and MRI); and
- Higher resolution scans associated with increased levels of diagnostic confidence and better and more accurate patient and Referrer services.

In FY2015, MRI and Nuclear Medicine represented 6.8% of total Diagnostic Imaging Services in Australia and accounted for 17.2% of Commonwealth Government funding for Diagnostic Imaging.[11]

11 Medicare Benefit Schedule Item Statistics Report for Category 5 '*Diagnostic Imaging Services*' <http://medicarestatistics.humanservices.gov.au/statistics/mbs_group.jsp> (FY2005 - FY2015).

2.2.2 HISTORICAL GROWTH IN AUSTRALIA'S DIAGNOSTIC IMAGING INDUSTRY

Australia's growing and ageing population, together with the increasing incidence of chronic disease, has led to the number of patient consultations with general practitioners and medical specialists growing at 3.6% and 3.4% CAGR respectively between FY2005 and FY2015 and the number of Diagnostic Imaging Services per 100 consultations growing at 1.8% CAGR between FY2005 and FY2015.[12]

In turn, the increasing use of Diagnostic Imaging Services has led to more Diagnostic Imaging referrals per patient consultation from Referrers.

CHART 6: General Practitioner and Medical Specialist Consultations

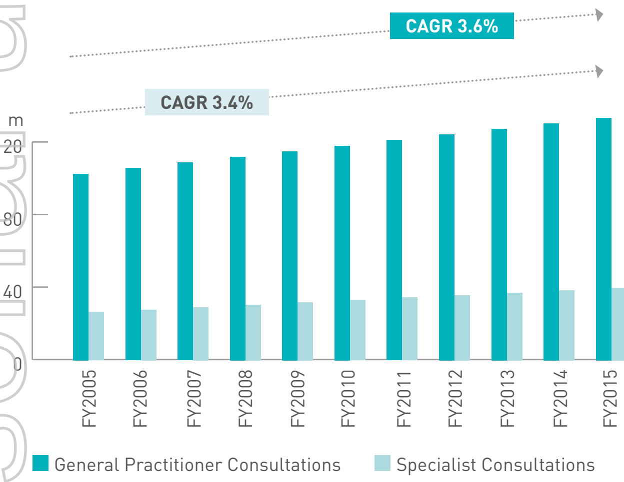
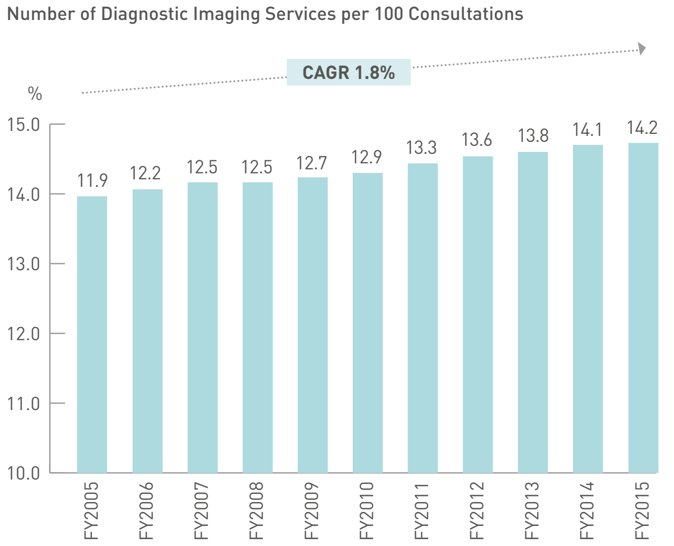


CHART 7: Average Number of Diagnostic Imaging Services per General Practitioner and Medical Specialist Consultation



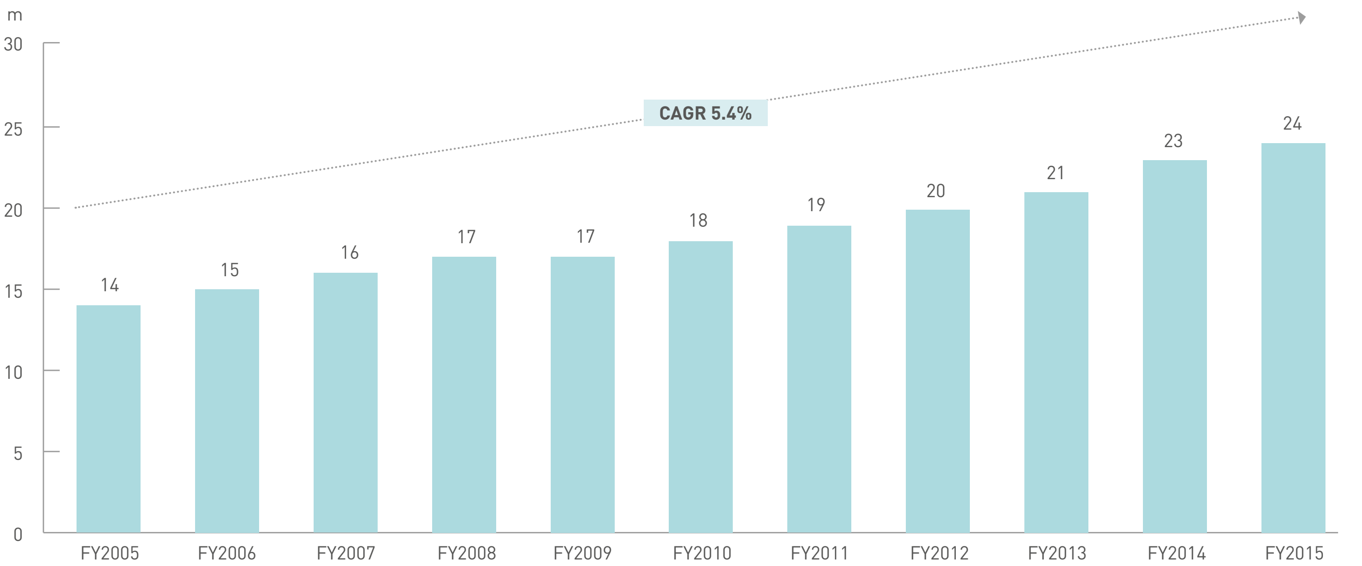
Source: Medicare Benefits Schedule Item *'Group Report: Broad Type of Service (BTOS)'* <http://medicarestatistics.humanservices.gov.au/statistics/mbs_group.jsp>.

As a result of the above, the number of scans provided that claimed reimbursement from the Commonwealth Government has increased by 5.4% CAGR between FY2005 to FY2015. Growth in Queensland and Victoria has been higher than the national average over the same period.[13] IDX expects growth in population growth corridors such as the Gold Coast and outer western Melbourne region will result in higher growth in the number of Diagnostic Imaging Services in these areas than the national average.

12 Medicare Benefit Schedule category by *'Broad Type of Services (BTOS) processed from July 1993 to June 2015'* <http://medicarestatistics.humanservices.gov.au/statistics/mbs_group.jsp>.

13 The Department of Health *'Quarterly Medicare Statistics – March Quarter 2003 to June Quarter 2015'* <http://health.gov.au/internet/main/publishing.nsf/Content/Medicare+Statistics-1>.

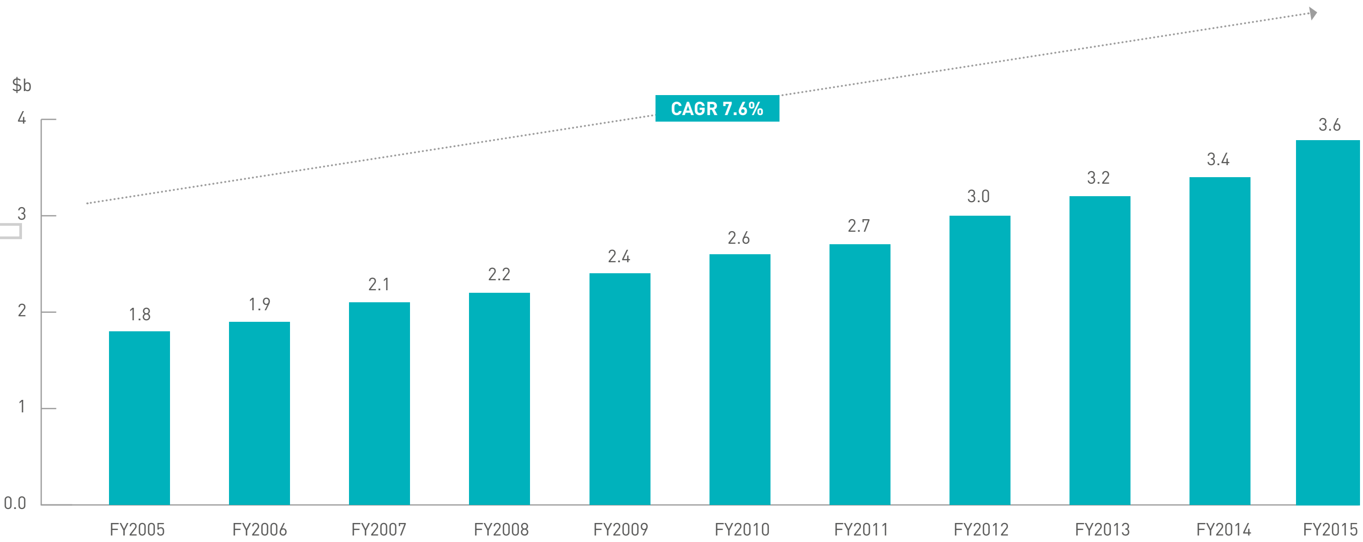
CHART 8: Estimated Number of Diagnostic Imaging Services



Source: The Department of Health '*Quarterly Medicare Statistics – March Quarter 2003 to June Quarter 2015*' <http://health.gov.au/internet/main/publishing.nsf/Content/Medicare+Statistics-1>.
Note: Number of Diagnostic Imaging Services refers to the number of scans provided in that particular period which claim reimbursement from the Commonwealth Government.

Growth in the number of Diagnostic Imaging Services and a shift towards higher quality services (which generally attract higher revenue per service) have resulted in estimated revenue in the Addressable Market growing at a CAGR of 7.4% between FY2005 and FY2015.

CHART 9: Estimated Revenue in the Addressable Market



Source: The Department of Health '*Quarterly Medicare Statistics – March Quarter 2003 to June Quarter 2015*' <http://health.gov.au/internet/main/publishing.nsf/Content/Medicare+Statistics-1>.

2.3. DIAGNOSTIC IMAGING INDUSTRY STRUCTURE IN AUSTRALIA

2.3.1. TYPES OF PROVIDERS OF DIAGNOSTIC IMAGING SERVICES

As outlined in Section 2.1.3, the Addressable Market for IDX is comprised of patients who receive a referral for a Diagnostic Imaging Service, which comprises the private market and part of the public market. Within this Addressable Market, IDX estimates that approximately 92% of the total number of Diagnostic Imaging Services were provided by private providers in FY2015.[14]

Referrers and patients may choose between a public and private provider for services based on a range of factors, including:

- **Access to care**: waiting times to access services are typically longer at public providers. Convenience of site location and the availability of on site or nearby parking are typically better at sites operated by private providers; and
- **Price and funding for service**: patients may be eligible for full funding or reimbursement from the Commonwealth Government for services provided. This is typically the case for services delivered by public providers and for certain services delivered by private providers.

2.3.2. STRUCTURE OF THE MARKET AND BASIS OF COMPETITION FOR PRIVATE PROVIDERS

The market structure and competitive dynamics for private providers of Diagnostic Imaging Services differ by the type of site operated. Table 3 outlines the type of sites operated, the typical services offered at each site and the basis of competition for private providers. In IDX's experience, patients prefer not to travel far from their place of residence to access Diagnostic Imaging Services and therefore, depending on the Modality required, its proximity to the patient and whether the patient is referred to a hospital, competition at each of these sites is often on a local basis.

TABLE 3: Types of Sites Operated by Private Providers and Areas of Competition Amongst Providers

Site	Hospital Site	Comprehensive Site	Community Clinic
Location of Site	Within the hospital and leased under contract from the hospital Under a service agreement, a competing practice may not be established within the hospital for the duration of the contract with the hospital	In close proximity to hospital or major medical precinct or in local communities	Local communities
Typical Services Offered	Full range of services	Full range of services	Typically only X-ray and Ultrasound
Basis of Competition – Across All Sites	• Quality of reporting • Ability to access services with minimal waiting time • Quality of Diagnostic Imaging Services provided • Range of Diagnostic Imaging Services offered • Relationships with hospitals and Referrers		
Key Areas of Competition – Site Specific	• Performance against contractual service levels • Quality of Diagnostic Imaging equipment and technology platform	• Geographical proximity to patient and Referrer • Expertise and sub-specialisation • Technology platform for delivery of report online or via smartphone	• Geographical proximity to patient and Referrer • Brand association • Location and accessibility for patient (e.g. parking and shorter waiting lists) • Price charged • Technology platform for delivery of report online or via smartphone

14 IDX estimates based on information sourced from The Department of Health '*Annual Medicare Statistics – Financial Year 2007-08 to 2014-15*' <http://health.gov.au/internet/main/publishing.nsf/Content/Medicare+Statistics-1>.

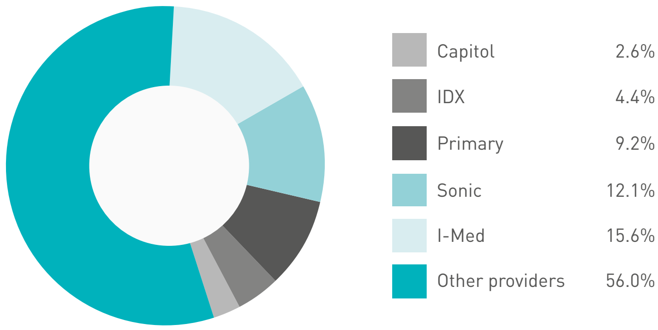
Importantly, for any of the above sites where a provider has a full or partial MRI Eligible Unit (see Section 2.4.1.3 for an overview of MRI Licences), the licence is attached to the unit and not attached to the site or owner of the site. This gives the provider flexibility to change site locations and shift the MRI Eligible Unit to another location within the local area (subject to Government approval) and still operate with the benefit of the MRI Licence.

2.3.3. LARGEST PRIVATE PROVIDERS OF DIAGNOSTIC IMAGING

IDX's Addressable Market is large and relatively fragmented on a national basis. IDX management estimates that the five largest providers in the Diagnostic Imaging industry account for more than 40% of revenue generated in the Addressable Market in FY2014.[15] IDX is one of the five largest providers of Diagnostic Imaging Services in Australia. Other large providers include Image Networks Holdings Pty Ltd, Sonic Healthcare Limited, Primary Health Care Limited and Capitol Health Limited.

CHART 10: Structure of National Diagnostic Imaging Industry

IDX management estimate of share of five largest providers of Addressable Market revenue in FY2014[16]



Source: IDX.

IDX believes the large and fragmented nature of the industry will create opportunities for consolidation. Larger providers of Diagnostic Imaging Services are able to capitalise on scale benefits to assist in their ability to compete at each of their sites and within their local geographic areas. These scale benefits generally include an ability to:

- Invest in systems and technology, which allow sites to deliver high quality services to patients and Referrers;
- Share best practice techniques across a network of sites;
- Procure and utilise equipment more efficiently across a network of sites, obtain better prices on new equipment and obtain lower maintenance and service costs; and
- Spread central operating costs across a larger number of sites.

15 Based on IDX estimates and publicly available reported revenue for each of these companies in FY2014 divided by the size of the Addressable Market in FY2014, sourced from Medicare data.

16 These percentages are IDX's estimates. The percentages are calculated using the publicly available reported revenue for each of these companies in FY2014 divided by the size of the Addressable Market in FY2014 sourced from Medicare data. This calculation is an estimate of the share of the addressable market each of these companies had in FY2014 and their actual share may differ from the estimates IDX has calculated.

2.4. FUNDING, LICENSING AND REGULATORY ARRANGEMENTS FOR DIAGNOSTIC IMAGING SERVICES IN AUSTRALIA

Private providers of Diagnostic Imaging Services in IDX's Addressable Market are free to set their own price for services and patients can receive partial or full reimbursement for services from the Commonwealth Government, private health insurance and/or other sources. Of the estimated Addressable Market revenue of $3.6 billion in FY2015, approximately 86% was reimbursed by the Commonwealth Government.[17]

Patient eligibility for reimbursement from the Commonwealth Government is impacted by a variety of factors, which are outlined below. Reimbursement from private health insurance depends on the level of insurance coverage held by the patient and is only available if the Diagnostic Imaging Service is provided as an Inpatient service (approximately 8% of Diagnostic Imaging Services were provided to Inpatients in FY2015).[18]

2.4.1. COMMONWEALTH GOVERNMENT FUNDING

Medicare is a universal health insurance scheme that underpins Australia's healthcare system. For Australian citizens and most permanent Australian residents, Medicare provides access to subsidised treatment for certain healthcare services (including Diagnostic Imaging Services) and no out-of-pocket expenses for the treatment of public patients in public hospitals.

IDX and its patients receive funding from Medicare through the MBS, which provides funding and reimbursement for Diagnostic Imaging Services to eligible patients as set out in the MBS.

2.4.1.1 MEDICARE BENEFITS SCHEDULE

The MBS defines approximately 5,700 health services and sets a scheduled fee and rebate for each service. The scheduled fees for Diagnostic Imaging Services on the MBS have not been indexed since 1998 (unlike most other medical services, which have been indexed since 1998).

Healthcare providers are free to set their own fees and patients are typically entitled to a reimbursement equal to a percentage of the MBS fee. If a provider is willing to accept the benefit payable under the MBS as full payment for a service, the provider bills the Commonwealth Government directly and the patient is not charged (this practice is commonly referred to as bulk-billing).

Patients must obtain a referral from a Referrer located in Australia to be eligible for funding or reimbursement under the MBS.

A Medicare benefit is not payable in respect of a Diagnostic Imaging Service unless that service (and the resultant report) is provided:

- By a Diagnostic Imaging specialist provider that is located in Australia and is accredited under the Diagnostic Imaging Accreditation Scheme; and
- Using Diagnostic Imaging equipment that is ordinarily located at premises that are accredited for the relevant procedure under the Diagnostic Imaging Accreditation Scheme.

To become accredited under the Diagnostic Imaging Accreditation Scheme, the provider must meet a full suite of practice standards and, once accredited, must be reaccredited every four years.

Under the MBS, the funding or reimbursement available to a patient depends on whether the Diagnostic Imaging Service is provided on an Outpatient or Inpatient basis, and whether the service provider bulk-bills. In summary:

- Where the patient is bulk-billed and the service is provided on an Outpatient basis, the MBS fee is effectively reduced by 5% (except for MRI) and the provider receives 100% of the reduced MBS fee (for non-MRI services);
- Where the patient is bulk-billed and the service is provided on an Inpatient basis, the provider is entitled to 75% of the MBS fee;
- Where the patient is not bulk-billed and the service is provided on an Outpatient basis, the provider charges its chosen rate and the patient is entitled to a reimbursement equal to 85% of the MBS fee. The patient may also incur out-of-pocket expenses; and
- Where the patient is not bulk-billed and the service is provided on an Inpatient basis, the provider charges its chosen rate and the patient is entitled to a reimbursement equal to 75% of the MBS fee and, if applicable, a reimbursement from the patient's private health insurer. The patient may also incur out-of-pocket expenses.

The applicable MBS fee is subject to capital sensitivity rules and ownership of an MRI Licence (see Sections 2.4.1.2 and 2.4.1.3 respectively).

17 Based on information sourced from The Department of Health *'Annual Medicare Statistics – Financial Year 2007-08 to 2014-15'* <http://health.gov.au/internet/main/publishing.nsf/Content/Medicare+Statistics-1>.

18 The Department of Health *'Annual Medicare Statistics – Financial Year 2007-08 to 2014-15'* <http://health.gov.au/internet/main/publishing.nsf/Content/Medicare+Statistics-1>.

DIAGRAM 2: Illustrative Example of Patient Eligibility for Commonwealth Government Reimbursement Based on Price Charged by Provider

Source: IDX.

2.4.1.2 CAPITAL SENSITIVITY REGULATIONS

The MBS fee can be impacted by the age of equipment used by a Diagnostic Imaging provider. Where the equipment is under the effective life age specified by the Commonwealth Government, the fee will remain at 100% of the schedule fee set out in the MBS.

If the equipment is older than the specified effective life age, the MBS fee will be reduced by 50% (except for PET services). This regulation is intended to improve the quality of Diagnostic Imaging Services by encouraging providers to upgrade and replace aged equipment as appropriate. The effective life age specified by the Commonwealth Government is outlined in Table 4.

TABLE 4: Effective Life Age Specified by the Commonwealth Government for Diagnostic Imaging Equipment

Modality	Effective Life Age	Maximum Life if Equipment Is Upgraded During Its Useful Life
X-ray	15 years	20 years
Ultrasound	10 years	15 years
CT	10 years	15 years
MRI	10 years	20 years
Nuclear Medicine (excluding PET)	10 years	15 years

Source: The Department of Health '*Capital Sensitivity Measure for Diagnostic Imaging Equipment*' <http://www.health.gov.au/capitalsensitivity>.

2.4.1.3 MRI LICENCES

For MRI services, the eligibility of a patient to receive funding or reimbursement under Medicare will be impacted by whether the MRI unit used to provide treatment is licensed and the source of the patient referral (e.g. general practitioner or medical specialist). As outlined in Section 1.2, the reference to an MRI Licence means the provider operates an MRI Eligible Unit, which enables a patient to receive a Commonwealth Government reimbursement for services provided by that unit. An MRI Eligible Unit is only able to be relocated, and an MRI Licence is only able to be transferred, with Government approval. Government approval will only generally be granted if the MRI Eligible Unit or MRI Licence is relocated or transferred within the specified geographic area.

A holder of an MRI Licence is required to enter into a deed of undertaking with the Commonwealth Department of Health, which sets out the applicable conditions attaching to the MRI Licence.

A provider must hold a full or partial MRI Licence for the MRI unit used to provide the service in order for the patient to receive Commonwealth Government reimbursement. The funding available to patients differs depending on whether the provider holds a full or partial MRI Licence in relation to that MRI unit. In Australia, there were as at January 2015:

- **Full licences**: 171 MRI Licences entitling patients to reimbursement for all MRI services listed on the MBS, which are referred by either a medical specialist or general practitioner. Reimbursement is subject to an annual cap per patient, which is calculated by the number of services the patient receives;[19] and
- **Partial licences**: 178 MRI Licences entitling patients to reimbursement for MRI services where they have been referred by a general practitioner.[20] A general practitioner may only refer patients for a limited number of MRI services listed on the MBS. Reimbursement is subject to an annual cap per patient, which is calculated by the number of services the patient receives.

There are 349 full and partial MRI Licences in Australia.[21] The Commonwealth Government regulates and limits the number of MRI Licences, which historically have only been granted periodically. IDX believes that a key consideration for the Commonwealth Government in allocating MRI Licences is to ensure patients have access to affordable and convenient MRI services whilst at the same time ensuring the appropriate level of servicing is eligible for Commonwealth Government reimbursement. MRI licensing arrangements have existed in Australia since 1998.

The last significant change to the number of MRI Licences was announced by the Commonwealth Department of Health on 10 May 2011, being:

- The issuance of additional full MRI Licences to unlicensed MRI units that were operational or planned as at 10 May 2011 and located outside metropolitan areas. This measure resulted in 30 additional full MRI Licences;
- The introduction of partial MRI Licences to all unlicensed MRI units that were operational or planned as at 10 May 2011 and located in metropolitan areas. This measure resulted in the 178 current partial MRI Licences; and
- The issuance of 12 additional full MRI Licences over the period 2012-2015 in identified areas of need. These were allocated to providers via a tender process which was completed in November 2012.

In 2012, the Commonwealth Government changed the referral requirements for patients to be eligible to receive reimbursement for MRI services in order to make MRI services more accessible. Prior to November 2012, all patients required a referral from a medical specialist to be eligible for reimbursement. From November 2012 (for patients under the age of 16) and November 2013 (for patients 16 years and older), patients can receive a referral from a general practitioner and are not required to visit a medical specialist to be eligible for reimbursement (subject to an annual cap).

The Medical Services Advisory Committee provides advice and makes recommendations to the Commonwealth Government on MRI services placed on the MBS. Historically, MRI services have been added to the MBS on recommendation from the Medical Services Advisory Committee and, on the basis of past trends, IDX believes that more MRI services will be recommended for placement on the MBS in the future.

2.4.2. PRIVATE HEALTH INSURANCE FUNDING

Where a patient is admitted to hospital, receives Diagnostic Imaging Services on an Inpatient basis and holds a private health insurance policy that covers Diagnostic Imaging Services, they may be entitled to additional reimbursement over and above that provided by the Commonwealth Government under the MBS. This reimbursement is funded by their private health insurer and will cover some or all of the difference between the price charged by the provider and the level of Commonwealth Government reimbursement.

Currently, Government rebates and penalties encourage individuals to take private health insurance cover. As at 30 June 2015, approximately 55.8% of the Australian population had private health insurance coverage.[22]

19 Medical Services Advisory Committee '*1372 - MRI Liver – Scan for the detection and characterisation of focal liver lesions*' <http://www.msac.gov.au/internet/msac/publishing.nsf/Content/911500BF5DEDF499CA257C82007DE4AF> and ANAO Report No. 12 2014-15 Performance Audit, '*Diagnostic Imaging Reforms*', December 2014.

20 ANAO Report No. 12 2014-15 Performance Audit, '*Diagnostic Imaging Reforms*', December 2014.

21 ANAO Report No. 12 2014-15 Performance Audit, '*Diagnostic Imaging Reforms*', December 2014.

22 APRA '*Private Health Insurance Quarterly Statistics*', June 2015.

2.4.3. OTHER FUNDING

Patients may also receive funding for Diagnostic Imaging Services from:

- The Commonwealth Department of Veterans' Affairs, which provides a range of services to eligible Australian Defence Force veterans and their dependants;
- State-based compulsory workers compensation insurance cover for workplace related injury and disease; and
- Third party compulsory motor vehicle insurers (e.g. Transport Accident Commission in Victoria) that cover claims made by insured members involved in motor vehicle accidents.

2.5. RADIOLOGISTS AND TECHNICAL PROFESSIONALS IN DIAGNOSTIC IMAGING IN AUSTRALIA

Radiologists and Technical Professionals such as Radiographers, Sonographers or Nuclear Medicine Technologists are contracted or employed by Diagnostic Imaging providers in Australia.

Technical Professionals are involved in producing images of the relevant anatomy. A Radiologist is then responsible for assessing the images, reviewing the Diagnostic Imaging procedures used to take the images, performing interventional procedures and issuing a report, which is provided to the Referrer.

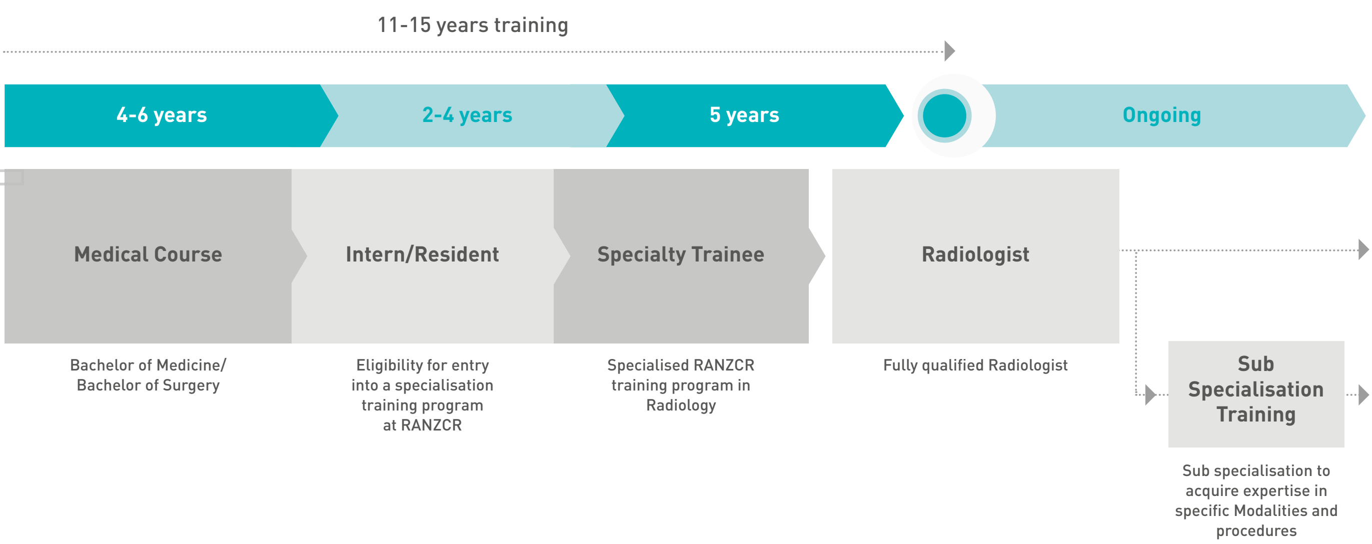
Due to the specialised nature of Diagnostic Imaging and the training required to become a Radiologist or Technical Professional, industry capacity is directly proportional to the number of Radiologists and Technical Professionals that operate in the market. Providers of Diagnostic Imaging Services rely on their ability to attract and retain Radiologists and Technical Professionals. See Section 5.2.5 for further details of the risk of being unable to attract and retain Radiologists and Technical Professionals.

2.5.1. RADIOLOGISTS

2.5.1.1 EDUCATION, TRAINING AND CAREER PATH FOR RADIOLOGISTS

In order to become a Radiologist, a person must have completed a medical degree at an accredited university (either in Australia or overseas), completed at least two years of general medical work as an intern or resident, and then apply and be accepted into a specialist training program accredited by the Royal Australian and New Zealand College of Radiologists (**RANZCR**). Once accredited by RANZCR, Radiologists may choose to undertake further sub-speciality training to focus on particular services or areas of the human body. The diagram below sets out an example education, training and career path for a Radiologist.

DIAGRAM 3: Example Education, Training and Career Path for a Radiologist



Source: The Royal Australian and New Zealand College of Radiologists '*A Career In Radiology*' <http://www.ranzcr.edu.au/radiology/a-career-in-radiology>.

2.5.1.2 INCREASING NUMBER OF RADIOLOGISTS IN AUSTRALIA

The number of Radiologists in Australia increased from 1,174 in 2002 to 1,761 in 2012, representing a CAGR of 4.1%.[23]

The increasing number of Radiologists has been a function of a growing number of medical students admitted to and graduating from medical degree programs in Australia and a growing number of specialists admitted to RANZCR. IDX estimates the number of specialists undertaking the RANZCR training program at any one time has increased from approximately 330 in 2009 to over 400 in 2013.

CHART 11: Number of Radiologists in Australia

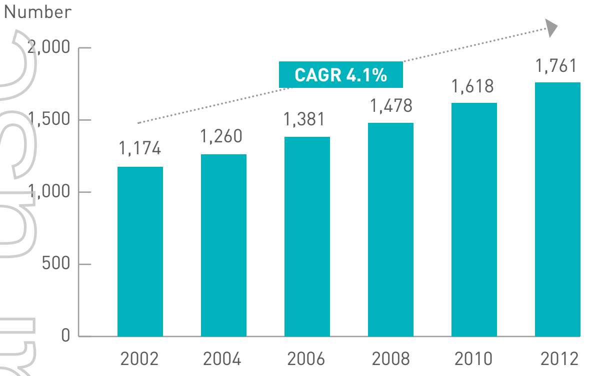
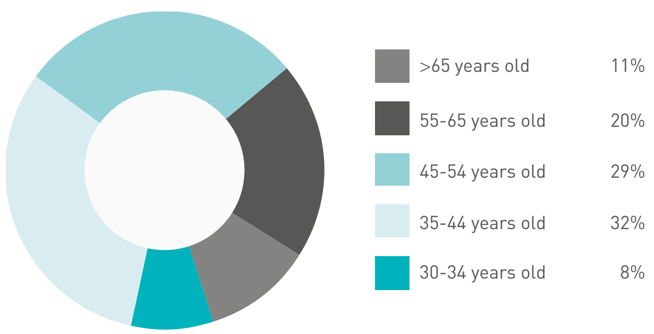


CHART 12: Age Profile of Radiologists in Australia CY2012



Source: The Royal Australian and New Zealand College of Radiologists '*2012 RANZCR Radiology Workforce Census Report: Australia*' http://www.ranzcr.edu.au/documents-download/document-library-6/document-library-7/2551-2012-radiology-workforce-census-report-australia/file.

2.5.1.3 FACTORS INFLUENCING THE CHOICE OF EMPLOYER FOR RADIOLOGISTS IN AUSTRALIA

The choice of joining a private provider, public hospital or private hospital provider of Diagnostic Imaging Services can be influenced by a number of factors, some of which are set out in Section 3.3.1.1.

2.5.2. TECHNICAL PROFESSIONALS

Radiographers (also known as Medical Imaging Technologists)
Radiographers facilitate patient diagnosis through the creation of medical images using the core Modalities. In order to become an accredited Radiographer with the Australian Institute of Radiography (**AIR**), a person needs to complete an undergraduate university degree accredited by the AIR, typically in science with a focus on medical radiation. After graduating, a Radiographer needs to undertake a year of 'on the job' training with an accredited clinical radiology department before they can apply for accreditation from the AIR and be authorised to work in practice. Having been authorised to work, Radiographers can opt to undertake further postgraduate study in several specialist areas (e.g. CT, MRI and Ultrasound).

There were approximately 11,414 Radiographers in Australia as at March 2015.[24]

Sonographers
A Sonographer utilises Ultrasound to undertake diagnostic medical sonographic examinations. In order to become a Sonographer, specialised training in using sonography equipment is essential and usually involves an undergraduate university degree with a focus on sonography, followed by a postgraduate diploma or masters in sonography. Accreditation with the Australian Sonographer Accreditation Registry is mandatory for Sonographers working in practices that provide Medicare-eligible sonographic services.

As at March 2015, there were approximately 5,140 accredited Sonographers in Australia.[25]

Nuclear Medicine Technologists
A Nuclear Medicine Technologist is primarily responsible for the preparation and administration of radioactive chemical compounds used to take images of the organ system within the patient's body. The use of radioactive materials allows Nuclear Medicine Technologists to assist Radiologists in the diagnosis of physiological and metabolic changes within the body. In order to become a Nuclear Medicine Technologist, a person is required to have completed an undergraduate university degree with a focus on Nuclear Medicine to become eligible for full registration with the Medical Radiation Practice Board of Australia.

As at June 2011, there were 233 specialist Nuclear Medicine Technologists registered to work in Australia.[26]

23 The Royal Australian and New Zealand College of Radiologists '*2012 RANZCR Radiology Workforce Census Report: Australia*' http://www.ranzcr.edu.au/documents-download/document-library-6/document-library-7/2551-2012-radiology-workforce-census-report-australia/file.
24 Department of Employment, Labour Market and Research and Analysis Branch, '*Labour Market Research – Health Professions Australia 2014-15*' <http://docs.employment.gov.au/system/files/doc/other/aushealthprofessionalscluster_0.pdf>.
25 Department of Employment, Labour Market and Research and Analysis Branch, '*Labour Market Research – Health Professions Australia 2014-15*' <http://docs.employment.gov.au/system/files/doc/other/aushealthprofessionalscluster_0.pdf>.
26 Health Workforce Australia '*National Cancer Workforce Strategy: Workforce Planning Data Inventory*', March 2012 <http://www.hwa.gov.au/sites/uploads/NCWS-Planning-Data-Inventory.pdf>.

3

COMPANY OVERVIEW

3. COMPANY OVERVIEW

3.1. INTRODUCTION TO IDX

3.1.1. OVERVIEW OF IDX

IDX is an Australian healthcare services company whose main activity is providing Diagnostic Imaging Services to Referrers and patients. IDX provides Diagnostic Imaging Services through a network of 44 sites, including 12 hospital sites, in three regional geographic markets in Victoria, Queensland and Western Australia. IDX operates under different brands in each of these markets: Lake Imaging (Victoria), South Coast Radiology (Queensland) and Global Diagnostics (Western Australia). Lake Imaging also has a joint venture named South West MRI, which provides MRI services in western Victoria. Table 5 sets out an overview of each of IDX's businesses as at 30 June 2015.

TABLE 5: Overview of IDX[1]

As at 30 June 2015

	Lake Imaging	South Coast Radiology	Global Diagnostics	Total IDX
State of operation	Victoria	Queensland	Western Australia	
Core markets	Ballarat, Geelong and outer western areas of Melbourne	Gold Coast area, Toowoomba and Mackay	South West Western Australia	
Sites (includes hospital sites)	23	12	9	44
Hospital sites	6	2	4	12
MRI machines	5	6	2	13
MRI Licences	4 full 0 partial	3 full 3 partial	2 full 0 partial	9 full 3 partial
Employed Radiologists	20	23	9	52
Employees (excluding Radiologists)	375	303	142	820

In FY2015, IDX provided close to 1 million patient scans in total and generated $160.0 million of pro forma revenue, making it one of the largest providers of Diagnostic Imaging Services in Australia.

IDX sites are supported by a technology platform and shared operational functions including operations, marketing, equipment supply, call centres, human resources and finance. A National and State Clinical Leadership Committee also ensures clinical independence and promotes clinical excellence at both national and state levels.

1 IDX's MRI machines includes one fully funded unit operated by South West MRI Pty Ltd (which the Company has a 50% interest in).

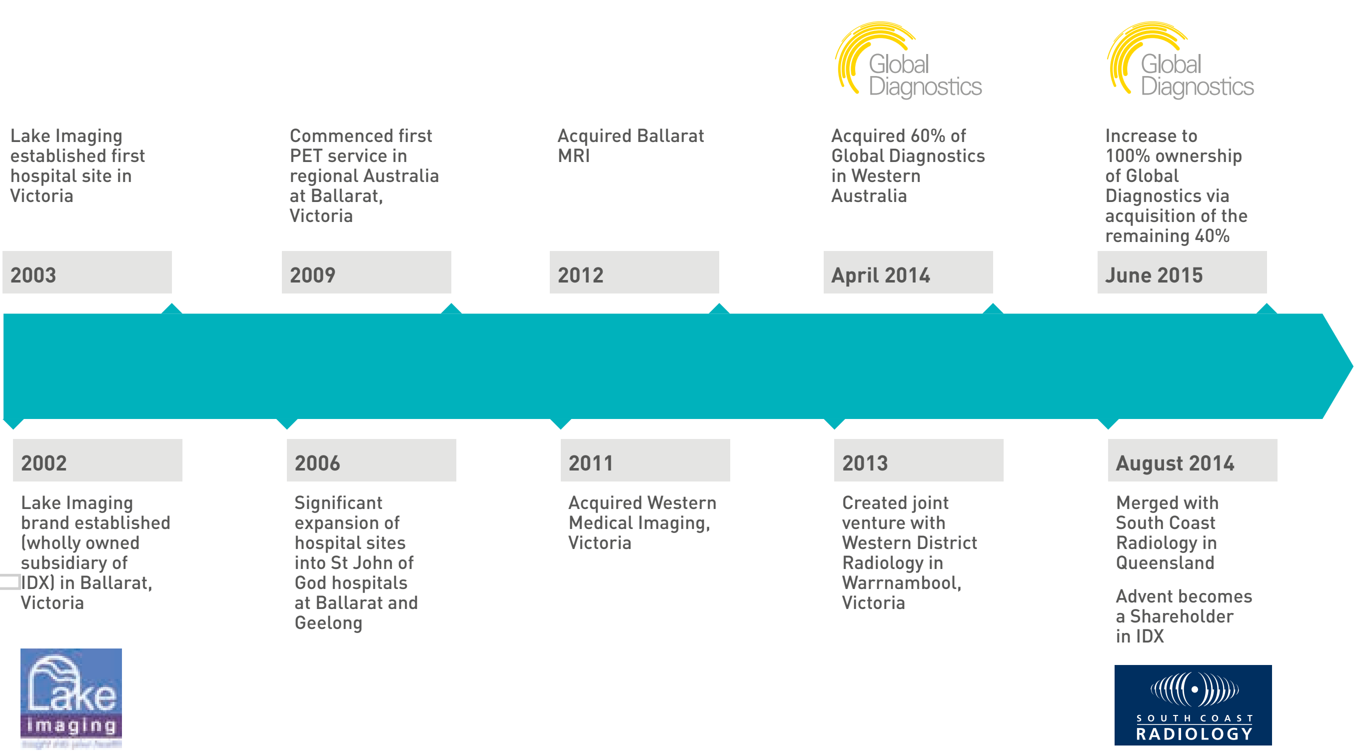
3.1.2. HISTORY OF IDX

IDX provides Diagnostic Imaging Services through its three brands: Lake Imaging, South Coast Radiology and Global Diagnostics.

- **Lake Imaging** was founded in 2002 by a small group of Radiologists and Radiographers, including the current CEO John Livingston, to establish a private practice that offered Referrers and patients a superior level and quality of service. This centred around delivering best-in-class patient access and experience, leading clinical capabilities and excellence, and superior turnaround time and engagement with Referrers. Lake Imaging was an early adopter of technology to improve service levels and became the first private radiology practice in Australia to operate a fully digital model. Lake Imaging is a wholly owned subsidiary of IDX;
- **South Coast Radiology** was founded in 1967 in Southport on the Gold Coast. Since this time, it has expanded in the Gold Coast and Tweed Heads regional market as well as established practices in Toowoomba and Mackay. In August 2014, South Coast Radiology was merged with IDX. The merger was partially financed by an investment by the Advent Funds in IDX; and
- **Global Diagnostics** was founded in 1997 in south west Western Australia. In April 2014, IDX acquired a majority shareholding in Global Diagnostics and acquired the remaining shareholding in June 2015.

Each of IDX's brands operates with similar characteristics, being strong regional market position, operation of hospital sites, strength in Modalities that deliver superior patient and Referrer services and operations with a large group of Radiologists.

DIAGRAM 4: History of IDX

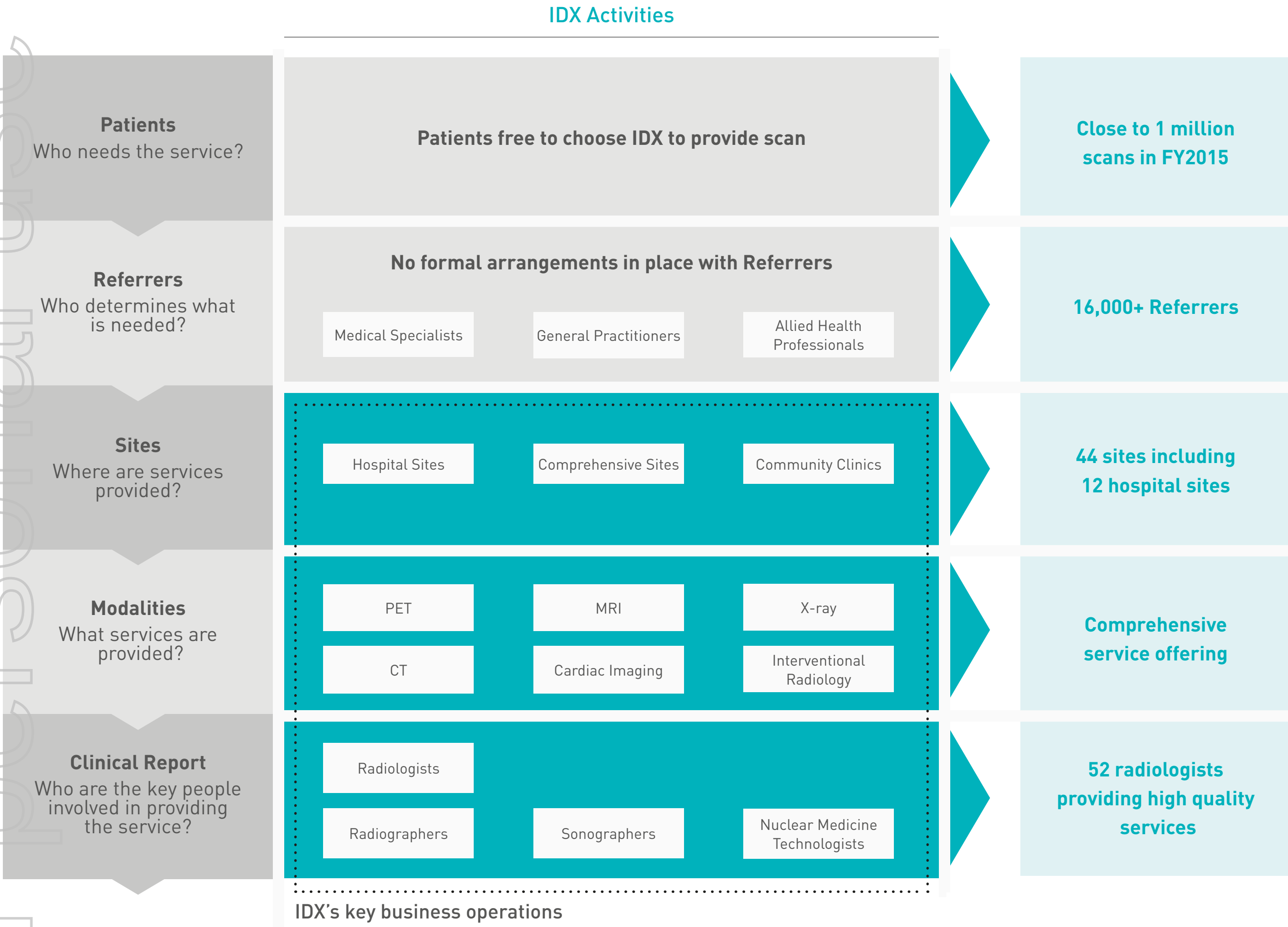


3.2. BUSINESS MODEL AND SERVICES PROVIDED

IDX generates income by providing high quality Diagnostic Imaging Services to Referrers and patients from its network of 44 sites. Diagram 5 summarises the various components of IDX's business model and the main areas through which it derives income.

DIAGRAM 5: IDX's Business Model

As at 30 June 2015



IDX's business model is dependent on several key factors, including:

- **Attracting patients and Referrers**: IDX relies on attracting patients to generate income. Patients' choice of a Diagnostic Imaging Services provider can be influenced by the Referrer referring the patient to one of IDX's sites. Referrers and patients may choose IDX for a variety of reasons, including:
  - Quality of clinical services and capabilities provided;
  - Accessibility of services (e.g. convenience of location and waiting times);
  - Range of services offered including type of equipment and experience of Radiologists;
  - Available MRI Licences, which receive full or partial Commonwealth Government reimbursement for MRI services; and
  - A technology platform that facilitates better service levels for Referrers and patients;
- **Hospital sites**: IDX operates at hospital sites under a typical contract length of 5 to 10 years with renewal options to provide Diagnostic Imaging Services. These sites represented 46% of FY2015 pro forma revenue. These sites also enable IDX to efficiently operate a surrounding clinic network that benefits from demand at the hospital site and assist in attracting and retaining high quality Radiologists;
- **High quality equipment**: a significant portion of IDX's income is generated from higher-value and more complex Modalities. IDX operates a high standard of equipment that meets current clinical requirements in these areas;
- **Attracting and retaining Radiologists and Technical Professionals**: without Radiologists and Technical Professionals, IDX could not provide Diagnostic Imaging Services to its patients. IDX employed 52 Radiologists as at 30 June 2015 and employed a significant number of Technical Professionals; and
- **Government funding**: the Commonwealth Government provides a source of funding for Diagnostic Imaging Services in Australia without which the out-of-pocket costs to patients would be higher. This is discussed in more detail in Section 2.4.

3.2.1. SITES AND LOCATIONS

IDX operates 44 sites across regional and outer metropolitan areas of Victoria, Queensland and Western Australia. These States accounted for approximately 54% of Diagnostic Imaging Services in Australia in FY2015.[2] In each of these markets, IDX operates a range of sites including hospital sites, comprehensive sites and community clinics. The combination of key hospital sites in these markets together with surrounding sites provides IDX with a strong competitive position that is difficult to replicate.

Across its operating markets, IDX operates more sites than its competitors. Reinforcing its market position is the number of MRI Licences that IDX holds in these locations. MRI Licences provide a competitive advantage in providing MRI services that deliver higher quality patient and Referrer services as compared to those of other Modalities and generate higher average revenue per service than most other Modalities.

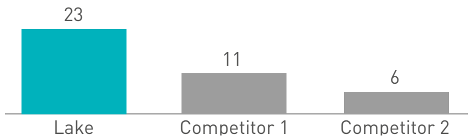
2 Medicare Benefit Schedule Item Statistics Report for Category 5 '*Diagnostic Imaging Services*' <http://medicarestatistics.humanservices.gov.au/statistics/mbs_group.jsp>.

Diagram 6 outlines the competitive position for each of IDX's brands.

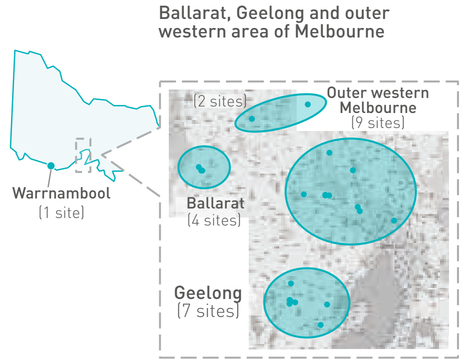
DIAGRAM 6: IDX's Geographic Presence

As at 30 June 2015

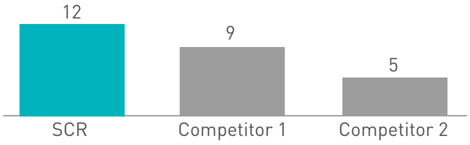
State of Operation	Victoria
No. IDX Sites	23
Major Geographic Locations	• Ballarat • Geelong • Outer Western Areas of Melbourne
Hospital Sites	• St John Of God, Geelong • St John of God, Ballarat • Bacchus Marsh Hospital • Kyneton District Hospital • Daylesford Hospital • Ballarat Health Services
Competitive Landscape of Private Diagnostic Imaging Operators Across IDX's Major Geographic Locations	Number of Sites



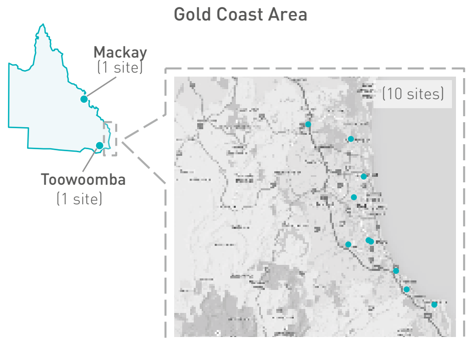
Site Locations



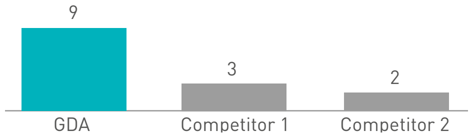
State of Operation	Queensland
No. IDX Sites	12
Major Geographic Locations	• Gold Coast • Mackay • Toowoomba
Hospital Sites	• John Flynn Private Hospital • Pindara Private Hospital
Competitive Landscape of Private Diagnostic Imaging Operators Across IDX's Major Geographic Locations	Number of Sites



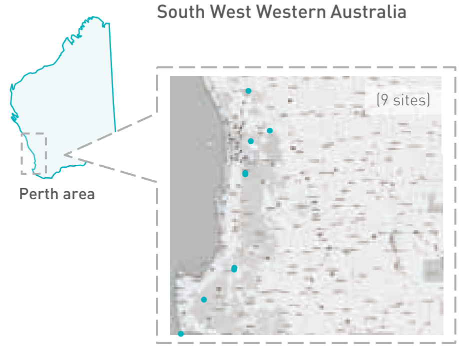
Site Locations



State of Operation	Western Australia
No. IDX Sites	9
Major Geographic Locations	• South West Western Australia
Hospital Sites	• Peel Health Campus • Busselton Health Campus • Bunbury Hospital • Margaret River District Hospital
Competitive Landscape of Private Diagnostic Imaging Operators Across IDX's Major Geographic Locations	Number of Sites



Site Locations



Source: IDX, ADIA.

Note: Competitive position is calculated by number of sites compared to that of other major private Diagnostic Imaging providers in Australia (I-MED, Sonic Healthcare Limited, Primary Health Care Limited and Capitol Health Limited) in the local Government area where IDX has a site. Other small Diagnostic Imaging providers operate in some of these local Government areas but are not considered major competitors to IDX.

IDX operates its hospital sites under individual service level agreements with each of the relevant hospitals. Referrers and patients at these hospitals are not required to exclusively use IDX facilities for Diagnostic Imaging Services but may choose to do so due to convenience of location, access and timely report delivery. IDX is required to pay the hospital rent to lease the space and is generally responsible for providing all equipment, staff, supplies and billing of patients. Section 9.6 provides further information on these contracts and Section 5.2.4 outlines potential risks relating to these contracts.

3.2.2. MODALITIES AND EQUIPMENT

IDX provides a comprehensive range of Diagnostic Imaging Services across a spectrum of Modalities. Table 6 below provides an overview of the Modalities, and sub-specialties, that IDX provides across its network.

TABLE 6: Services Provided by IDX

Key Modalities	Radiography/ X-ray	Ultrasound	CT	Nuclear Medicine/PET	MRI	Other
Technology	X-rays	High-frequency sound waves	X-rays with cross sectional images	Form of Nuclear Medicine using very short half-life isotopes	Radiowaves, strong magnetic fields, computer image	Modalities such as interventional radiography, cardiac imaging and others
Examples of patient indications	Bone (fractures, arthritis and other disorders), chest (pneumonia, tumours and heart failure), abdomen (bowel obstruction, renal stones)	Digestive, gynecological and musculoskeletal conditions	Brain, neck, chest, abdomen, pelvis, spine, bones, injuries and coronary artery disease	Major role in assessment of cell based activity, including the assessment of cancer activity and spread	Brain, spine, soft tissue tumours, joints and sports injuries, pelvis, hepato-biliary	
% FY2015 pro forma patient fees*	13.4%	22.3%	30.5%	8.3%	15.5%	10.0%

* Patient fees relate to revenue generated from the provision of Diagnostic Imaging Services to patients at IDX's practices (at hospital and non-hospital sites). IDX also generates revenue from reporting contracts and certain other arrangements. In FY2015, pro forma patient fees composed approximately 93% of IDX's total pro forma revenue.

IDX has a strong referral network for higher value and more complex Modalities with approximately 24% of its pro forma FY2015 patient fees derived from the provision of MRI and Nuclear Medicine/PET services. IDX has experienced strong growth in MRI, Nuclear Medicine/PET and low-dose CT services, all of which provide patients and Referrers with higher value services. IDX has a broad set of expertise to support the full range of clinical indications associated with the Modalities it covers.

IDX's provision of high value and high quality Diagnostic Imaging Services is supported by its range of Diagnostic Imaging Services equipment. As at 30 June 2015, IDX had a total of 195 machines for various Modalities. Each type of machine has a different useful life, which can be extended through upgrades. Across each Modality, the average age of IDX's equipment is well within the average useful life as set out by the Commonwealth Government. This ensures that IDX satisfies the capital sensitivity requirements in order for its patients to receive the maximum potential Commonwealth Government reimbursement for their Diagnostic Imaging Services. Table 7 outlines IDX's machine register and the useful life of its machines.

TABLE 7: IDX's Equipment

As at 30 June 2015

Machine Type	Number	Average Age (years)	Useful Life (Including Upgrades and Extensions) per Capital Sensitivity Rules (years)	Illustrative Cost to Purchase a New Machine ($ million)
X-ray	50	7.2	20	0.1 – 0.2
Ultrasound	95	3.6	15	0.1 – 0.15
CT	24	3.6	15	0.5 – 1.2
MRI	13	4.6	15	1.0 – 2.0
Nuclear Medicine	10	5.1	15	0.5 – 1.0
PET	3	3.3	15	1.7 – 2.5

3.2.3. TECHNOLOGY PLATFORM AND SHARED SYSTEMS

IDX's technology platform and shared systems enable each of its sites to deliver higher quality services to Referrers and patients more efficiently, improving access to care and reducing turnaround time for report delivery to Referrers and patients.

IDX has a technology driven service offering and operates a fully digital technology platform that connects its 44 sites with its approximately 16,000 Referrers and which handled close to 1 million scans in FY2015. IDX has partnered with software developers to be the first Australian Diagnostic Imaging Services business to provide a digital service to Referrers reporting on both Windows or OS operating systems. The technology platform enables IDX to deliver Referrers and patients a consistent, high quality service across a large number of scans. Specifically, this type of technology allows IDX to:

- Reduce the turnaround time for Referrers;
- Enable Referrers to access the scan and the report on a mobile device, thereby allowing them to use their time more flexibly and efficiently (e.g. not required to attend their office or hospital to access the report, and can organise follow-up treatment or surgery remotely). This capability is already implemented in Victoria and will be deployed to Queensland and Western Australia;
- Store digital images for comparative reporting. Comparative reporting provides patients and Referrers with comparison of images taken over time to analyse changes in a patient's medical condition;
- Deliver workflow efficiencies for Radiologists, thereby increasing available time for clinical work; and
- Distribute images between local sites to share workload across IDX's Radiologists.

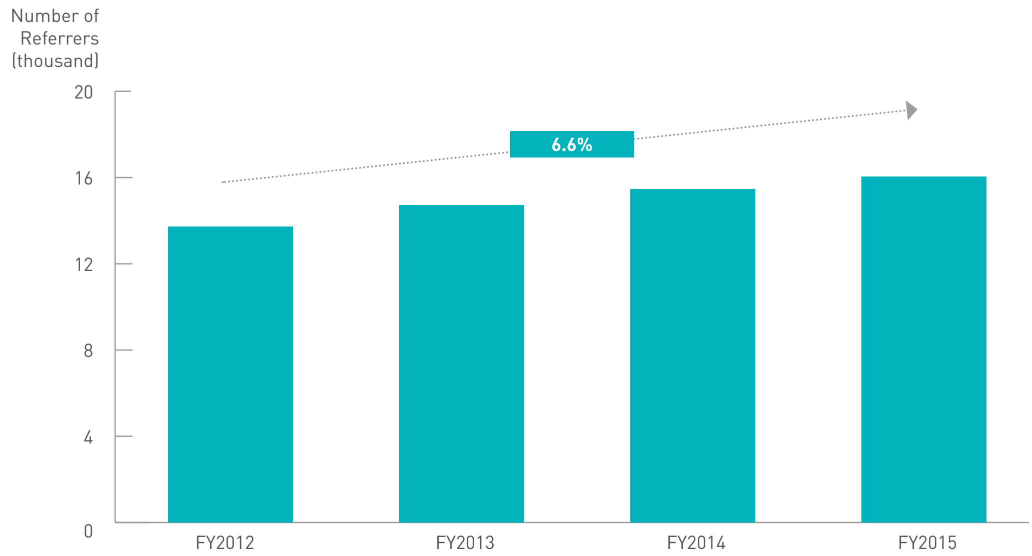
IDX's sites are supported by a variety of shared operational functions including operations, marketing, equipment supply, human resources and finance. These functions enable each site to focus on providing better patient and Referrer services and achieving operational best practice, and enable IDX to better manage operational risks and leverage benefits of scale. This also enables IDX to manage its financial performance and achieve its growth strategy.

3.2.4. REFERRERS AND PATIENTS

IDX's sites and their locations, MRI Licences, Modalities, equipment, technology platform and shared systems allow it to operate with a referral network of approximately 16,000 general practitioners, medical specialists (including surgeons, oncologists, obstetricians, cardiologists, neurosurgeons and orthopaedic surgeons) and allied health practitioners (in this Prospectus collectively referred to as **Referrers**). The size of IDX's referral network has experienced steady and consistent growth (6.6% CAGR between FY2012 and FY2015) as its business has expanded (including via acquisitions) and more Referrers have become aware of, and experienced, the leading clinical capabilities and quality of services IDX provides.[3]

CHART 13: Growth in IDX's Referrer Network

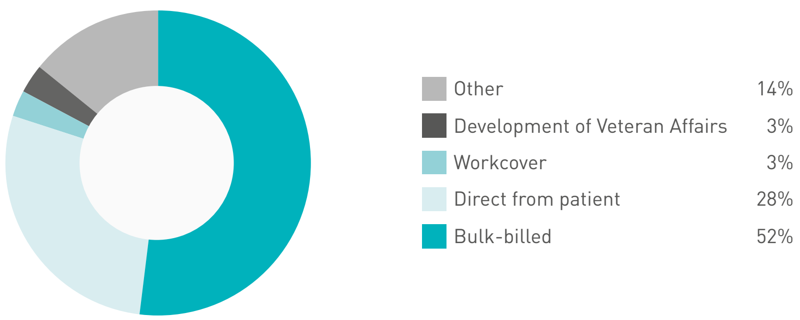
Number of Referrers in total across Lake Imaging, South Coast Radiology and Global Diagnostics brands per annum



As a result of IDX's Referrers and patient mix, IDX and its patients receive funding for services from a diverse range of sources, including the Commonwealth Government, patient out-of-pocket payments, private health insurance reimbursement and other sources. As outlined in Chart 14, approximately 48% of IDX's FY2015 pro forma revenue was derived from sources other than bulk-billed services, reflecting a focus on higher-value Modalities (which typically generate higher average revenue per service and may require patient out-of-pocket payments). Other revenue in Chart 14 relates to income generated under reporting contracts IDX holds with public and private organisations, primarily in Western Australia and Victoria (refer to Section 9.6 for further details of these contracts).

CHART 14: Sources of Funding for IDX's Revenue

Pro forma FY2015



3 Referrer network on a pro forma basis across Lake Imaging, Global Diagnostics and South Coast Radiology assuming all businesses were owned by IDX at all times during the relevant period

3.3. IDX'S RADIOLOGISTS AND OTHER STAFF

3.3.1. OVERVIEW OF IDX'S RADIOLOGISTS

Due to the highly specialised nature of Diagnostic Imaging, IDX's business relies upon its ability to attract and retain high quality Radiologists. Without these Radiologists, IDX would not be able to provide Diagnostic Imaging Services to its patients.

3.3.1.1 REASONS FOR JOINING AND CONTINUING WITH IDX

There are a number of reasons why Radiologists choose to work at IDX, including:

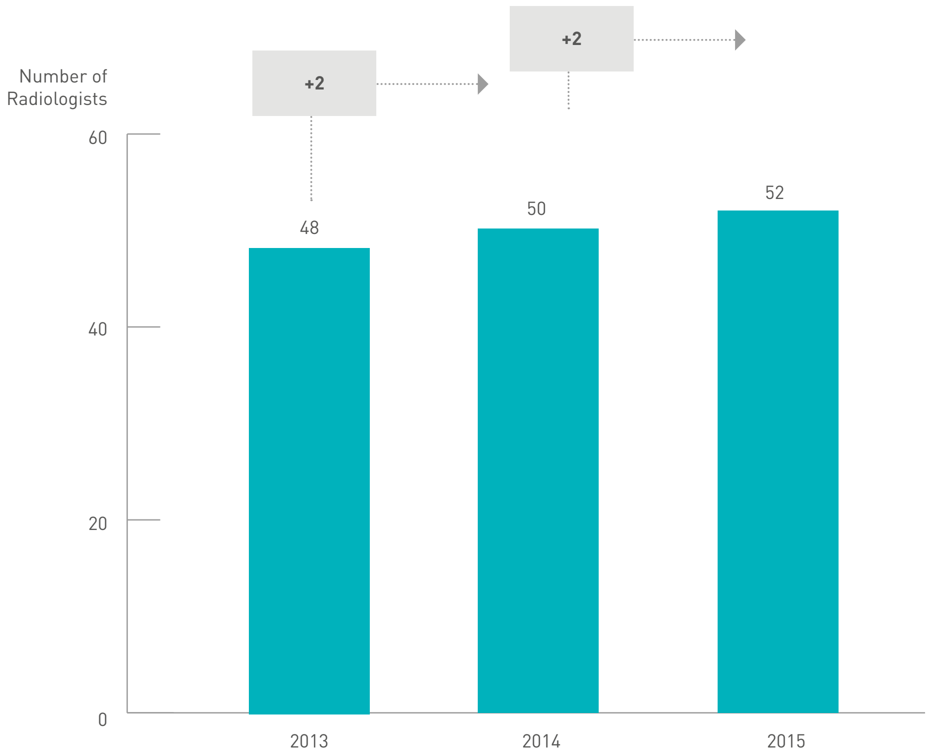
- **Clinical autonomy and excellence within IDX's quality framework**: Radiologists at IDX have clinical autonomy in providing Diagnostic Imaging Services, assisted on a clinical basis by the National and State Clinical Leadership Committee Charter. The National and State Clinical Leadership Committee Charter provides a framework for the development and implementation of policies and work practices in order for IDX to achieve clinical best practice and service for its patients and Referrers (see Section 6.5.4.3 for further details);
- **Diverse and interesting mix of clinical work as a result of hospital sites and higher Modality specification**: IDX's hospital contracts provide a stream of hospital referral work, which is typically more complex and interesting for Radiologists. IDX's strength in higher-end Modalities also creates a referral stream from Referrers in more complex Modalities and patient cases. This provides a stimulating work environment and an opportunity for Radiologists to develop areas of sub-specialisation interest;
- **Benefit from IDX's relationship with its large referral network**: IDX's referral network of more than 16,000 Referrers attract and refer potential patients to IDX. This provides IDX's Radiologists with the ability to grow and sustain their clinical practice;
- **Large group of Radiologists creates opportunities to develop sub-specialty interests and share clinical workload across the group**: the size of IDX's Radiologist group provides an opportunity for individual Radiologists to develop different sub-specialty interests and leverage off each others' interests and expertise. The supportive and collegiate work environment between Radiologists ensures that clinical and expertise work sharing can occur. This practice is supported by IDX's technology and remuneration framework, which provides a means by which Radiologists can easily collaborate and share clinical work;
- **IDX's technology and systems, which reduce administrative burden and increase time available for clinical work**: IDX's technology and systems, backed by 797 staff, allows Radiologists to focus on clinical work and delivering better patient and Referrer services. Additionally, the systems in place reduce manual administrative labour, which decreases the potential for human error and allows for better clinical outcomes;
- **Training and development opportunities**: IDX offers its Radiologists opportunities to partake in training and development programs to assist them in achieving better patient and Referrer services. Additionally, IDX is proactive in offering training and support programs for graduate Radiologists, which Radiologists are encouraged to lead. The opportunity to build their knowledge and experience and the availability of options to assist graduate Radiologists is attractive within the industry;
- **Attractive financial arrangements with remuneration in line with other leading private providers and often favourable financial compensation to public hospitals**: IDX provides its Radiologists with competitive remuneration packages, which it believes are in line with market levels for leading private providers. In particular, Radiologist Shareholders are provided with attractive and flexible arrangements for after-hours work, weekend work and annual leave; and
- **Potential for long-term equity ownership**: identified Radiologists are provided the opportunity to own Shares in IDX. As a Radiologist Shareholder, they are eligible for more flexible employment terms and a monetary payment based on IDX's regional incentive scheme. Radiologist Shareholders are also subject to increased restraint and non-compete terms (outlined in Section 3.3.1.3) as well as the voluntary escrow arrangements outlined in Section 9.5.

3.3.1.2 HISTORY OF RECRUITMENT AND RETENTION BY IDX

As at 30 June 2015, IDX employed 52 Radiologists. As set out in Chart 15, IDX has a history of increasing its Radiologist group over time. Based on the number of hours worked, IDX's 52 Radiologists as at 30 June 2015 equated to 45 full-time equivalent Radiologists.

CHART 15: IDX Radiologists

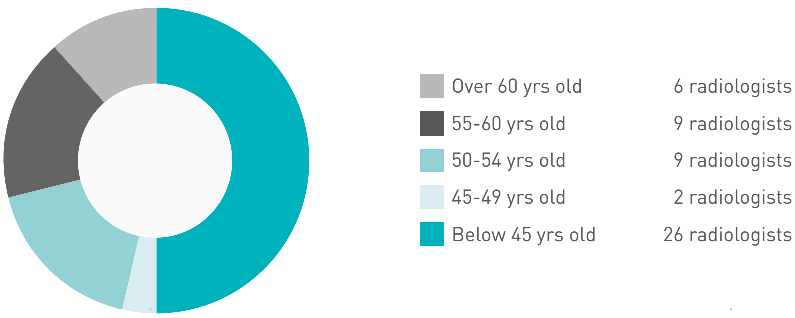
As at 30 June each year



IDX's successful recruitment track record enables it to operate with an attractive age profile amongst its Radiologists. Half of IDX's Radiologists are less than 45 years of age. This age mix is attractive compared to the total industry age profile (40% of Radiologists below 45 years old) and provides IDX with a group of Radiologists that can support its future growth.

CHART 16: IDX Radiologists by Age Category

As at 30 June 2015



3.3.1.3 CONTRACTUAL OBLIGATIONS OVERVIEW

IDX's employed Radiologists have each entered into an individual employment contract with IDX. The key terms of the standard contract for Radiologists are aligned across the network. Table 8 outlines the key terms of the employment contract, which vary depending on whether the Radiologist owns Shares.

TABLE 8: Key Terms of IDX's Radiologists' Employment Contracts

Term	Radiologists who are not Shareholders	Radiologist Shareholders
Remuneration	• Fixed salary at market rates plus additional amounts for hours worked outside ordinary operating hours • Salary includes costs for indemnity insurance and relevant radiation licences • From 2017, salary is subject to annual review against market as well as business and individual performance • Salary indexed annually at the higher of 2% and CPI, adjustments effective 1 July 2018 • Four to six weeks of annual leave (includes two weeks of study leave)	• Same as Radiologists who are not Shareholders • Up to 13 weeks of annual leave (including two weeks of study leave and up to five weeks of leave that is offset against remuneration)
Term	• Ongoing employment agreement with no fixed term	• Ongoing employment agreement with minimum term of three to five years
Notice Period	• Six months following expiration of fixed term	• Following the minimum term same as for Radiologists who are not Shareholders
Non-Compete	• Restraint period of up to 12 months	• Same as for Radiologists who are not Shareholders

IDX's employed Radiologists may be eligible to participate in the New Partner Physician Plan or Regional Incentive Plan based on eligibility criteria determined by the State CLC and the Board. Summaries of each plan are set out below in Section 3.3.1.4.

3.3.1.4 RADIOLOGIST SHAREHOLDER OVERVIEW

As at the Prospectus Date, 28 Radiologists who are employed by IDX own Shares, which represented approximately 54% of IDX's total employed Radiologist group as at 30 June 2015. Ownership of Shares by Radiologists assists in the long-term alignment between Radiologists and IDX.

Key features of IDX's Radiologist Shareholder model include the:

- Opportunity for certain IDX Radiologists to become a Partner Radiologist under the New Partner Physician Plan (**Partner Radiologist**); and
- Eligibility for certain IDX Radiologists to participate in the Regional Incentive Plan.

New Partner Physician Plan

To be eligible to participate in the New Partner Physician Plan, an IDX Radiologist must be:

- Employed by IDX for at least 12 months;
- A full-time employee or have a minimum of 60% of a full-time workload; and
- Recommended and supported by the State CLC (see Section 6.5.4.3), with agreement by the Board.

Once a Radiologist becomes eligible to participate in the New Partner Physician Plan, they will be entitled to more flexible employment terms (see Table 8 above), receive higher remuneration and be eligible to participate in the Regional Incentive Plan.

The New Partner Physician Plan aims to:

- Create a path and incentive for two to three IDX Radiologists to become Partner Radiologists annually, with the number of promotions each year dependent on the size of IDX each year;
- Create a retention mechanism to retain talented Radiologists; and
- Maximise equity value created for recipients while minimising cost to IDX and Shareholders by using interest free, limited-recourse loans to fund the purchase of Shares.

Participants are required to purchase between $300,000 and $500,000 of Shares (indexed at CPI and subject to annual Board review and change at the Board's discretion) over a period of 24 months after being invited to participate in the plan, with an initial purchase of at least $200,000 of Shares required. As part of this plan, new Partner Radiologists will be provided an interest free limited-recourse loan from IDX to acquire one additional Share for every one Share purchased by the Partner Radiologists. Further, IDX will lend Partner Radiologists who invest $500,000 of their own funds, the funds to acquire an additional $200,000 of Shares so that a total of $700,000 is lent to that Radiologist by IDX to acquire Shares.

Shares funded by the Radiologists under the plan are not subject to any performance-based vesting conditions. These Shares will be subject to a holding lock, with Shares released to the Radiologists in equal proportions on the third, fourth and fifth anniversaries of the allocation date. If a Radiologist ceases employment with IDX before the fifth anniversary of the allocation date, all Shares funded by that Radiologist will be released from the holding lock on or around the date on which the Radiologist ceases employment.

Unless the Board determines otherwise, Shares funded by a loan from IDX will only vest where the Radiologist has been continuously employed by IDX for three years from the allocation date. In addition, the Shares funded by a loan from IDX will be subject to a holding lock, with 20% released on each of the third, fourth and fifth anniversaries of the allocation date and the remaining 40% released on the earlier of the tenth anniversary of the allocation date, bona fide retirement, death or total and permanent disability. The holding lock will only be released where the lock attaching to the relevant portion of Shares has been repaid.

The approval of Radiologists participating in the New Partner Physician Plan will be determined by the Board based on eligibility criteria determined by IDX with IDX Radiologists recommended for participation by the State CLC.

Regional Incentive Plan

Under the Regional Incentive Plan, Radiologist Shareholders (including Doctors Chien Ho and Sally Sojan) may be eligible to participate in a Group incentive pool capped at 2% of IDX's pro forma net profit after tax. The incentive pool will only be available to participants in a region in which profitability grows by more than 5% compared to the previous year, with the allocation of the incentive pool to participants within that region determined by the State CLC (which will consider a variety of factors including individual performance). Non-executive Directors are not eligible to participate in this plan.

Participants in the Regional Incentive Plan may elect to receive their award under the plan in cash or as an interest free limited-recourse loan from IDX to fund the purchase of Shares (**Loan Shares**). Participation in the Regional Incentive Plan will be based on eligibility criteria determined by the State CLC. The allocation of the incentive pool between regions will be determined by the Board.

The number of Loan Shares that will be allocated to each participant will be determined by dividing the value of the participant's award by the acquisition value. The acquisition value will be calculated by an independent adviser based on an option pricing methodology, using a volume weighted average price of Shares traded on ASX over a specified period as the share price input. The maximum value of the awards made to each of Doctors Chien Ho and Sally Sojan under the Regional Incentive Plan in FY2016 will not exceed $120,000 and in aggregate $240,000. The awards will be made within 12 months of Listing.

The Loan Shares have the same rights as Shares, including the right to receive dividends and exercise voting rights. Any dividends or distributions paid on Loan Shares while the loan remains outstanding will be applied (on an after tax basis) toward repayment of the loan.

Under the plan rules, the Board may impose any vesting conditions on the Loan Shares. Loan Shares granted under the FY2016 offer will vest where the participant has been continuously employed by IDX for three years from the allocation date of those Loan Shares and the EBIT of IDX at the vesting date is greater than 75% of IDX's EBIT in the year the Loan Shares were allocated to the participant. Unless the Board determines otherwise, any Loan Shares that do not vest will be forfeited.

If a participant ceases employment with the Group, unless the Board determines otherwise, all unvested Loan Shares will be forfeited and all vested Loan Shares will remain on foot subject to the original terms.

Loan Shares will be subject to a holding lock until the Loan Shares have vested and the loan attaching to the Loan Shares has been repaid. Participants can apply to have the holding lock lifted on any vested Loan Shares so long as arrangements satisfactory to the Board have been entered into facilitating repayment of the loan after disposal of the Loan Shares.

To the extent that the Loan Shares have not been forfeited, the loan will have a term of 20 years from the allocation date. If the loan is not fully repaid by this time, the participant's Loan Shares will be forfeited.

There are no performance or service-based conditions applicable to participants who receive their award under the plan in cash.

Voluntary escrow arrangements for Radiologist Shareholders

Radiologist Shareholders at the Prospectus Date have entered into voluntary escrow arrangements for all Shares held following Completion of the Offer and which provide for a staggered release from escrow over short, medium and long term periods (refer to Section 9.5 for further details).

3.3.2. IDX'S OTHER STAFF

IDX employs 797 staff to support its Radiologists, as highlighted in Table 9 below.

TABLE 9: IDX's Other Staff

As at 30 June 2015

	Lake imaging	South Coast Radiology	Global Diagnostics	Total IDX
Imaging Staff	162	175	74	411
Management	13	2	1	16
Client Facing	107	82	43	232
Admin Staff	70	44	24	138
Total	352	303	142	797

IDX employs a group of highly trained imaging staff to support its Radiologists. As at 30 June 2015, IDX employed 411 imaging staff including Radiographers, Sonographers, Nuclear Medicine Technologists and nurses across its businesses. Each staff category plays an important role in the provision of Diagnostic Imaging Services and contributes significantly to the success of IDX in providing high quality clinical outcomes for its patients. IDX pays competitive salaries and has agreements in place with its imaging staff to assist with staff retention.

As at 30 June 2015, IDX had 16 staff employed in a management capacity at either the Group level or a State level. Given Lake Imaging's historical role as head company of the corporate group, the majority of management are shown in Table 8 as being employed by Lake Imaging rather than SCR and Global Diagnostics. However, in practice, management time is utilised across the corporate group. This group is essential to ensuring that IDX is managed efficiently and successfully. IDX also employed 370 client facing and administrative staff across its three businesses including nursing, patient scheduling and appointments, patient support staff, administration and back-office including finance, human resources, marketing, clerical, call centre and information technology.

3.4. WHAT IS IDX'S GROWTH STRATEGY?

IDX's wholly owned subsidiary, Lake Imaging, has delivered 13 years of year-on-year revenue growth since 2002 under the leadership of IDX's current CEO, John Livingston. IDX employs three primary strategies to drive growth in its business as outlined below.

DIAGRAM 7: Overview of IDX's Growth Strategies

Strategy	1. Grow existing business and expand capacity			2. Strategic acquisitions
Drivers of strategy	Catchment area growth	Strong competitive position	Existing site capacity	Building out specialist and regionally focused Diagnostic Imaging leader
Geographic focus	Existing regions			Existing and new regions
Description	• Existing business well positioned to service growing demand for Diagnostic Imaging Services in regions where IDX operates	• Expand capacity to service the growing demand for Diagnostic Imaging Services • Demand risk for these projects is relatively low given IDX's market knowledge		• Continue to expand platform that benefits from IDX's scale, operating strategies and professional attractiveness for Radiologists

3.4.1. EXISTING BUSINESS

IDX is well placed to grow its business via servicing the increasing demand for Diagnostic Imaging Services in regions where it operates. Key factors driving growth in IDX's existing business include:

- **Increasing demand for Diagnostic Imaging Services in regions where IDX operates**: IDX operates in regions that are growing and ageing more quickly than the Australian average in 2013 and the forecast growth to 2026. See Diagram 8;
- **Strong competitive position to service growing demand in regions where IDX operates**: as outlined in Section 3.2.1, IDX is the largest provider by number of sites in each of its regions. This positions IDX to maintain as well as increase its share of Diagnostic Imaging Services in its regions; and
- **Capacity to service growing demand in regions where IDX operates**: as a result of its business model and investment made historically, IDX operates with a group of Radiologists and equipment that has capacity to provide an increasing number of Diagnostic Imaging Services (particularly in higher value Modalities given IDX's MRI Licences and investment in MRI and Nuclear Medicine/PET equipment).

DIAGRAM 8: Drivers of Demand for Diagnostic Imaging Services in IDX's Largest Regions

IDX's Largest Regions	Geelong	Ballarat	Outer Western Melbourne	Gold Coast	Toowoomba	MacKay	Bunbury	Mandurah	Australia (for comparison)
Forecast growth in population over 65 years old *(2013 – 2026 CAGR)*	2.9%	2.9%	4.9%	3.9%	3.4%	3.8%	2.8%	2.8%	**3.2%**
% of total population over 65 years old (2013)	17.4%	15.6%	9.8%	14.9%	15.8%	11%	15.6%	20.6%	**14.4%**

Source: ABS, DELWP Victorian Government (Victoria in Future 2015 report), Queensland Government (Population Projections), Department of Planning Western Australian Planning Commission (Western Australia Tomorrow 2015 report).

3.4.2 CAPACITY EXPANSION

IDX is well positioned to add capacity to its existing business in order to service the growing demand for Diagnostic Imaging Services in the regions in which it operates. Given IDX's competitive position in these regions and its existing referral relationships, IDX understands where capacity constraints may exist and likely utilisation of increased capacity, meaning that demand risk for these projects is generally low. Historic capacity expansions have demonstrated a strong return on capital.

Table 10 provides a summary of the strategies that IDX uses in expanding capacity in existing regions. IDX will utilise a combination of one or more of the below strategies in a region depending on the nature and size of the opportunity.

TABLE 10: IDX's Capacity Expansion Strategies in Existing Regions

Strategy	Details
Expand capacity at existing sites	IDX has three primary ways to add capacity at existing sites: • **Upgrade existing machines** to improve performance and reduce scan times, thereby creating capacity for more scans within current operating hours. Machine upgrades can generate strong returns on capital as they extend the useful life of the machine under capital sensitivity rules and, given IDX's relatively young equipment age profile, can deliver strong returns on investment; • **Add more machines at existing sites** where existing machines are fully utilised. New machines are typically added in higher growing Modalities of MRI, CT and Nuclear Medicine/PET. The cost for a new machine varies by Modality and is estimated in Table 7 in Section 3.2.2; and • **Expand sites in line with local hospitals** where a hospital has expanded and this has resulted in more patients attending the hospital. IDX will typically have opportunities to expand its capacity at these hospital sites to service the increased demand. This may involve an expansion of floor space as well as introduction of new machines (typically in higher value Modalities).
Relocate and expand existing sites	• Due to limitations at some IDX sites, IDX may look to relocate the site to a larger premise and add new machines (typically in higher value Modalities); and • This strategy is typically only considered if IDX determines that it is not feasible to add capacity at the existing site.
Establish new sites	• Where there are no opportunities to expand existing sites or IDX considers it strategically important, IDX will establish a new site; and • New sites benefit from IDX's strong competitive position within the region and its ability to manage patient and Referrer demand across multiple sites.

Historical capacity expansions have generated attractive returns on investment for IDX. The expansions have generated revenue increases that are significant relative to the capital cost and benefited from IDX's existing, relatively fixed cost structure, to deliver incremental earnings growth.

3.4.2.1 HISTORIC CAPACITY EXPANSION CASE STUDIES

DIAGRAM 9: Case Study: Adding Capacity at an Existing Site

Site	Hospital site
Description	New partially funded MRI machine at the existing site where the Modality was not previously offered
Online Date	September
Capital Cost	$1.8 million
Return on Investment	• Patient and Referrer demand was strong from opening due to unmet demand for this Modality • In the first 10 months of operation, the service generated $1 million revenue and has continued to grow strongly

Revenue from MRI services at site ($ million)

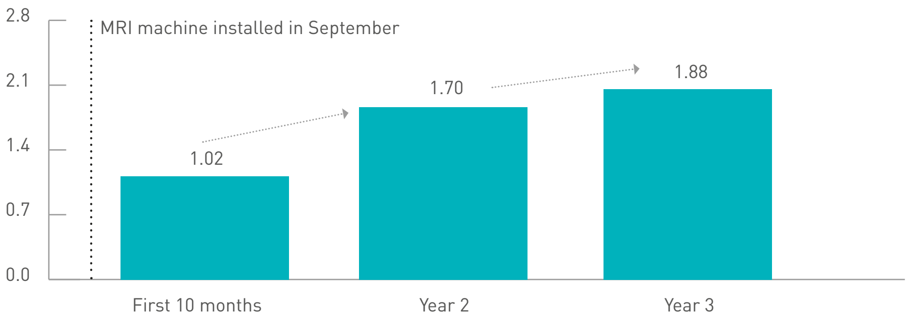


DIAGRAM 10: Case Study: Relocating Modalities and Expanding Existing Site

Site	Comprehensive community site
Description	Relocation of existing clinic to another site that permitted the addition of a CT machine
Capital Cost	Approximately $710,000 (fit out and equipment)
Return on Investment	• Strong growth in revenue following relocation driven by addition of the new CT machine and location of site better able to service patient and Referrer demand in the area

Revenue from site ($ million)

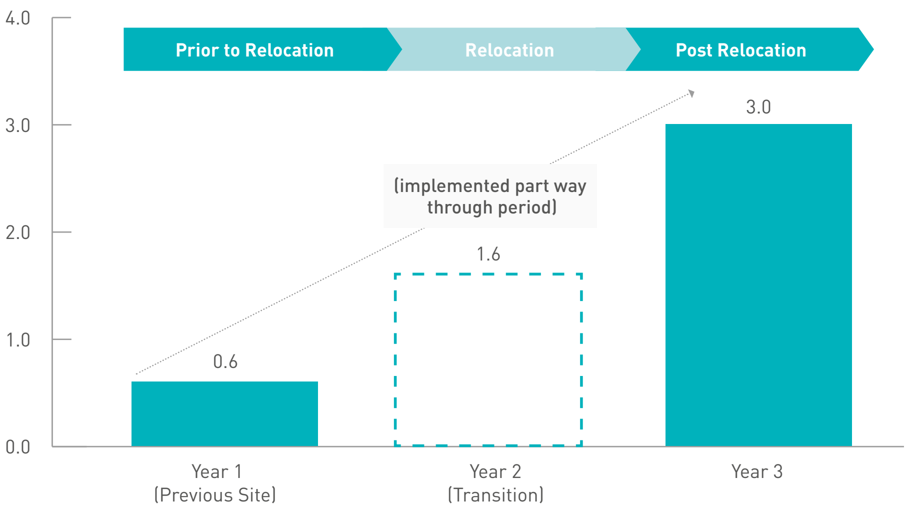
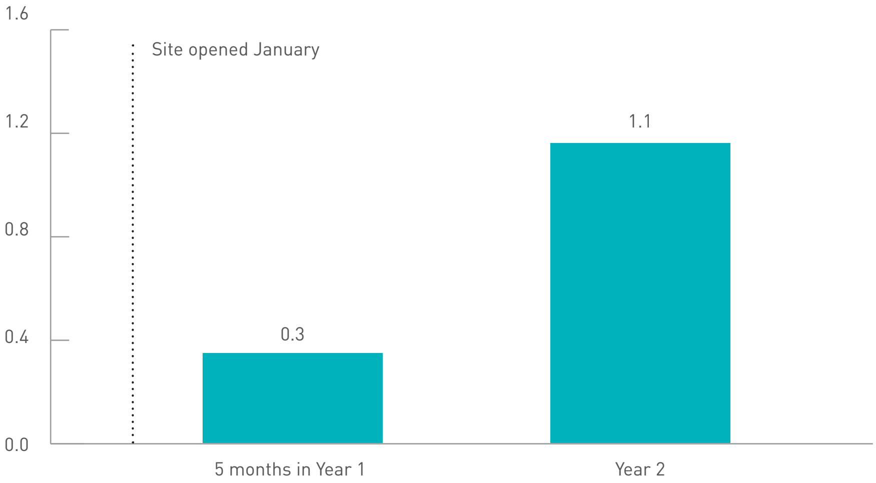


DIAGRAM 11: Case Study: Establishing a New Site

Site	Comprehensive clinic
Description	Establishment of a new site offering CT, Ultrasound and X-ray services
Capital Cost	Approximately $960,000 (fit out and equipment)
Return on Investment	• Contributed $304,000 in revenue in Year 1 and is forecast to generate $1.1 million in revenue in first full 12 month period **Revenue from site ($ million)**



3.4.2.2 FUTURE CAPACITY EXPANSION OPPORTUNITIES

As at the Prospectus Date, IDX has an estimated pipeline of 16 opportunities to expand capacity in existing regions over the next three years. Pipeline opportunities are spread across IDX's regions and are at various stages of development. Opportunities are subject to ongoing commercial review, business planning and Board approvals and not all opportunities will be pursued. IDX will proceed with the opportunities that best suit its commercial, financial and strategic objectives. Four of the pipeline of expansion opportunities have been included in the Forecast Financial Information in FY2016F.

As at the Prospectus Date, IDX has also identified an estimated pipeline of nine opportunities to establish new sites over the next three years. These opportunities are also subject to ongoing commercial review, business planning and Board approvals and there is no guarantee that any of these opportunities will be pursued.

TABLE 11: Current Service Offering Across Existing Sites

Number of sites offering specific Modalities by business as at 30 June 2015

	Total number of existing sites	Number of Existing Sites Offering Key Modalities					
		CT	MRI	Nuclear	PET	Ultrasound	X-ray
Lake Imaging	23	8	5	3	1	18	21
Global Diagnostics	9	4	2	2	1	9	8
South Coast Radiology	12	12	6	5	1	12	12
Total	**44**	**24**	**13**	**10**	**3**	**39**	**41**

TABLE 12: Summary of Capacity Expansion Opportunities at Existing and New Sites

Strategy	Number of Pipeline Opportunities	Further Information on Pipeline Opportunities
Expand capacity at existing sites	10	Typically MRI, CT and Nuclear Medicine/PET opportunities Cost per project varies between $500,000 to over $3 million but typically cost $1 to $2 million
Relocate and expand existing sites	6	Larger opportunities that are estimated to cost $2 to $5 million per project based on opportunities identified and Modalities expected to be offered at relocated site
Total existing sites	**16**	
Establish new sites	9	Average cost per new site is approximately $3 to $4 million
Total opportunities	**25**	

3.4.3. MERGER AND ACQUISITION OPPORTUNITIES

IDX will consider merger and acquisition opportunities in existing and new regions in order to continue its expansion as a leading regionally focused Diagnostic Imaging Service provider. IDX has a track record of expanding its business via acquisition, and successfully integrating its acquired businesses.

3.4.3.1 HISTORIC ACQUISITIONS

Since 2010, IDX has made five acquisitions and investments. Three of these were within existing regions (Western Medical Imaging (Victoria, 2011), Ballarat MRI (Victoria, 2012), and investment to establish South West MRI joint venture (Victoria, 2013) and two have established IDX in new regions (Global Diagnostics in Western Australia (April 2014) and the merger with South Coast Radiology in Queensland (August 2014)). IDX has generated strong returns from these businesses following acquisition and merger. Table 13 provides a case study on the acquisition of Global Diagnostics and strategies employed to increase earnings following acquisition.

TABLE 13: Case Study: IDX's Merger with South Coast Radiology

Background	• IDX merged with South Coast Radiology in August 2014
Consistent with IDX's acquisition criteria	• Cultural fit • #1 market position • Included sites at John Flynn Private Hospital and Pindara Private Hospital • Two Radiologists became Radiologist Shareholders
Growth initiatives	• Renegotiated equipment and service contract which resulted in a ~15% forecast reduction to equipment related expenses for the brand • Provides platform to grow the network: – addition of a new, additional MRI unit at Toowoomba to address unmet demand – increased patient volumes following improved engagement with specialist Referrers at hospital sites

Note: Market position is based on IDX's number of sites compared to that of other major private Diagnostic Imaging providers in the local Government area where IDX has a site. Other small Diagnostic Imaging providers operate in some of these local Government areas but are not considered major competitors to IDX.

3.4.3.2 FUTURE ACQUISITION OPPORTUNITIES

IDX has identified multiple acquisition opportunities to expand its business. These opportunities fall into two categories:

- **Existing regions**: bolt-on acquisition opportunities that strengthen IDX's presence in those regions; and
- **New regions**: Diagnostic Imaging Services businesses in regional or outer-metropolitan regions that have the following characteristics: strong market position, operate with hospital sites, offer comprehensive range of Modalities and/or display strength in higher value Modalities. IDX has identified a number of opportunities that meet one or more of these criteria.

As at the Prospectus Date, IDX is considering potential bolt-on acquisitions in existing regions. No binding commitment has been made by IDX to acquire any of the businesses it is considering acquiring, and there is no certainty that an acquisition will proceed. In addition to these potential acquisitions, IDX continues to consider potential acquisition opportunities in new regions.

4

FINANCIAL INFORMATION

4. FINANCIAL INFORMATION

4.1. INTRODUCTION

This Section 4 contains both the Historical Financial Information and Forecast Financial Information for IDX (collectively, the **Financial Information**).

- **Actual Historical Financial Information**, being:
  - Actual consolidated historical income statements for the years ended 30 June 2013, 30 June 2014 and 30 June 2015 (**FY2013**, **FY2014** and **FY2015**) (**Actual Historical Income Statements**);
  - Actual consolidated net free cash flows before financing, tax and dividends for FY2013, FY2014 and FY2015 (**Actual Historical Cash Flows**); and
  - Statutory consolidated balance sheet as at 30 June 2015 (**Statutory Balance Sheet**); and
- **Pro Forma Historical Financial Information**, being:
  - Pro forma consolidated historical income statements for FY2013, FY2014 and FY2015 (**Pro Forma Historical Income Statements**);
  - Pro forma consolidated cash flow statements before financing, tax and dividends for FY2013, FY2014 and FY2015 (**Pro Forma Historical Cash Flows**); and
  - Pro forma consolidated balance sheet as at 30 June 2015 (**Pro Forma Balance Sheet**).

The Actual Historical Financial Information and the Pro Forma Historical Financial Information collectively form the **Historical Financial Information**.

- **Statutory Forecasts**, being:
  - Statutory consolidated forecast income statement for the year ending 30 June 2016 (**FY2016F**) (**Statutory Forecast Income Statement**); and
  - Statutory consolidated forecast cash flow statement for FY2016F (**Statutory Forecast Cash Flow Statement**); and
- **Pro Forma Forecasts**, being:
  - Pro forma consolidated forecast income statement for FY2016F (**Pro Forma Forecast Income Statement**); and
  - Pro forma consolidated forecast cash flow statement for FY2016F (**Pro Forma Forecast Cash Flow Statement**).

The Statutory Forecasts and Pro Forma Forecasts collectively form the **Forecast Financial Information**.

Also included in this Section 4 are:

- The basis of preparation of the Financial Information (see Section 4.2);
- The Directors' best estimate assumptions underlying the Forecast Financial Information (see Sections 4.7.1 and 4.7.2);
- Management discussion and analysis pertaining to the Financial Information (see Sections 4.6 and 4.7);
- Analysis of the sensitivity of the pro forma NPAT for FY2016F to changes in certain key assumptions (see Section 4.8); and
- IDX's proposed dividend policy (see Section 4.9).

The Forecast Financial Information should be read in conjunction with the risk factors set out in Section 5. All amounts disclosed in this Section 4 are in Australian dollars and, unless otherwise stated, are rounded to the nearest $100,000.

4.2. BASIS OF PREPARATION OF THE FINANCIAL INFORMATION

The Financial Information included in Section 4 has been prepared and presented in accordance with the recognition and measurement principles of Australian Accounting Standards (**AAS**) issued by the Australian Accounting Standards Board (**AASB**), which are consistent with International Financial Reporting Standards (**IFRS**) issued by the International Accounting Standards Board.

The Actual Historical Financial Information has been sourced from the financial statements of Lake Imaging Holdings Pty Ltd (as Integral Diagnostics Limited was formerly known), which were prepared in accordance with AAS.

This Prospectus includes Forecast Financial Information based on the specific and general assumptions of IDX. The Forecast Financial Information presented in this Prospectus is unaudited. The basis of preparation and presentation of the Forecast Financial Information, to the extent applicable, is consistent with the basis of preparation and presentation of the Historical Financial Information.

IDX's key accounting policies have been consistently applied throughout the financial periods presented and are set out in Appendix A of this Prospectus.

The Financial Information is presented in an abbreviated form insofar as it does not include all the presentation and disclosures, statements or comparative information as required by AAS and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act.

4.2.1. PREPARATION OF THE HISTORICAL FINANCIAL INFORMATION

The Actual Historical Financial Information presented in this Section 4 has been based on the consolidated financial statements of Lake Imaging Holdings Pty Ltd and its subsidiaries. The Actual Historical Financial Information is not referred to as "statutory" for the following reasons:

- In FY2013 and FY2014, the individual financial statements of Lake Imaging Holdings Pty Ltd and Lake Imaging Pty Ltd (the main operating entity) were audited but not on a consolidated basis. Prowse, Perrin & Twomey audited the FY2013 and FY2014 individual special purpose financial statements of Lake Imaging Holdings Pty Ltd and Lake Imaging Pty Ltd and issued unmodified opinions for each of those entities and periods; and
- Lake Imaging Holdings Pty Ltd owned subsidiary entities that were not audited in FY2013 and FY2014. These entities employed the staff engaged in the business and their cost was charged to Lake Imaging Pty Ltd, which had its financial statements audited. The net profit of the unaudited subsidiary entities has been reflected in the actual historical consolidated financial statements reviewed by PricewaterhouseCoopers Securities Ltd (**PwCS**) as set out in the Independent Limited Assurance Report in Section 8.

PricewaterhouseCoopers audited the consolidated FY2015 financial statements of Lake Imaging Holdings Pty Ltd. These financial statements included a full-year contribution from the acquisition of Global Diagnostics (Australia) Pty Ltd and a part-year contribution from the acquisition of South Coast Radiology (refer below). PricewaterhouseCoopers issued an unmodified opinion for that period.

Lake Imaging Holdings Pty Ltd made the following acquisitions in FY2014 and FY2015:

- A 60% interest in Global Diagnostics (Australia) Pty Ltd on 10 April 2014. The remaining equity was acquired on 30 June 2015; and
- South Coast Radiology on 14 August 2014. The merger was effected by the sale of shares in two newly incorporated subsidiaries to Lake Imaging Holdings Pty Ltd after acquiring the business and assets from South Coast Radiology Partnership and Radioladmin Services Unit Trust,

(together, the **Acquisitions**).

Despite being acquired on 10 April 2014, the consolidated FY2014 financial statements of Lake Imaging Holdings Pty Ltd did not include any contribution from Global Diagnostics (Australia) Pty Ltd. In FY2013, the financial statements of Global Diagnostics (Australia) Pty Ltd were audited as part of the audit of the consolidated financial statements of its former ultimate parent entity, Jellia Holdings Limited. In FY2014, the financial statements of Global Diagnostics (Australia) Pty Ltd were audited separately by RSM Bird Cameron Partners, which issued a disclaimer of opinion in respect of opening balances as the previous financial report had not been audited.

In FY2014, the financial statements (inclusive of FY2013 comparatives) of South Coast Radiology Partnership and Radioladmin Services Unit Trust were each audited by KPMG, which issued unmodified opinions. In FY2015, the historical financial information for South Coast Radiology Partnership and Radioladmin Services Unit Trust for the 6 week period prior to their acquisition by Lake Imaging Holdings Pty Ltd is unaudited and was reviewed by PwCS as part of the Pro Forma Historical Financial Information set out in the Independent Limited Assurance Report in Section 8.

The Pro Forma Historical Financial Information is based on the special purpose actual consolidated financial statements of Lake Imaging Holdings Pty Ltd for FY2013 and FY2014 and the general purpose statutory consolidated financial statements of Lake Imaging Holdings Pty Ltd for FY2015, adjusted for certain pro forma adjustments:

- The Pro Forma Historical Financial Information reflects the inclusion of the Acquisitions, as if these businesses had been 100% owned by Lake Imaging Holdings Pty Ltd from 30 June 2012; and
- Other pro forma adjustments have been applied to the combined results of these businesses to derive the Pro Forma Historical Financial Information.

The Historical Financial Information included in this Prospectus has been reviewed, but not audited by PwCS. Investors should note the scope and limitations of the Independent Limited Assurance Report included in Section 8.

Investors should note that past results are not a guarantee of future performance.

4.2.2. PREPARATION OF THE FORECAST FINANCIAL INFORMATION

The Forecast Financial Information is presented on both a pro forma and statutory basis and has been prepared solely for inclusion in this Prospectus.

The Pro Forma Forecast Income Statement and Pro Forma Forecast Cash Flow Statement have been derived from the Statutory Forecast Income Statement and the Statutory Forecast Cash Flow Statement respectively after adjusting for pro forma transaction and other adjustments to reflect IDX's operations following Completion of the Offer and to eliminate non-recurring items and to reflect standalone public company costs as set out in Sections 4.3 and 4.5. The Statutory Forecast Income Statement and Statutory Forecast Cash Flow Statement for FY2016F consist of the Directors' best estimate forecasts for the 12 months to 30 June 2016.

The Forecast Financial Information has been prepared by the Directors based on an assessment of current economic and operating conditions and best estimate assumptions regarding future events and actions as set out in Sections 4.7.1 and 4.7.2. The Forecast Financial Information is subject to the risks set out in Section 5. The inclusion of these assumptions and these risks is intended to assist investors in assessing the reasonableness and likelihood of these assumptions occurring, and is not intended to be a representation that the assumptions will occur. The Forecast Financial Information presented in this Prospectus has been reviewed by PwCS, but has not been audited. Investors should note the scope and limitations of the Independent Limited Assurance Report included in Section 8.

IDX believes the best estimate assumptions, when taken as a whole, to be reasonable at the time of preparing this Prospectus. However, this information is not fact and investors are cautioned not to place undue reliance on the Forecast Financial Information.

Investors should be aware that the timing of actual events and the magnitude of their impact might differ from that assumed in preparing the Forecast Financial Information and this may have a material positive or material negative effect on IDX's actual financial performance or financial position. In addition, the assumptions upon which the Forecast Financial Information is based are by their nature subject to significant uncertainties and contingencies, many of which will be outside the control of IDX, the Directors or management and are not readily predictable. Accordingly, none of IDX, the Directors or any other person can give investors assurance that the outcomes detailed in the Forecast Financial Information will arise.

The Forecast Financial Information in this Section 4 should be read in conjunction with the general assumptions set out in Section 4.7.1, the specific assumptions set out in Section 4.7.2, the sensitivity analysis set out in Section 4.8, the risk factors set out in Section 5 and other information in this Prospectus.

4.2.3. USE OF NON-IFRS FINANCIAL MEASURES

IDX uses certain measures to manage and report on its business that are not recognised under Australian Accounting Standards. These are known as 'non-IFRS financial measures' and the principal ones used in this Prospectus are as follows:

- Earnings before interest, taxation, depreciation and amortisation (**EBITDA**);
- Earnings before interest, taxation and amortisation (**EBITA**);
- Earnings before interest and taxation (**EBIT**); and
- Net profit after tax excluding amortisation (**NPATA**). This reflects net profit excluding the amortisation of intangible assets that were recognised on the acquisition of Global Diagnostics (Australia) Pty Ltd in April 2014.

Although the Directors believe that these measures provide useful information about the financial performance of IDX, they should be considered as supplements to the income statement and cash flow statement measures that have been presented in accordance with Australian Accounting Standards and not as a replacement for them. Because these non-IFRS financial measures are not based on Australian Accounting Standards, they do not have standard definitions and the way IDX calculated these measures may differ from similarly titled measures used by other companies. Readers should therefore not place undue reliance on these non-IFRS financial measures.

4.3. HISTORICAL AND FORECAST CONSOLIDATED INCOME STATEMENTS

4.3.1. PRO FORMA HISTORICAL AND FORECAST FINANCIAL INFORMATION

Table 14 presents the Pro Forma Historical Income Statements for FY2013, FY2014 and FY2015, as well as the Pro Forma Forecast Income Statement and Statutory Forecast Income Statement for FY2016F. The Pro Forma Historical Income Statements and Pro Forma Forecast Income Statement are reconciled to the Actual Historical Income Statements (refer to Section 4.3.3) and Statutory Forecast Income Statement respectively in Section 4.3.4.

TABLE 14: Pro Forma Historical Income Statements (FY2013, FY2014 and FY2015), Pro Forma Forecast Income Statement (FY2016F) and Statutory Forecast Income Statement (FY2016F)

	PRO FORMA HISTORICAL			PRO FORMA FORECAST	STATUTORY FORECAST
$ millions, June year end	**FY2013**	**FY2014**	**FY2015**	**FY2016F**	**FY2016F**
Total revenue	**138.7**	**149.9**	**160.0**	**169.6**	**169.6**
Consumables	(8.0)	(8.5)	(9.2)	(9.5)	(9.5)
Employee and contractor benefits expenses	(76.9)	(82.7)	(89.0)	(94.4)	(94.7)
Equipment related expenses	(7.9)	(7.5)	(6.4)	(5.8)	(5.8)
Occupancy expenses	(9.9)	(10.3)	(10.9)	(11.8)	(11.8)
Other expenses	(10.4)	(10.2)	(10.0)	(10.8)	(18.1)
Total expenses	**(113.0)**	**(119.2)**	**(125.4)**	**(132.2)**	**(139.8)**
EBITDA	**25.6**	**30.7**	**34.6**	**37.3**	**29.8**
Depreciation	(9.3)	(9.1)	(8.5)	(8.3)	(8.3)
EBITA	**16.4**	**21.6**	**26.1**	**29.1**	**21.5**
Amortisation	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)
EBIT	**15.7**	**20.9**	**25.4**	**28.4**	**20.8**
Net finance costs	(3.2)	(3.0)	(2.9)	(3.0)	(3.2)
Profit before tax	**12.6**	**17.9**	**22.5**	**25.5**	**17.6**
Tax expense	(3.8)	(5.4)	(6.7)	(7.6)	(5.2)
NPAT	**8.8**	**12.5**	**15.8**	**17.9**	**12.4**
Add back: Amortisation	0.4	0.4	0.4	0.4	0.4
NPATA	**9.2**	**13.0**	**16.2**	**18.3**	**12.8**

4.3.2. KEY OPERATING METRICS

Table 15 sets out key historical and forecast operating metrics for IDX derived from the Pro Forma Historical Financial Information and the Forecast Financial Information.

TABLE 15: Pro Forma Key Operating Metrics for FY2013 to FY2016F

	PRO FORMA HISTORICAL			PRO FORMA FORECAST	STATUTORY FORECAST
June year end	FY2013	FY2014	FY2015	FY2016F	FY2016F
Number of sites	43	43	44	44	44
Number of patient examinations ('000)	862	920	974	1,024	1,024
Total revenue growth	na	8.1%	6.7%	6.0%	na
EBITDA growth	na	19.7%	12.6%	8.1%	na
EBITDA margin	18.5%	20.5%	21.6%	22.0%	17.6%
EBITA growth	na	31.8%	20.8%	11.5%	na
EBITA margin	11.8%	14.4%	16.3%	17.1%	12.7%
EBIT growth	na	33.1%	21.5%	11.8%	na
EBIT margin	11.3%	14.0%	15.9%	16.8%	12.3%
NPAT growth	na	42.5%	26.0%	13.3%	na
NPATA growth	na	40.5%	25.1%	12.9%	na

4.3.3. ACTUAL HISTORICAL INCOME STATEMENTS

$ millions, June year end	FY2013	FY2014	FY2015
Total revenue	**51.0**	**54.5**	**151.2**
Consumables	(2.0)	(2.2)	(8.7)
Employee and contractor benefits expenses	(28.2)	(29.8)	(83.8)
Equipment related expenses	(4.3)	(3.3)	(6.0)
Occupancy expenses	(3.2)	(3.2)	(10.2)
Other expenses	(2.3)	(3.1)	(18.9)
Total expenses	**(39.9)**	**(41.5)**	**(127.6)**
EBITDA	**11.1**	**13.0**	**23.7**
Depreciation	(3.1)	(3.0)	(8.0)
EBITA	**8.0**	**10.0**	**15.7**
Amortisation	–	–	(0.6)
EBIT	**8.0**	**10.0**	**15.0**
Net finance costs	(1.1)	(0.9)	(4.1)
Profit before tax	**6.9**	**9.1**	**10.9**
Tax expense	(2.0)	(2.9)	(6.1)
NPAT	**4.9**	**6.2**	**4.8**

4.3.4. PRO FORMA ADJUSTMENTS TO THE ACTUAL HISTORICAL AND STATUTORY FORECAST INCOME STATEMENTS

Table 16 sets out the pro forma adjustments made to revenue and NPAT as reported in the Actual Historical Income Statements. The adjustments reflect the impact of historical acquisitions, the elimination of certain non-recurring items, standalone public company costs and the capital structure of IDX following Completion of the Offer. These adjustments are summarised in the footnotes below.

TABLE 16: Reconciliation of Actual Revenue to Pro Forma Revenue for FY2013 to FY2016F

$ millions, June year end	Note	FY2013	FY2014	FY2015	FY2016F
Actual revenue		51.0	54.5	151.2	169.6
Impact of Acquisitions – South Coast Radiology	1	60.0	66.8	8.7	–
Impact of Acquisitions – Global Diagnostics	2	27.7	28.6	–	–
Pro forma revenue		**138.7**	**149.9**	**160.0**	**169.6**
Actual NPAT		4.9	6.2	4.8	12.4
Impact of Acquisitions – South Coast Radiology	1	6.1	8.4	1.3	–
Impact of Acquisitions – Global Diagnostics	2	0.9	0.5	–	–
Transaction costs related to Acquisitions expensed	3	–	0.6	9.1	–
Amortisation of intangibles from Acquisitions	4	(0.6)	(0.6)	–	–
Remuneration adjustment	5	(1.4)	(1.3)	0.2	–
Regional Incentive Plan	6	(0.2)	(0.3)	(0.3)	–
Listed company expenses	7	(1.1)	(1.1)	(1.1)	(0.3)
Offer costs expensed	8	–	–	0.4	7.5
Change in financing structure and financing costs	9	(0.7)	(1.0)	1.3	0.3
Share based payments	10	–	–	–	0.4
Other	11	(0.2)	(0.2)	–	–
Income tax impact	12	1.3	1.3	(0.0)	(2.4)
Pro forma NPAT		**8.8**	**12.5**	**15.8**	**17.9**

Notes:

1 Adjustment to reflect the revenue and NPAT of South Coast Radiology as if the Acquisition had been completed on 30 June 2012. The adjustments are based on the actual historical information for South Coast Radiology after allowing for certain non-recurring items ($0.6 million in FY2013 and $1.4 million in FY2014), reflecting pro forma remuneration for certain Radiologists who were previously partners in the South Coast Radiology business and did not receive remuneration as employees ($9.0 million in FY2013 and $9.4 million in FY2014) and recognising a tax expense at 30%. Prior to the Acquisition, South Coast Radiology was operated in a structure that did not have any recorded income tax expense. The amounts in actual FY2015 revenue and NPAT represent approximately 46 weeks of South Coast Radiology results with the balance of the South Coast Radiology results for FY2015 reflected in the pro forma results.

2 Adjustment to reflect the revenue and NPAT of Global Diagnostics (Australia) Pty Ltd as if the acquisition had been completed on 30 June 2012. The adjustments are based on the actual historical information for Global Diagnostics after allowing for certain pro forma adjustments, mostly in relation to aligning the depreciation expense to the useful lives adopted by Lake Imaging Holdings Pty Ltd ($0.7 million in FY2013 and $0.5 million in FY2014) and removing the impact of non-recurring transactions with the previous parent entity of Global Diagnostics (Australia) Pty Ltd ($0.8 million in FY2013 and $1.1 million in FY2014).

3 Total expenses relating to the Acquisitions, including stamp duty payments and adviser fees.

4 Approximately $2.5 million in customer contract intangible assets were recognised on the acquisition of Global Diagnostics (Australia) Pty Ltd in April 2014. These intangible assets are being amortised over a period of approximately 4 years. The adjustment reflects the impact of amortisation as if the acquisition had been completed on 30 June 2012. Notwithstanding the fact that Global Diagnostics (Australia) Pty Ltd was acquired in April 2014, the actual revenue and NPAT for FY2014 does not include any contribution from Global Diagnostics (Australia) Pty Ltd and therefore the pro forma adjustment reflects a full year of amortisation expense.

5 Certain Radiologists and members of the executive management team were not employees prior to August 2014 and were remunerated via payments made to related party service entities. The adjustment reflects the net adjustment required to replace the reported payments made to the service entities with the current remuneration of these employees, adjusted for inflation. The level of reported payments to the service entities was higher in FY2014 than FY2013 and therefore the required net adjustment is lower. This adjustment relates to Lake Imaging Holdings Pty Ltd only. Adjustment 1 is inclusive of a similar remuneration adjustment for South Coast Radiology (refer Note 1 above).

6 Adjustment to reflect the impact of the Regional Incentive Plan as if the plan had been in place from 1 July 2012. The adjustment reflects 2% of pro forma NPAT. The FY2016F Statutory Forecast Income Statement includes an expense of $0.4 million in relation to the Regional Incentive Plan. The FY2016F Statutory Forecast Income Statement also includes a share-based payment expense in relation to the New Partner Physician Plan (less than $0.1 million).

7 Reflects IDX's estimate of the incremental annual costs that the Company will incur as a publicly listed entity. These costs include additional Director remuneration, additional audit costs, listing fees, share registry costs, directors' and officers' insurance premiums, as well as investor relations, annual general meeting and annual report costs.

8 Total costs of the Offer are estimated at $10.5 million, of which $2.6 million is directly attributable to the issue of new Shares by the Company and will be offset against equity raised in the Offer. The remaining $7.9 million is expensed in the FY2015 and FY2016F results, which relates to the sale of Existing Shares by the Selling Shareholders.

9 The net finance expense reflected in actual NPAT has been adjusted to reflect the anticipated senior debt to EBITDA ratio and margins applicable to IDX under the terms of the Bank Facilities following Completion of the Offer, using base interest rates (Australian Bank Bill Swap Rate) that prevailed, or are forecast to prevail, during the relevant periods. Pro forma net finance costs also include the actual interest expense relating to finance leases.

10 Adjustment to reflect the share-based payment expense related to a once-off share discount being offered to employees.

11 Includes other smaller adjustments to remove the net profit contribution of an entity that is not part of the IDX consolidated group and also to reflect a make good provision expense in FY2013 and FY2014 consistent with FY2015.

12 Cumulative income tax effect on applicable adjustments between the actual and pro forma accounts. Assumes effective tax rate of 30%.

4.4. PRO FORMA BALANCE SHEET

Table 17 sets out the adjustments that have been made to the Statutory Balance Sheet as at 30 June 2015 to prepare the Pro Forma Balance Sheet for IDX. These adjustments reflect the impact of the capital structure that will be in place following Completion of the Offer as if it had occurred or was in place as at 30 June 2015. These adjustments are summarised in the footnotes below.

TABLE 17: Reconciliation of the Statutory Historical Balance Sheet and the Pro Forma Historical Balance Sheet as at 30 June 2015

$ millions, 30 June 2015	Note	Statutory Balance Sheet	Impact of the Offer and Bank Facilities[1]	Pro Forma Balance Sheet
Current assets				
Cash and cash equivalents	2	9.6	–	9.6
Trade and other receivables		4.8	–	4.8
Other current assets		2.1	–	2.1
Total current assets		**16.4**	**–**	**16.4**
Non-current assets				
Property, plant and equipment		38.0	–	38.0
Intangibles		98.4	–	98.4
Deferred tax asset	3	3.3	3.0	6.3
Total non-current assets		**139.6**	**3.0**	**142.6**
Total assets		**156.0**	**3.0**	**159.1**
Current liabilities				
Trade and other payables		10.5	(0.4)	10.1
Current tax liabilities		2.7	–	2.7
Borrowings	4	13.7	(7.3)	6.4
Provisions		8.6	–	8.6
Other current liabilities		3.2	–	3.2
Total current liabilities		**38.8**	**(7.8)**	**31.0**
Non-current liabilities				
Borrowings	4	68.7	(15.3)	53.4
Provisions		6.2	–	6.2
Other non-current liabilities		0.5	–	0.5
Total non-current liabilities		**75.4**	**(15.3)**	**60.1**
Total liabilities		**114.2**	**(23.1)**	**91.1**
Net assets		**41.8**	**26.1**	**68.0**
Equity				
Issued capital	5	50.7	31.8	82.5
Reserves		(10.5)	–	(10.5)
Retained earnings	6	1.6	(5.6)	(4.0)
Total equity		**41.8**	**26.1**	**68.0**

Notes:
1 The impact of the Offer and Bank Facilities reflects the cash raised net of transaction costs associated with the Offer and the repayment of a portion of borrowings as detailed in the notes below.
2 There is no net change in cash which reflects $33.2 million in new equity to be issued in connection with the Offer, net of an estimated discount of $0.4 million in relation to the Employee Offer, an estimated repayment of borrowings of $22.7 million described in Note 4 below and transaction costs associated with the Offer of $10.5 million.
3 The $3.0 million adjustment reflects the deferred tax impact of the transaction costs.
4 An estimated $20.0 million in term loans will be repaid using proceeds raised by the Offer. A further estimated $2.7 million in term loans will be repaid between 30 June 2015 and the Prospectus Date, such that IDX's borrowings at the Prospectus Date will include an estimated $38.2 million in term loans. The remaining pro forma borrowings reflect finance leases as at 30 June 2015, $6.4 million of which are current. Refer Section 4.4.3 for a description of IDX's Bank Facilities.
5 IDX will issue new equity of $31.8 million, made up of $33.6 million issued in connection with the Offer, offset by transaction costs associated with the new equity raised of $1.8 million (after tax).
6 The net decrease of $5.6 million reflects the estimated costs of the Offer that will be expensed in FY2016F after tax ($5.2 million) and the share based payment expense in relation to the discount on the Employee Offer ($0.4 million).

Pro forma current liabilities exceed pro forma current assets by $14.6 million. IDX is satisfied that it will be able to meet all of its obligations as they fall due from a combination of cash reserves, operating cash flow (refer to Section 4.5) and utilisation of available finance facilities (refer to Section 4.4.2).

4.4.1. CAPITALISATION AND INDEBTEDNESS

Table 18 sets out the indebtedness of IDX as at 30 June 2015, before and having adjusted for the pro forma impact of the Offer.

TABLE 18: Statutory and Pro Forma Consolidated Indebtedness as at 30 June 2015

$ millions, 30 June 2015	Note	Statutory/ Actual	Pro Forma
Term loans	1	60.9	38.2
Finance leases	2	21.7	21.7
Other	3	(0.1)	(0.1)
Less: cash and cash equivalents	4	(9.6)	(9.6)
Net total indebtedness		**72.9**	**50.2**
Net total indebtedness/FY2015 pro forma EBITDA	5	2.1x	1.5x
Net total indebtedness/FY2016F pro forma EBITDA	5	2.0x	1.3x
FY2016F EBITDA/FY2016F net finance costs		9.1x	12.7x

Notes:
1 Term loans include two cash advance facilities. On Completion of the Offer, term loans will reflect these two facilities drawn to $38.2 million.
2 Finance leases relate to various facilities used to fund the acquisition of assets.
3 Principally capitalised establishment costs.
4 Cash and cash equivalents as shown in Table 17.
5 Ratios are calculated using pro forma EBITDA in the respective years and statutory net total indebtedness at 30 June 2015.

4.4.2. LIQUIDITY AND CAPITAL RESOURCES

IDX's principal sources of liquidity will be cash generated from operations, cash on hand and borrowings under the Bank Facilities. As at 30 June 2015, on a pro forma basis (adjusted for the repayment of existing debt facilities), IDX had cash and cash equivalents of $9.6 million, borrowings of $59.9 million and undrawn debt of $15.0 million under the Bank Facilities.

IDX's main uses of liquidity are to fund working capital requirements, capital expenditure including expenditure required to maintain its current assets and to expand its business, tax and interest payments and the payment of dividends. IDX believes that its cash from operations, cash on hand and undrawn borrowing capacity under the Bank Facilities will be sufficient to meet its cash requirements for the foreseeable future.

4.4.3. DESCRIPTION OF THE BANK FACILITIES

Overview of Bank Facilities

As at the Prospectus Date, the Group's financing arrangements consist of:

- A facility agreement between Australia and New Zealand Banking Group Limited (**ANZ**), IDX and certain other members of the Group (**Primary Facility Agreement**). Under the Primary Facility Agreement, facilities in an aggregate amount of $96,025,000 are made available. The amount drawn under the Primary Facility Agreement, assuming repayment of $22.7 million from the Offer proceeds, is $48,315,689 comprising $38,204,888 in two cash advance facilities and $8,956,190 in the interchangeable facility (representing finance lease commitments), as set out in the table below;
- Equipment finance facilities between certain Group companies and Commonwealth Bank of Australia ($5.8 million), National Australia Bank ($5.2 million) and a number of other financiers ($1.7 million) (see Section 4.4.4 for further details);
- Transactional banking arrangements between Global Diagnostics (Australia) Pty Ltd and Commonwealth Bank of Australia comprising a corporate charge card facility, overdraft facility and better business loan facility,

(together, the **Bank Facilities**).

Overview of the Primary Facility Agreement

The Primary Facility Agreement was originally entered into on 14 August 2014 and was amended on 30 January 2015, amended and restated on 30 June 2015, and subject to the terms of a credit approved form sheet dated 29 September 2015, it will be further amended and restated on or about 20 October 2015.

The following table sets out the key terms of the facilities made available under the Primary Facility Agreement.

Facility	Committed Amount	Drawn Amount*	Termination Date	Purpose
Interchangeable facility	$15,900,000	$8,956,190	No stated termination date; subject to annual review on 1 October of each year.	To assist with the acquisition of medical equipment.
Cash advance facility (1)	$10,500,000	$8,454,892	20 October 2018	To partially fund the acquisition of Global Diagnostics.
Cash advance facility (2)	$49,250,000	$29,749,996	20 October 2018	To partially fund the acquisition of SCR Corporate Pty Ltd and to assist with the Group's cash flow requirements.
Multi-option facility	$15,000,000	Nil	20 October 2018	To assist with funding requirements for certain permitted acquisitions and certain permitted capital expenditure.
Standby letter of credit or guarantee facility	$2,000,000	$1,154,436	No stated termination date; subject to annual review on 1 October of each year.	To facilitate the issuing of financial instruments in support of rental bonds for leased premises.
Commercial cards facility	$300,000	$175	No stated termination date; subject to annual review on 1 October of each year.	To cover transactions under the borrower's commercial card facility arrangement.
Electronic payaway facility	$3,075,000	Nil	No stated termination date; subject to annual review on 1 October of each year.	To facilitate payment using ANZ electronic banking services.

Facility	Committed Amount	Drawn Amount*	Termination Date	Purpose
Total	$96,025,000	$48,315,689		

*Note: Assumes repayment of $22.7 million from the Offer proceeds.

If any part of the committed amount provided under the cash advance facility (2) or multi-option facility is not fully drawn at any stage, a commitment fee will apply on the committed but undrawn amount.

The Primary Facility Agreement is guaranteed by certain Group companies and is secured with mortgages, charges and other security interests over the assets of certain Group companies.

Item	Description
Interest	The Primary Facility Agreement has a variable interest rate in respect of certain facilities, which is based on an agreed rate plus a margin.
Conditions precedent	The Primary Facility Agreement contains conditions precedent which are customary for debt facilities of this nature, each of which the Company expects to be satisfied. The Primary Facility Agreement also requires that an agreed amount of the proceeds of the Offer must be applied to repay amounts outstanding under the Primary Facility Agreement.
Representations and warranties	The Primary Facility Agreement contains representations and warranties usual for debt facilities of this nature. These representations and warranties repeat on a regular basis. An event of default will be triggered if any representation and warranty is incorrect or misleading in any material respect and, if capable of remedy, is not remedied within a specified period. If an event of default is triggered, this may have the consequences described below.
Undertakings	The Primary Facility Agreement contains certain financial, information, reporting and other general undertakings customary for debt facilities of this nature. Financial undertakings include compliance with a net debt to EBITDA ratio and a fixed charge cover ratio, which will be tested quarterly on a rolling twelve-monthly basis. Information and reporting undertakings include the provision of audited annual financial statements, unaudited half-yearly financial statements, compliance certificates confirming compliance with financial covenants and the provision of notice of defaults as well as documents issued to the ASX or Shareholders or creditors generally. Other undertakings include requirements to pay taxes, comply with laws, maintain insurances and maintain assets and restrictions on granting security, disposing of assets, incurring financial indebtedness, making distributions, entering into mergers or corporate reconstructions, changing business and reducing capital. An event of default will be triggered if any undertaking is not complied with (and, for certain undertakings which are capable of remedy, the non-compliance is not remedied within a specified period).
Events of default	The Primary Facility Agreement contains events of default which are usual for debt facilities of this nature, including events relating to failure to pay an amount due, a breach of a financial covenant or other undertaking, a misrepresentation, de-listing of the Company on the ASX, an investigation of IDX's affairs commencing where that investigation has certain consequences, compulsory acquisition of assets, cross-default and insolvency events. If an event of default is triggered, this may result in, amongst other things, the commitments provided under the Primary Facility Agreement being cancelled and the amounts borrowed under the Primary Facility Agreement being declared immediately payable or payable on demand.

Item	Description
Review event	Certain of the facilities described above are subject to annual review. In addition, the Primary Facility Agreement includes certain review events which, if they occur, will result in all facilities becoming subject to review. The review events include where a person (or group of persons acting in concert) acquires control of the Company, 20% of employee shareholders depart the Group in any 6 month period, certain events occur in respect of "material contracts" or a change occurs or is likely to occur to Medicare which, in ANZ's opinion, is likely to reduce the Group's revenue by more than 10% compared to the previous year. A review event will also occur if any class of security of IDX is suspended from trading on a stock exchange for a continuous period of more than 10 business days. The Primary Facility Agreement describes the consequences of a facility being subject to review (including as a result of a review event). These consequences may result in the facility being terminated (in which case, all amounts owing under that facility must be repaid) or continuing on amended terms agreed between ANZ and IDX.

4.4.4. CONTRACTUAL OBLIGATIONS AND COMMITMENTS AND CONTINGENT LIABILITIES

Table 19 sets out IDX's contractual obligations and commitments (following Completion of the Offer). Operating lease commitments relate to lease payments on IDX's leasehold properties. Finance lease commitments relate to lease payments on some of IDX's equipment.

IDX has contingent liabilities in respect of the following items.

In the 2014 Federal Budget, the Commonwealth Government announced that it intends to proceed with changes to the tax consolidation regime introduced by the former Labour government. The changes as currently drafted are proposed to be retrospective. If this legislation is enacted as currently drafted, this would mean that approximately $5 million of taxable income would be included in IDX's income. This income would be spread over a four year period, commencing in the 2015 income year.

The pro forma balance sheet (refer Section 4.4) includes a current liability for deferred consideration of $3.2 million relating to the acquisition of Global Diagnostics. The quantum of the consideration is contingent upon the renewal of a contract for a period of three years by an agreed date, plus an additional amount which will be variable based on pricing terms negotiated and certain other factors.

Excluding the items above, IDX is not aware of any actual or contingent liabilities, transactions or arrangements which are not disclosed in the pro forma balance sheet (see Section 4.4) or the table below.

TABLE 19: Contractual Obligations and Commitments as at 30 June 2015

$ millions, 30 June 2015	Note	Less than 1 year	1–5 years	More than 5 years	Total
Finance lease commitments	1	6.9	14.8	–	21.7
Non-cancellable operating leases		7.0	13.9	0.3	21.2
Total		**13.9**	**28.7**	**0.3**	**42.9**

Note:
1 Total finance lease commitments of $21.7 million comprises arrangements with ANZ (being the interchangeable facility component of the Primary Facility Agreement; $9.0 million), and other arrangements with the Commonwealth Bank of Australia ($5.8 million), National Australia Bank ($5.2 million) and a number of other financiers ($1.7 million).

4.5. HISTORICAL AND FORECAST CASH FLOW STATEMENTS

4.5.1. PRO FORMA HISTORICAL CASH FLOWS AND PRO FORMA FORECAST AND STATUTORY FORECAST CASH FLOW STATEMENTS

Table 20 sets out the Pro Forma Historical Cash Flows for FY2013, FY2014 and FY2015 as well as the Pro Forma and Statutory Forecast Cash Flow Statements for FY2016F. The Pro Forma Cash Flows are reconciled to the Actual Cash Flows in Section 4.5.2.

TABLE 20: Pro Forma Historical Cash Flows for FY2013, FY2014 and FY2015 and Pro Forma Forecast Cash Flow Statement and Statutory Forecast Cash Flow Statement for FY2016F

	PRO FORMA HISTORICAL			PRO FORMA FORECAST	STATUTORY FORECAST
$ millions, June year end	**FY2013[1]**	**FY2014[1]**	**FY2015**	**FY2016F**	**FY2016F**
EBITDA	25.6	30.7	34.6	37.3	29.8
Non-cash items in EBITDA[2]	0.2	0.1	0.5	(0.1)	0.3
Changes in working capital	0.5	5.1	1.2	2.3	2.3
Maintenance and replacement capital expenditure	(5.5)	(4.8)	(7.2)	(9.0)	(9.0)
Free cash flow	**20.7**	**31.1**	**29.0**	**30.5**	**23.3**
Growth capital expenditure	(7.6)	(1.0)	(2.7)	(6.1)	(6.1)
Net cash flow before financing and taxation	**13.1**	**30.1**	**26.4**	**24.3**	**17.1**
Tax paid				(7.1)	(7.1)
Interest and other costs paid on borrowings				(3.0)	(3.2)
Proceeds from issue of Shares				–	33.2
Net change in borrowings				7.6	5.0
Net proceeds from Bank Facilities				–	(20.0)
Deferred consideration[3]				–	(3.2)
Offer transaction costs				–	(2.6)
Net cash flow (before dividends)				**21.9**	**19.2**
Free cash flow/EBITDA	80.9%	101.4%	84.0%	81.6%	78.2%

Notes:

1 The FY2013 and FY2014 consolidated financial statements of Lake Imaging Holdings Pty Ltd did not contain cash flow statements. The Pro Forma Historical Cash Flows prior to financing and taxation as shown in the table above have been derived from the underlying accounting records in order to be presented on a consistent basis with FY2015.

2 Non-cash items in EBITDA include net losses/(gains) on the sale of assets and straight-line lease expenses. The Statutory Forecast Cash Flow Statement for FY2016F includes a share based payment of $0.4 million in relation to the discount on the Employee Offer.

3 Settlement of the deferred consideration for the acquisition of Global Diagnostics (Australia) Pty Ltd is denominated in euro.

4.5.2. PRO FORMA ADJUSTMENTS TO THE ACTUAL HISTORICAL CASH FLOWS

Table 21 sets out the adjustments to the Actual Historical Cash Flows as well as the Statutory Forecast Cash Flow Statement to reflect the impact of the Acquisitions and to eliminate certain non-recurring items.

TABLE 21: Pro Forma Adjustments to the Actual Historical and Statutory Forecast Cash Flows for FY2013 to FY2016F

$ millions, June year end	Note	FY2013	FY2014	FY2015	FY2016F
Actual free cash flow before financing and taxation		7.0	13.4	17.6	17.1
Adjustments to EBITDA					
Impact of Acquisitions – South Coast Radiology	1	14.5	17.5	2.5	–
Impact of Acquisitions – Global Diagnostics	2	3.0	2.5	–	–
Impact of Acquisitions – transaction costs	3	–	0.6	9.1	–
Listed company expenses	4	(1.1)	(1.1)	(1.1)	(0.3)
Offer costs expensed	5	–	–	0.4	7.5
Remuneration adjustment	6	(1.4)	(1.3)	(0.0)	–
Regional Incentive Plan	7	(0.2)	(0.3)	(0.3)	–
Adjustments to working capital movements:					
Impact of Acquisitions – South Coast Radiology	1	1.0	2.6	(1.6)	–
Impact of Acquisitions – Global Diagnostics	2	(0.2)	0.6	–	–
Adjustments to capital expenditure					
Impact of Acquisitions – South Coast Radiology	1	(7.6)	(4.1)	(0.5)	–
Impact of Acquisitions – Global Diagnostics	2	(1.8)	(0.3)	–	–
Non-cash additions to make good assets	8	–	–	0.2	–
Pro forma free cash flow before financing and taxation		**13.1**	**30.1**	**26.4**	**24.3**

Notes:

1 Adjustments to reflect the net free cash flows before financing, tax and dividends of South Coast Radiology as if the acquisition had been completed on 30 June 2012. The adjustments are based on the actual historical information for South Coast Radiology after allowing for certain non-recurring items ($0.6 million in FY2013 and $1.4 million in FY2014) and reflecting pro forma remuneration for certain Radiologists who were previously partners in the South Coast Radiology business and did not receive remuneration as employees ($9.0 million in FY2013 and $9.4 million in FY2014).

2 Adjustment to reflect the net free cash flows before financing, tax and dividends of Global Diagnostics (Australia) Pty Ltd as if the acquisition had been completed on 30 June 2012. The adjustments are based on the actual historical information for Global Diagnostics (Australia) Pty Ltd after allowing for certain pro forma adjustments, mostly in relation to removing the impact of non-recurring transactions with the previous parent entity of Global Diagnostics (Australia) Pty Ltd ($0.8 million in FY2013 and $1.1 million in FY2014).

3 Total expenses relating to the Acquisitions, including stamp duty payments and adviser fees.

4 Adjustments to reflect the incremental cash outflow IDX will incur for the costs of being a publicly listed entity.

5 Total costs of the Offer are estimated at $10.5 million, of which $2.6 million is directly attributable to the issue of new Shares by the Company and will be offset against equity raised in the Offer. The remaining $7.9 million is expensed in the FY2015 and FY2016F results, which relates to the sale of Existing Shares by the Selling Shareholders.

6 Refer to Note 5 of Table 16.

7 Refer to Note 6 of Table 16.

8 The actual free cash flow before financing and taxation in FY2015 included $0.2 million in non-cash fixed asset additions.

4.6. MANAGEMENT DISCUSSION AND ANALYSIS OF THE PRO FORMA HISTORICAL FINANCIAL INFORMATION

4.6.1. GENERAL FACTORS AFFECTING THE OPERATING RESULTS OF IDX

Below is a discussion of the general factors which affected IDX's operations and relative financial performance in FY2013, FY2014 and FY2015 and which the Directors expect may continue to affect financial performance in the future.

The discussion of those general factors is intended to provide a brief summary only and does not detail all factors that affected IDX's historical operating and financial performance, nor everything which may affect operations and financial performance in the future.

Number of patient examinations
The number of patient examinations is the key driver of IDX's revenue as IDX primarily earns its revenue by charging a fee per patient examination. Historically, the increase in patient examinations can be driven by various factors, including:

- Increasing demand for Diagnostic Imaging Services in the markets in which IDX operates;
- The introduction of new Diagnostic Imaging Services at existing sites;
- The expansion of existing sites, which leads to a subsequent increase in patient volumes;
- The opening of new sites;
- The relocation of existing sites to regions with higher levels of patient demand for Diagnostic Imaging Services;
- Operating initiatives to improve the utilisation of existing capacity; and
- Regulatory changes increasing patient access to Diagnostic Imaging Services.

Mix of patient examinations by Modality
The average revenue per examination varies by type of Modality. For example, higher complexity Modalities such as MRI, Nuclear Medicine, PET and CT services attract a higher patient fee per service compared to relatively lower complexity Modalities such as X-rays and Ultrasound services. Historically, there has been a gradual increase in the proportion of higher complexity Modalities, which has resulted in an increase in the average revenue per examination.

Revenues from reporting contracts
IDX has reporting contracts which relate to arrangements with other Diagnostic Imaging Service providers whereby IDX's Radiologists interpret patient scans and provide reports. Historically, these contracts are generally fixed price contracts with annual indexation or negotiated price changes and have represented approximately 4.8% of total revenue.

Employee expenses
Employee expenses represent the largest component of IDX's cost base. Between FY2013 and FY2015, employee expenses have represented approximately 70% of total expenses and are primarily comprised of remuneration, other employee benefits and on-costs for Radiologists, Radiographers, Sonographers and other employees. Historically, employee expenses have increased reflecting the addition of new employees as well as contracted remuneration increases.

Other expenses
Consumables are primarily comprised of radiopharmaceuticals, medical consumables, contrast and other items including needles and syringes and patient gowns.

Equipment related expenses are primarily comprised of operating lease payments for machines, as well as service and maintenance costs.

Occupancy expenses primarily relate to rent payments, including payments for leased hospital sites, as well as the costs incurred for utilities, cleaning and maintenance.

Capital expenditure
Maintenance and replacement capital expenditure is predominantly comprised of capital spending to replace IDX's plant and equipment, including its imaging machines. Machines are replaced at the end of their useful lives, which can be extended by upgrades. This category of capital expenditure also includes upgrades to IDX's IT systems and fit-out investments at existing sites.

Growth in capital expenditure is predominantly comprised of the purchases of new Diagnostic Imaging equipment and is generally incurred when IDX adds a service at an existing or new site. In addition, growth in capital expenditure also includes the capital costs incurred when relocating a practice to a new site.

Due to the staggered replacement profile of machines, the amount of maintenance and replacement capital expenditure can vary from year to year. Similarly, the amount of growth capital expenditure can also vary from year to year reflecting IDX's various growth initiatives.

4.6.2. PRO FORMA HISTORICAL INCOME STATEMENTS – FY2014 COMPARED TO FY2013

Table 22 sets out the Pro Forma Historical Income Statements for FY2014 compared to FY2013.

TABLE 22: Pro Forma Historical Income Statements – FY2014 Compared to FY2013

$ millions, June year end	FY2013	FY2014	Change	Change %
Total revenue	**138.7**	**149.9**	**11.2**	**8.1%**
Consumables	(8.0)	(8.5)	(0.5)	6.8%
Employee and contractor benefits expenses	(76.9)	(82.7)	(5.7)	7.5%
Equipment related expenses	(7.9)	(7.5)	0.3	(4.3%)
Occupancy expenses	(9.9)	(10.3)	(0.4)	3.8%
Other expenses	(10.4)	(10.2)	0.2	(1.5%)
Total expenses	**(113.0)**	**(119.2)**	**(6.2)**	**5.5%**
EBITDA	**25.6**	**30.7**	**5.0**	**19.7%**
Depreciation	(9.3)	(9.1)	0.2	(1.8%)
EBITA	**16.4**	**21.6**	**5.2**	**31.8%**
Amortisation	(0.6)	(0.6)	–	–
EBIT	**15.7**	**20.9**	**5.2**	**33.1%**
Number of sites	43	43	–	–
Number of patient examinations ('000)	862	920	58	6.7%
EBITDA margin	18.5%	20.5%	2.0%	na
EBITA margin	11.8%	14.4%	2.6%	na
EBIT margin	11.3%	14.0%	2.7%	na

Total revenue increased by $11.2 million, which represented growth of 8.1% in FY2014. This was primarily driven by a 6.7% increase in patient examinations and increased revenue contribution from higher complexity Modalities and patient fee increases. Between FY2013 and FY2014, the average number of patient examinations per Radiologist full-time equivalent increased by 1.8%, while the average patient fee per Radiologist full-time equivalent increased by 3.2%.

By Modality, the key drivers of revenue growth were CT, MRI, Ultrasound and Nuclear Medicine/PET:

- CT patient fees increased by $3.4 million, which represented a growth of 9.1% in FY2014. A key driver of this was the relocation of the Oxenford site to an area with higher patient demand, as well as the commencement of CT services at that site in November 2013;
- MRI patient fees increased by $2.6 million, which represented a growth of 13.6% in FY2014. This was primarily driven by:
  - The change made by the Commonwealth Government to improve access to MRI services. Effective 1 November 2013, general practitioners were allowed to refer certain MRI services for patients aged 16 years or older. This was the main driver behind an increase in MRI patient examinations by 11.7%;
  - The introduction of MRI services at Pindara Private Hospital in September 2012; and
  - The introduction of MRI services at Melton in April 2013;
- Ultrasound patient fees increased by $1.7 million, which represented a growth of 5.7%. This was partly driven by the opening of additional Ultrasound rooms at John Flynn Private Hospital in FY2014; and
- Nuclear Medicine/PET patient fees increased by $1.3 million, which represented a growth of 12.9%. This was partly due to the introduction of Nuclear Medicine services at Southport in February 2013.

Revenue growth at the Queensland sites was further boosted by the introduction of a call centre in early 2013, which allowed for improved scheduling and allocation of patients between sites.

Total expenses increased by $6.2 million, which represented growth of 5.5% in FY2014, and was primarily driven by an increase in employee and contractor benefits expenses of $5.7 million, reflecting the addition of Radiologists, Radiographers and Sonographers to address the increase in patient examinations as well as contracted increases in remuneration.

The increase in expenses was partly offset by a 4.3% reduction in equipment related expenses, reflecting IDX's exit from certain operating equipment leases, which primarily resulted in a cost saving of approximately $0.3 million.

As a result of the factors described above, EBITDA increased by 19.7% from $25.6 million to $30.7 million while EBITDA margin increased from 18.5% to 20.5%, reflecting a degree of operating leverage within IDX.

Depreciation expenses decreased by $0.2 million in FY2014, partly reflecting the lower levels of maintenance and replacement capital expenditure in FY2014 when compared to FY2013.

As a result of the factors described above, EBITA increased by 31.8% from $16.4 million to $21.6 million while EBITA margin increased from 11.8% to 14.4%.

EBIT increased by 33.1% from $15.7 million to $20.9 million in FY2014, while EBIT margin increased from 11.3% to 14.0%.

4.6.3. PRO FORMA HISTORICAL CASH FLOWS – FY2014 COMPARED TO FY2013

Table 23 sets out the Pro Forma Historical Cash Flow Statements for FY2014 compared to FY2013.

TABLE 23: Pro Forma Historical Cash Flows – FY2014 Compared to FY2013

$ millions, June year end	FY2013	FY2014	Change	Change %
EBITDA	25.6	30.7	5.0	19.7%
Non-cash items in EBITDA	0.2	0.1	(0.1)	(62.3%)
Changes in working capital	0.5	5.1	4.7	1,022.1%
Maintenance and replacement capital expenditure	(5.5)	(4.8)	0.8	(13.8%)
Free cash flow	**20.7**	**31.1**	**10.4**	**50.0%**
Growth capital expenditure	(7.6)	(1.0)	6.6	(86.4%)
Net cash flow before financing and taxation	**13.1**	**30.1**	**17.0**	**129.4%**
Free cash flow/EBITDA	80.9%	101.4%	20.5%	na

Free cash flows increased by $10.4 million in FY2014 as a result of:

- EBITDA increase of $5.0 million as described above;
- An increase in cash inflows from changes in working capital of $4.7 million reflecting:
  - An increase in employee annual and long service leave provisions; and
  - An increase in amounts payable partly relating to the purchase of machines and equipment; and
- A decrease in cash outflows from maintenance and replacement capital expenditure of $0.8 million. A key driver of this decline was the fewer number of machines that needed to be replaced in sites located in Western Australia compared to the prior year.

As a percentage of EBITDA, free cash flows increased from 80.9% to 101.4% in FY2014.

Growth capital expenditure in FY2014 was $1.0 million. The majority of this expenditure reflected the acquisition of new equipment (including a CT machine) as well as expenditure incurred for the relocation of the Oxenford site. In comparison, growth capital expenditure in FY2013 was $7.6 million, which included the purchase of several large value CT, MRI and PET machines.

As a result of the factors described above, net cash flow before financing and taxation increased by $17.0 million in FY2014.

4.6.4. PRO FORMA HISTORICAL INCOME STATEMENTS – FY2015 COMPARED TO FY2014

Table 24 sets out the Pro Forma Historical Income Statements for FY2015 compared to FY2014.

TABLE 24: Pro Forma Historical Income Statements – FY2015 Compared to FY2014

$ millions, June year end	FY2014	FY2015	Change	Change %
Total revenue	**149.9**	**160.0**	**10.1**	**6.7%**
Consumables	(8.5)	(9.2)	(0.6)	7.4%
Employee and contractor benefits expenses	(82.7)	(89.0)	(6.3)	7.6%
Equipment related expenses	(7.5)	(6.4)	1.2	(15.4%)
Occupancy expenses	(10.3)	(10.9)	(0.6)	6.2%
Other expenses	(10.2)	(10.0)	0.2	(2.0%)
Total expenses	**(119.2)**	**(125.4)**	**(6.2)**	**5.2%**
EBITDA	**30.7**	**34.6**	**3.9**	**12.6%**
Depreciation	(9.1)	(8.5)	0.6	(6.8%)
EBITA	**21.6**	**26.1**	**4.5**	**20.8%**
Amortisation	(0.6)	(0.6)	–	–
EBIT	**20.9**	**25.4**	**4.5**	**21.5%**
Number of sites	43	44	1	2.3%
Number of patient examinations ('000)	920	974	54	5.9%
EBITDA margin	20.5%	21.6%	1.1%	na
EBITA margin	14.4%	16.3%	1.9%	na
EBIT margin	14.0%	15.9%	1.9%	na

Total revenue increased by $10.1 million, which represented growth of 6.7% in FY2015. This was primarily driven by a 5.9% increase in patient examinations and increased revenue contribution from higher complexity Modalities such as MRI, CT and Nuclear Medicine services. IDX added one new site (West Springs, Victoria) in February 2015. Between FY2014 and FY2015, the average number of patient examinations per Radiologist full-time equivalent increased by 1.1%, while the average patient fee per Radiologist full-time equivalent increased by 1.8%.

By Modality, the key drivers of revenue growth were CT, MRI and Ultrasound:

- CT patient fees increased by $4.1 million, which represented a growth of 9.9% in FY2015. The key drivers of this included:
  - The opening of a new emergency department at St John of God Geelong in June 2014, which was part of a broader expansion of the hospital and saw a marked increase in CT patient examinations; and
  - The continued increase in CT patient examinations at the Oxenford site following its relocation and its commencement of CT services in November 2013;
- MRI patient fees increased by $1.4 million, which represented growth of 6.7% in FY2015. This primarily reflected:
  - The commencement of MRI services at Peel Health Campus in March 2015; and
  - The full year benefit from the introduction of MRI services at Pindara Private Hospital and Melton in FY2013; and
- Ultrasound patient fees increased by $1.2 million, which represented growth of 3.8% in FY2015. This partly reflected the continued benefit of the new Ultrasound rooms that opened at John Flynn Private Hospital in the prior year.

Other major drivers of the revenue increase included:

- The continued benefit from the introduction of the call centre in Queensland in early 2013;
- The continued growth in patient fees at Southport following the introduction of Nuclear Medicine services in FY2013; and
- Organic growth in patient examinations at St John of God Ballarat.

These factors were partly offset by:

- The lack of a regular Radiologist at the Kwinana site was the primary reason for a decrease of $0.3 million in patient fees at that site (although this has been mitigated by a new Radiologist commencing at that site from August 2015); and
- The introduction of an unlicensed MRI unit in the Ballarat market by a competitor, which resulted in lower IDX patient examinations at that site and contributed to a $0.2 million decrease in patient fees. Going forward, the decrease in patient examinations is expected to stabilise, with modest growth in patient fees assumed.

Total expenses increased by $6.2 million, which represented growth of 5.2% in FY2015, and was primarily driven by an increase in employee and contractor benefits expenses of $6.3 million, reflecting the addition of Radiologists, Radiographers and Sonographers to address the increase in patient examinations as well as contracted increases in remuneration.

This increase in expenses was partly offset by a $1.2 million reduction in equipment related expenses, which primarily reflects IDX's exit from certain operating equipment leases during FY2015.

As a result of the factors described above, EBITDA increased by 12.6% from $30.7 million to $34.6 million while EBITDA margin increased from 20.5% to 21.6%, reflecting a degree of operating leverage within IDX.

Depreciation expenses decreased by $0.6 million in FY2015, $0.3 million of which related to fair value adjustments made on the merger with South Coast Radiology. The fair value adjustments partly reflected replacement costs being lower than the original purchase costs for certain machines. The lower replacement costs reflect IDX's greater purchasing power (as a result of its growth during the period) and technology advancements.

As a result of the factors described above, EBITA increased by 20.8% from $21.6 million to $26.1 million while EBITA margin increased from 14.4% to 16.3%.

EBIT increased by 21.5% from $20.9 million to $25.4 million in FY2015, while EBIT margin increased from 14.0% to 15.9%.

4.6.5. PRO FORMA HISTORICAL CASH FLOWS – FY2015 COMPARED TO FY2014

Table 25 sets out the Pro Forma Historical Cash Flow Statements for FY2015 compared to FY2014.

TABLE 25: Pro Forma Historical Cash Flows – FY2015 Compared to FY2014

$ millions, June year end	FY2014	FY2015	Change	Change %
EBITDA	30.7	34.6	3.9	12.6%
Non-cash items in EBITDA	0.1	0.5	0.4	613.1%
Changes in working capital	5.1	1.2	(4.0)	(77.3%)
Maintenance and replacement capital expenditure	(4.8)	(7.2)	(2.4)	50.9%
Free cash flow	**31.1**	**29.0**	**(2.1)**	**(6.7%)**
Growth capital expenditure	(1.0)	(2.7)	(1.6)	156.3%
Net cash flow before financing and taxation	**30.1**	**26.4**	**(3.7)**	**(12.4%)**
Free cash flow/EBITDA	101.4%	84.0%	(17.4%)	na

Free cash flows decreased by $2.1 million in FY2015 which reflected:

- EBITDA increase of $3.9 million as described above;
- A decrease in cash inflows from changes in working capital of $4.0 million, partly reflecting a decline in payables relating to machine and equipment purchases; and
- An increase in cash outflows from maintenance and replacement capital expenditure of $2.4 million. This primarily reflects the replacement of various CT, PET and Ultrasound machines, as well as leasehold improvements incurred in FY2015.

As a percentage of EBITDA, free cash flows decreased from 101.4% to 84.0% in FY2015.

Growth capital expenditure was $2.7 million in FY2015. This includes the acquisition of one MRI machine and one CT machine, as well as the expenditure incurred to open the new West Springs site in FY2015.

As a result of the factors described above, net cash flow before financing and taxation decreased by $3.7 million in FY2015.

4.7. MANAGEMENT DISCUSSION AND ANALYSIS OF THE FORECAST FINANCIAL INFORMATION

The Forecast Financial Information has been prepared based on the significant accounting policies adopted by IDX, which are in accordance with the Australian Accounting Standards, and are disclosed in Appendix A. It is assumed that there will be no changes to Australian Accounting Standards, the Corporations Act or other financial reporting requirements that may have a material effect on IDX's accounting policies during the forecast period.

The Forecast Financial Information is based on a number of best estimate assumptions concerning future events, including those set out below. In preparing the Forecast Financial Information, IDX has analysed historical performance and made assumptions in order to predict future performance for FY2016F. IDX believes it has prepared the Forecast Financial Information with due care and attention and considers all assumptions, when taken as a whole, to be reasonable at the time of preparing this Prospectus, including each of the general assumptions set out in Section 4.7.1.

However, actual results may vary from the forecast and the variation may be materially positive or negative. The assumptions upon which the Forecast Financial Information is based are by their nature subject to significant uncertainties and contingent events, many of which are outside the control of IDX and its Directors and are not reliably predictable.

Accordingly, none of IDX, its Directors or any other person can give any assurance that the Forecast Financial Information or any other prospective statement contained in the Prospectus will be achieved. Events and outcomes might differ in amount and timing from the assumptions, with a material positive or negative impact on the Forecast Financial Information.

The assumptions detailed below should be read in conjunction with the sensitivity analysis set out in Section 4.8, the risk factors set out in Section 5 and the Independent Limited Assurance Report set out in Section 8.

4.7.1. GENERAL ASSUMPTIONS

In preparing the Forecast Financial Information, the following general assumptions have been adopted:

- No material changes in Federal, State or local government legislation, tax legislation, regulatory requirements or government policy that will have a material impact on IDX's financial performance, cash flows, financial position and accounting policies;
- No material change in applicable accounting standards, other mandatory professional reporting requirements or the Corporations Act, which will have a material impact on IDX's financial performance, financial position, accounting policies, financial reporting or disclosure;
- No significant deviation from current market expectations of the broader economic conditions relevant to the geographic markets in which IDX operates;
- No material loss of hospital contracts or Referrer relationships;
- No material disruption to the continuity of operations of IDX nor other material changes in its business;
- No loss of key personnel and IDX maintains its ability to recruit and retain the personnel required to support future growth;
- None of the risks set out in Section 5 occur, or if they do, none of them has a material adverse impact on IDX's operations; and
- The proceeds from the Offer are raised in accordance with the timetable and terms set out in this Prospectus.

4.7.2. SPECIFIC ASSUMPTIONS

The Forecast Financial Information is based on various best estimate assumptions, of which the key assumptions are set out below. The assumptions below are a summary only and do not represent all factors that will affect IDX's forecast financial performance. This information is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring, and is not intended to be a representation that the assumptions will occur. It should be read in conjunction with the basis of preparation and presentation of the Forecast Financial Information set out in Section 4.2, the general assumptions set out in Section 4.7.1 and the risk factors set out in Section 5.

The Directors' specific assumptions underpinning the Forecast Financial Information include those set out below.

Revenue assumptions

The number of patient examinations are assumed to increase by 5.2% in FY2016F. This growth is based on a combination of:

- The provision of new services at existing sites to address current patient needs;
- The full year benefit of new sites which opened in FY2015; and
- Assumed organic growth at other existing sites.

There is expected to be a continued increase in higher complexity Modalities (e.g. MRI) compared to relatively lower complexity Modalities (e.g. X-rays) in the forecast period. This reflects the addition of MRI units and the introduction of MRI services at existing sites, as well as an expected increase in demand for MRI and CT services particularly at key hospital sites. The assumed growth in patient fees in FY2016F by Modality is summarised below:

- MRI patient fees assumed to grow by 16.3%;
- CT patient fees assumed to grow by 5.6%;
- Ultrasound patient fees assumed to grow by 5.4%;
- X-ray patient fees assumed to grow by 5.0%;
- Nuclear Medicine/PET patient fees assumed to grow by 4.7%; and
- Patient fees from other services assumed to grow by 2.9%.

The assumptions above imply an expected increase in average patient fee per examination of 1.5% in FY2016F, which is relatively more conservative than the long-term historical growth in average revenue per examination for the overall industry.

Hospital and reporting contracts

Existing hospital contracts that are up for renewal or extension during the forecast period are assumed to be renewed. In particular, IDX is currently negotiating an extension of the Bunbury hospital medical imaging services agreement (due to expire in October 2015) with the WA Country Health Service. The WA Country Health Service has exercised an option to extend this agreement, which is subject to agreement between the parties on revised fee levels.

IDX is currently performing services under a number of reporting contracts with the WA Country Health Service that expire on 30 June 2016. One reporting contract was not formally renewed in writing at the last contract expiry date. However IDX has continued to provide services, and the WA Country Health Service has continued to engage IDX, in accordance with the terms of the contract. The parties are currently in discussions to formally renew this contract until 30 June 2016, when the extension period for the contract was intended to expire. It is assumed that IDX continues to provide these services to the WA Country Health Service, on the same terms, until 30 June 2016.

In addition, IDX has assumed an average 0.5% increase in reporting contract revenue, which compares to increases of 5% and 3.8% in FY2014 and FY2015 respectively.

Expense assumptions

Total employee and contractor benefits expenses are forecast to be 6.2% higher in FY2016F due to additional headcount requirements and an increase in average salary costs based on enterprise bargaining agreements and individual employment contracts. The average number of patient examinations per employed Radiologist is assumed to be relatively flat between FY2015 and FY2016F.

Total occupancy costs are forecast to be 7.6% higher in FY2016F due to contracted increases in commercial tenancies, the full year impact of new sites opened in FY2015 and the transition to larger sites.

Total equipment related expenses are forecast to be 8.3% lower in FY2016F due to savings from service contracts that were renegotiated in FY2015.

Expenses relating to consumables are expected to be generally consistent as a percentage of total revenue, reflecting the largely variable nature of this expense.

Depreciation

Depreciation is forecast based on the existing asset base and depreciation rates and expected capital expenditure for the forecast period. The forecast applies accounting useful lives that are consistent with FY2015.

Amortisation

Amortisation is based on approximately $2.5 million in customer contract intangible assets, which arose from the acquisition of Global Diagnostics (Australia) Pty Ltd and reflect an amortisation period of approximately 4 years.

Tax

The Australian corporate tax rate is assumed to remain at 30%. Other relevant tax and duty rates are assumed to remain at the current statutory rates.

Capital expenditure

Maintenance and replacement capital expenditure in the forecast period is based on:

- The scheduled replacement of existing machines (taking into account the relatively young average age of IDX's existing equipment fleet); and
- Management's plans for an upgrade to existing IT systems and fit-out investments.

Growth capital expenditure is based on the planned addition of MRI units at St John of God Geelong and Toowoomba, as well as the relocation of the Sunbury and Toowoomba sites.

Working capital

Movements in net working capital are expected to be primarily comprised of an increase in employee provisions as well as an increase in trade and other accounts payable, which include amounts owed on equipment and machine purchases. The movement in trade and other accounts receivable is expected to be low as most patient fees are generally paid when the service is provided. As a result, IDX is forecast to have net cash inflows from movements in net working capital.

4.7.3. PRO FORMA FORECAST INCOME STATEMENT FOR FY2016F COMPARED TO PRO FORMA HISTORICAL INCOME STATEMENT FOR FY2015

Table 26 sets out the Pro Forma Forecast Income Statement for FY2016F compared to the Pro Forma Historical Income Statement for FY2015.

TABLE 26: Pro Forma Forecast Income Statement for FY2016F Compared to Pro Forma Historical Income Statements for FY2015

$ millions, June year end	FY2015	FY2016F	Change	Change %
Total revenue	**160.0**	**169.6**	**9.6**	**6.0%**
Consumables	(9.2)	(9.5)	(0.3)	3.4%
Employee and contractor benefits expenses	(89.0)	(94.4)	(5.5)	6.2%
Equipment related expenses	(6.4)	(5.8)	0.5	(8.3%)
Occupancy expenses	(10.9)	(11.8)	(0.8)	7.6%
Other expenses	(10.0)	(10.8)	(0.8)	7.6%
Total expenses	**(125.4)**	**(132.2)**	**(6.8)**	**5.5%**
EBITDA	**34.6**	**37.3**	**2.8**	**8.1%**
Depreciation	(8.5)	(8.3)	0.2	(2.4%)
EBITA	**26.1**	**29.1**	**3.0**	**11.5%**
Amortisation	(0.6)	(0.6)	–	–
EBIT	**25.4**	**28.4**	**3.0**	**11.8%**
Number of sites	44	44	–	–
Number of patient examinations ('000)	974	1,024	50	5.2%
EBITDA margin	21.6%	22.0%	0.4%	na
EBITA margin	16.3%	17.1%	0.8%	na
EBIT margin	15.9%	16.8%	0.9%	na

Total revenue is expected to increase by $9.6 million, which represents growth of 6.0% in FY2016F. This is primarily expected to be driven by growth of 5.2% in patient examinations as well as increased revenue contribution from higher complexity Modalities. The Forecast Financial Information does not assume any new sites in FY2016F.

By Modality, the key major drivers of revenue growth are expected to be MRI, CT and Ultrasound:

- A key driver of the expected increase in revenue includes a $3.8 million increase in MRI patient fees, which represents a 16.3% growth relative to FY2015. This is primarily driven by:
  - The expected addition of a new MRI unit at each of the St John of God Geelong and Toowoomba sites in February 2016. The addition of the MRI units at these sites is expected to address current unmet demand for MRI services at these sites; and
  - The increase in MRI patient fees is also expected to be partly driven by the full year benefit of the introduction of MRI services at Peel Health Campus in February 2015;
- CT patient fees are expected to increase by $2.5 million, which represents a 5.6% growth relative to FY2015. This growth is expected to be partly driven by:
  - An increase in CT volumes at John Flynn Private Hospital and Pindara Private Hospital following pricing changes to reflect specialist referrer feedback; and
  - CT volumes at the West Springs site which opened in February 2015; and

- Ultrasound patient fees are expected to increase by $1.8 million, which represents growth of 5.4% relative to FY2015. The growth in this Modality is expected to be primarily driven by:
  - Ultrasound volumes at the West Springs site, which opened in February 2015;
  - The introduction of Ultrasound services at the Ocean Grove site, which is assumed to occur in November 2015; and
  - Increased training and staffing of Sonographers, which is expected to result in additional Ultrasound services at Mackay from February 2016.

These factors are expected to be partly offset by a reduction in patient fees of $0.4 million at the South Court and East Court sites due to a new competitor that started operating in the Geelong area in May 2015.

Total expenses are expected to increase by $6.8 million, which represents growth of 5.5% in FY2016F, and is primarily driven by an assumed increase in employee expense of $5.5 million. The assumed increase in employee expense is driven by contracted remuneration increases as well as additional Radiologist, Radiographer and Sonographer full-time equivalents. Radiologist full-time equivalents are forecast to increase by 5.2% reflecting additional hires to support the forecast growth in patient examinations. The average number of patient examinations per full-time equivalent is assumed to remain relatively stable between FY2015 and FY2016F.

This increase in employee expenses is expected to be partly offset by $0.5 million of equipment related cost savings due to service contracts, which were renegotiated in FY2015, reflecting the benefit of IDX's increased scale.

As a result of the factors described above, EBITDA is expected to increase by 8.1% from $34.6 million to $37.3 million while EBITDA margin is expected to increase from 21.6% to 22.0% reflecting a degree of operating leverage within IDX.

Depreciation expenses are expected to decrease by $0.2 million in FY2016F, reflecting existing assets, the fair value of assets acquired, assumed FY2016F capital expenditure and the application of accounting useful lives from FY2015.

EBITA is expected to increase by 11.5% from $26.1 million to $29.1 million while EBITA margin is expected to increase from 16.3% to 17.1%.

EBIT is expected to increase by 11.8% from $25.4 million to $28.4 million in FY2016F, while EBIT margin is expected to increase from 15.9% to 16.8%.

4.7.4. PRO FORMA FORECAST CASH FLOW STATEMENT FOR FY2016F COMPARED TO PRO FORMA HISTORICAL CASH FLOWS FOR FY2015

Table 27 sets out the Pro Forma Forecast Cash Flow Statement for FY2016F compared to the Pro Forma Historical Cash Flows for FY2015.

TABLE 27: Pro Forma Forecast Cash Flow Statement for FY2016F Compared to Pro Forma Historical Cash Flows for FY2015

$ millions, June year end	FY2015	FY2016F	Change	Change %
EBITDA	34.6	37.3	2.8	8.1%
Non-cash items in EBITDA	0.5	(0.1)	(0.6)	(125.1%)
Changes in working capital	1.2	2.3	1.1	94.3%
Maintenance and replacement capital expenditure	(7.2)	(9.0)	(1.8)	25.3%
Free cash flow	**29.0**	**30.5**	**1.4**	**5.0%**
Growth capital expenditure	(2.7)	(6.1)	(3.5)	129.9%
Net cash flow before financing and taxation	**26.4**	**24.3**	**(2.0)**	**(7.7%)**
Free cash flow/EBITDA	84.0%	81.6%	(2.4%)	na

Free cash flows are expected to increase by $1.4 million in FY2016F as a result of:

- The assumed EBITDA increase of $2.8 million as described above; and
- An expected increase in cash outflows from maintenance and replacement capital expenditure of $1.8 million. This is primarily comprised of the replacement of one MRI unit and one CT machine, IT upgrades as well as general fit-out expenditure.

As a percentage of EBITDA, free cash flows are forecast to decrease from 84.0% in FY2015 to 81.6% in FY2016F.

Growth capital expenditure is expected to increase from $2.7 million in FY2015 to $6.1 million in FY2016F. This increase in growth capital expenditure in FY2016F reflects the addition of two MRI units (one each at St John of God Geelong and one at Toowoomba) and the relocation of the Sunbury and Toowoomba sites to locations with increased floor space.

As a result of the factors described above, net cash flow before financing and taxation is expected to decrease by $2.0 million in FY2016F.

4.8. SENSITIVITY ANALYSIS

The Forecast Financial Information detailed in Section 4.3 includes estimates based on a number of assumptions as described in Sections 4.7.1 and 4.7.2. These estimates and assumptions are subject to business, economic and competitive uncertainties and contingencies, many of which are beyond the control of IDX, the Directors and management. These estimates and assumptions include future business decisions, which are subject to change.

Investors should be aware that future events cannot be predicted with certainty and as a result, deviations from the figures forecast in this Prospectus are to be expected. To assist investors in assessing the impact of these assumptions on the financial information, the sensitivities of the pro forma forecast NPAT for FY2016F to changes in certain key assumptions is set out below. The changes in the key assumptions set out in the sensitivity analysis are intended to provide a guide only and variations in actual performance could exceed the ranges shown. Each sensitivity is presented in terms of the impact on FY2016F pro forma forecast NPAT. These sensitivities are set out in Table 28.

TABLE 28: Sensitivity on Pro Forma Forecast NPAT for FY2016F

Assumption	Change	Impact on FY2016F NPAT
Number of patient examinations	+/- 1%	+/- $1.0 million
Average patient fee per examination	+/- 1%	+/- $1.1 million
Employee expenses	+/- 1%	-/+ $0.7 million
Total expenses	+/- 1%	-/+ $0.9 million
Change in interest rates	+/- 25 basis points	-/+ $0.1 million

Care should be taken in interpreting these sensitivities. The estimated impact of changes in each of the variables has been calculated in isolation from changes in other variables, in order to illustrate the likely impact on the pro forma forecast NPAT for FY2016F. In practice, changes in variables may offset each other or be additive, and it is likely that management would respond to any adverse change in one item to seek to minimise the net effect on IDX's financial performance and cash flows.

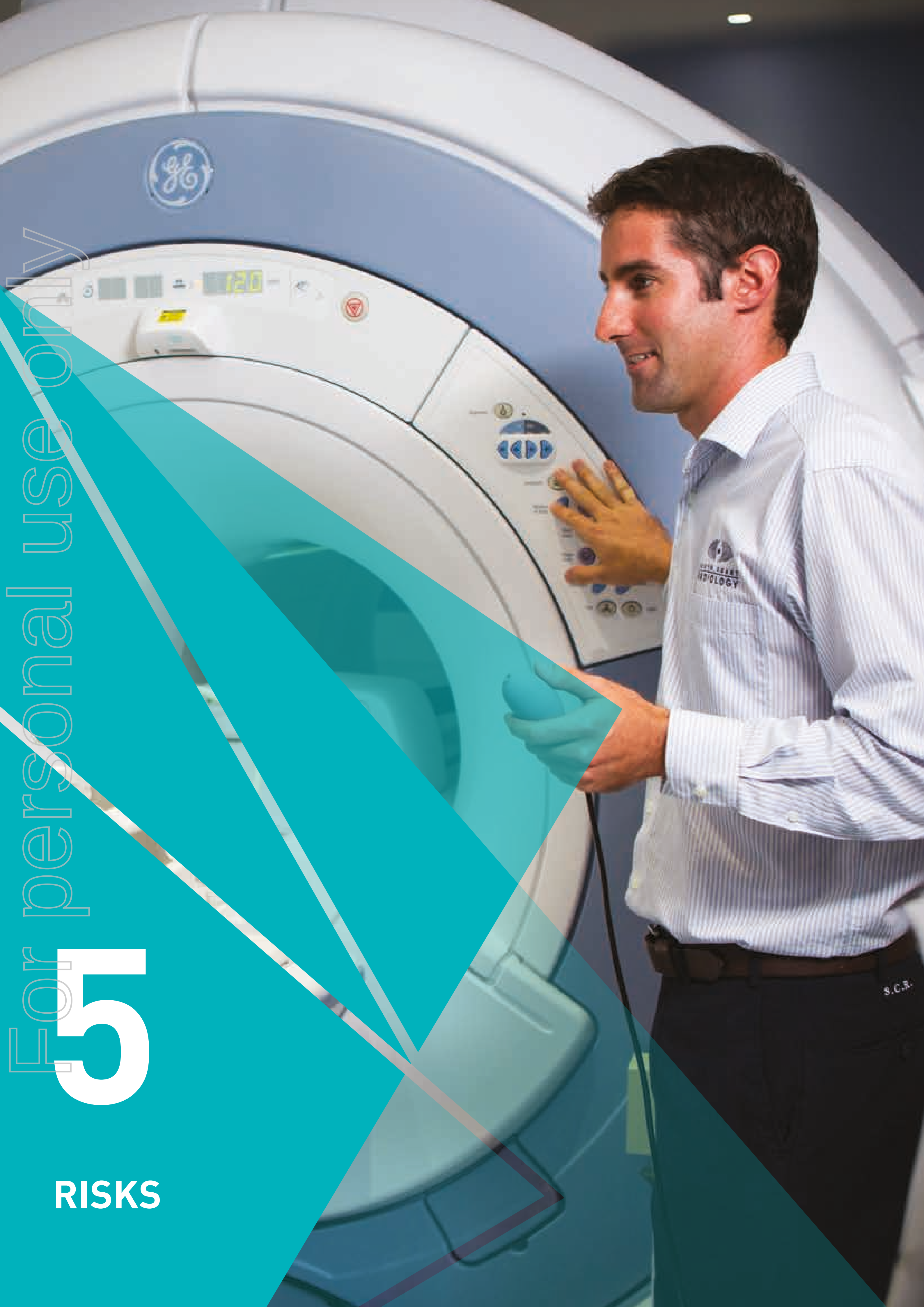
4.9. DIVIDEND POLICY

It is intended that the first dividend paid by IDX will be a final dividend in respect of the period from 1 January 2016 to 30 June 2016.

The payment of a dividend by IDX is at the discretion of the Board and will be a function of a number of factors, including general business and financial conditions, IDX's cash flow including cash from operations, capital expenditure requirements, working capital requirements, potential acquisition and expansion opportunities, unusual or non-recurring items, taxation requirements and other factors that the Board considers relevant.

Depending on the available profits and the financial position of IDX, it is the current intention of the Board to pay interim dividends in respect of the financial half years ending 31 December and final dividends in respect of financial full years ending 30 June each year.

The Board intends to target a payout ratio of 65% to 75% of NPATA. However, the level of payout ratio is expected to vary between periods depending on the factors described above. It is expected that all future dividends will be franked to the maximum extent possible. No assurances can be given by any person, including the Board, about the payment of any dividend and the level of franking of any such dividend.



5

RISKS

5. RISKS

5.1. INTRODUCTION

This Section 5 describes the potential risks associated with IDX's business and risks associated with an investment in Shares. It does not list every risk that may be associated with IDX or an investment in Shares now or in the future, and the occurrence or consequences of some of the risks described in this Section 5 are partially or completely outside the control of IDX, the Directors and senior management team.

The selection and order of risks has been based on an assessment of a combination of the probability of the risk occurring and impact of the risk if it did occur. The assessment is based on the knowledge of the Directors as at the Prospectus Date. The importance of different risks may change, and other risks may emerge in the future.

There is no guarantee that IDX will deliver on its business strategy or that the Forecast Financial Information or any forward-looking statement in this Prospectus will be achieved or realised. Past performance is not a reliable indicator of future performance.

Before applying for Shares, any prospective investor should be satisfied that they have a sufficient understanding of the risks involved in making an investment in IDX and should consider whether the Shares are a suitable investment, having regard to their own investment objectives, financial circumstances and taxation position. If you do not understand any part of this Prospectus or are in any doubt as to whether to invest in the Shares, it is recommended that you seek professional guidance from your stockbroker, solicitor, accountant, tax adviser or other independent and qualified professional adviser before deciding whether to invest.

5.2. RISKS SPECIFIC TO AN INVESTMENT IN IDX

5.2.1. IDX OPERATES IN A HEAVILY REGULATED INDUSTRY

The Diagnostic Imaging industry is subject to laws, government policies and regulations relating to, amongst other things:

- The conduct of operations;
- Commonwealth Government rebate arrangements;
- The licensing, registration and accreditation of facilities and equipment; and
- The addition and development of new facilities and equipment.

Changes to these laws, government policies and regulations may have a material adverse impact on the financial and operational performance of IDX. Possible legal, policy and regulatory changes that could have a material adverse impact on IDX include changes to:

- The Medicare regime as it relates to the Diagnostic Imaging industry, including changes to:
  - The indexation by the Commonwealth Government of the MBS fees and overall level of rebates, including a failure to increase rebates available to patients in line with increasing costs of providing Diagnostic Imaging Services;
  - The criteria which need to be met by Diagnostic Imaging providers in relation to facilities, practitioners and equipment in order to qualify for, and determine the level of, patient rebates available for Diagnostic Imaging Services;
  - Bulk-billing (where a provider accepts the benefit payable under the MBS as full payment for a service, and bills the Commonwealth Government directly, as opposed to charging the patient) and co-payment (where patients pay the cost of the Diagnostic Imaging Service directly to the service provider) arrangements; and
  - Rebate eligibility criteria for particular Diagnostic Imaging Services (e.g. rebate eligibility criteria may be made stricter, reducing the use of certain services);
- The nature and extent of the accreditation, registration and licensing regimes relating to Diagnostic Imaging (e.g. licensing requirements may become more onerous);
- Regulations relating to private health insurance; and
- Privacy, confidentiality and medical records legislation (e.g. IDX may be required to obtain and record additional medical information of patients).

Changes to laws, policies and regulations can have a material adverse effect on IDX's business, financial position and prospects. Further, regulatory requirements may become more burdensome in the future, which may result in IDX being required to dedicate more time, resources and expenditure to ensure compliance.

If IDX's operations are found to violate any applicable laws and regulations, IDX may be subject to penalties, damages, fines and disruption to its operations. The reputation of IDX may also be adversely affected. Any penalties, damages, fines, operational disruptions or damage to reputation, individually or together, could adversely affect IDX's ability to operate its business, and its financial results. Furthermore, funding agreements, agreements with hospital counterparties and provider agreements with private health insurers could include rights for those parties to terminate the agreement due to loss of accreditation, registration or licence, or other adverse legal or regulatory findings. Where this is the case, there may be flow-on adverse effects that could affect IDX's businesses.

5.2.2. INADEQUATE LEVELS OF MEDICARE OR PRIVATE HEALTH INSURANCE REBATES MAY LEAD TO INCREASED OUT-OF-POCKET EXPENSES FOR PATIENTS, REDUCING DEMAND FOR IDX'S SERVICES

IDX generally sets its own price for Diagnostic Imaging Services and its patients receive either partial or full reimbursement for services from the Commonwealth Government and/or private health insurance.

The eligibility for, and level of, Commonwealth Government rebates for Diagnostic Imaging Services (set out in the MBS) depend on a number of factors, including the nature of the service, where the service is provided, who the service is provided to, the Referrer and the equipment used to provide the service (see Section 2.4 for further details).

The MBS fee applicable to each Diagnostic Imaging Service eligible for Medicare (and therefore the applicable Medicare rebate, which is a percentage of this fee) has been affected over a number of years by Commonwealth Government budgetary considerations, and does not bear any reliable relationship to either the unit cost or market value of the service. Further, movements in the cost of providing Diagnostic Imaging Services are not reliably reflected in changes to the relevant MBS fee. This means MBS fees for Diagnostic Imaging Services have been reducing in real terms for more than a decade, as a result of lack of indexation by the Commonwealth Government (unlike many other health segments, which are indexed annually). Over this period, the prices charged by Diagnostic Imaging Service providers for services that are not bulk-billed have been increasing, as a result of rising costs. This has caused patient out-of-pocket expenses to increase, and may also lead to erosion of IDX's competitive position if competitors choose to price at or closer to the rebate amounts, in order to gain a greater market share.

In the future, non-indexation of MBS fees for Diagnostic Imaging Services by the Commonwealth Government, or a reduction in MBS fee levels, could reduce the level of patient rebates. In turn, this would lead to an increase in out-of-pocket costs incurred by patients in obtaining Diagnostic Imaging Services from companies such as IDX. If patient out-of-pocket expenses continue to rise, this may adversely affect the affordability and demand for IDX's services, which may negatively impact IDX's ability to sustain current prices, growth and services and/or impact its financial position and prospects. The introduction of a patient co-payment for Outpatient services (as was proposed in the 2014 Commonwealth Government Budget) may have reduced these pressures, however there is no current proposal of this kind.

Approximately 55-60% of services provided by IDX are bulk-billed. Accordingly, a failure to index or a reduction in the rebates available for these services will result in a direct loss of revenue for IDX. IDX will need to decide whether to continue to bulk-bill such patients (at an actual or effective lower price per service) or to commence to charge a co-payment to these patients, which may result in affected patients asking their Referrer to refer them to a provider other than IDX.

In relation to Inpatients, whose Diagnostic Imaging Services attract a combination of Medicare and private health insurance rebates, a reduction in, or failure to increase, private health insurance or the Medicare rebate may adversely affect IDX's revenue. IDX has entered into agreements with certain private health insurers that set the prices that IDX charges for the term of the agreement and generally permit IDX to invoice the private health insurer directly, rather than the patient. Private health insurers are aggressively pursuing cost reduction initiatives, and in-hospital diagnostics is a known area of focus for some of these activities. Private health insurers may refuse to contract with Diagnostic Imaging providers, or may only be willing to contract at lower prices. IDX may be able to retain its pricing structure by requiring Inpatients to pay a 'gap' (above the aggregate of the Inpatient's Medicare rebate and private health insurance rebate), however the contractual arrangements between IDX and the private hospital (or public hospital, in respect of public Inpatients) contained in service level agreements (or service agreements in respect of public hospitals) may prohibit this outcome.

While the payment of service fees from public hospitals to contracted Diagnostic Imaging providers under service agreements is legally separate to the fees set out in the MBS, in practice the pricing in such service agreements is based on the MBS fees and is often calculated as an agreed percentage of the MBS fee, with the MBS fee in this instance operating as a convenient external benchmark. Accordingly, the MBS fee levels also impact on the profitability of IDX's service agreements with public hospitals.

5.2.3. REBATE ELIGIBILITY CRITERIA APPLYING TO EQUIPMENT MAY RESULT IN INCREASED CAPITAL EXPENDITURE, DECREASED PATIENT REBATES AND LIMITED GROWTH OPPORTUNITIES

Specific and detailed equipment eligibility criteria, known as 'capital sensitivity', govern the level of rebates available in respect of Diagnostic Imaging Services provided from the IDX's equipment. Changes to capital sensitivity rules could result in IDX having to refurbish current Diagnostic Imaging equipment or acquire new equipment earlier than intended in order for patients to be eligible for higher levels of rebates from Diagnostic Imaging Services provided by the relevant equipment, failing which IDX's patients would face increased out-of-pocket expenses. This could reduce the demand for IDX's Diagnostic Imaging Services and erode its competitive position, which is likely to have a material adverse effect on IDX's financial position, performance and prospects.

IDX's growth opportunities in the MRI Modality are limited by strict Commonwealth Government eligibility restrictions placed on MRI equipment. There are currently a limited number of MRI Eligible Units in Australia and IDX is not aware of any intention to expand this number. Accordingly, the only current way for IDX to introduce new MRI Eligible Units is to purchase an MRI Eligible Unit from another operator (or acquire the operator). This may place restrictions on its growth opportunities in this Modality, however there is nothing preventing IDX, or another operator, from operating Medicare-ineligible MRI units.

5.2.4. SERVICE AGREEMENTS AND RELATED LEASES MAY BE BREACHED, TERMINATED OR NOT RENEWED, RESULTING IN LOSS TO IDX

IDX has entered into contracts to provide Diagnostic Imaging Services to:

- Public hospitals and clinics under service agreements; and
- Private hospitals under service level agreements.

These agreements set out the term and renewal, termination, change of control, exclusivity (if applicable), pricing, service delivery obligations, liability and indemnity arrangements between IDX and its public and private hospital customers. Service agreements and service level agreements are a key feature of IDX's business and in FY2015 were responsible for approximately 46% of IDX's pro forma revenue. Please refer to Section 9.6 for further details of IDX's material contractual arrangements.

Service agreements with public providers may result in IDX leasing space at a public hospital or clinic in order to provide some or all of the required Diagnostic Imaging Services, or providing part-time or offsite Radiologist and support staff services. Service level agreements with private hospital providers involve IDX being appointed as the on site Diagnostic Imaging Services provider for the private hospital.

In the event that IDX breaches a service agreement or service level agreement, including if it fails to deliver Diagnostic Imaging Services to the specified standard, IDX may be liable for damages under the relevant agreement and in certain cases the customer may be entitled to terminate the agreement. IDX's service agreements and service level agreements may also not be renewed for a number of reasons, including performance below required service levels, adverse publicity or increased competition. In the public hospital system, the appetite of State governments to 'outsource' Diagnostic Imaging Services may be affected by a number of factors including perceptions of relative efficiency and changes in government policy. Such developments may result in public hospital contracts not being renewed without any contributing factors within IDX's control.

IDX is currently in discussions with the WA Country Health Service in relation to the following arrangements:

- The terms of renewal of the Bunbury hospital medical imaging services agreement. The WA Country Health Service has exercised an option to extend this agreement (which is due to expire in October 2015). The terms of the contract extension are subject to agreement between the parties on revised fee levels for the renewal period. If the parties do not agree revised fee levels within a specified period, or alternatively if IDX does not accept the contract renewal on current fee levels, the agreement will expire; and
- IDX is currently performing services under a number of reporting contracts with the WA Country Health Service that expire on 30 June 2016. One reporting contract was not formally renewed in writing at the last contract expiry date. However IDX has continued to provide services, and the WA Country Health Service has continued to engage IDX, in accordance with the terms of the contract. The parties are currently in discussions to formally renew this contract until 30 June 2016, when the extension period for the contract was intended to expire.

There is no guarantee that any of these agreements will be renewed on commercially acceptable terms, or at all. Please refer to Section 9.6 for further details.

The renewal of certain of IDX's hospital leases is also conditional on obtaining consent from a relevant State Government entity, which may include the relevant State Minister. In these cases, the grant of consent generally occurs in the ordinary course of Government business; however in certain circumstances – including arising as a result of Government delay and, if applicable, a failure by the hospital operator to obtain the requisite consent – consents may be applied for or obtained after a lease is entered into and the relevant premises are occupied. In these circumstances, there is a risk that a requisite Government consent could be delayed, or not obtained, which could potentially result in the non-renewal or termination of a material property lease.

In circumstances where a service agreement or service level agreement is connected, or interdependent, with a related property lease, the term of the lease generally coincides with the term of the relevant agreement (and the term of the relevant agreement will generally coincide with the term of the lease). Accordingly, in the event that IDX materially breaches a property lease, there is a risk that the breach (or subsequent termination by the landlord) may give the hospital termination rights under the relevant service agreement or service level agreement.

Any breach, termination or non-renewal of a service agreement or service level agreement, or any related property lease, between IDX and its public or private customers could materially adversely affect IDX's financial position and prospects.

5.2.5. IDX MAY BE UNABLE TO RECRUIT AND RETAIN RADIOLOGISTS AND TECHNICAL PROFESSIONALS

IDX relies on Radiologists to provide the core medical services associated with Diagnostic Imaging. There have been shortages of qualified Radiologists, particularly in some of the regional markets that IDX operates in. Failure to recruit and retain a sufficient number of Radiologists could result in IDX being unable to achieve its growth projections or maintain its market share, which could adversely impact IDX's revenue generation and profitability. Radiologists may also terminate their relationships with IDX, which in certain circumstances could result in increased competition from individuals who are knowledgeable about IDX's business strategies and operations. In addition, competition to recruit Radiologists may make it difficult for IDX to maintain adequate levels of Radiologists without a significant increase in labour costs.

IDX's success also depends on its continuing ability to recruit and retain other Technical Professionals, such as Radiographers, Sonographers and Nuclear Medicine Technologists. Competition for qualified employees in the Diagnostic Imaging Services industry can be intense, especially in regional areas, which can result in increased labour costs. In the event that IDX is not able to hire and retain a sufficient number of skilled employees, or to do so at anticipated salary levels, this could have a negative impact on IDX's operations, financial position and future prospects.

5.2.6. IDX'S RELATIONSHIP WITH RADIOLOGISTS AND TECHNICAL PROFESSIONALS MAY DETERIORATE

The ongoing success of IDX's business relies on the strength of its relationship with its Radiologists and Technical Professionals. IDX's relationship with its Radiologists and Technical Professionals could deteriorate for a number of reasons, including actual or perceived clinical differences between IDX and its Radiologists and Technical Professionals, changes to workplace conditions, reputational damage, labour market changes and any actual or perceived failure by IDX to acquire and maintain the latest equipment and technology platforms.

In the event that IDX experiences a deterioration in its relationship with its Radiologists and Technical Professionals, this could potentially lead to reputational damage, loss of key employees, increased labour costs and the inability for IDX to undertake the number of Diagnostic Imaging Services it anticipates in the future. Any of these outcomes could have a negative impact on IDX's operations, financial position and future prospects.

5.2.7. IDX'S RELATIONSHIP WITH REFERRERS MAY DETERIORATE, REDUCING THE NUMBER OF PATIENTS REFERRED TO IDX

A Referrer must refer a patient to a Diagnostic Imaging Services provider in order for those Diagnostic Imaging Services to be eligible for a full or partial Medicare rebate. IDX therefore depends on referrals of patients from unaffiliated Referrers, who have no contractual obligations or incentives to refer patients to IDX, for a substantial portion of its revenue. Accordingly, relationships with Referrers, hospital groups and other parties are important to IDX's businesses. Further, applicable legislation generally prohibits any benefit passing between a service provider such as IDX, and a Referrer. This heightens the importance of IDX providing, and demonstrating it provides, quality Diagnostic Imaging Services, which builds relationships with Referrers, and achieves "doctor goodwill".

If a sufficiently large number of Referrers were to discontinue referring patients to IDX, the volume of Diagnostic Imaging Services that IDX undertakes could decrease, which would adversely affect IDX's business, financial position and prospects. This could occur due to an unsatisfactory level of services provided by IDX or due to a healthcare company which also provides Diagnostic Imaging Services acquiring referral sources such as medical centres which Referrers operate from.

5.2.8. IDX'S COMPETITIVE POSITION MAY DETERIORATE

The market for Diagnostic Imaging Services is highly competitive. IDX competes for patients on the basis of its reputation, its ability to provide multiple Modalities at its facilities, the location of its facilities, the quality of its Diagnostic Imaging Services, the level of skill and experience of its Radiologists and the prices it charges its customers. IDX competes locally with groups of Radiologists, established hospitals, clinics and other independent organisations that own and operate Diagnostic Imaging equipment. Some of IDX's competitors may now or in the future have access to greater financial resources than IDX does and may have access to newer, more advanced equipment. If IDX is unable to successfully compete, its business, financial position and prospects may be adversely affected.

5.2.9. IDX'S LABOUR COSTS MAY INCREASE

IDX's employees are covered by enterprise bargaining agreements, other workplace agreements and employment contracts, which periodically require negotiation and renewal. Disputes may arise in the course of negotiations which may lead to disruptions to IDX's operations. Further, any negotiation could result in increased direct and indirect labour costs for IDX, particularly in circumstances of low unemployment or competition for personnel, such as IDX faces in respect of Radiologists and certain of its Technical Professionals. Any workforce disruption or increase in direct or indirect labour costs incurred by IDX may result in actual labour costs being higher than IDX has budgeted for, which could lead to reduced profitability.

5.2.10. IDX MAY BE UNABLE TO RECRUIT AND RETAIN KEY MANAGEMENT PERSONNEL

The successful operation of IDX's business relies on its ability to recruit and retain experienced and high-performing key management and operating personnel. There is significant competition to recruit these personnel, which can lead to increased labour costs. The unexpected loss of any key members of management or operating personnel, or the inability on the part of IDX to attract experienced personnel, may adversely affect its ability to develop and implement its business strategies.

5.2.11. IDX'S INFORMATION SYSTEMS MAY FAIL

IDX relies on its information systems to perform key functions critical to its ability to operate equipment, store and transmit images and schedule and invoice patients.

IDX's information technology system is vulnerable to damage or interruption from a number of sources, including:

- Earthquakes, fires, floods and other natural disasters;
- Power losses, computer systems failures, internet and telecommunications or data network failures, operator negligence, improper operation by or supervision of employees, physical and electronic losses of data and similar events; and
- Computer viruses, penetration by hackers seeking to disrupt operations or misappropriate information and other breaches of security.

Any damage or interruption to IDX's information systems could result in a material loss of referrals and could significantly curtail, directly and indirectly, IDX's ability to conduct its business and generate revenue and could result in significant costs being incurred, for example to rebuild internal systems, respond to regulatory inquiries or actions, pay damages, or take other remedial steps with respect to third parties.

5.2.12. IDX MAY SUFFER DAMAGE TO ITS REPUTATION OR THE REPUTATION OF ITS KEY BRANDS

The reputation of IDX and its individual brands – Lake Imaging, South Coast Radiology and Global Diagnostics – is important in attracting patients, Radiologists and key employees in each of their respective markets. Reputational damage could arise due to a number of circumstances, including error, malpractice or negligence of IDX's employees, poor service levels delivered to customers and outdated facilities and equipment.

IDX's reputation with Referrers, public and private hospitals, Radiologists, general practitioners, other medical specialists and members of the public could be adversely affected by any negative publicity arising from any event that adversely affects IDX's reputation and good name. This could result in a fall in the number of patients and affect IDX's ability to recruit and retain Radiologists and Technical Professionals. If this were to occur, IDX's financial performance may be negatively impacted.

5.2.13. IDX MAY BE SUBJECT TO PROFESSIONAL LIABILITY CLAIMS AND COSTS

Healthcare companies are exposed to the risk of medical indemnity claims and litigation. Current or former patients may, in the normal course of business, commence or threaten litigation for medical negligence against IDX. There are also inherent risks to certain Diagnostic Imaging procedures which may give rise to claims against IDX. For example, there is a risk of harm to a patient during an MRI if the patient has certain types of metal implants or cardiac pacemakers within his or her body.

Subject to indemnity insurance arrangements that apply to IDX and its medical practitioners, if future medical malpractice litigation or threatened litigation against IDX were to result in damages being awarded against IDX, it could have a material adverse effect on the financial performance, position and future prospects of IDX. Actual or threatened litigation could also cause IDX to suffer damage to its reputation.

Any significant claim made against IDX could be costly to defend against, result in a substantial damage award against IDX and divert the attention of management from IDX's operations, which could have an adverse effect on IDX's financial performance. It is also possible that the IDX's insurance coverage will not continue to be available at acceptable costs or on favourable terms following any successful claim or claims against it.

5.2.14. IDX MAY LOSE OR BREACH A LICENCE, CERTIFICATION OR ACCREDITATION

Diagnostic Imaging providers are required to obtain state-based radiation licences for radiating devices and the possession and disposal of radioactive material, which is used in Nuclear Medicine. Further, in order for patients of Diagnostic Imaging Services to receive Medicare rebates in respect of services, the service provider must:

- Register every site at which Diagnostic Imaging Services are provided with the Department of Human Services, resulting in the issuance of individual LSPNs;
- Obtain accreditation under the Diagnostic Imaging Accreditation Scheme (which must be renewed every four years); and
- Obtain full or partial Medicare eligibility for MRI units from the Department of Health.

Any lapse in IDX's licences, registrations, certifications or accreditations or those of IDX's employees, or the failure of any of IDX's sites to satisfy the necessary requirements under Medicare, could adversely affect IDX's operations and financial results. To the extent that funding agreements, agreements with hospital counterparties and provider agreements with private health insurers include termination rights due to loss of accreditation, registration or licence, or other adverse regulatory findings, there may be flow-on contractual effects of regulatory difficulties affecting IDX's businesses.

5.2.15. IDX MAY NOT BE ABLE TO ACHIEVE ANTICIPATED BENEFITS FROM ACQUISITIONS

IDX has historically grown its business by acquisition, and growth through acquisition is likely to remain an important part of IDX's strategy in the future. This growth has placed, and may continue to place, significant demands on management, information and reporting resources and financial and internal controls and systems. Effective management of IDX's growth will require continued development and appropriate resourcing of these controls and systems, failing which IDX may not be able to take advantage of market opportunities, satisfy customer requirements, execute its business plan or respond to competitive threats.

In addition to the significant demands placed on management, systems and processes, there are a range of additional risks associated with strategic acquisitions, including:

- One or more past or future acquisitions giving rise to significant actual or contingent liabilities, which could result in IDX being or becoming liable for unforeseen costs or incurring damage to its reputation (e.g. as a result of the conduct of a business prior to its acquisition);
- IDX may be unable to identify suitable acquisition candidates at attractive valuations, or it may be unable to complete acquisitions as a result of legal or regulatory restrictions;
- IDX could suffer loss in relation to an acquisition for which it cannot recover under the relevant acquisition agreement, for example if no warranty or indemnity protection was provided, the basis of a claim does not fall within any of the warranties provided in the agreement or the time period for bringing a claim has expired;
- IDX may fail to achieve expected synergies and cost savings in relation to an acquisition;
- Customers and key employees of acquired businesses may not be retained after completion of the acquisition; and
- The customer contracts of acquired businesses may contain unusual or onerous terms, including termination rights.

Any of the above factors, either individually or in combination, may have a material adverse effect on IDX's financial position and future prospects.

5.2.16. TECHNOLOGICAL CHANGE COULD ADVERSELY AFFECT IDX'S BUSINESS

The success of IDX's business is dependent on acquiring and maintaining an effective and competitive equipment base. The development of new technologies or refinements of existing Modalities could make IDX's existing systems technologically or economically obsolete, or reduce the need or demand for its systems. In turn, this may require IDX to upgrade and enhance its existing equipment before it may otherwise intend. In addition, advances in technology may enable physicians and others to perform Diagnostic Imaging Services currently undertaken by IDX.

Any failure by IDX to anticipate and respond to new technologies could materially adversely affect IDX's ability to deliver its services in an efficient and effective manner, which could have a negative impact on IDX's financial performance and prospects.

5.2.17. A SIGNIFICANT PERCENTAGE OF IDX'S EXPENSES ARE FIXED

A significant percentage of IDX's expenses are fixed, meaning they do not vary significantly with the increase or decrease in revenues. Accordingly, an adverse change in IDX's revenue – for example, as a result of a decrease in price or in procedure volumes – could have a disproportionate effect on its operating and financial results and prospects.

5.2.18. IDX'S INSURANCE COVER MAY BE INADEQUATE OR UNAVAILABLE

Insurance cover is maintained by IDX consistent with industry practice, including workers compensation, business interruption, property damage, public liability, professional indemnity and medical malpractice. However, no assurance can be given that such insurance will be available in the future on commercially reasonable terms or that any cover will be adequate and available to cover all or any future claims.

5.2.19. IDX MAY LOSE OR MISUSE PERSONAL INFORMATION

IDX's operations rely on the secure processing, transmission and storage of confidential, proprietary and other information in its computer systems and networks. IDX's facilities and systems may be vulnerable to privacy and security incidents, security attacks and breaches, acts of vandalism or theft, computer viruses, emerging cybersecurity risks, misplaced or lost data, programming and/or human errors or other similar events.

Any security breach involving the misappropriation, loss or other unauthorised disclosure or use of confidential information, including protected health information, financial data, commercially sensitive information, or other proprietary data, whether by IDX or a third party, could have a material adverse effect on IDX's business, reputation, financial condition, cash flows, or results of operations. The occurrence of any of these events could result in interruptions, delays, the loss or corruption of data, cessations in the availability of systems, potential liability and regulatory action or liability under privacy and security laws, all of which could have a material adverse effect on IDX's financial position and results of operations and harm IDX's business reputation.

5.2.20. IDX'S DIAGNOSTIC IMAGING EQUIPMENT MAY FAIL

IDX relies on high utilisation rates on its imaging systems in order to provide timely, effective service. Failures or breakdowns to equipment take time to repair and may lead to a loss of revenue, which warranties and maintenance contracts may not fully compensate IDX for. Further, repairs and servicing may not be able to be performed in a timely manner. If IDX experiences greater than anticipated system malfunctions or if it is unable to promptly obtain the service necessary to keep its systems functioning effectively, IDX's revenues could decline and its ability to provide services could be harmed.

5.2.21. IDX'S RELATIONSHIPS WITH PRIVATE HEALTH INSURERS MAY DETERIORATE, RESULTING IN A DECREASE IN REVENUE FROM PRIVATE HEALTH INSURANCE REBATES

A part of IDX's services are funded (either directly or via reimbursement to patients) by private health insurers through negotiated fee arrangements. Failure to reach a satisfactory commercial agreement with a key private health insurer has the potential to negatively impact the financial and operating performance of IDX.

IDX is also susceptible to factors adversely affecting the profitability of private health insurers, which is dependent on a number of factors, including the number of members and types of policies and coverage they have, and the level of claims and investment income. A number of factors including, but not limited to, a worsening economic climate, changes in economic incentives, annual increases to private health insurance premiums and other factors may cause the number of members in private health insurers to fall or result in members choosing to decrease the level of their private health insurance coverage.

A decline in the profitability of private health insurers, or the inability of private health insurers to obtain premium increases, may result in IDX being unable to achieve growth in the direct and indirect funding it receives from private health insurers, or be unable to renew contracts with private health insurers on suitable terms. It may also result in patients being faced with higher out-of-pocket expenses, which could reduce demand for IDX's Diagnostic Imaging Services and erode IDX's competitive position.

A decline in private health insurance participation rates in the geographical areas where IDX operates, or an increase in privately-insured Inpatients opting to be treated as public Inpatients, may also reduce IDX's revenue from private Inpatients.

5.2.22. RISKS ASSOCIATED WITH THE USE OF NUCLEAR MEDICINE

Nuclear Medicine uses radioactive materials, which generate medical and other regulated wastes. The possession and disposal of these materials and waste products present the risk of accidental environmental contamination and physical injury. IDX cannot completely eliminate the risk of accidental contamination or injury from these hazardous materials and could be held liable for any resulting damages. Any liability could exceed the limits of, or fall outside, IDX's insurance cover.

5.2.23. THE ADVENT FUNDS WILL EXERCISE A SIGNIFICANT INFLUENCE OVER IDX ON COMPLETION OF THE OFFER

The Advent Funds will hold in aggregate between 15.8% to 21.5% of the issued Shares on Completion of the Offer. Consequently, the Advent Funds will have a significant influence over all matters that require approval by Shareholders, including the election and removal of Directors and approval of significant corporate transactions (unless prevented from voting under the Corporations Act or ASX Listing Rules). This concentration of ownership will limit other Shareholders' ability to influence corporate matters and, as a result, actions may be taken that some Shareholders may not view as beneficial.

5.3. GENERAL RISKS

5.3.1. GENERAL ECONOMIC AND FINANCIAL MARKET CONDITIONS MAY DETERIORATE

General economic conditions (both domestically and internationally), long-term inflation rates, exchange rate movements, interest rate movements, the level of business spending and consumer confidence, and movements in the general market for ASX and internationally listed securities may adversely impact on IDX's trading and financial performance and prospects and its ability to pay dividends.

5.3.2. THE PRICE OF SHARES MAY FLUCTUATE

On and from Listing, IDX will become subject to general market risk that is inherent in all securities listed on a securities exchange. The price at which Shares are quoted on the ASX may increase or decrease due to a number of factors, including:

- Fluctuations in the domestic and international market for listed stocks;
- General economic and financial market conditions;
- Government fiscal, monetary or regulatory policies, legislation or regulation;
- Inclusion in or removal from market indices; and
- General operational and business risks.

Other factors which may negatively affect investor sentiment and influence IDX and the Shares specifically or the stock market more generally include acts of terrorism, an outbreak of international hostilities, changes to economic and monetary union arrangements (particularly in Europe), fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other man-made or natural events.

These factors may cause the Shares to trade at prices below the Offer Price and may materially adversely affect IDX's trading and financial performance and prospects and its ability to pay dividends.

There is no assurance that the price of the Shares will increase following Listing.

5.3.3. IDX MAY BE EXPOSED TO INTEREST RATE FLUCTUATIONS

As a borrower of money, IDX is exposed to increases in interest rates, which would increase the cost of servicing IDX's debt. Increases in interest rates may also affect the demand for Diagnostic Imaging Services. Accordingly, an increase in interest rates may have a material adverse effect on IDX's future financial performance and position.

5.3.4. IDX MAY NOT BE ABLE TO REFINANCE DEBT OR ACCESS DEBT MARKETS ON ATTRACTIVE TERMS

IDX is subject to the risk that it may not be able to refinance its existing bank facilities when they fall due or that the terms available (including in relation to pricing) on refinancing will not be as favourable than the terms of its existing bank facilities.

5.3.5. ADVERSE CHANGES TO TAX LAW MAY OCCUR

There is the potential for changes to tax laws. Any change to the current rates of taxes imposed on IDX is likely to affect returns to Shareholders.

An interpretation of taxation laws by the relevant tax authority that is contrary to IDX's view of those laws may increase the amount of tax to be paid or cause changes in the carrying value of tax assets in IDX's financial statements. In addition, any change in tax rules and tax arrangements could have an adverse effect on the level of dividend franking and Shareholder returns.

5.3.6. ACCOUNTING STANDARDS MAY CHANGE

Australian Accounting Standards are set by the Australian Accounting Standards Board (**AASB**) and are outside the control of IDX and the Directors. The AASB is due to introduce new or refined Australian Accounting Standards during the period from 2014 to 2018, which may affect future measurement and recognition of key income statement and balance sheet items, including revenue and receivables.

There is also a risk that interpretations of existing Australian Accounting Standards, including those relating to the measurement and recognition of key income statement and balance sheet items, including revenue and receivables, may differ. Changes to Australian Accounting Standards issued by the AASB or changes to the commonly held views on the application of those standards could materially adversely affect the financial performance and position reported in IDX's consolidated financial statements.

5.3.7. SHAREHOLDERS MAY SUFFER DILUTION

In the future, IDX may elect to issue Shares or engage in fundraisings including to fund acquisitions that IDX may decide to make. While IDX will be subject to the constraints of the ASX Listing Rules regarding the percentage of its capital that it is able to issue within a 12 month period (other than where exceptions apply), Shareholders may be diluted as a result of such issues of Shares and fundraisings.

6

KEY PEOPLE, INTERESTS AND BENEFITS

6. KEY PEOPLE, INTERESTS AND BENEFITS

6.1. BOARD OF DIRECTORS

The Directors bring to the Board relevant experience and skills, including industry and business knowledge, financial management and corporate governance experience.

Director	Experience and background
 Helen Kurincic *Independent Chairman (appointed 2014)* MBA, FAICD, Grad Dip Wom Stud, PBC Crit Care, Cert Nsg	Ms Helen Kurincic is Chairman of IDX and has 20 years of executive and board level experience in the healthcare industry. Helen was the chief operating officer and director of Genesis Care from its earliest inception in 2007, creating and developing Australia's first and largest oncology and cardiology network providing private and public services. Prior to that, Helen held various executive and non-executive healthcare sector roles including non-executive director of DCA Group Ltd, an ASX 100 company operating Diagnostic Imaging Services in Australia and the United Kingdom and residential aged care in Australia and New Zealand, non-executive director of AMP Capital Investors Domain Principal Group (the largest private provider of aged care in Australia), chief executive officer of Benetas and board member of Melbourne Health and Orygen Research Centre. Helen has also been actively involved in healthcare government policy reform including appointments by Health Ministers as chair of the Professional Programs and Services Committee for the Fourth Community Pharmacy Agreement (including chair of the Research & Development Committee) and member of the Minister's Implementation Taskforce and Minister's Reference Group for the Long Term Reform of Aged Care. Helen was awarded the 2002 Telstra Victorian Businesswoman of the Year.
 John Livingston *Managing Director and Chief Executive Officer (founding partner)* BAppSci (Med Rad), GradDipHSc (Edu), GradCertBus (Mgt), GAICD	Mr John Livingston is a founding partner of IDX. John has more than 20 years' experience in healthcare, working in both public and private radiology settings. As one of the founding partners of Lake Imaging, John has grown the business through the introduction of new services, greenfield facilities and various mergers and acquisitions which have resulted in IDX moving towards a national platform; namely the arrangements with St John of God and South Western MRI in Victoria; Global Diagnostics in Western Australia and South Coast Radiology in Queensland. John was awarded the AGFA International award for Development of Digital Imaging Solutions in 2005. He has presented in Australia and abroad on the digital radiology environment, as well as business strategies and systems within the commercial sector. With a special interest in the enhancement of radiology efficiency, John is considered an industry leader in the use of innovation to enhance Referrer and patient outcomes. Before moving into the private radiology sector, John held senior radiology positions in the public sector. John is the current board chair of Ballarat Clarendon College and a former director of United Way and VicWest Community Telco.

Director	Experience and background
 Dr Chien Ho *Executive Director (appointed 2008)* MBBS, FRANZCR, MAICD	Dr Chien Ho is a fellow of the Royal Australian and New Zealand College of Radiologists and an accredited MRI supervising Radiologist. Upon completion of his radiology training at The Royal Melbourne Hospital, Dr Ho undertook advanced training at three London hospitals: Chelsea and Westminster Hospital, The Royal National Orthopaedic Hospital and University College Hospital. During this time he completed an MRI/musculoskeletal fellowship and also spent time as a staff specialist. Dr Ho commenced with Lake Imaging in 2004 and is currently a consultant Radiologist for IDX in Victoria. Dr Ho has considerable experience across all radiology Modalities with a special interest in musculoskeletal and body imaging.
 Dr Sally Sojan *Executive Director (appointed 2014)* MBBS, FRANZCR, FAANMS, GAICD	Dr Sally Sojan graduated from the University of Queensland with a medical degree. Dr Sojan completed her radiology fellowship at the Princess Alexandra Hospital in Brisbane. Dr Sojan then completed her Nuclear Medicine and PET qualifications at The Royal Brisbane Hospital and The Royal Adelaide Hospital followed by an MRI fellowship at The Mater Private Hospital in Brisbane. Dr Sojan commenced working at South Coast Radiology where she established the first PET service on the Gold Coast. Her specialty interests include Nuclear Medicine and PET and musculoskeletal MRI.
 Rupert Harrington *Non-Executive Director (appointed 2015)* BTech, MSc, CDipAF	Mr Rupert Harrington is a major shareholder and executive chairman of Advent, a leading Australian private equity manager. Rupert has been involved in private equity since 1987 and is considered to be one of the founders of the Australian industry. Rupert has an excellent track record of delivering results to investors. Prior to Advent, Rupert had 8 years general management experience at both corporate and operational management levels. During Rupert's 27 years at Advent, he has been either a director or chairman of 26 investee companies, including businesses operating in the manufacturing, services and high-technology sectors spanning many facets of the investment process at all stages of the growth cycle. He was actively involved in all aspects of Advent's recent health care investments in Primary Health Care and Genesis Care. Rupert is currently a non-executive director of Clover Corporation Limited, an ASX listed company, and a member of the Australian Institute of Directors.

Director	Experience and background
 John Atkin *Independent Non-Executive Director (appointed 2015)* BA, LLB, FAICD	Mr John Atkin is currently independent chairman of GPT Metro Office Fund and a non-executive director of Aurizon Holdings Limited and IPH Limited. John is currently the nomination and remuneration committee chair of IPH Limited. John was managing director of The Trust Company Limited from 2009 to 2013 prior to its successful merger with Perpetual Limited. Prior to joining The Trust Company, John was the managing partner and chief executive officer of leading Australasian law firm, Blake Dawson (now Ashurst). Before this, John was a senior mergers and acquisitions partner of Mallesons Stephen Jaques (now King & Wood Mallesons). John has been a member of the board of the Australian Outward Bound Foundation since 2007 and the State Library of New South Wales Foundation since 2013.
 Garry Hounsell *Independent Non-Executive Director (appointed 2015)* BBus (Accounting), FCA, CPA, FAICD	Mr Garry Hounsell is currently a director of Treasury Wine Estates Limited (since 2012), Dulux Group Limited (since 2010) and Spotless Group Holdings Limited (since 2014). Garry is currently the audit committee chair for Treasury Wine Estates Limited, Dulux Group Limited and Spotless Group Holdings Limited. Garry was chairman of PanAust Limited (2008 to 2015) and eMitch (2006 to 2008) and a director of Qantas Airways Limited (2005 to 2015), Orica Limited (2004 to 2012), Nufarm Limited (2004 to 2012) and Mitchell Communications Group Limited (2008 to 2010). Garry was a senior partner of Ernst & Young and chief executive officer & country managing partner of Arthur Andersen. In late 2010, when Garry was a director of Nufarm Limited, Nufarm Limited paid a penalty of $66,000 following receipt of an infringement notice from ASIC for alleged failure by Nufarm Limited to disclose material information to the market regarding its FY2010 financial results. Nufarm Limited is not regarded as having contravened the ASX Listing Rules or the Corporations Act by paying this penalty. In November 2012, Nufarm Limited settled a class action brought against it in 2011 relating to the alleged failure to disclose these FY2010 financial results. The settlement resulted in the class action being dismissed without any admission of liability by Nufarm Limited.

The composition of Board committees and details of its key corporate governance policies are set out in Section 6.5.

Each Director has confirmed to IDX that he or she anticipates being available to perform his or her duties as a Non-Executive or Executive Director (as the case may be) without constraint from other commitments.

6.2. SENIOR MANAGEMENT

Executive	Experience and background
 John Livingston *Managing Director and Chief Executive Officer*	See Section 6.1 above.

Executive	Experience and background
 **Craig Bremner** *Chief Financial Officer (joined in 2005)* BBus (Accountancy), CPA, GAICD	Mr Craig Bremner is responsible for the financial functions at IDX and has 20 years' experience in finance including the healthcare, import/export and accounting services sectors. Craig's skills include the financial management of organisations undergoing rapid growth and expansion. Special interests include mergers and acquisitions, alignment of financial reporting to key business drivers, financial modelling and taxation. With a strong history of senior management roles, Craig brings a valued depth of financial skills to the business. Craig is a Certified Practising Accountant.
 **Greg Hughes** *Chief Operating Officer and Human Resources Manager (joined in 2003)* BApp Sci (Med Rad), MHSM, Grad Dip (Med US), MAICD, MAHRI	Mr Greg Hughes is responsible for operations and human resources at IDX. He has more than 20 years' experience in the development and operational management of private and public radiology services. Greg has extensive experience in operational efficiency, business development, procurement, change management and Government relations. Special interests include human resource management, industrial relations and employment law. As Vice President of the Australian Diagnostic Imaging Association, Greg currently serves as a member of the Executive Counsel, Accreditation Standards Review Committee, Economic Development Party and Informatics Subcommittee. Greg is a former president of the Australian Independent Radiology Association. Greg has been a member of the Federal Government Department of Health and Ageing Radiology Management Committee, eHealth Implementation Group, Victorian Department of Health Workforce Planning Committee and industry representative on the Victorian Government Trade Mission to India. Greg remains an active member of the DHS Education Reference Group, APHRA Hearing Panel and director of Irabina Autism Services.
 **Craig Lightfoot** *Director of Business Development and Special Projects (founding partner)* DipAppSci (Med Rad), DMU, Grad Dip AppSci (US), GAICD	Mr Craig Lightfoot has many years' experience in public and private radiology practice and is responsible for business development and special projects at IDX including general management at Lake Imaging. Craig has contributed to the development of Ultrasound professional bodies and was a member of the Australian Sonographers Association (ASA) Federal Council from 2001 to 2004. From 2001 until early 2005, Craig was the ASA representative during the foundation phase of the Australasian Sonographer Accreditation Register and was treasurer in 2004. Craig is currently the chair of the Deakin University Medical Radiations Advisory Board. A founding partner of Lake Imaging, Craig has been principally responsible for the successful tendering of several contracts and the concept, development and delivery of many projects including South West MRI, regional Australia's first PET/CT in Ballarat and the Geelong Breast Clinic. Craig has dual accreditation in diagnostic and cardiac Ultrasound with a special interest and extensive experience in business development, communication and marketing.

6.3. INTERESTS AND BENEFITS

This Section 6.3 sets out the nature and extent of the interests and fees of certain persons involved in the Offer. Other than as set out below or elsewhere in this Prospectus, no:

- Director or proposed Director;
- Person named in this Prospectus and who has performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- Promoter of the Company; or
- Underwriter to the Offer,

holds at the time of lodgement of this Prospectus with ASIC, or has held in the two years before lodgement of this Prospectus with ASIC, an interest in:

- The formation or promotion of the Company;
- Property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or in connection with the Offer; or
- The Offer,

and no amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given to any such persons for services in connection with the formation or promotion of the Company or the Offer or to any Director or proposed Director to induce them to become, or qualify as, a Director.

6.3.1. INTERESTS OF ADVISERS

IDX has engaged the following professional advisers in relation to the Offer:

- Highbury Partnership has acted as Financial Adviser in relation to the Offer. IDX has paid, or agreed to pay, Highbury Partnership an amount up to 0.5% of the market capitalisation of IDX on Completion of the Offer (excluding disbursements and GST);
- Morgan Stanley and UBS have acted as Joint Lead Managers to the Offer. IDX has paid or agreed to pay the Joint Lead Managers the amount described in Section 9.4 in accordance with the terms of the Underwriting Agreement;
- Morgans Financial Limited has acted as Co-Manager to the Offer and will be paid a broker firm fee of 1.5% (excluding GST) of its allocation of Shares, which is payable by the Joint Lead Managers on behalf of IDX, out of the fees payable by IDX to the Joint Lead Managers in connection with the Underwriting Agreement;
- Herbert Smith Freehills has acted as Australian legal adviser to IDX and SaleCo in relation to the Offer (excluding in relation to taxation and stamp duty matters). IDX has paid, or agreed to pay, approximately $1,000,000 (excluding disbursements and GST) for these services to the Prospectus Date. Further amounts may be paid to Herbert Smith Freehills in accordance with its time-based charge-out rates;
- PricewaterhouseCoopers Securities Ltd has acted as the Investigating Accountant and has prepared the Independent Limited Assurance Report for inclusion in this Prospectus. PricewaterhouseCoopers Securities Ltd has also performed due diligence enquiries in relation to the Pro Forma Historical Financial Information and the Forecast Financial Information. IDX has paid, or agreed to pay, approximately $420,000 (excluding GST) for these services to the Prospectus Date. Further amounts may be paid to PricewaterhouseCoopers Securities Ltd in accordance with its timed-based charge-out rates; and
- PricewaterhouseCoopers has acted as tax due diligence adviser. IDX has paid, or agreed to pay approximately $95,000 (excluding GST) for these services to the Prospectus Date. Further amounts may be paid to PricewaterhouseCoopers in accordance with time-based charge-out rates.

6.3.2 DIRECTORS' AND MANAGEMENTS' INTERESTS AND REMUNERATION

6.3.2.1 CHIEF EXECUTIVE OFFICER

Details regarding the terms of the employment of the Chief Executive Officer, John Livingston, are set out below.

Term	Description
Employment	John is employed by Radploy 2 Pty Ltd (**Radploy**) (a subsidiary of the Company) as Chief Executive Officer of the Company.
Total remuneration package (TRP)	For FY2016, John is entitled to a TRP of $697,680, which includes base salary, statutory superannuation contributions and cash incentive payments granted under his employment contract. The TRP is indexed annually with effect from 1 July by a minimum of 2% per annum or CPI (whichever is higher), subject to satisfactory individual and business performance as determined by the Company. John may be paid in excess of the TRP where the Board determines to do so.
Incentive payments	Included in John's FY2016 TRP is a cash incentive payment of $192,000, which may be awarded based on the Board's assessment of John's performance against certain financial and non-financial criteria. Any incentive payments must be paid within 3 months of the end of each financial year.
Term and termination	John's employment contract is for a minimum term of 3 years, which expires on 31 July 2017 (**Minimum Term**). During the Minimum Term, John's employment may be terminated by Radploy if there are changes outside its control that will materially harm the business and its shareholders, or there is continued and unremedied poor performance by John, provided in each case it has provided 12 months' notice in writing. John may not terminate his employment during the Minimum Term. After expiry of the Minimum Term, John's employment will continue until terminated by either party providing 6 months' notice in writing. John may be paid in lieu of all or part of the notice period. Notwithstanding the above, Radploy may terminate John's employment without notice for serious misconduct.
Restraint	Upon termination, John is bound by restraints which prevent him from: • Soliciting customers, suppliers or employees of the Company for a period of 12 months; and • Acting as Chief Executive Officer or performing the responsibilities of Chief Executive Officer in any capacity in any business involved in the provision of radiology services within Australia and for a period of 6 months, except in the case of genuine redundancy.

John will continue to be a Shareholder following Listing, and has voluntarily agreed to escrow restrictions being placed on his Shares. Refer to Section 9.5 for more details.

6.3.2.2 CHIEF FINANCIAL OFFICER

Details regarding the terms of the employment of the Chief Financial Officer, Craig Bremner, are set out below.

Term	Description
Employment	Craig is employed by Radploy as Chief Financial Officer of the Company.
Total remuneration package (TRP)	For FY2016, Craig is entitled to a TRP of $393,720, which includes base salary, statutory superannuation contributions and cash incentive payments granted under his employment contract. The TRP is indexed annually with effect from 1 July by a minimum of 2% per annum or CPI (whichever is higher), subject to satisfactory individual and business performance as determined by the Company. Craig may be paid in excess of the TRP where the Board determines to do so.
Incentive payments	Included in Craig's FY2016 TRP is a cash incentive payment of $80,000, which may be awarded based on an assessment of Craig's performance against certain financial and non-financial criteria. Any incentive payments must be paid within 3 months of the end of each financial year.
Term and termination	Craig's employment contract is for a minimum term of 3 years, which expires on 31 July 2017 (**Minimum Term**). During the Minimum Term, Craig's employment may be terminated by Radploy if there are changes outside its control that will materially harm the business and its shareholders, or there is continued and unremedied poor performance by Craig, provided in each case it has provided 12 months' notice in writing. Craig may not terminate his employment during the Minimum Term. After expiry of the Minimum Term, Craig's employment will continue until terminated by either party providing 6 months' notice in writing. Craig may be paid in lieu of all or part of the notice period. Notwithstanding the above, Radploy may terminate Craig's employment without notice for serious misconduct.
Restraint	Upon termination, Craig is bound by restraints which prevent him from: • Soliciting customers, suppliers or employees of the Company for a period of 12 months; and • Acting as Chief Financial Officer or performing the responsibilities of Chief Financial Officer in any capacity in any business involved in the provision of radiology services within Australia and for a period of 6 months, except in the case of genuine redundancy.

Craig will continue to be a Shareholder following Listing, and has voluntarily agreed to escrow restrictions being placed on his Shares. Refer to Section 9.5 for more details.

6.3.2.3 NON-EXECUTIVE DIRECTOR REMUNERATION

Under the Constitution, the Board may decide the remuneration to which each Director is entitled for his or her service as a Director. However, the total aggregate amount provided to all Non-Executive Directors for their services as Directors must not exceed in any financial year the amount fixed by the Company in general meeting. This amount has been fixed at $1 million.

For the initial year of Listing, the annual base Non-Executive Director fees currently agreed to be paid by the Company are $200,000 to the Chairman and $100,000 to each of the other Non-Executive Directors. Rupert Harrington will not be entitled to a Non-Executive Director fee for the first year following Listing.

The following additional annual fees will also be paid to committee members, except the Chairman:

- $20,000 will be paid to the chair of the Audit, Risk and Compliance Committee and $10,000 will be paid to each member of that committee; and
- $12,000 will be paid to the chair of the People and Remuneration Committee and $6,000 will be paid to each member of that committee.

All Directors' fees include superannuation payments to the extent applicable and do not include a commission on, or a percentage of, profits or operating revenue.

6.3.2.4 EXECUTIVE DIRECTOR REMUNERATION – DR CHIEN HO AND DR SALLY SOJAN

Doctor Chien Ho and Doctor Sally Sojan are Executive Directors of IDX and are employed as Radiologists by IDX. Please refer to Section 3.3.1.3 for a description of the key terms of employment of IDX's Radiologists.

Doctors Ho and Sojan receive remuneration as employed Radiologists and may be entitled to participate in the Regional Incentive Plan described at Section 3.3.1.4. They do not receive remuneration in their capacity as Directors.

Doctors Ho and Sojan may also be entitled to receive Medical Director fees for representative Clinical Leadership roles up to $100,000 in aggregate (see Section 6.5.4.3).

6.3.2.5 OTHER REMUNERATION ARRANGEMENTS

John Atkin and Garry Hounsell are each entitled to a fee of $25,000 for the services they have performed as Directors designate in connection with the Offer and preparation of the Prospectus.

Directors may also be paid for travel and other expenses incurred in attending to the Company's affairs, including attending and returning from general meetings of the Company or meetings of the Board or of committees of the Board. Any Director who performs such services which, in the opinion of the Board, are outside the scope of ordinary duties of a non-executive Director, may be remunerated for the services (as determined by the Board) out of the funds of the Company.

There are no retirement benefit schemes for Directors, other than statutory superannuation contributions.

6.3.2.6 DIRECTORS' SHAREHOLDINGS

The Directors are not required under the Constitution to hold any Shares. The Directors (and their associates) are entitled to apply for Shares under the Offer. Certain Directors will sell Shares in the Offer and details of those sales and the shareholdings of Directors on Completion of the Offer, are set out in the table in Section 6.3.4. The table does not take into account any Shares the Directors may acquire under the Offer (which the Directors are entitled to participate in).

6.3.3. INTERESTS OF ADVENT FUNDS

The Advent Funds are entitled to receive a fee of $100,000 (excluding GST) on Completion of the Offer in respect of investment banking services provided by the Advent Funds to IDX in connection with the Offer.

6.3.4. DIRECTORS, SENIOR MANAGEMENT AND ADVENT SHAREHOLDINGS

The following table sets out the shareholdings of each of the Advent Funds, the Directors and senior management on the Prospectus Date and on Completion of the Offer, as well as the number of their Existing Shares (held directly or indirectly) that are sold into the Offer and the resulting proceeds. The table does not take into account any Shares the Directors and senior management may acquire under the Offer.

	Shareholding on the Prospectus Date (Shares)	Existing Shares sold into the Offer	Proceeds from sale of Existing Shares	Shareholding on Completion of the Offer (Shares)	Shareholding on Completion of the Offer (%)
Advent Funds*	43,043,520	27,232,110	$52,013,330	15,811,410	11.0
Helen Kurincic	420,870	nil	nil	420,870	0.3
John Livingston	4,112,040	1,644,810	$3,141,587	2,467,230	1.7
Dr Chien Ho	4,112,040	1,644,810	$3,141,587	2,467,230	1.7
Dr Sally Sojan	1,749,720	654,720	$1,250,515	1,095,000	0.8
Rupert Harrington	nil	nil	nil	nil	nil
John Atkin	nil	nil	nil	nil	nil
Garry Hounsell	nil	nil	nil	nil	nil
Craig Bremner	4,112,040	1,644,810	$3,141,587	2,467,230	1.7
Greg Hughes	4,112,040	1,644,810	$3,141,587	2,467,230	1.7
Craig Lightfoot	4,112,040	1,644,810	$3,141,587	2,467,230	1.7

*Assuming no Put Option Shares are exercised (see Section 9.3). If all Put Option Shares are exercised, the shareholding of the Advent Funds on Completion of the Offer will be 21,521,760 Shares or 14.9%.

6.3.5. COSTS OF THE OFFER

The costs of the Offer are expected to be approximately $9.6 million (excluding GST). These costs will be borne by the Company from the proceeds of the Offer. None of the Existing Shareholders will bear any costs of the Offer.

6.4. INCENTIVE AND RETENTION ARRANGEMENTS

IDX has established the New Partner Physician Plan and the Regional Incentive Plan as set out in Section 3.3.1.4.

6.5. CORPORATE GOVERNANCE

This Section 6.5 explains how the Board will manage IDX's business. The Board is responsible for the overall corporate governance of IDX. Details of IDX's key policies and practices and the charters for the Board and each of its committees will be available from the Prospectus Date at www.integraldiagnostics.com.au.

The Board monitors the operational and financial position and performance of IDX and oversees its business strategy including approving the strategic goals of IDX. The Board is committed to maximising performance, generating appropriate levels of Shareholder value and financial return, and sustaining the growth and success of IDX.

In conducting the business of IDX with these objectives, the Board seeks to ensure that IDX is properly managed to protect and enhance Shareholder interests, and that IDX, its Directors, officers and employees operate in an appropriate environment of corporate governance. Accordingly, the Board has created a framework for managing IDX, including adopting relevant internal controls, risk management processes and corporate governance policies and practices, which it believes are appropriate for IDX's business and which are designed to promote the responsible management and conduct of IDX.

The main policies and practices adopted by IDX, which will take effect from Listing, are summarised below.

6.5.1. ASX CORPORATE GOVERNANCE COUNCIL'S CORPORATE GOVERNANCE PRINCIPLES AND RECOMMENDATIONS

IDX is seeking a listing on the ASX and quotation of its Shares. The ASX Corporate Governance Council has developed and released its ASX Corporate Governance Principles and Recommendations 3rd edition (**ASX Recommendations**) for entities listed on the ASX in order to promote investor confidence and to assist companies to meet stakeholder expectations. The ASX Recommendations are not prescriptions, but guidelines. However, under the ASX Listing Rules, IDX will be required to provide a statement in its annual report or on its website disclosing the extent to which it has followed the ASX Recommendations during each reporting period. Where IDX does not follow an ASX Recommendation, it must identify the recommendation that has not been followed and give reasons for not following it.

Except as set out in Section 6.5.2, the Board does not anticipate that it will depart from the ASX Recommendations, however, it may do so in the future if it considers that such departure would be reasonable.

6.5.2. BOARD APPOINTMENT AND COMPOSITION

The Board is comprised of the Chief Executive Officer, the Chairman, two executive Directors and three non-executive Directors. Biographies of the Directors are provided in Section 6.1.

The Board considers a Director to be independent where he or she is not a member of management and is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to interfere with, the exercise of their unfettered and independent judgement. The Board will consider the materiality of any given relationship on a case by case basis. The Board reviews the independence of each non-executive Director in light of information disclosed to the Board.

The Board Charter sets out guidelines to assist in considering the independence of Directors and has adopted a definition of independence that is based on that set out in the ASX Recommendations.

The Board considers that each of Helen Kurincic, John Atkin and Garry Hounsell is free from any business or any other relationship that could materially interfere with, or reasonably be perceived to interfere with, the exercise of the Director's unfettered and independent judgement and is able to fulfil the role of independent Director for the purpose of the ASX Recommendations.

John Livingston, Dr Chien Ho, Dr Sally Sojan and Rupert Harrington are currently considered by the Board to not be independent. John Livingston is currently the CEO of IDX. Doctors Chien Ho and Sally Sojan are both Radiologists who are contracted by IDX to provide Diagnostic Imaging Services under Radiologist employment contracts described in Section 3.3.1.3 and are also entitled to participate in the Regional Incentive Plan described in Section 3.3.1.4. Rupert Harrington is executive Chairman and a major shareholder of Advent. As at the Prospectus Date, the Advent Funds held an approximately 34% interest in IDX.

Accordingly, the Board does not consist of a majority of independent Directors. The Board acknowledges the ASX Recommendation that a majority of the Board should be independent non-executive Directors. The Board believes that each of the non-independent Directors brings objective and independent judgement to the Board's deliberations and that each of the non-independent Directors makes invaluable contributions to IDX through their deep understanding of IDX's business.

The Board acknowledges the ASX Recommendation that the Board should have a nomination committee. The Board believes that it is able to deal efficiently and effectively with the composition of the Board and succession issues without establishing a separate nomination committee. In accordance with the Board Charter described below, the Board will address succession issues and ensure it has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

6.5.3. BOARD CHARTER

The Board has adopted a written Charter to provide a framework for the effective operation of the Board, which sets out the:

- Board's composition and processes;
- Board's role and responsibilities;
- Relationship and interaction between the Board and management; and
- Authority delegated by the Board to management and Board committees.

The Board's role is to:

- Represent and serve the interests of Shareholders by overseeing and appraising the Company's strategies, policies and performance. This includes overseeing the financial and human resources the Company has in place to meet its objectives and reviewing management performance;
- Protect and optimise the Company's performance and build sustainable value for Shareholders in accordance with any duties and obligations imposed on the Board by law and the Constitution and within a framework of prudent and effective controls that enable risk to be assessed and managed;
- Set, review and ensure compliance with the Company's values and governance framework (including establishing and observing high ethical standards);
- Ensure Shareholders are kept informed of the Company's performance and major developments affecting its state of affairs;
- Review the size and composition of the Board, including reviewing the Board's succession plans and the succession of the Chairman and Chief Executive Officer;
- Review the criteria for Board membership, including the necessary and desirable competencies of Directors and the time expected to be devoted by Non-Executive Directors to IDX's affairs; and
- Ensure the performance of the Board, its committees and individual Directors are adequately reviewed, and develop and implement plans to identify, assess and enhance Director competencies.

The management function is conducted by, or under the supervision of the Chief Executive Officer as directed by the Board (and by officers to whom the management function is properly delegated by the Chief Executive Officer). Management must supply the Board with information in a form, timeframe and quality that will enable the Board to discharge its duties effectively. Directors are entitled to request additional information at any time they consider it appropriate.

The Board collectively, and individual Directors, may seek independent professional advice, subject to the approval of the Chairman.

6.5.4. BOARD COMMITTEES

The Board may from time to time establish appropriate committees to assist in the discharge of its responsibilities. The Board has established the Audit, Risk and Compliance Committee and the People and Remuneration Committee. Other committees may be established by the Board as and when required.

6.5.4.1 AUDIT, RISK AND COMPLIANCE COMMITTEE

Under its charter, this Committee should consist of at least three members of the Board, only non-executive Directors, a majority of independent Directors and an independent chair who is not Chairman. Initially, members of this Committee will comprise Garry Hounsell (chair), Helen Kurincic, Rupert Harrington and John Atkin.

The Audit, Risk and Compliance Committee will assist the Board in carrying out its accounting, auditing and financial reporting responsibilities including:

- Overseeing IDX's relationship with the external auditors and the external audit function generally, including:
  - Reviewing and making recommendations to the Board in relation to the scope and adequacy of the external audit;
  - Reviewing the effectiveness of the annual audit, placing emphasis on areas where the Committee or the external auditors believe special attention is necessary;
  - Review the procedures for selection and appointment of the external auditors and for the rotation of external audit engagement partners; and
  - Assuming responsibility for the appointment, compensation, the terms of engagement and other contractual terms of the external auditors;
- Overseeing IDX's relationship with the internal audit function generally;
- Overseeing the preparation of financial statements and reports;
- Reviewing IDX's corporate and financial reporting and disclosure processes and making recommendations to the Board in relation to the adequacy of those processes;
- Reviewing and making recommendations to the Board in relation to the appropriateness of the accounting policies, judgements and choices adopted by management in preparing IDX's financial reports;
- Establishing procedures for the receipt, retention and treatment of complaints received by IDX regarding accounting, internal accounting controls and auditing matters, and procedures for the confidential, anonymous submission of concerns by employees regarding accounting and auditing matters;
- Overseeing IDX's financial controls and systems; and

- Managing the process of identification and management of risk, including:
  - Evaluating the adequacy and effectiveness of the management reporting and control systems used to monitor adherence to policies and guidelines and limits approved by the Board for management of balance sheet risks;
  - Evaluating the adequacy and effectiveness of the Group's identification and management of economic, environmental and social sustainability risks and its disclosure of any material exposures to those risks; and
  - Reviewing and making recommendations to the Board on the strategic direction, objectives and effectiveness of the Group's financial and operational risk management policies and the risk appetite that is appropriate for IDX.

Non-Committee members, including members of management and the external auditors, may attend meetings of the Committee by invitation of the Committee chair.

6.5.4.2 PEOPLE AND REMUNERATION COMMITTEE

Under its charter, this Committee should consist of at least three members, only non-executive Directors, a majority of independent Directors and an independent Director as chair. Initially, members of this Committee will comprise John Atkin (chair), Helen Kurincic, Rupert Harrington and Garry Hounsell.

The responsibilities of the People and Remuneration Committee are as follows:

- Reviewing senior management performance assessment processes and results;
- Reviewing and making recommendations in relation to any people-related corporate governance issues as requested by the Board from time to time;
- Reviewing major changes and developments in the personnel practices and industrial relations strategies for the Group;
- Ensuring that an effective Director induction process is in place and regularly reviewing its effectiveness, and providing appropriate professional development opportunities for Directors;
- On an annual basis, reviewing the effectiveness of the Board's Diversity Policy by assessing IDX's progress towards the achievement of the measurable objectives and any strategies aimed at achieving the objectives and recommending any changes to the measurable objectives, strategies or the way in which they are implemented;
- In accordance with the Board's Diversity Policy, on an annual basis reviewing the relative proportion of women and men on the Board, in senior management positions and in the workforce at all levels of IDX, and submitting a report to the Board, which outlines the Committee's findings or, if applicable, providing the Board with IDX's most recent indicators as required by the Workplace Gender Equality Act 2012 (Cth); and
- Reviewing major changes and developments in IDX's remuneration, recruitment, retention and termination policies and procedures for senior management.

6.5.4.3 NATIONAL & STATE CLINICAL LEADERSHIP COMMITTEES

The Board has also established a National Clinical Leadership Committee (**National CLC**) and a State Clinical Leadership Committee (**State CLC**) under the National & State Clinical Leadership Committees Charter, which provides a framework for both the National CLC and State CLC to work together to develop and implement policies and work practices in order for IDX to achieve clinical best practice and service for its patients and Referrers.

The responsibilities of the National CLC include reviewing any recommendations arising from adverse incidents from the State CLC and to share learnings to prevent recurrence. Responsibilities of the State CLC include providing recommendations to the Board on Radiologist participation in the New Partner Physician Plan and to determine performance criteria for the application of the Regional Incentive Plan.

6.5.5. CORPORATE GOVERNANCE POLICIES

The Board has adopted the following corporate governance policies, each having been prepared having regard to the ASX Recommendations and which are available at the Company's website at www.integraldiagnostics.com.au.

6.5.5.1 CONTINUOUS DISCLOSURE POLICY

Once listed, IDX will be required to comply with the continuous disclosure requirements of the ASX Listing Rules and the Corporations Act. IDX is aware of its obligation to keep the market fully informed of any information it becomes aware of concerning IDX which may have a material effect on the price or value of the Shares, subject to certain exceptions.

IDX has adopted a Continuous Disclosure Policy, which establishes procedures that are aimed at ensuring that IDX fulfils its obligations in relation to the timely disclosure of material price-sensitive information.

6.5.5.2 SECURITIES DEALING POLICY

IDX has adopted a policy for dealing in securities, which is intended to explain the types of conduct in dealings in securities that are prohibited under the Corporations Act and establish a best practice procedure for the buying and selling of securities that protects IDX and Directors and employees against the misuse of unpublished information that could materially affect the value of securities. The Policy applies to all Directors, officers, senior executives and employees of IDX and their connected persons (**Relevant Persons**).

The Policy provides that Relevant Persons must not deal in the Company's securities:

- When they are in possession of material price-sensitive information;
- On a short-term trading basis;
- During trading blackout periods (except in exceptional circumstances); and
- During non-trading window periods (except in exceptional circumstances).

Outside these periods, trading by Relevant Persons will only be permitted in trading windows (subject to advance notification) or in all other periods by receiving prior approval for any proposed dealing in IDX's securities (including any proposed dealing by one of their connected persons), and in all instances, buying or selling Shares is not permitted at any time by any person who possesses material price-sensitive or 'inside' information.

6.5.5.3 CODE OF CONDUCT

The Board is committed to a high level of integrity and ethical standards in all business practices. Accordingly, the Board has adopted a formal Code of Conduct that outlines how IDX expects its representatives to behave and conduct business in the workplace and includes legal compliance and guidelines on appropriate ethical standards. All employees of IDX (including temporary employees, contractors and Directors) must comply with the Code of Conduct.

The Code of Conduct is designed to:

- Provide a benchmark for professional behaviour throughout IDX;
- Support IDX's business reputation and corporate image within the community; and
- Make Directors and employees aware of the consequences if they breach the Code.

6.5.5.4 COMMUNICATION WITH SHAREHOLDERS

IDX aims to ensure that Shareholders are kept informed of all major developments affecting the state of affairs of IDX. Additionally, IDX recognises that potential investors and other interested stakeholders may wish to obtain information about the Company from time to time. To achieve this, the Company communicates information regularly to Shareholders and other stakeholders through a range of forums and publications, including the Company's website, at the annual general meeting, through the annual report and ASX announcements.

6.5.5.5 DIVERSITY POLICY

The Board has formally approved a Diversity Policy in order to, among other matters, address the representation of women in senior management positions and on the Board, and to actively facilitate a more diverse and representative management and leadership structure. The Board will include in the annual report each year a summary of the Company's progress towards achieving the measurable objectives set under the Diversity Policy for the year to which the annual report relates and details of the measurable objectives set under the Diversity Policy for the subsequent financial year.

6.5.6. DEEDS OF INDEMNITY, INSURANCE AND ACCESS FOR DIRECTORS

The Company has entered into a deed of indemnity, insurance and access with each Director which confirms the Director's right of access to Board papers and requires the Company to indemnify the Director, on a full indemnity basis and to the full extent permitted by law, against all losses or liabilities (including all reasonable legal costs) incurred by the Director as an officer of the Company or of a related body corporate. Under the deeds of indemnity, insurance and access, the Company must maintain a directors and officers insurance policy insuring a Director (among others) against liability as a Director and officer of the Company and its related bodies corporate until seven years after a Director ceases to hold office as a Director or a related body corporate (or the date any relevant proceedings commenced during the seven year period have been finally resolved).

7
DETAILS OF THE OFFER

7. DETAILS OF THE OFFER

7.1. THE OFFER

7.1.1. OVERVIEW

The Offer comprises the issue of new Shares by IDX and the sale of Existing Shares by SaleCo to Applicants at the Offer Price of $1.91 per Share other than the Shares issued by IDX to Eligible Employees under the Employee Offer, which will be issued at the Employee Offer Price of $1.72 per Share.

The Shares offered under this Prospectus will represent approximately 48.6% of the Shares on issue on Completion of the Offer, being approximately 144.1 million Shares. All Shares will rank equally with each other.

7.1.2. STRUCTURE OF THE OFFER

The Offer comprises the:

- Retail Offer, consisting of:
  - the Broker Firm Offer, which is open to persons who receive an allocation of Shares from their Broker and who have a registered address in Australia (see Section 7.3.1);
  - the Employee Offer, which is open to Eligible Employees (see Section 7.3.2); and
  - the Priority Offer, which is open to persons who receive a personalised invitation to participate in the Priority Offer from IDX and who have a registered address in Australia (see Section 7.3.3); and
- Institutional Offer, which consists of an invitation to certain Institutional Investors in Australia and a number of other eligible jurisdictions to apply for Shares (see Section 7.4).

The Offer is fully underwritten by the Joint Lead Managers, Morgan Stanley and UBS. A summary of the Underwriting Agreement, including the events that would entitle a Joint Lead Manager to terminate the Underwriting Agreement, is set out in Section 9.4.

The Offer is made on the terms and is subject to the conditions set out in this Prospectus.

7.1.3. PURPOSE OF THE OFFER

The Offer is expected to raise $33.2 million through the issue of new Shares by IDX and $100.5 million by the sale of Existing Shares by SaleCo. The proceeds received by SaleCo will be paid to Selling Shareholders.

The Offer is being conducted to:

- Provide Existing Shareholders with an opportunity to realise part of their investment in IDX by the sale of Existing Shares through SaleCo;
- Provide IDX with funds to repay a portion of IDX's existing debt;
- Pay the costs of the Offer;
- Provide IDX with a capital structure, which, together with access to capital markets, will provide additional financial flexibility to pursue further growth opportunities; and
- Provide a liquid market for its Shares and an opportunity for investors to invest in IDX.

7.1.4. PROCEEDS OF THE OFFER

The Offer is expected to raised approximately $133.7 million. Table 29 describes how this amount, and other funds referred to in that table, will be used in connection with the Offer.

7.1.5. SOURCES AND USES OF FUNDS

TABLE 29: Sources and Uses of Funds

Sources of funds	$ million	%	Uses of funds	$ million	%
Company					
Cash proceeds received by the Company for the issue of new Shares under the Offer	33.2	24.8	Costs of the Offer	10.5	7.9
			Repayment of existing debt facilities	22.7	16.9
SaleCo					
Cash proceeds received for the sale of Existing Shares to Applicants	100.5	75.2	Payment by SaleCo of cash proceeds to Existing Shareholders as consideration for the acquisition of Existing Shares	100.5	75.2
Total sources	**133.7**	**100**	**Total uses**	**133.7**	**100**

7.1.6. SHAREHOLDERS

The expected ownership structure of IDX immediately prior to, and on Completion of, the Offer is set out below.

TABLE 30: Ownership Structure of IDX

Shareholder	Total Existing Shares held on Prospectus Date (Number of Shares)	Existing Shares held on Prospectus Date (%)	Shares held on Completion of the Offer (Number of Shares in Millions)	Shares held on Completion of the Offer (%)
Radiologist Shareholders	62.6	49.4	39.7 to 45.4	27.5 to 31.5
Management Shareholders	21.1	16.7	12.9	9.0
Advent Funds	43.0	34.0	15.8 to 21.5	11.0 to 14.9
New Investors under the Offer			70.0	48.6
Total	**126.7**	**100**	**144.1**	**100**

The range in Shares on Completion of the Offer arises as a result of the Put Option Arrangements between certain Radiologist Shareholders and SaleCo.

Radiologist and Management Shareholders may apply for Shares under the Offer.

The Directors do not expect any Shareholder to hold a controlling interest in the Company on Completion of the Offer.

Information about the number of Shares to be held on Completion of the Offer that will be subject to voluntary escrow arrangements, and details of those voluntary escrow arrangements, are set out in Section 9.5.

The Advent Funds and SaleCo have entered into the Securities Lending Arrangements and certain Radiologist Shareholders and SaleCo have entered into the Put Option Arrangements. Please refer to Section 9.3 for further details.

7.1.7. POTENTIAL EFFECT OF THE OFFER ON THE FUTURE OF THE COMPANY

The Directors believe that, following Completion of the Offer, the Company will have sufficient working capital to carry out its stated business objectives.

7.2. TERMS AND CONDITIONS OF THE OFFER

Topic	Summary
What type of security being offered?	Shares (being fully paid ordinary shares in the Company).
What are the rights and liabilities attached to the security being offered?	A description of the Shares, including the rights and liabilities attaching to them, is set out in Section 7.7.4.
What is the consideration payable for each security?	The Offer Price is $1.91 per Share (other than the Shares issued by IDX to Eligible Employees under the Employee Offer, which will be issued at the Employee Offer Price of $1.72 per Share).
What is the Offer Period?	The key dates, including details of the Offer Period, are set out in the 'Important Dates' section on page 5. No Shares will be issued or transferred on the basis of this Prospectus later than the Expiry Date.
What are the cash proceeds to be raised under the Offer?	$133.7 million will be raised from investors under the Institutional Offer, the Broker Firm Offer, the Employee Offer and the Priority Offer.
What is the minimum and maximum Application size under the Broker Firm Offer?	The minimum Application under the Broker Firm Offer is $2,000 (equivalent to 1,048 Shares at the Offer Price), and in multiples of $500 (equivalent to 262 Shares at the Offer Price) thereafter. There is no maximum value of Shares that may be applied for under the Broker Firm Offer. The Joint Lead Managers, the Company and SaleCo reserve the right to reject any Application or to allocate a lesser number of Shares than that applied for. The Joint Lead Managers, the Company and SaleCo also reserve the right to aggregate any Applications, which they believe may be multiple Applications from the same person.
What is the minimum and maximum Application size under the Employee Offer and Priority Offer?	The minimum Application amount under the Employee Offer is $2,000 (at the Employee Offer Price), and in multiples of $500 thereafter. The minimum Application amount under the Priority Offer is $2,000 (at the Offer Price), or such other amount as specified in the terms of the invitation to participate in the Priority Offer. The maximum value of Shares that may be applied for under the Employee Offer is $100,000. The maximum value of Shares that may be applied for under the Priority Offer is as specified in the terms of the Priority Offer invitation. The Joint Lead Managers, the Company and SaleCo reserve the right to reject any Application or to allocate a lesser number of Shares than that applied for. The Joint Lead Managers, the Company and SaleCo also reserve the right to aggregate any Applications, which they believe may be multiple Applications from the same person.
What is the guaranteed minimum allocation size under the Employee Offer and Priority Offer?	Eligible Employees under the Employee Offer will receive a guaranteed minimum allocation of $2,000 of Shares at the Employee Offer Price. Invited Applicants under the Priority Offer will receive a guaranteed minimum allocation of the amount of Shares specified in their personalised invitation.

Topic	Summary
What is the allocation policy?	The allocation of Shares between the Retail Offer (comprising the Broker Firm Offer, the Employee Offer and the Priority Offer) and the Institutional Offer is determined by agreement by the Joint Lead Managers and the Company. With respect to the Broker Firm Offer, it will be a matter for Brokers as to whom they allocate Shares among their eligible clients, and they (and not the Joint Lead Managers or the Company) will be responsible for ensuring that eligible clients who have received an allocation from them receive the relevant Shares. The allocation of Shares in the Employee Offer and the Priority Offer will be determined by the Company, following consultation with the Joint Lead Managers, subject to the guaranteed minimum allocation of: • $2,000 of Shares at the Employee Offer Price for Applicants under the Employee Offer (or otherwise as specified in the personalised invitation to Applicants under the Employee Offer); and • The amount of Shares specified in the personalised invitation for Applicants under the Priority Offer, in each case subject to a minimum Application size of $2,000 of Shares (at the Employee Offer Price or Offer Price, as applicable), or otherwise as specified in an Applicant's personalised invitation to participate in the Priority Offer. The allocation of Shares among Applicants in the Institutional Offer is determined by agreement by the Joint Lead Managers and the Company.
When will I receive confirmation whether my Application has been successful?	It is expected that initial holding statements will be despatched by standard post on or about Wednesday, 28 October 2015. Refunds to Applicants under the Retail Offer, who make an Application and are scaled back, will be made (without interest) as soon as possible following Completion of the Offer. No refunds will be made where the overpayments relate solely to rounding at the Offer Price.
Will the Shares be quoted?	The Company applied to ASX on 1 October 2015 for admission to the official list of the ASX and quotation of Shares on the ASX under the code IDX. Completion of the Offer is conditional on the ASX approving that application. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Payments received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act. The Company will be required to comply with the ASX Listing Rules, subject to any waivers obtained by the Company from time to time. The ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that the ASX may admit the Company to the official list of ASX is not to be taken as an indication of the merits of IDX or the Shares offered under the Offer.
When are the Shares expected to commence trading?	It is expected that trading of the Shares on the ASX will commence on or about Wednesday, 21 October 2015, initially on a conditional and deferred settlement basis. From Tuesday, 27 October 2015, trading will be on a deferred settlement basis until the Company has advised the ASX that holding statements have been despatched to Shareholders. Normal settlement trading is expected to commence on or about Thursday, 29 October 2015. **It is the responsibility of each Applicant to confirm their holding before trading in Shares. Applicants who sell Shares before they receive an initial holding statement do so at their own risk.** The Company, SaleCo and the Joint Lead Managers disclaim all liability, whether in negligence or otherwise, to persons who sell Shares before receiving their initial holding statement, whether on the basis of a confirmation of allocation provided by any of them, by the IDX Offer Information Line, by a Broker or otherwise.
Is the Offer underwritten?	Yes. The Joint Lead Managers have fully underwritten the Offer. Details are provided in Section 9.4.

Topic	Summary
Are there any escrow arrangements?	Yes. Details are provided in Section 9.5.
Has any ASIC relief or ASX waiver been obtained or been relied on?	Yes. Details are provided in Section 9.14.
Are there any tax considerations?	Yes. Refer to Section 9.9.
Are there any brokerage, commission or stamp duty considerations?	No brokerage, commission or stamp duty is payable by Applicants on the acquisition of Shares under the Offer. See Sections 6.3.1 for details of various fees payable by the Company to the Joint Lead Managers and by the Joint Lead Managers to the Co-Manager.
What should I do with any enquiries?	For more information, call the IDX Offer Information Line on 1300 387 367 (within Australia) or +61 3 9415 4620 (outside Australia) from 9.00am until 5.00pm (Melbourne time) Monday to Friday. If you are unclear in relation to any matter or are uncertain as to whether IDX is a suitable investment for you, you should consult with your stockbroker, accountant or other independent and qualified professional adviser before deciding whether to invest.

7.3. RETAIL OFFER

7.3.1. BROKER FIRM OFFER

7.3.1.1 WHO MAY APPLY

The Broker Firm Offer is open to persons who have received a firm allocation from their Broker and who have a registered address in Australia. If you have been offered a firm allocation by a Broker, you will be treated as an Applicant under the Broker Firm Offer in respect of that allocation. You should contact your Broker to determine whether they may allocate Shares to you under the Broker Firm Offer.

7.3.1.2 HOW TO APPLY

Applications for Shares may only be made on an Application Form attached to or accompanying this Prospectus. If you are an Applicant applying under the Broker Firm Offer, you should complete and lodge your Application Form with the Broker from whom you received an invitation to participate. Application Forms must be completed in accordance with the instructions given to you by your Broker and the instructions set out on the Application Form.

By making an Application under the Broker Firm Offer, you declare that you were given access to this Prospectus (including any supplementary or replacement prospectus), together with an Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or a complete and unaltered electronic version of this Prospectus.

The minimum Application under the Broker Firm Offer is $2,000 (equivalent to 1,048 Shares at the Offer Price) of Shares and in multiples of $500 (262 Shares at the Offer Price) thereafter. There is no maximum value of Shares that may be applied for under the Broker Firm Offer. However, the Company, SaleCo and the Joint Lead Managers reserve the right to aggregate any Applications that they believe may be multiple Applications from the same person or reject or scale back any Applications in the Broker Firm Offer. The Company may determine a person to be eligible to participate in the Broker Firm Offer, and may amend or waive the Broker Firm Offer Application procedures or requirements, in its discretion in compliance with applicable laws.

Applicants under the Broker Firm Offer must lodge their Application Form and Application Payment with their Broker in accordance with the Broker's directions in order to receive their firm allocation. Applicants under the Broker Firm Offer must not send their Application Forms to the Share Registry.

The Broker Firm Offer opens at 9.00am (Melbourne time) on Monday, 12 October 2015 and is expected to close at 5.00pm (Melbourne time) on Monday, 19 October 2015. The Company and the Joint Lead Managers may elect to extend the Offer or any part of it, or accept late Applications either generally or in particular cases. The Offer, or any part of it, may be closed at any earlier date and time, without further notice. Your Broker may also impose an earlier closing date. Applicants are therefore encouraged to submit their Applications as early as possible. Please contact your Broker for instructions.

7.3.1.3 HOW TO PAY

Applicants under the Broker Firm Offer must make their Application Payments in accordance with instructions received from their Broker.

7.3.1.4 APPLICATION PAYMENTS

The Company and SaleCo each reserve the right to decline any Application in whole or in part, without giving any reason. Applicants under the Broker Firm Offer whose Applications are not accepted, or who are allocated a lesser number of Shares than the amount applied for, will receive a refund of all or part of their Application Payments, as applicable. Interest will not be paid on any Application Payments refunded.

Applicants whose Applications are accepted in full will receive the whole number of Shares calculated by dividing the Application Payment by the Offer Price. Where the Offer Price does not divide evenly into the Application Payment, the number of Shares to be allocated will be determined by the Applicant's Broker. Your Application Payment should be for the entire number of Shares you are applying for.

Cheque(s) or bank draft(s) must be in Australian dollars and drawn on an Australian branch of a financial institution, must be crossed "Not Negotiable" and must be made payable in accordance with the directions of the Broker from whom you received a firm allocation.

Applicants should ensure that sufficient funds are held in the relevant account(s) to cover the amount of the cheque(s) or bank draft(s). If the amount of your cheque(s) or bank draft(s) for Application Payments (or the amount for which those cheque(s) or bank draft(s) clear in time for allocation) is less than the amount specified on your Application Form, you may be taken to have applied for such lower dollar amount of Shares as for which your cleared Application Payments will pay (and to have specified that amount on your Application Form), or your Application may be rejected.

7.3.1.5 BROKER FIRM OFFER ALLOCATION POLICY

The allocation of Shares to Brokers is determined by agreement by the Joint Lead Managers and the Company.

Shares that have been allocated to Brokers for allocation to their Australian resident retail clients will be issued or transferred to the Applicants who have received a valid allocation of Shares from those Brokers. It will be a matter for those Brokers as to how they allocate Shares among their retail clients, and they (and not the Company, SaleCo or the Joint Lead Managers) will be responsible for ensuring that retail clients who have received an allocation from them, receive the relevant Shares.

7.3.2. EMPLOYEE OFFER

The Employee Offer is open to Eligible Employees and is made by the Company only. No Shares will be sold by SaleCo in respect of the Employee Offer – all Shares allotted to Eligible Employees will be new Shares issued by IDX.

Eligible Employees may apply for Shares online and must comply with the instructions on the Offer website, www.idxshareoffer.com.au.

Applications under the Employee Offer must be for a minimum of $2,000 of Shares (at the Employee Offer Price) and in multiples of $500 of Shares thereafter, up to a maximum of $100,000 of Shares. Eligible Employees will receive a guaranteed minimum allocation of $2,000 of Shares at the Employee Offer Price (rounded down to the nearest whole Share) or otherwise as specified in their personalised invitation.

How to pay
Applicants under the Employee Offer must pay by BPAY. To make a payment via BPAY, Applicants will need to apply online at www.idxshareoffer.com.au and must comply with the instructions on that website.

When completing your BPAY payment, please make sure to use the specific biller code and unique Customer Reference Number (**CRN**) provided to you on the Offer website.

It is the Applicant's responsibility to ensure payments are received by the Share Registry by the end of the Offer Period, being 5.00pm (Melbourne time) on Monday, 19 October 2015. If you make a BPAY payment, your bank, credit union or building society may impose a limit on the amount that you can transact on BPAY and policies with respect to timing for processing BPAY transactions, which may vary between bank, credit union or building society. The Company, SaleCo and the Joint Lead Managers take no responsibility for any failure to receive Application Payments by BPAY before the end of the Offer Period arising as a result of, among other things, delays in processing of payments by financial institutions.

If the amount of your BPAY payment for Application Payments (or the amount for which those BPAY payments clear in time for allocation) is insufficient to pay for the number of Shares you have applied, you may be taken to have applied for such lower number of Shares as your cleared Application Payments will pay for or your Application may be rejected.

Allocation policy
Subject to the guaranteed minimum allocation of $2,000 of Shares, the final allocation of Shares to Applicants in the Employee Offer will be determined by the Company, following consultation with the Joint Lead Managers. The Company reserves the right to reject an Application, or allocate fewer Shares than the amount applied for.

7.3.3. PRIORITY OFFER

If you have received a personalised invitation to apply for Shares under the Priority Offer and you wish to apply for Shares, you should follow the instructions on your personalised invitation to complete and lodge your Application.

By making an Application under the Priority Offer, you declare that you were invited to participate in the Priority Offer and were given access to this Prospectus (and any supplementary or replacement prospectus), together with a Priority Offer Application Form.

Applications under the Priority Offer must be for a minimum size of $2,000 of Shares (or as otherwise specified in the terms of the invitation) at the Offer Price and in multiples of $500 of Shares thereafter. The maximum amount each Applicant can apply for will be specified in their personalised application. Applicants under the Priority Offer will receive a guaranteed minimum allocation of the amount of Shares specified in their personalised invitation to participate in the Priority Offer.

How to pay

Applicants under the Priority Offer must pay by BPAY following the instructions outlined in their personalised invitation and Priority Offer Application Form. When completing your BPAY payment, please make sure to use the specific biller code and unique CRN provided to you on your online Priority Offer Application Form.

It is the Applicant's responsibility to ensure payments are received by the end of the Offer Period, being 5.00pm (Melbourne time) on Monday, 19 October 2015. If you make a BPAY payment, your bank, credit union or building society may impose a limit on the amount that you can transact on BPAY and policies with respect to timing for processing BPAY transactions, which may vary between bank, credit union or building society. The Company, SaleCo and the Joint Lead Managers take no responsibility for any failure to receive Application Payments by BPAY before the end of the Offer Period arising as a result of, among other things, delays in processing of payments by financial institutions.

If the amount of your BPAY payment for Application Payments (or the amount for which those BPAY payments clear in time for allocation) is insufficient to pay for the number of Shares you have applied for in your Priority Offer Application Form, you may be taken to have applied for such lower number of Shares as your cleared Application Payments will pay for (and to also have specified that amount in your Priority Offer Application Form), or your Application may be rejected.

Priority Offer allocation policy

The allocation of Shares in the Priority Offer will be determined by the Company, following consultation with the Joint Lead Managers. Applicants under the Priority Offer will receive a guaranteed minimum allocation of the amount of Shares specified in their personalised invitation to participate in the Priority Offer. The Company and SaleCo may reject an Application, or allocate fewer Shares than the amount applied for, in its absolute discretion.

The Company and SaleCo reserve the right to scale back or reject Applications in whole or part, without giving any reason, subject to the terms of the guaranteed minimum allocation described above. Applicants under the Priority Offer whose Applications are not accepted, or who are allocated a lesser number of Shares than the amount applied for (subject to the guaranteed minimum allocation), will receive a refund of all or part of their Application Payments, as applicable. Interest will not be paid on any Application Payments refunded. The Company and SaleCo may amend or waive the Priority Offer Application procedures or requirements, in its discretion in compliance with applicable laws.

7.3.4. ACCEPTANCE OF APPLICATIONS UNDER THE RETAIL OFFER

An Application in the Broker Firm Offer and Priority Offer is an offer by an Applicant to the Company and SaleCo to acquire Shares in the amount specified on the Application Form at the Offer Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement prospectus) and the Application Form. To the extent permitted by law, an Application is irrevocable.

An Application in the Employee Offer is an offer by an Eligible Employee to the Company to acquire Shares in the amount specified on the Application Form at the Employee Offer Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement prospectus) and the Application Form. To the extent permitted by law, an Application is irrevocable.

An Application in any part of the Retail Offer may be accepted by the Company and SaleCo (in relation to the Broker Firm Offer and Priority Offer) in respect of the full number of Shares specified in the Application Form or any of them, without further notice to the Applicant. Acceptance of an Application will give rise to a binding contract. The Company, SaleCo and the Joint Lead Managers reserve the right to reject any Application, which is not correctly completed or which is submitted by a person who they believe is ineligible to participate in the part of the Retail Offer, or to waive or correct any errors made by the Applicant in completing their Application.

7.3.5. ANNOUNCEMENT OF THE FINAL ALLOCATION POLICY UNDER THE RETAIL OFFER

The Company expects to announce the final allocation policy under the Retail Offer on or about Wednesday, 21 October 2015.

Applicants under the Retail Offer will be able to call the IDX IPO Information Line after the final allocation policy is announced to confirm their allocations. Applicants under the Broker Firm Offer will also be able to confirm their firm allocation of Shares through the Broker from whom they received their allocation.

Holding statements are expected to be despatched on or around Wednesday, 28 October 2015. If you sell Shares before receiving a holding statement, you do so at your own risk, even if you confirmed your allocation through the Company or your Broker.

7.4. INSTITUTIONAL OFFER

7.4.1. INVITATIONS TO BID

The Institutional Offer consists of an invitation to certain Institutional Investors in Australia and a number of other eligible jurisdictions to apply for Shares. The Joint Lead Managers separately advise Institutional Investors of the Application procedures for the Institutional Offer. Offers and acceptances in the Institutional Offer are made under this Prospectus and are at the Offer Price per Share.

7.4.2. INSTITUTIONAL OFFER ALLOCATION POLICY

The allocation of Shares among Applicants in the Institutional Offer is determined by agreement by the Joint Lead Managers and the Company (having regard to the factors described below) and there is no assurance that any particular Institutional Investor will be allocated any Shares, or the number of Shares for which it has bid.

The allocation policy for the Institutional Offer is determined with reference to a number of factors including the:

- Number of Shares bid for by particular bidders;
- Timeliness of the bid by particular bidders;
- Company's desire for an informed and active trading market following Completion of the Offer;
- Company's desire to establish a wide spread of institutional Shareholders;
- Overall level of demand under the Broker Firm Offer, Employee Offer, Priority Offer and Institutional Offer;
- Size and type of funds under management of particular bidders;
- Likelihood that particular bidders will be long-term Shareholders; and
- Other factors that the Company and the Joint Lead Managers consider appropriate.

7.5. UNDERWRITING ARRANGEMENTS

The Offer is fully underwritten by the Joint Lead Managers. The Joint Lead Managers, the Company and SaleCo have entered into the Underwriting Agreement under which the Joint Lead Managers have agreed, subject to certain conditions and termination events, to underwrite Applications for all Shares under the Offer in equal proportions and to manage the Offer. The Underwriting Agreement sets out a number of circumstances in which the Joint Lead Managers may terminate the Underwriting Agreement and their underwriting obligations.

A summary of certain terms of the Underwriting Agreement, including the termination provisions, is provided in Section 9.4.

7.6. DISCRETION REGARDING THE OFFER

The Company and SaleCo may withdraw the Offer at any time before the issue or transfer of Shares to successful Applicants. If the Offer, or any part of it, does not proceed, all relevant Application Payments will be refunded (without interest).

The Company, SaleCo and the Joint Lead Managers also reserve the right, subject to the Corporations Act and the ASX Listing Rules, to close the Offer or any part of it early, extend the Offer or any part of it, accept late Applications or bids either generally or in particular cases, reject any Application or bid, or allocate to any Applicant or bidder fewer Shares than the amount applied or bid for (subject to the Employee Offer and Priority Offer guaranteed minimum allocation).

7.7. ASX LISTING, REGISTERS AND HOLDING STATEMENTS, CONDITIONAL AND DEFERRED SETTLEMENT TRADING

7.7.1. APPLICATION TO ASX FOR LISTING OF THE COMPANY AND QUOTATION OF SHARES

The Company applied to ASX on 1 October 2015 for admission to the official list of ASX and quotation of the Shares on ASX. The Company's code will be 'IDX'.

ASX and its officers take no responsibility for this Prospectus or the investment to which it relates. The fact that ASX may admit the Company to the official list is not to be taken as an indication of the merits of IDX or the Shares offered for issue and sale.

If permission is not granted for the official quotation of the Shares on ASX within three months after the Prospectus Date (or any later date permitted by law), all Application Payments received by the Company and SaleCo will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.

The Company will be required to comply with the ASX Listing Rules, subject to any waivers obtained by the Company from time to time.

7.7.2. CHESS AND ISSUER SPONSORED HOLDINGS

The Company applied on 1 October 2015 to participate in the ASX's Clearing House Electronic Sub-Register System (CHESS) and will comply with the ASX Listing Rules and the ASX Settlement Operating Rules. CHESS is an electronic transfer and settlement system for transactions in securities quoted on the ASX under which transfers are effected in an electronic form.

When the Shares become approved financial products (as defined in the ASX Settlement Operating Rules), holdings will be registered in one of two sub-registers, being an electronic CHESS sub-register or an issuer sponsored sub-register.

For all successful Applicants, the Shares of a Shareholder who is a participant in CHESS or a Shareholder sponsored by a participant in CHESS will be registered on the CHESS sub-register. All other Shares will be registered on the issuer sponsored sub-register.

Following Completion of the Offer, Shareholders will be sent a holding statement that sets out the number of Shares that have been allocated to them. This statement will also provide details of a Shareholder's Holder Identification Number (**HIN**) for CHESS holders or, where applicable, the Securityholder Reference Number (**SRN**) of issuer sponsored holders. Shareholders will subsequently receive statements showing any changes to their shareholding. Certificates will not be issued. Shareholders will receive subsequent statements during the first week of the following month if there has been a change to their holding on the register and as otherwise required under the ASX Listing Rules and the Corporations Act. Additional statements may be requested at any other time either directly through the Shareholder's sponsoring Broker in the case of a holding on the CHESS sub-register or through the Share Registry in the case of a holding on the issuer sponsored sub-register. The Company and the Share Registry may charge a fee for these additional issuer sponsored statements.

7.7.3. CONDITIONAL AND DEFERRED SETTLEMENT TRADING AND SELLING SHARES ON MARKET

It is expected that trading of the Shares on ASX will commence on or about Wednesday, 21 October 2015, initially on a conditional and deferred settlement basis.

If the Offer is withdrawn before Shares have commenced trading on an unconditional basis, all contracts for the sale of the Shares on the ASX will be cancelled and any Application Payments received will be refunded as soon as possible (without interest).

Conditional and deferred settlement trading will continue until the Company has advised the ASX that settlement under the Underwriting Agreement has occurred and the issue and transfer of Shares to Applicants under this Prospectus has completed, which is expected to be on or about Tuesday, 27 October 2015. Trading will then be on an unconditional but deferred settlement basis until the Company has advised the ASX that holding statements have been despatched to Shareholders, which will be on or about Wednesday, 28 October 2015. Normal settlement trading is expected to commence on or about Thursday, 29 October 2015.

If settlement has not occurred within 14 days (or such longer period as the ASX allows) after the day Shares are first quoted on the ASX, the Offer and all contracts arising on acceptance of the Offer will be cancelled and of no further effect and all Application Payments will be refunded (without interest). In these circumstances, all purchases and sales of Shares made through the ASX participating organisations during the conditional trading period will be cancelled and of no effect.

After the basis for allocations has been determined, Applicants may call the IDX Offer Information Line or their Broker to confirm their allocations.

It is the responsibility of each person who trades in Shares to confirm their own holding before trading in Shares. If you sell Shares before receiving a holding statement, you do so at your own risk. The Company, SaleCo, the Share Registry and the Joint Lead Managers disclaim all liability, whether in negligence or otherwise, if you sell Shares before receiving your holding statement, even if you obtained details of your holding statement from the IDX Offer Information Line or confirmed your firm allocation through a Broker.

7.7.4. SUMMARY OF RIGHTS AND LIABILITIES ATTACHING TO SHARES AND OTHER MATERIAL PROVISIONS OF THE CONSTITUTION

7.7.4.1 INTRODUCTION

The rights and liabilities attaching to ownership of Shares arise from a combination of the Constitution, statute, the ASX Listing Rules and general law.

A summary of the significant rights, liabilities and obligations attaching to the Shares and a description of other material provisions of the Constitution are set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of Shareholders. The summary assumes that the Company is admitted to the official list of the ASX.

7.7.4.2 VOTING AT A GENERAL MEETING

At a general meeting of the Company, every Shareholder present in person or by proxy, representative or attorney has one vote on a show of hands and, on a poll, one vote for each Share held (with adjusted voting rights for partly paid shares). If the votes are equal on a proposed resolution, the chairperson of the meeting has a casting vote, in addition to any deliberative vote.

7.7.4.3 MEETINGS OF MEMBERS

Each Shareholder is entitled to receive notice of, attend and vote at general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, Corporations Act and the ASX Listing Rules. The Company must give at least 28 days' written notice of a general meeting.

7.7.4.4 DIVIDENDS

The Board may pay any interim and final dividends that, in its judgement, the financial position of the Company justifies. The Board may also pay any dividend required to be paid under the terms of issue of a Share, and fix a record date for a dividend and the timing and method of payment.

7.7.4.5 TRANSFER OF SHARES

Subject to the Constitution and to any restrictions attached to a Shareholder's Share, Shares may be transferred in accordance with the ASX Settlement Operating Rules, the Corporations Act (and Corporations Regulations 2001) and ASX Listing Rules or by a written transfer in any usual form or in any other form approved by the Board and permitted by the relevant laws and ASX requirements. The Board may decline to register a transfer of Shares or apply a holding lock to prevent a transfer in accordance with the Corporations Act or the ASX Listing Rules.

7.7.4.6 ISSUE OF FURTHER SHARES

The Board may, subject to the Constitution, Corporations Act and the ASX Listing Rules issue, allot or grant options for, or otherwise dispose of, Shares in the Company on such terms as the Board decides.

7.7.4.7 WINDING UP

If the Company is wound up, then subject to the Constitution, the Corporations Act and any rights or restrictions attached to any Shares or classes of shares, Shareholders will be entitled to a share in any surplus property of the Company in proportion to the number of Shares held by them.

If the Company is wound up, the liquidator may, with the sanction of a special resolution, divide among the Shareholders the whole or part of the Company's property and decide how the division is to be carried out as between Shareholders or different classes of shareholders.

7.7.4.8 NON-MARKETABLE PARCELS

In accordance with the ASX Listing Rules, the Board may sell Shares that constitute less than a marketable parcel by following the procedures set out in the Constitution. An unmarketable parcel of Shares is defined in the ASX Listing Rules and is generally, a holding of Shares with a market value of less than $500.

7.7.4.9 PROPORTIONAL TAKEOVER PROVISIONS

The Constitution contains provisions requiring Shareholder approval in relation to any proportional takeover bid. These provisions will cease to apply unless renewed by Shareholders passing a special resolution by the third anniversary of either the date those rules were adopted or the date those rules were last renewed.

7.7.4.10 VARIATION OF CLASS RIGHTS

The procedure set out in the Constitution must be followed for any variation of rights attached to the Shares. Under that rule, and subject to the Corporations Act and the terms of issue of a class of shares, the rights attached to any class of Shares may be varied:

- With the consent in writing of the holders of 75% of the issued Shares included in that class; or
- By a special resolution passed at a separate meeting of the holders of those Shares.

7.7.4.11 DIRECTORS – APPOINTMENT AND REMOVAL

Under the Constitution, the Board is comprised of a minimum of three Directors and a maximum of ten Directors, unless the Shareholders pass a resolution varying that number at a general meeting. Directors are elected or re-elected at annual general meetings of the Company.

No Director (excluding the CEO) may hold office without re-election beyond the third annual general meeting following the meeting at which the Director was last elected or re-elected. The Board may also appoint any eligible person to be a Director either to fill a casual vacancy on the Board or as an addition to the existing Directors, who will then hold office until the conclusion of the next annual general meeting of the Company following their appointment.

7.7.4.12 DIRECTORS – VOTING

Questions arising at a meeting of the Board must be decided by a majority of votes of the Directors present at the meeting and entitled to vote on the matter. In the case of an equality of votes on a resolution, the chairperson of the meeting has a casting vote in addition to his or her deliberative vote, unless there are only two Directors present or entitled to vote in which case the chairperson of the meeting does not have a second or casting vote and the proposed resolution is taken as lost.

7.7.4.13 DIRECTORS – REMUNERATION

Under the Constitution, the Board may decide the remuneration from the Company to which each Director is entitled for his or her services as a Director. However, the total aggregate amount provided to all non-executive Directors for their services as Directors must not exceed in any financial year the amount fixed by the Company in general meeting. The remuneration of a Director (who is not the CEO or an executive Director) must not include a commission on, or a percentage of, profits or operating revenue. The current maximum aggregate sum of non-executive Director remuneration is set out in Section 6.3.2.3. Any change to that maximum aggregate amount needs to be approved by Shareholders.

Directors may be paid for all travelling and other expenses the Directors incur in attending to the Company's affairs, including attending and returning from general meetings of the Company or meetings of the Board or of committees of the Board. Any Director who performs extra services or makes any special exertions for the benefit of the Company, which, in the opinion of the Board, are outside the scope of ordinary duties of a Director, may be remunerated for the services (as determined by the Board) out of the funds of the Company.

Directors' remuneration is discussed in Section 6.3.2.

7.7.4.14 POWERS AND DUTIES OF DIRECTORS

The business and affairs of the Company are to be managed by or under the direction of the Board, which (in addition to the powers and authorities conferred on it by the Constitution) may exercise all powers and do all things that are within the Company's power and the powers that are not required by law or by the Constitution to be exercised by the Company in general meeting.

7.7.4.15 PREFERENCE SHARES

The Company may issue preference shares including preference shares which are, or at the option of the Company or holder are, liable to be redeemed or convertible to ordinary shares. The rights attaching to preference shares are those set out in the Constitution unless other rights have been approved by special resolution of the Company.

7.7.4.16 INDEMNITIES

The Company, to the extent permitted by law, indemnifies each director of the Company on a full indemnity basis against all losses, liability, costs, charges and expenses incurred by that person as an officer of the Company or of a related body corporate.

The Company may, to the extent permitted by law, purchase and maintain insurance or pay, or agree to pay, a premium for a contract insuring each director of the Company against any liability incurred by that person as an officer of the Company or of a related body corporate, including for negligence or for reasonable costs and expenses incurred by that person in defending or responding to proceedings (whether civil or criminal and whatever the outcome).

7.7.4.17 ACCESS TO RECORDS

The Company may enter into contracts with a Director or former Director agreeing to provide continuing access for a specified period after the Director ceases to be a Director to Board papers, books, records and documents of the Company which relate to the period during which the Director or former Director was a Director on such terms and conditions as the Board thinks fit. The Company may procure that its subsidiaries provide similar access to board papers, books, records or documents.

7.7.4.18 AMENDMENT

The Constitution can only be amended by special resolution passed by at least three quarters of Shareholders present (in person or by proxy) and entitled to vote on the resolution at a general meeting of the Company.

7.7.5. SHARE CAPITAL

On Completion of the Offer, the only class of security on issue by the Company will be fully paid ordinary Shares.

8

INDEPENDENT LIMITED ASSURANCE REPORT

8. INDEPENDENT LIMITED ASSURANCE REPORT

pwc

The Directors
Integral Diagnostics Limited
1111 Howitt Street
Wendouree VIC 3355

The Directors
Integral Diagnostics SaleCo Limited
1111 Howitt Street
Wendouree VIC 3355

9 October 2015

Dear Directors

Investigating Accountant's Report

Independent Limited Assurance Report on Integral Diagnostics Limited Historical Financial Information and Forecast Financial Information and Financial Services Guide

We have been engaged by Integral Diagnostics Limited (the **Company**) and Integral Diagnostics SaleCo Limited (**SaleCo**) (collectively, **you**) to report on the historical and forecast financial information of the Company for inclusion in a replacement prospectus dated on or about 9 October 2015 (**Prospectus**), in connection with the issue and sale of shares in the proposed initial public offering and listing of the Company on the Australian Securities Exchange (the **Offer**).

Expressions and terms defined in the Prospectus have the same meaning in this report, unless otherwise specified.

The nature of this report is such that it can only be issued by an entity which holds an Australian financial services licence under the Corporations Act 2001. PricewaterhouseCoopers Securities Ltd, which is wholly owned by PricewaterhouseCoopers, holds the appropriate Australian financial services licence under the Corporations Act 2001. This report is both an Investigating Accountant's Report, the scope of which is set out below, and a Financial Services Guide, as attached at Appendix A.

Scope

You have requested PricewaterhouseCoopers Securities Ltd to review the following information of the Company included in the Prospectus (collectively, the **Financial Information**):

a) **Actual Historical Financial Information** being the:

i. actual consolidated historical income statements for the years ended 30 June 2013 ("FY2013"), 30 June 2014 ("FY2014") and 30 June 2015 ("FY2015");

PricewaterhouseCoopers Securities Ltd, ACN 003 311 617, ABN 54 003 311 617, Holder of Australian Financial Services Licence No 244572
Freshwater Place, 2 Southbank Boulevard, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

pwc

ii. actual consolidated net free cash flows before financing, tax and dividends for FY2013, FY2014 and FY2015; and

iii. statutory consolidated balance sheet as at 30 June 2015.

b) **Pro Forma Historical Financial Information** being the:

i. pro forma consolidated historical income statements for FY2013, FY2014 and FY2015;

ii. pro forma consolidated cash flow statements before financing, tax and dividends for FY2013, FY2014 and FY2015; and

iii. pro forma consolidated balance sheet as at 30 June 2015,

which in each case assumes completion of the Offer.

The Actual Historical Financial Information and the Pro Forma Historical Financial Information are collectively the **Historical Financial Information**.

c) **Statutory Forecast** being the:

i. statutory consolidated forecast income statement for the year ending 30 June 2016 ("FY2016"); and

ii. statutory consolidated forecast cash flow statement for FY2016;

d) **Pro Forma Forecast** being the:

i. pro forma consolidated forecast income statement for FY2016; and

ii. pro forma consolidated forecast cash flow statement for FY2016,

which in each case assumes completion of the Offer.

The Statutory Forecast and the Pro Forma Forecast are collectively the **Forecast Financial Information**.

Actual Historical Financial Information

The Actual Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies. The Actual Historical Financial Information has been extracted from financial reports of the Company for the years ended 30 June 2013, 30 June 2014 and 30 June 2015. For the years ended 30 June 2013 and 30 June 2014 the individual financial statements for Lake Imaging Holdings Pty Ltd and Lake Imaging Pty Ltd (the main operating entity of the consolidated group) were audited in accordance with Australian Auditing

pwc

Standards by Prowse Perrin & Twomey. Prowse Perrin & Twomey issued unmodified audit opinions on those financial reports. The consolidated financial report of the Company for the year ended 30 June 2015 was audited by PricewaterhouseCoopers. PricewaterhouseCoopers issued an unmodified audit opinion on that financial report.

The Actual Historical Financial Information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

Pro Forma Historical Financial Information

The Pro Forma Historical Financial Information has been derived from the Actual Historical Financial Information of the Company, after adjusting for the effects of the pro forma adjustments described in section 4.3.4 of the Prospectus. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies applied to the Actual Historical Financial Information and the events and transactions to which the pro forma adjustments relate, as described in section 4.3.4 and 4.5.2 of the Prospectus, as if those events and transactions had occurred as at the date of the Actual Historical Financial Information. Due to its nature, the Pro Forma Historical Financial Information does not represent the Company's actual or prospective financial position, financial performance, and/or cash flows.

Statutory Forecast

The Statutory Forecast of the Company for the year ending 30 June 2016, as described in section 4.2.2 of the Prospectus has been prepared in accordance with the directors' best-estimate assumptions underlying the Statutory Forecast as described in section 4.7 of the Prospectus. The stated basis of preparation used in the preparation of the Statutory Forecast is the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies.

Pro Forma Forecast

The Pro Forma Forecast of the Company for the year ending 30 June 2016, as described in section 4.2.2 of the Prospectus has been derived from the Company's Statutory Forecast, after adjusting for the effects of the pro forma adjustments described in section 4.3.4 and 4.5.2 of the Prospectus. The stated basis of preparation used in the preparation of the Pro Forma Forecast is the recognition and measurement principles contained in Australian Accounting Standards applied to the Statutory Forecast and the events and transactions to which the pro forma adjustments relate, as described in section 4.3.4 of the Prospectus, as if those events and transactions had occurred as at the date of the Statutory Forecast. Due to its nature, the Pro Forma Forecast does not represent the Company's actual prospective financial performance, and/or cash flow for the year ending 30 June 2016.

Directors' Responsibility

The directors of the Company are responsible for the preparation of the Historical Financial Information, including its basis of preparation and the selection and determination of pro forma adjustments made to the Actual Historical Financial Information and included in the Pro Forma Historical Financial Information.

They are also responsible for the preparation of the Forecast Financial Information, including its basis of preparation, the best-estimate assumptions underlying the forecast and the selection and determination of the pro forma adjustments made to the Statutory Forecast and included in the Pro Forma Forecast.

This includes responsibility for its compliance with applicable laws and regulations and for such internal controls as the directors determine are necessary to enable the preparation of Historical Financial Information and Forecast Financial Information that are free from material misstatement.

Our Responsibility

Our responsibility is to express limited assurance conclusions on the Historical Financial Information, the Forecast Financial Information, the best-estimate assumptions underlying the Forecast Financial Information, and the reasonableness of the Forecast Financial Information itself, based on our review. We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information.*

A review 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 reasonable 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.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the Financial Information.

Conclusions

Actual Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Actual Historical Financial Information of the Company, as described in section 4of the Prospectus, is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in section 4.2.1 of the Prospectus being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies.

Pro Forma Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information of the Company as described in section 4 of the Prospectus, is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in section 4.2.2 of the Prospectus being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies applied to the Actual Historical Financial Information and the events and transactions to which the pro forma adjustments relate, as described in section 4.3.4 and 4.5.2 of the Prospectus, as if those events and transactions had occurred as at the date of the Actual Historical Financial Information.

pwc

Statutory Forecast
Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that:

- the directors' best-estimate assumptions used in the preparation of the Statutory Forecast do not provide reasonable grounds for the Statutory Forecast, and
- in all material respects, the Statutory Forecast:
  - is not properly prepared on the basis of the directors' best-estimate assumptions as described in section 4.7 of the Prospectus, and
  - is not presented fairly in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies, and
- the Statutory Forecast itself is unreasonable.

Pro Forma Forecast
Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that:

- the directors' best-estimate assumptions used in the preparation of the Pro Forma Forecast do not provide reasonable grounds for the Pro Forma Forecast, and
- in all material respects, the Pro Forma Forecast:
  - is not properly prepared on the basis of the directors' best-estimate assumptions, as described in section 4.7 of the Prospectus, and
  - is not presented fairly in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies, applied to the Statutory Forecast and the pro forma adjustments as if those adjustments had occurred as at the date of the Statutory Forecast, and
- the Pro Forma Forecast itself is unreasonable.

Statutory Forecast and Pro Forma Forecast
The Statutory Forecast and Pro Forma Forecast have been prepared by management and adopted by the directors in order to provide prospective investors with a guide to the potential financial performance of the Company for the year ending 30 June 2016. There is a considerable degree of subjective judgement involved in preparing forecasts since they relate to events and transactions that have not yet occurred and may not occur. Actual results are likely to be different from the Statutory Forecast and Pro Forma Forecast since anticipated events and transactions frequently do not occur as expected and the variation may be material.

The directors' best-estimate assumptions on which the Statutory Forecast and Pro Forma Forecast are based relate to future events and/or transactions that management expect to occur and actions that management expect to take and are also subject to uncertainties and contingencies, which are often outside the control of the Company. Evidence may be available to support the directors' best-estimate assumptions on which the Statutory Forecast and Pro Forma Forecast are based, however such evidence is generally future-oriented and therefore speculative in nature.

We are therefore not in a position to express a reasonable assurance conclusion on those best-estimate assumptions, and accordingly, provide a lesser level of assurance on the reasonableness of the directors' best-estimate assumptions. The limited assurance conclusion expressed in this report has been formed on the above basis.

Prospective investors should be aware of the material risks and uncertainties in relation to an investment in the Company, which are detailed in the Prospectus, and the inherent uncertainty relating to the Statutory Forecast and Pro Forma Forecast. Accordingly, prospective investors should have regard to the investment risks and sensitivities as described in section 5 and 4.8 of the Prospectus. The sensitivity analysis described in section 4.8 of the Prospectus demonstrates the impact on the Statutory Forecast and Pro Forma Forecast of changes in key best-estimate assumptions. We express no opinion as to whether the Statutory Forecast or Pro Forma Forecast will be achieved.

The Statutory Forecast and Pro Forma Forecast have been prepared by the directors for the purpose of inclusion in the Prospectus. We disclaim any assumption of responsibility for any reliance on this report, or on the Statutory Forecast or Pro Forma Forecast to which it relates, for any purpose other than that for which it was prepared. We have assumed, and relied on representations from certain members of management of the Company and SaleCo that all material information concerning the prospects and proposed operations of the Company has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

Notice to investors outside Australia

Under the terms of our engagement this report has been prepared solely to comply with Australian Auditing Standards applicable to review engagements.

This report does not constitute an offer to sell, or a solicitation of an offer to buy, any securities. We do not hold any financial services licence or other licence outside Australia. We are not recommending or making any representation as to suitability of any investment to any person.

Restriction on Use

Without modifying our conclusions, we draw attention to section 4 of the Prospectus, which describes the purpose of the Financial Information, being for inclusion in the Prospectus. As a result, the Financial Information may not be suitable for use for another purpose.

Consent

PricewaterhouseCoopers Securities Ltd has consented to the inclusion of this assurance report in the Prospectus in the form and context in which it is included.

pwc

Liability

The liability of PricewaterhouseCoopers Securities Ltd is limited to the inclusion of this report in the Prospectus. PricewaterhouseCoopers Securities Ltd makes no representation regarding, and has no liability for, any other statements or other material in, or any omissions from, the Prospectus.

Independence or Disclosure of Interest

PricewaterhouseCoopers Securities Ltd does not have any interest in the outcome of the Offer other than the preparation of this report and participation in due diligence procedures for which normal professional fees will be received.

Financial Services Guide

We have included our Financial Services Guide as Appendix A to our report. The Financial Services Guide is designed to assist retail clients in their use of any general financial product advice in our report.

Yours faithfully

Robert Silverwood
Authorised Representative of
PricewaterhouseCoopers Securities Ltd

pwc

Appendix A – Financial Services Guide

PRICEWATERHOUSECOOPERS SECURITIES LTD

FINANCIAL SERVICES GUIDE

This Financial Services Guide is dated 9 October 2015

1. About us

PricewaterhouseCoopers Securities Ltd (ABN 54 003 311 617, Australian Financial Services Licence no 244572) ("**PwC Securities**") has been engaged by Integral Diagnostics Limited ("the **Company**") and Integral Diagnostics SaleCo Limited to provide a report in the form of an Investigating Accountant's Report in relation to the Company's Historical Financial Information and Forecast Financial Information (the **Report**) for inclusion in the replacement prospectus dated 9 October 2015. You have not engaged us directly but have been provided with a copy of the Report as a retail client because of your connection to the matters set out in the Report.

2. This Financial Services Guide

This Financial Services Guide ("**FSG**") is designed to assist retail clients in their use of any general financial product advice contained in the Report. This FSG contains information about PwC Securities generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the Report, and how complaints against us will be dealt with.

3. Financial services we are licensed to provide

Our Australian financial services licence allows us to provide a broad range of services, including providing financial product advice in relation to various financial products such as securities, interests in managed investment schemes, derivatives, superannuation products, foreign exchange contracts, insurance products, life products, managed investment schemes, government debentures, stocks or bonds, and deposit products.

4. General financial product advice

The Report contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs.

You should consider your own objectives, financial situation and needs when assessing the suitability of the Report to your situation. You may wish to obtain personal financial product

pwc

advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

5. Fees, commissions and other benefits we may receive

PwC Securities charges fees to produce reports, including this Report. These fees are negotiated and agreed with the entity who engages PwC Securities to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the person who engages us. In the preparation of this Report our fees are charged on an hourly basis and as at the date of this Report amount to $420,000**.** Directors or employees of PwC Securities, PricewaterhouseCoopers, or other associated entities, may receive partnership distributions, salary or wages from PricewaterhouseCoopers.

6. Associations with issuers of financial products

PwC Securities and its authorised representatives, employees and associates may from time to time have relationships with the issuers of financial products. For example, PricewaterhouseCoopers may be the auditor of, or provide financial services to, the issuer of a financial product and PwC Securities may provide financial services to the issuer of a financial product in the ordinary course of its business.

PricewaterhouseCoopers is the auditor of the Company.

7. Complaints

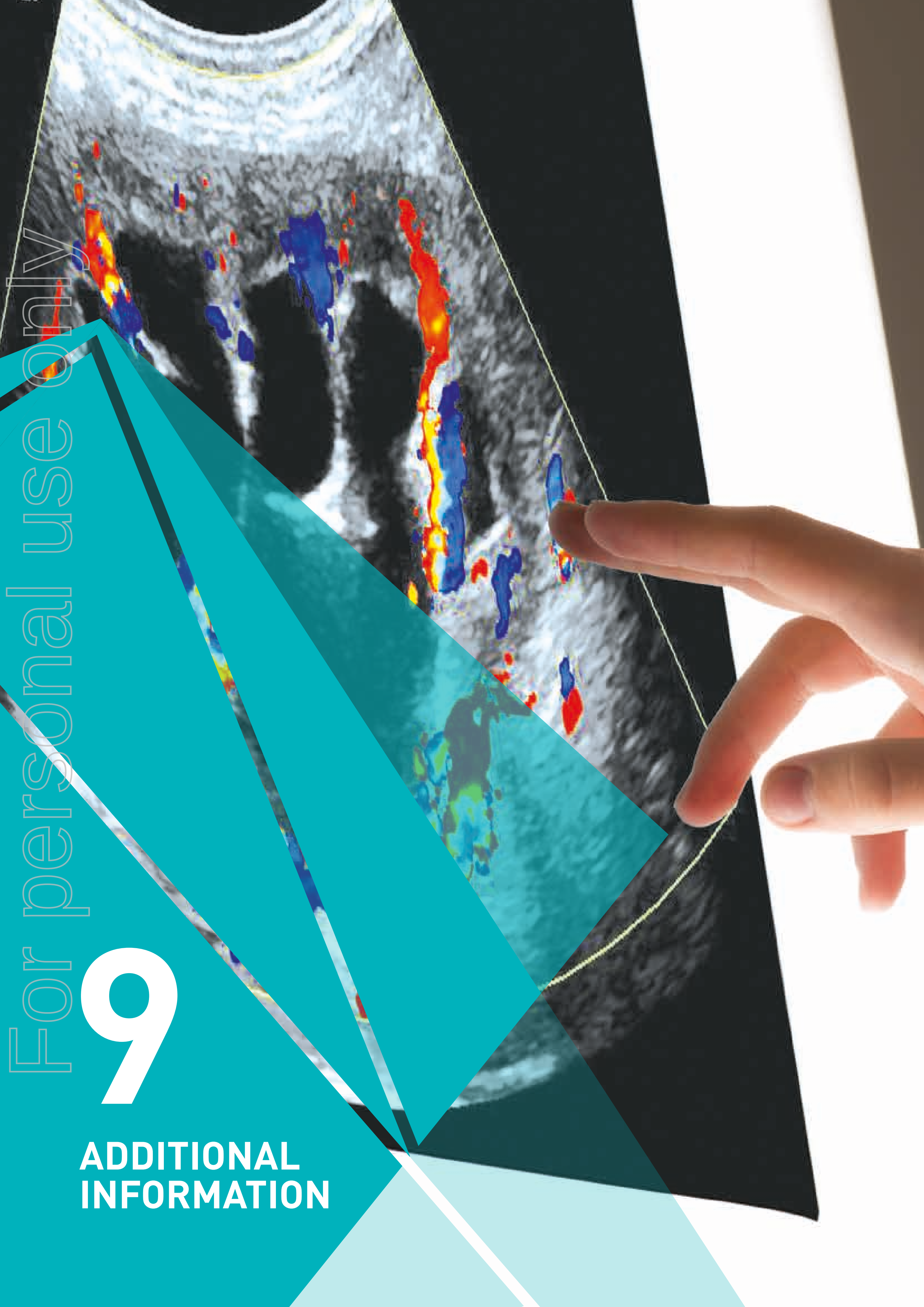
If you have a complaint, please raise it with us first, using the contact details listed below. We will endeavour to satisfactorily resolve your complaint in a timely manner. In addition, a copy of our internal complaints handling procedure is available upon request.

If we are not able to resolve your complaint to your satisfaction within 45 days of your written notification, you are entitled to have your matter referred to the Financial Ombudsman Service ("**FOS**"), an external complaints resolution service. FOS can be contacted by calling 1300 780 808. You will not be charged for using the FOS service.

8. Contact Details

PwC Securities can be contacted by sending a letter to the following address:

Robert Silverwood
Authorised Representative
PricewaterhouseCoopers Securities Ltd
2 Southbank Boulevard
GPO Box 1331
Melbourne VIC 3001



9

ADDITIONAL INFORMATION

9. ADDITIONAL INFORMATION

9.1. INCORPORATION, COMPANY TAX STATUS AND COMPANY STRUCTURE

9.1.1. INCORPORATION

The Company was incorporated in Victoria on 29 April 2008 as an Australia proprietary company. It was converted to a public company and renamed Integral Diagnostics Limited on 1 October 2015.

SaleCo was registered in Victoria on 9 September 2015 as an Australian public company.

9.1.2. COMPANY TAX STATUS

The Company will be taxed as an Australian resident public company in Australia for the purposes of Australian income tax law.

9.1.3. GROUP STRUCTURE

In addition to IDX, the Group comprises the following companies at the Prospectus Date. Each entity is 100% owned, directly or indirectly, by the Company unless otherwise indicated, and is engaged in the business of the Company. Each company is incorporated in Australia.

Lake Imaging Pty Ltd (ABN 40 098 499 293)	SCR Corporate Pty Ltd (ABN 89 168 994 607)
Radploy Pty Ltd (ABN 87 098 326 062)	RAD Corporate Pty Ltd (ABN 67 169 352 890)
Radploy 2 Pty Ltd (ABN 85 117 511 243)	Global Diagnostics (Australia) Pty Ltd (ABN 51 077 474 518)
Radploy 3 Pty Ltd (ABN 30 149 199 940)	South West MRI Pty Ltd (ABN 41 162 199 279) – owned 50% by the Company
Radploy 4 Pty Ltd (ABN 20 600 072 517)	LIH Corporate Nominee Pty Ltd (ACN 603 405 965)

9.2. SALE OF EXISTING SHARES BY SALECO

As part of the Offer, the Existing Shareholders (other than certain Radiologist Shareholders that have entered into the Put Option Arrangements with SaleCo) intend to sell some of their Existing Shares in the Offer through SaleCo. SaleCo has been established to enable these Existing Shareholders to sell some of their Existing Shares into the Offer (**Selling Shareholders**). The Selling Shareholders have executed sale deeds with SaleCo under which they irrevocably offer to sell some of their Existing Shares to SaleCo free from encumbrances and third party rights and conditional on Completion of the Offer. The Selling Shareholders (other than the Advent Funds and certain Shareholders with low shareholdings and recently acquired Shares) have agreed to sell between 30% and 40% of their Existing Shares into the Offer through their arrangements with SaleCo, while the Advent Funds have agreed to sell between 50.0% and 63.3% of their Existing Shares into the Offer. In total, up to approximately 52.6 million Existing Shares will be sold through SaleCo (being 41.5% of the Existing Shares).

The Existing Shares that SaleCo acquires from the Selling Shareholders will be transferred to successful Applicants at the Offer Price. The price payable by SaleCo for these Existing Shares is the Offer Price. The Company will also issue Shares to successful Applicants under the Offer.

SaleCo is a special purpose vehicle, which has no material assets, liabilities or operations other than its interests in and obligations under the Underwriting Agreement, the sale deeds described above and the Put Option Arrangements described below (along with ancillary documents). The directors and shareholders of SaleCo are Helen Kurincic, John Livingston and Dr Chien Ho. The Company has indemnified SaleCo and each director of SaleCo for certain losses which SaleCo or any director of SaleCo may incur as a consequence of the Offer, the Put Option Arrangements and the Securities Lending Arrangements.

9.3. PUT OPTION ARRANGEMENTS AND SECURITIES LENDING ARRANGEMENTS

In connection with the Offer and in order to align the exit option for certain Radiologist Shareholders with the terms of a shareholders deed between the Existing Shareholders, certain Radiologist Shareholders have entered into put options with SaleCo (**Put Option Arrangements**). Under the Put Option Arrangements, SaleCo has granted certain Radiologist Shareholders a put option under which they are entitled to put and sell to SaleCo on 31 December 2015 all their Shares which are the subject of the put option (**Put Option Shares**), at the Offer Price per Share. The number of Put Option Shares represents between 30% and 40% of each participating Radiologist Shareholder's shareholding of Existing Shares as at the Prospectus Date. There are 5.7 million Shares that are subject to the Put Option Arrangements, which represents 4.0% of the issued Shares on Completion of the Offer.

The Advent Funds have entered into securities lending arrangements with SaleCo, which become binding on the parties once the Shares are quoted on the ASX, whereby the Advent Funds have agreed to loan 5.7 million Shares to SaleCo immediately before the issue and transfer of Shares to Applicants (**Loan Shares**). These Loan Shares will be transferred to Applicants in connection with the Offer, and the proceeds (**Loan Proceeds**) provided to the Advent Funds as security for the loan (**Securities Lending Arrangements**).

To the extent that SaleCo:

- Obtains Shares upon exercise of put options by the relevant Radiologist Shareholders, these Shares will be transferred immediately to the Advent Funds in satisfaction of the Securities Lending Arrangement in respect of those Shares, and the Loan Proceeds in respect of those Shares will be returned to SaleCo, and then used by SaleCo to pay the Radiologist Shareholders who exercised the put options; and

- Does not obtain Shares because the holders of the put options elect not to exercise their put option, the Advent Funds will be deemed to have disposed of those Shares to SaleCo and the Advent Funds will be entitled to keep the Loan Proceeds in respect of those Shares.

Assuming some of the Loan Shares are returned to the Advent Funds, the Advent Funds' shareholding will, on 1 January 2016, increase accordingly. The increase in the Advent Funds' shareholding will be in the range of 0 to 5.7 million Shares, or 0% to 4.0% of the issued Shares on Completion of the Offer, depending on the extent of put options exercised and Loan Shares returned to the Advent Funds.

9.4. UNDERWRITING AGREEMENT

The Company, SaleCo and the Joint Lead Managers have entered into an underwriting agreement dated 1 October 2015 (**Underwriting Agreement**), pursuant to which the Joint Lead Managers have agreed to manage the Offer and underwrite subscriptions for the number of Shares offered under the Offer for which valid Applications are not received, at the Offer Price, on an exclusive basis.

9.4.1. FEES AND EXPENSES

On settlement of the Offer, which is expected to occur on Monday, 26 October 2015 (**Settlement Date**), the Company and SaleCo must pay the Joint Lead Managers, in equal proportions:

- a management fee equal to 0.75% of the Offer proceeds; and
- an underwriting fee equal to 2.00% of the Offer proceeds.

The Company and SaleCo may also pay to the Joint Lead Managers an incentive fee of up to 0.50% of the Offer proceeds in their absolute discretion (including the split between each Joint Lead Manager), within 10 days of Completion of the Offer.

The Joint Lead Managers must pay, on behalf of the Company and SaleCo, any fees due to any co-lead managers, co-managers and brokers appointed by the Joint Lead Managers under the Underwriting Agreement, such fees comprising a fee of 1.5% of the firm commitment of the Co-Manager and any Brokers.

The Company has agreed to reimburse the Joint Lead Managers for reasonable costs and expenses of, and incidental to, the Offer.

9.4.2. TERMINATION EVENTS

Any Joint Lead Manager may, at any time from the Prospectus Date until 10.00am on the Settlement Date or at any other time as specified below, terminate the Underwriting Agreement (without any cost or liability to the Joint Lead Manager) by notice to the Company and SaleCo and the other Joint Lead Manager, if any of the following events occur:

- (**disclosure in Offer Documents**) in the reasonable opinion of the Joint Lead Manager, a statement in any of the documents issued or published by, or on behalf of, and with the authorisation of, the Company and SaleCo in respect of the Offer (eg this Prospectus, any Application Form and any marketing or investor presentation) (**Offer Documents**), is or becomes misleading or deceptive or is likely to mislead or deceive, or a material matter required to be included is omitted from an Offer Document (including, without limitation, having regard to the provisions of Part 6D.2 of the Corporations Act);
- (**supplementary prospectus**) the Company and SaleCo are, in the reasonable opinion of the Joint Lead Manager, required under section 719 of the Corporations Act to lodge, and fail to lodge, a supplementary prospectus with ASIC within the time period reasonably required by the Joint Lead Managers and in a form approved in writing by the Joint Lead Managers;
- (**market fall**) at any time the S&P/ASX 200 Index or the S&P/ASX Small Ordinaries Index (XSO) falls to a level that is 90% or less of the level as at the close of trading on the day immediately prior to the Prospectus Date and is at or below that level at the close of trading:
  - for three consecutive business days during any time after the Prospectus Date and prior to the Settlement Date; or
  - on the business day immediately prior to the Settlement Date;
- (**voluntary escrow deeds**) any of the voluntary escrow deeds, which each of the Escrowed Shareholders has entered into (as described in Section 9.5), are withdrawn, varied, terminated, rescinded, altered, amended or materially breached or failed to be complied with in any material respect;
- (**sale deeds**) any of the sale deeds, under which the Selling Shareholders offer to sell their Existing Shares to SaleCo (as described in Section 9.2), are withdrawn, varied, terminated, rescinded, altered, amended or materially breached or failed to be complied with in any material respect;
- (**fraud**) the Company, SaleCo or any of their respective directors or officers engage, or have engaged since the Prospectus Date, in any fraudulent conduct or activity whether or not in connection with the Offer;
- (**listing and quotation**) approval is refused or not granted, or approval is granted subject to conditions other than customary conditions, to:
  - the Company's admission to the official list of ASX on or before 20 October 2015; or
  - the quotation of all of the Shares on ASX or for the Shares to be traded through CHESS on or before 21 October 2015,

or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld;

- (**notifications**) any of the following notifications are made in respect of the Offer:
  - ASIC issues an order (including an interim order) under section 739 of the Corporations Act;
  - ASIC holds a hearing under section 739(2) of the Corporations Act;
  - an application is made by ASIC for an order under Part 9.5 of the Corporations Act in relation to the Offer or an Offer Document or ASIC commences any investigation or hearing under Part 3 of the *Australian Securities and Investments Commission Act 2001* (Cth) in relation to the Offer or an Offer Document;

- any person (other than the Joint Lead Managers) who has previously consented to the inclusion of its name in any Offer Document withdraws that consent; or
- any person (other than the Joint Lead Managers) gives a notice under section 730 of the Corporations Act in relation to an Offer Document;

- (**certificate not provided**) the Company or SaleCo does not provide a closing certificate as and when required by the Underwriting Agreement;
- (**material contracts**) except as fully and fairly disclosed in the due diligence report prepared by the due diligence committee established in connection with the Offer, if any of the obligations of the relevant parties under any of the terms of the Put Option Arrangement or Securities Lending Arrangements (both of which are described in Section 9.3) or any operational material contracts (as described in Section 9.6) are not capable of being performed in accordance with their terms (in the reasonable opinion of the terminating Joint Lead Manager) or if all or any part of any of such contracts:
  - is terminated;
  - ceases to have effect, otherwise than in accordance with its terms; or
  - is or becomes void, voidable, illegal, invalid or unenforceable (other than by reason only of a party waiving any of its rights) or capable of being terminated, rescinded or avoided or of limited force and affect, or its performance is or becomes illegal;
- (**withdrawal**) the Company or SaleCo withdraws an Offer Document or the Offer or indicates that it does not intend to proceed with the Offer or any part of the Offer;
- (**insolvency events**) any member of the Group or SaleCo becomes insolvent, or there is an act or omission that is likely to result in a member of the Group or SaleCo becoming insolvent;
- (**Offer timetable**) an event specified in the timetable for the Offer up to and including the Settlement Date is delayed by more than two business days (other than with the consent of the Joint Lead Managers, which must not be unreasonably withheld, or if directed by ASIC);
- (**unable to issue or transfer Shares**) the Company is prevented from allotting and issuing new Shares, or SaleCo is prevented from transferring the Existing Shares, within the time set out in the timetable for the Offer, the Offer Documents, the ASX Listing Rules, by applicable laws, an order of a court of competent jurisdiction or a governmental authority;
- (**change to Company**) the Company:
  - alters the issued capital of the Company, a member of the Group or SaleCo; or
  - disposes or attempts to dispose of a substantial part of the business or property of the Group,

without the prior written consent of the Joint Lead Managers (not to be unreasonably withheld or delayed);

- (**regulatory approval**) if a regulatory body withdraws, revokes or amends any regulatory approvals required for the Company or SaleCo to perform their obligations under the Underwriting Agreement or to carry out the transactions contemplated by the Offer Documents;
- (**force majeure**) there is an event or occurrence, including any statute, order, rule, regulation, directive or request (including one compliance with which is in accordance with the general practice of persons to whom the directive or request is addressed) of any governmental agency that makes it illegal for a Joint Lead Manager to satisfy an obligation under the Underwriting Agreement, or to market, promote or settle the Offer;
- (**change in management**) a change occurs in directors of the Company or SaleCo, or the CEO, CFO, chief operating officer and human resources manager or the business development and special projects manager of IDX;
- (**vacancy in office**) the Chairman, CEO, CFO, chief operating officer and human resources manager or the business development and special projects manager of IDX vacates his or her office;
- (**prosecution**) any of the following occur:
  - a Director is charged with an indictable offence;
  - any governmental agency commences any public action against the Company or SaleCo or any of their respective directors in their capacity as a director of the Company or SaleCo (as applicable), or announces that it intends to take action; or
  - any Director is disqualified from managing a corporation under Part 2D.6 of the Corporations Act; or
- (**Constitution**) the Company varies any term of the Constitution without the prior written consent of the Joint Lead Managers.

TERMINATION SUBJECT TO MATERIALITY

Any Joint Lead Manager may, at any time on or after the Prospectus Date until 10.00am on the Settlement Date or at any other time as specified below, terminate the Underwriting Agreement (without any cost or liability to the Joint Lead Manager) by notice to the Company and SaleCo and the other Joint Lead Manager, if any of the following events occur and the Joint Lead Manager has reasonable grounds to believe that the event:

- has or is likely to have a materially adverse effect on the success, settlement, outcome or marketing of the Offer or on the ability of the Joint Lead Managers to market or promote or settle the Offer; or
- will, or is likely to, give rise to a liability of the Joint Lead Manager under, or give rise to, or result in, a contravention by the Joint Lead Manager or its affiliates or the Joint Lead Manager or its affiliates being involved in a contravention of, any applicable law.

The events are:

- (**disclosure of Public Information**) in the reasonable opinion of the Joint Lead Manager, any announcements and documents made by, or on behalf and with the knowledge and consent of the Company, SaleCo or any other member of the Group in relation to the business or affairs of IDX (**Public Information**), is or becomes misleading or deceptive or is likely to mislead or deceive, or a material matter required to be included is omitted from an Offer Document (including, without limitation, having regard to the provisions of Part 6D.2 of the Corporations Act);

- (**new circumstances**) a new circumstance arises after this Prospectus is lodged with ASIC, which would have been required to be included in the Prospectus if it had arisen before lodgement;
- (**material contracts**) except as fully and fairly disclosed in the due diligence report prepared by the due diligence committee established in connection with the Offer, if any of the obligations of the relevant parties under any of the terms of the Put Option Arrangement or Securities Lending Arrangements (both of which are described in Section 9.3) or any operational material contracts (as described in Section 9.6) are not capable of being performed in accordance with their terms (in the reasonable opinion of the terminating Joint Lead Manager) or if all or any part of any of such contracts:
  - is amended or varied without the consent of the Joint Lead Managers (which must not be unreasonably withheld or delayed); or
  - is breached;
- (**forecasts**)
  - in the reasonable opinion of the terminating Joint Lead Manager, there are not, or there ceases to be, reasonable grounds for any statement or estimate in the Offer Documents, which relate to a future matter; or
  - any statement or estimate in the Offer Documents that relate to a future matter is, in the reasonable opinion of the terminating Joint Lead Manager, unlikely to be met in the projected timeframe (including in each case financial forecasts);
- (**disclosures in the due diligence report**) the due diligence report prepared by the due diligence committee established in connection with the Offer or the verification materials and any other information supplied by or on behalf of the Company or SaleCo to the Joint Lead Managers in relation to the Group or the Offer is, or becomes, misleading or deceptive, including by way of omission;
- (**adverse change**) any adverse change occurs in the assets, liabilities, financial position or performance, profits, losses or prospects of the Company and the Group (insofar as the position in relation to an entity in the Group affects the overall position of the Company), including any adverse change in the assets, liabilities, financial position or performance, profits, losses or prospects of the Company or the Group from those respectively disclosed in any Offer Document or the Public Information;
- (**change of law**) there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any State or Territory of Australia a new law, or the Reserve Bank of Australia, or any Commonwealth or State authority, including ASIC, adopts or announces a proposal to adopt a new policy (other than a law or policy that has been announced before the Prospectus Date);
- (**breach of laws**) there is a contravention by the Company, SaleCo or any other member of the Group of the Corporations Act, the *Competition and Consumer Act 2010* (Cth), *Australian Securities and Investments Commission Act 2001* (Cth) (any regulations under those acts) or any of the ASX Listing Rules or any other applicable law or regulation;
- (**compliance with law**) any of the Offer Documents or any aspect of the Offer does not comply with the Corporations Act (and all regulations), the Constitution, the ASX Listing Rules or any other applicable law or regulation;
- (**representations and warranties**) a representation, warranty, undertaking or obligation contained in the Underwriting Agreement on the part of the Company or SaleCo (whether severally or jointly) is breached, becomes not true or correct or is not performed;
- (**breach**) the Company or SaleCo defaults on one or more of its obligations under the Underwriting Agreement;
- (**legal proceedings**) any of the following occurs:
  - the commencement of legal proceedings against the Company, SaleCo, any other member of the Group or against any director of the Company, SaleCo or any other member of the Group in that capacity; or
  - any regulatory body (including ASIC and ASX) commences any action, claim, investigation, enquiry, proceeding, suit or demand of any nature against a member of the Group;
- (**information supplied**) any information supplied (including any information supplied prior to the Prospectus Date) by or on behalf of a member of the Group to the Joint Lead Managers in respect of the Offer or the Group is, or is found to be, misleading or deceptive, or likely to mislead or deceive (including by omission);
- (**hostilities**) hostilities not presently existing commence (whether war has been declared or not) or an escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, the United States, Hong Kong, the United Kingdom or the People's Republic of China or a major terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries;
- (**certificate incorrect**) a statement in any closing certificate required under the Underwriting Agreement is false, misleading, inaccurate or untrue or incorrect; or
- (**disruption in financial markets**) any of the following occurs:
  - a general moratorium on commercial banking activities in Australia, Hong Kong, the United Kingdom or the United States is declared by the relevant central banking authority in those countries, or there is a disruption in commercial banking or security settlement or clearance services in any of those countries;
  - any adverse effect on the financial markets in Australia, Hong Kong, the United Kingdom or the United States, or in foreign exchange rates or any development involving a prospective change in political, financial or economic conditions in any of those countries; or
  - trading in all securities quoted or listed on ASX, the New Zealand Stock Exchange, New York Stock Exchange, London Stock Exchange or Hong Kong Stock Exchange is suspended or limited in a material respect for at least 1 day on which that exchange is open for trading.

9.4.3. REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS

The Underwriting Agreement contains representations, warranties and undertakings provided by the Company and SaleCo to the Joint Lead Managers.

The representations and warranties relate to matters such as their powers and capacities, their conduct (including in respect of their compliance with applicable laws and the ASX Listing Rules, business and status, due diligence and disclosure), certain documents issued by the Company and SaleCo in connection with the Offer (which includes the Offer Documents), the information provided (including the financial information), insolvency, the conduct of the Offer, litigation and insurance.

The Company's undertakings include that it will not, from the Prospectus Date up until 120 days after Completion of the Offer, without the prior written consent of the Joint Lead Managers (which must not be unreasonably withheld or delayed), issue or agree to issue any Shares (or other securities that are convertible or exchangeable into equity, or that represent the right to receive equity) other than pursuant to the Offer, the Underwriting Agreement, a merger or acquisition transaction undertaken by the Company that is consistent with the Company's growth strategy as disclosed in the Offer Documents and that involves consideration payable by the Company of no more than an agreed amount, an employee share or option plan, a non-underwritten dividend reinvestment plan or a bonus share plan.

9.4.4. INDEMNITY

The Company and SaleCo (on a joint and several basis) agree to keep the Joint Lead Managers and certain of the Joint Lead Managers' affiliated parties indemnified from losses suffered in connection with the Offer, subject to customary exclusions (including fraud, wilful misconduct, recklessness and gross negligence).

9.5. VOLUNTARY ESCROW ARRANGEMENTS

Each Existing Shareholder has entered into a voluntary escrow deed with IDX in relation to all Shares that the Existing Shareholders will hold on Completion of the Offer. The Shares subject to these arrangements represent approximately 51.4% of the total number of Shares on issue following Completion of the Offer. Under each voluntary escrow deed, each Existing Shareholder agrees, subject to the terms described in this Section 9.5, not to deal in those Shares from Completion of the Offer.

The restriction on dealing is broadly defined and includes, among other things, selling, transferring or otherwise disposing of any interest in the Shares, encumbering or granting a security interest over the Shares, doing, or omitting to do, any act where the act or omission would have the effect of transferring effective ownership or control of any the Shares or agreeing to do any of those things.

Any of the Escrowed Shareholders may be released early from these voluntary escrow obligations to enable:

- The Escrowed Shareholder to accept an offer under a takeover bid in relation to its Shares if holders of at least half of the Shares the subject of the bid that are not escrowed, have accepted the takeover bid; or
- The Shares held by the Escrowed Shareholder to be transferred or cancelled as part of a merger by a scheme of arrangement under Part 5.1 of the Corporations Act.

Other specific exceptions are described below.

9.5.1. RADIOLOGIST SHAREHOLDERS AND MANAGEMENT SHAREHOLDERS

The Radiologist Shareholders and Management Shareholders (other than certain Radiologist Shareholders and Management Shareholders with small shareholdings or recently acquired Shares and the Radiologist Shareholders that have entered into the Put Option Arrangements) have agreed to sell between 30% and 40% of their Existing Shares into the Offer through their arrangements with SaleCo. Following Completion of the Offer, Existing Shares held by these Radiologist Shareholders and Management Shareholders (together with a small number of Existing Shares held by a limited number of Existing Shareholders – see Section 9.5.1.5) will be subject to voluntary escrow arrangements as follows (with percentages calculated on the basis of the Shareholder's shareholding as at the Prospectus Date):

- 10% to 20%* of their total holding of Existing Shares (at the Prospectus Date) will be held in Short Term Escrow, depending on the level of sell-down into the Offer;
- 20% of their total holding of Existing Shares (at the Prospectus Date) will be held in Medium Term Escrow; and
- 30% of their total holding of Existing Shares (at the Prospectus Date) will be held in Long Term Escrow.

*30% to 40% of the total holding of Existing Shares of these Shareholders (at the Prospectus Date) will be sold in the Offer via SaleCo.

The terms Short Term Escrow, Medium Term Escrow and Long Term Escrow are defined in Table 31 of this Section 9.5.1.

In relation to the Radiologist Shareholders who have entered into Put Option Arrangements, their Existing Shares will be subject to voluntary escrow arrangements as follows (with percentages calculated on the basis of the Radiologist Shareholder's shareholding as at the Prospectus Date):

- 10% to 50%* of their Existing Shares (at the Prospectus Date) will be held in Short Term Escrow, depending on whether the Put Option is exercised;
- 20% of their total holding of Existing Shares (at the Prospectus Date) will be held in Medium Term Escrow; and
- 30% of their total holding of Existing Shares (at the Prospectus Date) will be held in Long Term Escrow.

*If a Radiologist who has entered into the Put Option Arrangements does not exercise the Put Option in respect of any of their Existing Shares, that Shareholder will not sell or transfer any Existing Shares and 100% of that Shareholder's shareholding (as at the Prospectus Date) will be subject to voluntary escrow arrangements, 50% of which will be subject to Short Term Escrow.

Subject to the exceptions listed below, the Escrowed Shares are released from escrow as set out below.

TABLE 31: Terms of Escrow

Release from Escrow	Escrowed Shares
Short Term Escrow (FY2016 – FY2018)	Shares subject to Short Term Escrow are released evenly over 3 years as follows: • One third of the Shares subject to Short Term Escrow released on the business day after the date on which IDX's full-year results for the period ending 30 June 2016 are released to ASX; • One third of the Shares subject to Short Term Escrow released on the business day after the date on which IDX's full-year results for the period ending 30 June 2017 are released to ASX; and • One third of the Shares subject to Short Term Escrow released on the business day after the date on which IDX's full-year results for the period ending 30 June 2018 are released to ASX.
Medium Term Escrow (FY2025)	Shares subject to Medium Term Escrow are released on the earlier of the following dates: • The business day after the date on which IDX's full-year results for the period ending 30 June 2025 are released to ASX; and • The business day after the date on which the Shareholder satisfies each of the following conditions: – Is 60 years of age or older; and – Has been continuously employed by the Company or a subsidiary of the Company for more than seven years.
Long Term Escrow	Shares subject to Long Term Escrow are released when the Radiologist Shareholder or Management Shareholder: • Is 60 years of age or older; and • Has been continuously employed by the Company or a subsidiary of the Company for more than seven years, except for the number of Shares equal to $1 million based on the volume weighted average price of IDX's Shares for the five trading days prior to release of these Shares from Long Term Escrow (indexed for inflation from Completion of the Offer to release of these Shares from Long Term Escrow), which may not be dealt with for a further 12 months after the above conditions are satisfied and the Board resolves that the Radiologist Shareholder or Management Shareholder ceases to provide Diagnostic Imaging Services or be involved in the management of a Diagnostic Imaging Services business on a permanent basis and enters into a non-compete agreement with IDX in a form acceptable to the Board (**Retained Shares**).

The following exceptions apply to these escrow arrangements.

9.5.1.1 EARLY DEPARTURE

Radiologist Shareholders and Management Shareholders may also be released from the escrow arrangements in the event of early departure from the Group. This will depend on whether the Shareholder is classified as a "Good Leaver" or "Bad Leaver".

Examples of when a Radiologist Shareholder or Management Shareholder is a "Good Leaver" are:

- Death or total and permanent incapacity;
- Permanent retirement from the Diagnostic Imaging industry (including by career change);
- Termination of employment by the employer other than due to breach of employment contract;
- Genuinely relocating permanently (by giving notice to the Company) to a place outside the area specified in the Shareholder's employment agreement with IDX, and the Shareholder has used their best endeavours to transition their Diagnostic Imaging business to another Radiologist employed by the Company;
- Transition to part-time employment (which is considered to be at least 60% of their previous full-time work load (in hours) before retirement (by giving notice to the Company) after the Shareholder reaches 55 years of age and has been continuously employed for seven years; or
- In circumstances as determined by the Board.

Examples of when a Radiologist Shareholder or Management Shareholder is a "Bad Leaver" are:

- Resigning without notice and establishing a competing practice;
- Resigning in circumstances that adversely impact IDX's business as determined by the Board; or
- Otherwise determined to be a Bad Leaver by the Board.

Where the Radiologist Shareholder or Management Shareholder is a "Good Leaver", there will be a release of Escrowed Shares from the dealing restrictions in the proportions set out below:

- Death or total and permanent incapacity – 100% release of their Escrowed Shares;
- Permanent retirement from the Diagnostic Imaging industry (including by career change) – staged release of 100% of their Escrowed Shares over three years (subject to satisfaction of certain conditions as determined by the Board);
- Termination of employment by the employer other than due to breach of employment contract – 100% release of their Escrowed Shares;
- Relocated leaver – staged release of 100% of their Escrowed Shares over three years;
- Retirement transition – 20% release of their Escrowed Shares, with the remaining 80% of Escrowed Shares subject to the normal escrow arrangements; or
- A reduced escrow period at the Board's discretion after considering the individual circumstances of the Shareholder (e.g. age).

Where the Radiologist Shareholder or Management Shareholder is a "Bad Leaver", Escrowed Shares will remain escrowed for up to three years. In addition, the Board has the ability to force the sale of up to $1 million (indexed for inflation) of the Escrowed Shares at any time before the three year period ends and keep all or some of the proceeds to cover any loss resulting from departure. In these circumstances, the remaining Escrowed Shares held after the sale remain escrowed on the terms referred to in this paragraph.

9.5.1.2 AGE BASED EXCEPTIONS

Where a Radiologist Shareholder or Management Shareholder is, prior to the release of the Company's financial results for the full year ending 30 June 2016 to ASX, 60 years of age or older, 100% of their Escrowed Shares, except for the Retained Shares, will become subject to the terms of the Short Term Escrow (that is, released in the first three years) as detailed in Table 31 above.

Where a Radiologist Shareholder or Management Shareholder turns 60 years of age after the release of the Company's financial results for the full year ending 30 June 2016 to ASX but before the release of the Company's financial results for the full year ending 30 June 2017, except for the Retained Shares (as detailed in Table 31 above):

- The release terms of the Escrowed Shares subject to Short Term Escrow will remain unchanged;
- Two thirds of the Escrowed Shares subject to Medium Term Escrow and Long Term Escrow will be released from escrow on the business day after the release of the Company's financial results for the full year ending 30 June 2017; and
- The remaining one third of the Escrowed Shares subject to Medium Term Escrow and Long Term Escrow will be released from escrow on the business day after the release of the Company's financial results for the full year ending 30 June 2018.

Where a Radiologist Shareholder or Management Shareholder turns 60 years of age after the release of the Company's financial results for the full year ending 30 June 2017 to ASX but before the release of the Company's financial results for the full year ending 30 June 2018, except for the Retained Shares (as detailed in Table 31 above):

- The release terms of the Escrowed Shares subject to Short Term Escrow will remain unchanged; and
- All of the Escrowed Shares subject to Medium Term Escrow and Long Term Escrow will be released from escrow on the business day after the release of the Company's financial results for the full year ending 30 June 2018.

9.5.1.3 BOARD DISCRETION

The Board will at all times have an unfettered discretion to change the escrow arrangements having regard to the individual circumstances in a manner that is no less favourable to an individual Radiologist Shareholder or Management Shareholder than the escrow arrangements set out in this Section 9.5.1.

9.5.1.4 SHARES SUBJECT TO PUT OPTION ARRANGEMENTS

The Put Option Shares (which are subject to the Put Option Arrangements described in Section 9.3) will be released from voluntary escrow arrangements on exercise of the relevant put option. The Put Option Shares will be transferred to SaleCo and then to the Advent Funds in accordance with the Securities Lending Arrangements and become subject to the voluntary escrow arrangements applicable to Shares held by the Advent Funds as described in Section 9.5.2 below. If the Put Option is not exercised, the Put Option Shares are subject to Short Term Escrow.

9.5.1.5 OTHER

A small number of Existing Shareholders are subject to a different voluntary escrow arrangement in respect of approximately 1.9 million Existing Shares due to circumstances applicable to them as at (or prior to) the Prospectus Date. These circumstances include whether restrictions applied to their shares prior to the Prospectus Date, the number of shares they hold, when the shares were acquired and the consideration paid for them and the status of their employment arrangements with IDX.

These Existing Shares will be escrowed until the business day after the date on which IDX's full-year results for the period ending 30 June 2016 are released to ASX.

9.5.2. ADVENT FUNDS

Subject to the exceptions set out below, all of the Existing Shares held by the Advent Funds on Completion of the Offer will be subject to voluntary escrow arrangements until the business day after the date on which IDX's full-year results for the period ending 30 June 2016 are released to ASX.

The Advent Funds will be released early from these escrow obligations and dispose of up to 25% of their Escrowed Shares after both of the following conditions have been satisfied:

- IDX's financial results for the period ended 31 December 2015 have been released to ASX; and
- the volume weighted average price of Shares on ASX for any period of 20 consecutive trading days occurring after the financial results of IDX for the period ended 31 December 2015 have been released to ASX is at least 20% higher than the Offer Price.

Certain Shares held by the Advent Funds will be released from escrow in order to give effect to the Put Option Arrangements described in Section 9.3. To the extent they are not already escrowed, any Shares that are transferred to the Advent Funds by SaleCo pursuant to the Put Option Arrangements and Securities Lending Arrangements will be subject to the same voluntary escrow arrangements in respect of Shares held by the Advent Funds as described above.

9.5.3. HELEN KURINCIC

All of the Existing Shares held by the Chairman, Helen Kurincic, on Completion of the Offer will be subject to voluntary escrow arrangements until the business day after the date on which IDX's full-year results for the period ending 30 June 2016 are released to ASX.

9.6. OPERATIONAL MATERIAL CONTRACTS

9.6.1. HOSPITAL SITE ARRANGEMENTS

As noted above in Section 3.2, IDX provides Diagnostic Imaging Services at a number of hospital sites. Where it does this, the Company or a related body corporate enters into contractual arrangements with the entity operating the hospital. Below is an outline of the key characteristics of these contractual arrangements. As the arrangements can vary widely, this is a summary of their typical terms only.

Overview
Under the arrangements, hospitals engage IDX to provide Diagnostic Imaging Services to the hospitals' patients. Generally, IDX provides the services on site at the relevant hospital, and under some arrangements IDX provides services off site as well. A large majority of the arrangements tie IDX's service contract to a separate lease by IDX of a consulting suite at the hospital site. The service contracts and the consulting suite leases operate interdependently so that, generally, the existence of the one depends on the other.

Revenue and costs
When engaged by a public hospital, IDX's fees are paid by the hospital, and are based on a percentage of the relevant MBS rate. The percentage varies from arrangement to arrangement. When engaged by a private hospital, IDX charges patients directly for its services. In practice, fees for private hospital patients are mostly paid by private health insurers, and IDX has entered into agreements with several insurers determining how those fees are charged.

Under most arrangements, IDX is responsible for the cost of providing and maintaining its own medical equipment. In many cases, IDX is required to pay the hospital a 'facility fee' for use of the hospital's administrative and nursing staff. Where IDX has entered into a hospital arrangement that includes a consulting suite lease, IDX also pays rent to the hospital.

Exclusivity
Generally, hospitals do not engage IDX on an exclusive basis, such that the hospitals are permitted to source Diagnostic Imaging Services from other suppliers. Despite this, private hospitals are typically restricted from leasing space at the hospital site to other Diagnostic Imaging providers apart from IDX, such that IDX has 'site exclusivity'.

Term and renewal
The term of the Company's hospital arrangements range from 4 to 8 years, with the majority being for 5 or more years. Typically, there is at least 1 option to renew for a further term, the length of which is typically 5 or more years. Renewal of a hospital arrangement is at the discretion of IDX in some instances, and at that of the hospital in others, but is usually conditional on certain circumstances, such as IDX having not committed any breaches of the arrangement, and, for those arrangements that include a consulting suite lease, the lease also being renewed.

Termination

In most cases, neither the hospital nor IDX is permitted to terminate for convenience prior to the end of the agreed term. However, a large majority provide that the hospital may terminate on the occurrence of specified events, which are generally similar to the following:

- IDX commits an irremediable breach of the agreement, or fails to remedy a breach, of which it has been notified, within a certain time;
- IDX ceases to carry on its business;
- IDX suffers an event adverse to its solvency;
- IDX fails to meet certain quality of service requirements (such as agreed turn around times for reports);
- IDX fails to maintain the authorisations necessary to provide the services; or
- IDX commits an act which detrimentally affects or reflects upon the hospital or certain of the hospital's associated parties.

In addition, termination or expiration of a consulting suite lease will typically trigger the termination of the hospital arrangement. Consulting suite leases can generally be terminated by the hospital on an event of default, including if IDX fails to pay rent, suffers an event adverse to its solvency, breaches its other obligations under the lease, and, in some instances, undergoes a change of control without the hospital's consent.

9.6.2. ARRANGEMENTS EXPIRING IN FY2016

As noted in Section 5.2.4, IDX is in discussions with the WA Country Health Service in relation to the following arrangements:

- The terms of renewal of the Bunbury hospital medical imaging services agreement. The WA Country Health Service has exercised an option to extend this agreement (which is due to expire in October 2015). The terms of the contract extension are subject to agreement between the parties on revised fee levels for the renewal period. If the parties do not agree revised fee levels within a specified period, or alternatively if IDX does not accept the contract renewal on current fee levels, the agreement will expire; and
- IDX is currently performing services under a number of reporting contracts with the WA Country Health Service that expire on 30 June 2016. One reporting contract was not formally renewed in writing at the last contract expiry date. However IDX has continued to provide services, and the WA Country Health Service has continued to engage IDX, in accordance with the terms of the contract. The parties are currently in discussions to formally renew this contract until 30 June 2016, when the extension period for the contract was intended to expire.

There is no guarantee that any of these agreements will be renewed on commercially acceptable terms, or at all.

In circumstances where a service agreement or service level agreement is connected, or interdependent, with a related property lease, the term of the lease generally coincides with the term of the relevant agreement (and the term of the relevant agreement will generally coincide with the term of the lease).

Accordingly, in the event that IDX materially breaches certain of its property leases, there is a risk that the breach (or subsequent termination by the landlord) may give the hospital termination rights under the relevant service agreement or service level agreement.

9.7. RELATIONSHIP DEED

The Advent Funds will have an 11.0% to 14.9% shareholding in IDX on Completion of the Offer. The Company has entered into a Relationship Deed with each of the Advent Funds on or around 1 October 2015.

The Relationship Deed requires the provision of certain information by the Company to the Advent Funds such as:

- accounting and financial information including unaudited consolidated management accounts and audited year-end financial statements;
- information to assist the Advent Funds in arranging acquisition, debt or equity financing; and
- reasonable representation letters, certificates and consents from management or the Board as required by the Advent Funds from time to time.

The Relationship Deed also contains restrictions on the use of confidential information received by the Advent Funds under the Relationship Deed.

The Company is not required to provide information in accordance with the Relationship Deed to the extent that it would cause a breach of law by the Company or the Advent Funds. The Advent Funds' rights to receive information will terminate when the Advent Funds no longer require the information for their reporting requirements, or if the Advent Funds' shareholding in IDX falls below 5%.

The Relationship Deed also provides that whilst the Advent Funds together hold between 10% and 30% of the issued Shares, they have the right to nominate, remove and replace one Director, and whilst they hold at least 30% they have the right to nominate, remove and replace two Directors. The Relationship Deed also provides for the proper management of conflicts of interest, and provides that each Director appointed by the Advent Funds must act in the best interests of the Company and owes a duty of confidentiality to the Company.

The Relationship Deed terminates if the Advent Funds' shareholding in IDX falls below 5%.

For the period to 31 December 2015, the Shares which the Advent Funds have lent to SaleCo pursuant to the Securities Lending Arrangements described in Section 9.3 will be included in calculating the Advent Funds' shareholding in the Company for the purposes of the Relationship Deed.

9.8. ADDITIONAL ARRANGEMENTS WITH RADIOLOGIST SHAREHOLDERS AND MANAGEMENT SHAREHOLDERS

There are three property trusts (beneficially owned by a variety of Radiologist Shareholders and Management Shareholders) that lease properties in Corio, Wendouree, Ballarat, Melton and Ocean Grove (all in Victoria) to IDX on commercial arm's length terms.

The unitholders in these property trusts include John Livingston and Dr Chien Ho who are Directors. These property trusts will receive approximately $567,000 in total rent each year.

Approval for the above lease arrangements has not been sought from Shareholders as they are all on commercial arm's length terms. The Company does not believe there are any risks associated with these lease arrangements as they are all on commercial arm's length terms.

IDX has standard policies, procedures and approvals in place for considering and entering into related party transactions.

9.9. TAXATION CONSIDERATIONS

The following comments provide a general summary of Australian tax issues for Australian tax resident investors who acquire Shares under this Prospectus.

The categories of investors considered in this summary are limited to individuals, certain companies, trusts, partnerships and complying superannuation funds, each of whom hold their shares on capital account.

This summary does not consider the consequences for non-Australian tax resident investors, or Australian tax resident investors who are insurance companies, banks, investors that hold their shares on revenue account or carry on a business of trading in shares or investors who are exempt from Australian tax. This summary also does not cover the consequences for Australian tax resident investors who are subject to Division 230 of the Income Tax Assessment Act 1997 (the Taxation of Financial Arrangements or "TOFA" regime).

This summary is based on the law in Australia in force at the Prospectus Date. This summary does not take into account the tax law of countries other than Australia. This summary is general in nature and is not intended to be an authoritative or complete statement of the applicable law. The taxation laws of Australia or their interpretation may change. The precise implications of ownership or disposal of the Shares will depend upon each investor's specific circumstances.

Investors should obtain their own advice on the taxation implications of holding or disposing of the Shares, taking into account their specific circumstances.

9.9.1. DIVIDENDS ON A SHARE

9.9.1.1 INDIVIDUALS AND COMPLYING SUPERANNUATION ENTITIES

Where dividends on a Share are distributed, those dividends will constitute assessable income of an Australian tax resident investor. Australian tax resident investors who are individuals or complying superannuation entities should include the dividend in their assessable income in the year they derive the dividend, together with any franking credit attached to that dividend if they are a "qualified person" (refer further comments below). Such investors should be entitled to a tax offset equal to the franking credit attached to the dividend subject to being a "qualified person" or where the investor receives less than $5,000 in franking credits from all sources for the income year. The tax offset can be applied to reduce the tax payable on the investor's taxable income. Where the tax offset exceeds the tax payable on the investor's taxable income in an income year, such investors should be entitled to a tax refund.

Where a dividend paid is unfranked, the investor will generally be taxed at their prevailing tax rate on the dividend received with no tax offset.

9.9.1.2 CORPORATE INVESTORS

Corporate investors are required to include both the dividend and associated franking credit in their assessable income subject to being a "qualified person". A tax offset is then allowed up to the amount of the franking credit on the dividend.

An Australian resident corporate investor should be entitled to a credit in its own franking account to the extent of the franking credit attached to the dividend received. Such corporate investors can then pass on the benefit of the franking credits to their own investor(s) on the payment of dividends.

Excess franking credits received cannot give rise to a refund, but may be able to be converted into carry forward tax losses.

9.9.1.3 TRUSTS AND PARTNERSHIPS

Investors who are trustees (other than trustees of complying superannuation entities) or partnerships should include the franking credit in their assessable income in determining the net income of the trust or partnership. Subject to being a "qualified person", the relevant beneficiary or partner may be entitled to a tax offset equal to the beneficiary's or partner's share of the franking credit received by the trust or partnership.

9.9.1.4 SHARES HELD AT RISK

The benefit of franking credits can be denied where an investor is not a "qualified person" in which case the investor will not be able to include an amount for the franking credits in their assessable income and will not be entitled to a tax offset.

Broadly, to be a qualified person, an investor must satisfy the holding period rule including, if necessary, the related payment rule.

The holding period rule requires an investor to hold the Shares "at risk" for more than 45 days continuously, measured as the period commencing the day after the investor acquires the Shares and ending on the 45th day after the Shares become ex-dividend. Any day on which an investor has a materially diminished risk or loss of opportunity for gain (through transactions such as granting options or warrants over Shares or entering into a contract to sell the Shares) will not be counted as a day on which the investor held the Shares "at risk". This holding period rule is subject to certain exceptions. Special rules apply to trusts and beneficiaries.

Under the related payment rule, a different testing period applies where the investor has made, or is under an obligation to make, a related payment in relation to a dividend. A related payment is one where an investor or their associate passes on the benefit of the franking credit to another person. The related payment rule requires the investor to have held the Shares at risk for a period commencing on the 45th day before, and ending on the 45th day after the day the Shares become ex-dividend. Practically, this should not impact investors who do not pass the benefit of the dividend to another person. Investors should obtain their own tax advice to determine if these requirements have been satisfied.

Dividend washing rules can apply such that no tax offset is available (nor is an amount required to be included in assessable income) for a dividend received. Investors should consider the impact of these rules having regard to their own personal circumstances.

9.9.2. DISPOSAL OF SHARES

The disposal of a Share by an investor will be a capital gains tax (**CGT**) event. A capital gain will arise where the capital proceeds on disposal exceed the cost base of the Share (broadly, the amount paid to acquire the Share plus any transaction costs). In the case of an arm's length on-market sale, the capital proceeds will generally be the cash proceeds from the sale.

A CGT discount may be applied against the net capital gain where the investor is an individual, complying superannuation entity or trustee, the Shares have been held for more than 12 months and certain other requirements have been met. Where the CGT discount applies, any net capital gain arising to individuals and entities acting as trustees (other than a trust that is a complying superannuation entity) may be reduced by one half after offsetting current year or prior year capital losses. For a complying superannuation entity, any net capital gain may be reduced by one third, after offsetting current year or prior year capital losses.

Where the investor is the trustee of a trust that has held the Shares for more than 12 months before disposal, the CGT discount may flow through to the beneficiaries of the trust if those beneficiaries are not companies. Investors that are trustees should seek specific advice regarding the tax consequences of distributions to beneficiaries who may qualify for discounted capital gains.

A capital loss will be realised where the reduced cost base of the Share exceeds the capital proceeds from disposal. Capital losses may only be offset against capital gains realised by the investor in the same income year or future income years, subject to certain loss recoupment tests being satisfied. Capital losses cannot be offset against other assessable income.

9.9.3. GOODS AND SERVICES TAX (GST)

Investors should not be liable for GST in respect of their investment in Shares. Investors may not be entitled to claim full input tax credits in respect of any GST paid on costs incurred in connection with their acquisition of the Shares. Separate GST advice should be sought by investors in this respect.

9.9.4. STAMP DUTY

Investors should not be liable for stamp duty in respect of their holding of Shares, unless they acquire, either alone or with an associated/related person, an interest of 90% or more in IDX. Under current stamp duty legislation, no stamp duty would ordinarily be payable by investors on any subsequent transfer of Shares.

Investors should seek their own advice as to the impact of stamp duty in their own particular circumstances.

9.9.5. TAX FILE NUMBER (TFN)

Resident investors may, if they choose, notify the Company of their TFN, ABN or a relevant exemption from withholding tax with respect to dividends. In the event the Company is not so notified, tax will automatically be deducted as the highest marginal rate, including where relevant, the Medicare Levy and Temporary Budget Repair Levy, from unfranked dividends and/or distributions.

Resident investors may be able to claim a tax credit or rebate (as applicable) in respect of any tax withheld on dividends in their income tax returns.

9.10. OWNERSHIP RESTRICTIONS

The sale and purchase of Shares are regulated by Australian laws that restrict the level of ownership or control by any one person (either alone or in combination with others). This Section 9.10 contains a general description of these laws.

9.10.1. CORPORATIONS ACT

The takeover provisions in Chapter 6 of the Corporations Act restrict acquisitions of shares in listed companies, and unlisted companies with more than 50 members, if the acquirer's (or another party's) voting power would increase to above 20%, or would increase from a starting point that is above 20% and below 90%, unless certain exceptions apply.

The Corporations Act also imposes notification requirements on persons having voting power of 5% or more in the Company.

9.10.2. FOREIGN ACQUISITIONS AND TAKEOVERS ACT

Generally, the Foreign Acquisitions and Takeovers Act 1975 (Cth) applies to acquisitions of shares and voting power in a company of 15% or more by a single foreign person and its associates (**substantial interest**), or 40% or more by two or more unassociated foreign persons and their associates (**aggregate substantial interest**). Where an acquisition of a substantial interest meets certain criteria, the acquisition may not occur unless notice of it has been given to the Federal Treasurer and the Federal Treasurer has either stated that there is no objection to the proposed acquisition in terms of the Commonwealth Government's Foreign Investment Policy or a statutory period has expired without the Federal Treasurer objecting. An acquisition of a substantial interest or an aggregate substantial interest meeting certain criteria may also lead to divestment orders unless a process of notification, and either a statement of non-objection or expiry of a statutory period without objection, has occurred.

9.11. SELLING RESTRICTIONS

No action has been taken to register or qualify this Prospectus, the Shares or the Offer or otherwise to permit a public offering of the Shares in any jurisdiction outside Australia. The Shares have not been, and will not be, registered under the US Securities Act of 1933, as amended (**US Securities Act**) or the securities laws of any state or other jurisdiction in the United States and may not be offered, sold, pledged or transferred in the United States except in accordance with an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act laws and any other applicable laws.

This Prospectus may only be distributed in Australia and, outside Australia, to persons to whom the Offer may be lawfully made in accordance with the laws of the applicable jurisdiction, provided that this Prospectus may not be distributed in the United States.

The Offer is not an offer or invitation in any jurisdiction where, or to any person to whom, such an offer or invitation would be unlawful.

Each Applicant under the Retail Offer will be taken to have represented, warranted and agreed as follows:

- It understands that the Shares have not been, and will not be, registered under the US Securities Act and may not be offered, sold or resold in the United States, except in a transaction exempt from, or not subject to, registration under the US Securities Act and any other applicable securities laws;
- It is not in the United States;
- It has not and will not send this Prospectus or any other material relating to the Offer to any person in the United States; and
- It will not offer or sell the Shares in the United States or in any other jurisdiction outside Australia except in transactions exempt from, or not subject to, registration under the US Securities Act and in compliance with all applicable laws in the jurisdiction in which the Shares are offered and sold.

Each Applicant under the Institutional Offer is required to make certain representations, warranties and covenants set out in the confirmation of allocation letter distributed to it.

9.12. DESCRIPTION OF THE SYNDICATE

The Joint Lead Managers to the Offer are Morgan Stanley and UBS.

The Co-Manager to the Offer is Morgans Financial Limited.

9.13. CONSENTS AND DISCLAIMERS OF RESPONSIBILITY

Written consents to the issue of this Prospectus have been given and, at the time of lodgement of this Prospectus with ASIC, had not been withdrawn by the following parties:

- Highbury Partnership has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Financial Adviser to the Company in the form and context in which it is named. Highbury Partnership takes no responsibility for any part of this Prospectus other than any reference to its name;
- Each of Morgan Stanley and UBS has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as an Underwriter and Joint Lead Manager in the form and context it is named. To the extent permitted by law, each of Morgan Stanley and UBS takes no responsibility for any part of this Prospectus other than any reference to its name;
- Morgans Financial Limited has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Co-Manager to the Offer in the form and context in which it is named. Morgans Financial Limited takes no responsibility for any part of this Prospectus other than any reference to its name;
- Herbert Smith Freehills has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Australian legal adviser to the Company and SaleCo (except in relation to taxation and stamp duty) in the form and context in which it is named. Herbert Smith Freehills takes no responsibility for any part of this Prospectus other than any reference to its name;
- PricewaterhouseCoopers Securities Ltd has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as Investigating Accountant to the Company in the form and context in which it is named and has given and not withdrawn its consent to the inclusion in this Prospectus of its Independent Limited Assurance Report in the form and context in which it is included. PricewaterhouseCoopers Securities Ltd takes no responsibility for any part of this Prospectus other than any reference to its name and the Independent Limited Assurance Report;

- PricewaterhouseCoopers has given, and has not withdrawn prior to lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as auditor to the Company and auditor of the special purpose financial statements of Lake Imaging Holdings Pty Ltd in FY2015; and
- Computershare Investor Services Pty Limited has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to be named in this Prospectus as the Share Registry in the form and context in which it is named. Computershare Investor Services Pty Limited has not authorised or caused the issue of and expressly disclaims and takes no responsibility for any part of this Prospectus.

No entity or person referred to above has made any statement that is included in this Prospectus or any statement on which a statement made in this Prospectus is based, except as stated above. None of the persons or entities referred to above has authorised or caused the issue of this Prospectus, does not make any offer of Shares and, subject to the law, expressly disclaims and takes no responsibility for any statements in, or omissions from, this Prospectus except as stated above.

9.14. ASX CONFIRMATIONS AND WAIVERS AND ASIC RELIEF

The Company has obtained, or expects that it will obtain, the following exemptions from ASIC and confirmations from the ASX in relation to the Offer:

- An exemption from ASIC from the pre-prospectus advertising and publicity rules in section 734(2) of the Corporations Act to permit the Company to provide employees with certain information relating to the Offer;
- An exemption from ASIC from Section 1020B(2) of the Corporations Act to permit the Shares to be sold during the conditional market;
- Confirmation from the ASX that the Company may undertake conditional and deferred settlement trading of Shares subject to certain conditions to be approved by ASX; and
- A waiver from the requirement of ASX Listing Rule 10.14 to obtain Shareholder approval in respect of the issue of Shares to Doctors Chien Ho and Sally Sojan (each of whom are Directors), under the Regional Incentive Plan, for a period of one year after Listing.

No other ASX confirmations and waivers, or ASIC relief, was obtained in connection with the Offer.

9.15. LITIGATION AND CLAIMS

As far as the Directors and the directors of SaleCo are aware, as at the Prospectus Date, there is no current or threatened civil litigation, arbitration, proceeding or administrative appeal, or criminal or governmental prosecution to which the Company or SaleCo is a party that it believes is likely to have a material adverse effect on the business or financial position of the Company or SaleCo.

9.16. COSTS OF THE OFFER

The costs of the Offer are expected to be approximately $9.6 million (excluding GST). These costs will be borne by the Company from the proceeds of the Offer. None of the Existing Shareholders will bear any costs of the Offer.

9.17. GOVERNING LAW

This Prospectus and the contracts that arise from the acceptance of the Applications and bids under this Prospectus are governed by the laws applicable in Victoria, Australia and each Applicant under this Prospectus submits to the exclusive jurisdiction of the courts of Victoria, Australia.

9.18. STATEMENT OF DIRECTORS AND DIRECTORS OF SALECO

This Prospectus is authorised by each Director and by each director of SaleCo. Each Director and each director of SaleCo has consented to the lodgement of the Prospectus with ASIC and the issuance of the Prospectus, and has not withdrawn that consent.

APPENDIX A

SIGNIFICANT ACCOUNTING POLICIES

APPENDIX A: SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the Financial Information included in Section 4 are set out below. These accounting policies are consistent with the last audited statutory general purpose financial statements of Lake Imaging Holdings Pty Ltd (as Integral Diagnostics Limited was formerly known), for the year ended 30 June 2015.

FINANCIAL INFORMATION

(A) PRINCIPLES OF CONSOLIDATION

The Financial Information is that of Integral Diagnostics Limited and all of the entities that Integral Diagnostics Limited controls. Integral Diagnostics Limited and its controlled entities together are referred to in the Financial Information as **IDX**. Integral Diagnostics Limited controls an entity where it has the power, for which it has exposure or rights to variable returns from its involvement with the entity, and for which it has the ability to use its power over the entities to affect the amount of its returns.

The financial statements of subsidiaries are prepared for the same reporting period as that of Integral Diagnostics Limited, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies which may exist.

All inter-company balances and transactions, including any unrealised profits or losses, have been eliminated on consolidation. Subsidiaries are consolidated from the date on which control is transferred to IDX and are de-recognised from the date that control ceases.

(i) Joint arrangements
Under AASB 11 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Interest in joint ventures are accounted for using the equity method (see (ii) below), after initially being recognised at cost in the consolidated balance sheet.

(ii) Equity method
Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise IDX's share of the post-acquisition profits or losses of the investee in profit or loss, and IDX's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When IDX's share of losses in an equity accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, IDX does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between IDX and its associates and joint ventures are eliminated to the extent of IDX's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by IDX.

(B) REVENUE

Revenues are recognised at the fair value of consideration received or receivable net of the amount of goods and services tax (**GST**) payable to the taxation authority. Revenue is recognised when the amount of revenue can be reliably measured, it is probable that future benefits will flow to IDX, and any criteria to be met for revenue recognition have been met.

Services
Revenue is recognised when the service is rendered.

Interest
Interest revenue is recognised when it becomes receivable on a proportional basis taking in to account the interest rates applicable to the financial assets.

(C) INCOME TAX

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities are settled. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Deferred tax assets and liabilities are offset when there is a legal enforceable right to offset current tax assets and liabilities and when the deferred tax balances related to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the assets and settle the liability simultaneously.

Tax consolidation
The Integral Diagnostics Limited and its subsidiaries have implemented the tax consolidation legislation and have formed a tax-consolidated group from 1 July 2008. This means that:

- Each entity recognises their own current and deferred tax amounts in respect of the transactions, events and balances of the entity; and
- Integral Diagnostics Limited assumes the current tax liability and any deferred tax assets relating to tax losses, arising in the subsidiary, and recognises a contribution to (or distribution from) the subsidiaries.

The tax-consolidated group also has a tax sharing agreement in place to limit the liability of subsidiaries in the tax-consolidated group, arising under the joint and several liability provisions of the tax consolidation system, in the event of default by Integral Diagnostics Limited to meet its payment obligations.

(D) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Financial Information.

(E) TRADE RECEIVABLES

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 30 to 60 days from the date of recognition.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that IDX will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the consolidated statement of comprehensive income.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance has been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(F) FINANCIAL INSTRUMENTS

Non-derivative financial instruments
Non-derivative financial instruments consist of trade and other receivables, cash and cash equivalents, borrowings, and trade and other payables, finance leases and contingent consideration.

Non-derivative financial instruments are initially recognised at fair value, plus directly attributable transaction costs (if any), except for instruments recorded at fair value through profit or loss.

Derivative financial instruments
IDX holds derivative financial instruments to hedge its risk exposures from interest rate movements. Derivatives are initially recognised at fair value and applicable transaction costs are recognised in profit or loss as they are incurred. After initial recognition, derivatives are measured at fair value and changes in value are accounted for through profit or loss.

(G) PROPERTY, PLANT AND EQUIPMENT

All plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to IDX and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation
The depreciable amount of all property, plant and equipment is depreciated over their estimated useful lives commencing from the time the asset is held ready for use.

Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Class of fixed asset	Useful lives	Depreciation basis
Leasehold improvements	5–40 years	Straight line
Plant and equipment	4–15 years	Straight line
Motor vehicles	5–8 years	Straight line
Office equipment	3–15 years	Straight line

(H) CONTRIBUTED EQUITY

Ordinary Shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

(I) INTANGIBLES

Goodwill
Goodwill is recognised initially at the excess over the aggregate of the consideration transferred, the fair value of the non-controlling interest, and the acquisition date fair value of the acquirer's previously held equity interest (in case of step acquisition), less the fair value of the identifiable assets acquired and liabilities assumed.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified based on the combination of cash-generating units that share the benefits of goodwill, being the Lake Imaging, South Coast Radiology and Global Diagnostics cash-generating units.

Goodwill is not amortised, but is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

Brand names

Brand names are not amortised, but are tested for impairment annually and are carried at cost.

Customer contracts

Customer contracts were acquired as part of a business combination. They are recognised at their fair value at the date of acquisition and are subsequently carried at cost less accumulated amortisation.

(J) IMPAIRMENT OF NON-FINANCIAL ASSETS

Goodwill and brand names that have an indefinite useful life are not subject to amortisation and are therefore tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

An impairment loss is recognised where the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is defined as the higher of its fair value less cost of disposal, and value in use.

(K) PROVISIONS

Provisions are recognised when IDX has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

(L) LEASES

Leases of property, plant and equipment where IDX, as lessee, has substantially all the risks and rewards of ownership are classified as non-current assets. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in the other short-term and long-term payables.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period, so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to IDX as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(M) EMPLOYEE BENEFITS

Short-term employee benefit obligations

Liabilities in respect of wages and salaries, annual leave, unconditional entitlements to long service leave, and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences, such as annual leave, is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

Long-term employee benefit obligations

The liabilities for long service leave where employees have not met the criteria for unconditional entitlements to long service leave are not expected to be settled wholly within twelve months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and period of service. Expected future payments are discounted using market yields at the end of the reporting period, of government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows.

Amounts not expected to be settled within the next 12 months

The current provision for employee benefits includes accrued annual leave and long service leave. For long service leave, it covers all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount of relevant provisions of $8,646,000 is presented as current, since IDX does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, IDX does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. It is expected that $1,017,000 of current leave provisions will not be taken or paid within the next 12 months.

(N) BUSINESS COMBINATIONS

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by IDX. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition basis, IDX recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is recognised as an other financial liability. Amounts are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

(O) BORROWINGS

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

Borrowings are classified as current liabilities unless IDX has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(P) TRADE AND OTHER PAYABLES

These amounts represent liabilities for goods and services provided to IDX prior to the end of financial year which are unpaid. The amounts are unsecured are usually paid within 30 days of recognition.

Trade and other payables are presented as current liabilities unless payment is not due within 12 months. They are recognised initially are their fair value and subsequently measured at amortised cost using the effective interest method.

(Q) GST

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Pro Forma balance sheet.

APPENDIX B

GLOSSARY

APPENDIX B: GLOSSARY

Term	Meaning
Actual Historical Financial Information	Has the meaning given in Section 4.1
Acquisitions	The acquisitions by the Company of Global Diagnostics and South Coast Radiology, as described in Section 4.2.1
Addressable Market	The market for all patients who receive a referral for Diagnostic Imaging, being the private market and patients receiving Outpatient treatment at public hospitals. The Addressable Market includes services funded by the Commonwealth Government, private health insurers and other parties (e.g. the Department of Veterans Affairs, State-based compulsory workers compensation insurance schemes and third party compulsory motor vehicle insurers). The majority of Diagnostic Imaging Services in the Addressable Market are funded by the Commonwealth Government
Advent	Advent Private Capital Pty Ltd (ACN 006 235 632)
Advent Funds	The following funds, all of which are managed by Advent: • Advent CI Pty Ltd as trustee for Advent Lake Co-investment Fund; • APC I Pty Ltd as trustee for Advent 6 A Trust; • APC II Pty Ltd as trustee for Advent 6 B Trust; and • APC III Pty Ltd as trustee for Advent 6 C Trust
Applicant	A person who submits an Application
Application	An application for Shares under the Offer
Application Form	The application form attached to or accompanying this Prospectus (including the electronic form provided by an online application facility), upon which Applicants may apply for Shares under the Broker Firm Offer, Employee Offer or Priority Offer (whichever is relevant to the Applicant)
Application Payment	The amount accompanying an Application Form submitted by an Applicant, which is equal to the Offer Price or the Employee Offer Price (as applicable) multiplied by the number of Shares applied for
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited (ABN 98 008 624 691), or where the context requires, the Australian Securities Exchange, which it operates
ASX Listing Rules	The listing rules of the ASX
ASX Recommendations	The ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd Edition)
ASX Settlement Operating Rules	The settlement rules of ASX Settlement Pty Ltd (ABN 49 008 504 532)
Bank Facilities	IDX's bank facility arrangements, as described in Section 4.4.3

Term	Meaning
Board	The board of Directors
Broker	Any ASX participating organisation selected by the Joint Lead Managers and the Company to act as a broker to the Offer
Broker Firm Offer	The offer of Shares under this Prospectus to Australian resident retail clients of Brokers who receive a firm allocation of Shares from their Broker, as described in Section 7.3.1
CAGR	Compound annual growth rate
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGT	Capital gains tax
Chairman	The chairman of the Board
CHESS	ASX's Clearing House Electronic Sub-register System
Co-Manager	Morgans Financial Limited
Company	Integral Diagnostics Limited (ABN 55 130 832 816), which was converted to a public company and renamed from Lake Imaging Holdings Pty Ltd to Integral Diagnostics Limited on 1 October 2015
Completion of the Offer	Completion of the Offer, being the issue and transfer of Shares to Applicants pursuant the Offer
Constitution	The constitution of the Company
Corporations Act	Corporations Act 2001 (Cth)
CPI	The Consumer Price Index, Australia for all groups as published by the Australian Bureau of Statistics
CT or Computed Tomography	A type of Diagnostic Imaging that uses X-rays and digital computer technology to create detailed three-dimensional images of the human body. Unlike other forms of Diagnostic Imaging, a CT scan can create an image of every type of body structure at once, including bones, blood vessels and soft tissue. See also Section 2.1.1
Diagnostic Imaging	The use of various practices and processes (otherwise known as Modalities) to create images of the structures and activities inside the human body for diagnostic and treatment purposes
Diagnostic Imaging Services	The services provided by Diagnostic Imaging providers, primarily through the core Modalities of X-ray, Ultrasound, CT, MRI and Nuclear Medicine (which includes PET)
Director	A director of the Company

Term	Meaning
EBIT	Earnings before interest and tax
EBITA	Earnings before interest, tax and amortisation
EBITDA	Earnings before interest, tax, depreciation and amortisation
Eligible Employees	Australian resident permanent full-time or part-time employees of IDX as at 5.00pm (Melbourne time) on the date that is 12 months before the Prospectus Date, or as otherwise determined by the Board at its discretion
Employee Offer	The offer of Shares to Eligible Employees, as described in Section 7.3.2
Employee Offer Price	$1.72 per Share, representing a 10% discount to the Offer Price
Enterprise Value	The sum of the market capitalisation of the Company at the Offer Price and pro forma net debt of the Group on Completion of the Offer
Escrowed Shareholders	The Existing Shareholders whose Escrowed Shares are subject to the voluntary escrow terms, as described in in Section 9.5
Escrowed Shares	Shares that are subject to the voluntary escrow terms, as described in Section 9.5
Existing Shareholder	A person holding Existing Shares
Existing Shares	The Shares on issue as at the Prospectus Date
Expiry Date	The date that is 13 months after the Prospectus Date
Exposure Period	The period commencing on the date of lodgement of the Original Prospectus with ASIC (1 October 2015) and ending on 9 October 2015
Financial Adviser	Highbury Partnership
Financial Information	Together, the: • Historical Financial Information; and • Forecast Financial Information
Forecast Financial Information	Has the meaning given in Section 4.1
FY2013	Financial year ended 30 June 2013
FY2014	Financial year ended 30 June 2014
FY2015	Financial year ended 30 June 2015

Term	Meaning
FY2016F	Financial year ending 30 June 2016 (on a forecast basis)
Global Diagnostics	IDX's Western Australian business, which is operated by Global Diagnostics (Australia) Pty Ltd (ABN 51 077 474 518)
Group	IDX and each of its subsidiaries, which as at the Prospectus Date comprised the entitles set out in Section 9.1.3
GST	Goods and services tax
Highbury Partnership	Highbury Partnership Pty Limited (ABN 14 162 169 502 / AFSL 434566)
Historical Financial Information	Has the meaning given in Section 4.1
IDX Offer Information Line	The information line that provides information about the Offer, details of which are set out in the Corporate Directory
IDX	The Company and, where the context requires, its subsidiaries
IFRS	Institutional Financial Reporting Standards, as issued by the International Accounting Standards Board
Independent Limited Assurance Report	The report prepared by the Investigating Accountant set out in Section 8
Inpatient	A patient who is admitted to hospital for treatment
Institutional Investors	Investors who are persons: • In Australia who are either "professional investors" or "sophisticated investors" under sections 708(11) and 708(8) of the Corporations Act; or • In certain other jurisdictions, as agreed by the Company and the Joint Lead Managers, to whom offers of Shares may lawfully be made without the need for any lodged or registered disclosure document or filing with, or approval by, any governmental agency (except one with which the Company is willing in its discretion to comply); provided that in each case such investors are not in the United States
Institutional Offer	The invitation to Institutional Investors under this Prospectus to acquire Shares, as described in Section 7.4
Investigating Accountant	PricewaterhouseCoopers Securities Ltd (ABN 54 003 311 617)
Joint Lead Managers	Morgan Stanley and UBS
Lake Imaging	IDX's Victorian business, which is operated by Lake Imaging Pty Ltd (ABN 40 098 499 293)

Term	Meaning
Listing	The admission of the Company to the official list of ASX
Loan Proceeds	The proceeds received by SaleCo for the sale of Loan Shares to Applicants
Loan Shares	Shares which are subject to the Securities Lending Arrangements
Long Term Escrow	Has the meaning given in Section 9.5.1
LSPN	Location Specific Practice Number
Management Shareholder	A Shareholder who is a Director or who is employed by the Company in a management or executive capacity (but which, for the purposes of Section 9.5 only, excludes Helen Kurincic, whose escrow restrictions are separately covered in Section 9.5)
MBS	Medicare Benefits Schedule
Medicare	The publicly funded, universal healthcare system operated by the Commonwealth Government, the primary funder of healthcare in Australia
Medium Term Escrow	Has the meaning given in Section 9.5.1
Modality	The type of equipment and technology used to take images of the interior of the human body. Types of Modalities used include X-ray, Ultrasound, CT, MRI and Nuclear Medicine (which includes PET)
Morgan Stanley	Morgan Stanley Australia Securities Limited (ACN 078 652 276)
MRI or Magnetic Resonance Imaging	A type of Diagnostic Imaging that uses a magnetic field and radio waves to take images inside the body. See also Section 2.1.1
MRI Eligible Unit	An MRI unit in respect of which a patient is entitled to receive Commonwealth Government funding
MRI Licence	An industry term that refers to the licence attaching to an MRI Eligible Unit
National CLC	The National Clinical Leadership Committee, as described in Section 6.5.4.3
New Partner Physician Plan	The plan described in Section 3.3.1.4
NPAT	Net profit after tax
NPATA	Net profit after tax excluding amortisation
Nuclear Medicine	A type of Diagnostic Imaging that uses radioactive material (known as radioisotopes), which is introduced into the human body, and a camera (known as a gamma camera), which detects the gamma rays emitted by the radioisotopes, to produces images. See also Section 2.1.1

Term	Meaning
Nuclear Medicine Technologist	Has the meaning given in Section 2.5.2
Offer	The offer under this Prospectus of Shares for issue by the Company and for sale by SaleCo
Offer Period	The period during which the Broker Firm Offer, Employee Offer and Priority Offer are open, being from 9.00am (Melbourne time) on Monday, 12 October 2015 to 5.00pm (Melbourne time) on Monday, 19 October 2015
Offer Price	The price at which Shares will be offered under the Offer (other than the Employee Offer), being $1.91 per Share. The Employee Offer Price is $1.72 per Share
Original Prospectus	The prospectus dated 1 October 2015 in relation to the Offer, which is replaced by this Prospectus
Outpatient	A patient who is referred, but not admitted, to hospital for treatment
PET or Positron Emission Technology	Positron emission tomography, a type of Nuclear Medicine. See also Section 2.1.1
Priority Offer	The offer of Shares to investors nominated by IDX as described in Section 7.3.3
Pro Forma Historical Financial Information	Has the meaning given in Section 4.1
Prospectus	This prospectus issued by the Company and SaleCo for the purposes of Chapter 6D of the Corporations Act (including the electronic form of this Prospectus) under which Shares are offered for subscription and purchase and dated 9 October 2015, which is a replacement prospectus that replaces the Original Prospectus
Prospectus Date	The date on which this Prospectus was lodged with ASIC, being 9 October 2015
Put Option Arrangements	The put option arrangements between SaleCo and certain Radiologist Shareholders described in Section 9.3
Put Option Shares	Shares which are subject to the Put Option Arrangements
Radiographer	Has the meaning given in Section 2.5.2
Radiography (X-ray)	A type of Diagnostic Imaging that utilises x-ray beams to create two-dimensional images of the internal structure of the body. See also Section 2.1.1
Radiologist	A specialist medical doctor, accredited by RANZCR, who has had specific postgraduate training in Diagnostic Imaging
Radiologist Shareholder	A Shareholder who is a Radiologist employed by the Company
RANZCR	Royal Australian and New Zealand College of Radiologists

Term	Meaning
Referrers	Referrers are medical professionals, including general practitioners, medical specialists and allied health professionals, who refer their patients to Diagnostic Imaging providers
Regional Incentive Plan	The plan described in Section 3.3.1.4
Relationship Deed	The relationship deed between the Company and the Advent Funds described in Section 9.7
Retail Offer	The Broker Firm Offer, Employee Offer and Priority Offer made under this Prospectus
SaleCo	Integral Diagnostics SaleCo Limited (ACN 608 146 443)
Securities Lending Arrangements	The securities lending arrangements between SaleCo and the Advent Funds, as described in Section 9.3
Selling Shareholders	Existing Shareholders who irrevocably offer to sell some of their Existing Shares to SaleCo for sale by SaleCo under the Offer, as described in Section 9.2
Share	A fully paid ordinary share in the capital of the Company
Share Registry	Computershare Investor Services Pty Limited (ABN 48 078 279 277)
Shareholder	A holder of one or more Shares
Short Term Escrow	Has the meaning given in Section 9.5.1
Sonographer	Has the meaning given in Section 2.5.2
South Coast Radiology	IDX's Queensland business, which is operated by SCR Corporate Pty Ltd (ABN 89 168 994 607)
State CLC	The State Clinical Leadership Committee, as described in in Section 6.5.4.3
Technical Professionals	Non-Radiologist technical professionals that assist in the provision of Diagnostic Imaging Services as described in Section 2.5.2, including Sonographers, Radiographers (medical imaging technologists) and Nuclear Medicine Technologists
TFN	Tax file number
TSR	Total shareholder return
UBS	UBS AG, Australia Branch
Ultrasound	A type of Diagnostic Imaging that uses high-frequency sound waves, which reflect and echo on a person's internal body structures to create an image. See also Section 2.1.1
Underwriters	Morgan Stanley and UBS

Term	Meaning
Underwriting Agreement	The underwriting agreement between Morgan Stanley, UBS, the Company and SaleCo as described in Section 7.5
United States	United States of America
US Securities Act	United States Securities Act of 1933, as amended
X-ray	A type of Diagnostic Imaging that utilises x-ray beams to create two-dimensional images of the internal structure of the body. See also Section 2.1.1

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

integral DIAGNOSTICS

Broker Code

Adviser Code

Integral Diagnostics Limited
ABN 55 130 832 816

Broker Firm Offer Application Form

This is an Application Form for Shares in Integral Diagnostics Limited under the Broker Firm Offer on the terms set out in the replacement prospectus dated 9 October 2015 ("Prospectus"). This Application Form should be read in conjunction with the Prospectus. Capitalised terms used in this Application Form have the meaning given in the Prospectus. If you are in doubt as to how to deal with this Application Form, please contact your accountant, lawyer, stockbroker or other professional adviser. The Prospectus contains information relevant to a decision to invest in Shares and you should read the entire Prospectus carefully before applying for Shares.

This Application Form and your cheque or bank draft must be received by your Broker by the deadline set out in their offer to you.

A **Shares applied for**

Number of Shares in Integral Diagnostics Limited at A$1.91 per Share or such lesser number of Shares which may be allocated to me/us.

B **Application Payment**

A$

C **Individual/Joint Applicants - refer to naming standards overleaf for correct forms of registrable title(s)**

Title or Company Name Given Name(s) Surname

Joint Applicant 2 or Account Designation

Joint Applicant 3 or Account Designation

D **Enter the postal address - include State and Postcode**

Unit Street Number Street Name or PO Box/Other information

City/Suburb/Town State Postcode

E **Enter your contact details**

Contact Name

Telephone Number - Business Hours

( )

F **CHESS Participant**

Holder Identification Number (HIN)

X

Please note that if you supply a CHESS HIN but the name and address details on your form do not correspond exactly with the registration details held at CHESS, your application will be deemed to be made without the CHESS HIN, and any Shares issued as a result of the Offer will be held on the Issuer Sponsored sub-register.

G **Payment details - Please note that funds are unable to be directly debited from your bank account**

Drawer	Cheque Number	BSB Number	Account Number	Amount of cheque
				A$

Cheques should be drawn according to the instructions provided by your Broker.

Lodgement of Application

The Broker Firm Offer opens at 9:00am (Melbourne time) on Monday, 12 October 2015 and is expected to close at 5:00pm (Melbourne time) on Monday, 19 October 2015. Integral Diagnostics Limited and the Joint Lead Managers may elect to extend the Offer or any part of it, or accept late Applications either generally or in particular cases. The Offer, or any part of it, may be closed at any earlier date and time, without further notice. Your Broker may also impose an earlier closing date. Applicants are therefore encouraged to submit their Applications as early as possible. If you have been contacted by your Broker regarding the Broker Firm Offer, you should ask your Broker for information about how and when to lodge this Application Form, and who to make your cheque payable to. Generally, you will lodge this Application Form and cheque payment with your Broker in accordance with their instructions. Your Broker must receive your completed Application Form and Application Payment (if applicable) in time to arrange settlement on your behalf by the Closing Date for the Broker Firm Offer. Do NOT lodge this Application form with the Share Registry.

See overleaf for completion guidelines ➔

How to complete this Broker Firm Offer Application Form

A **Number of Shares applied for**
Enter the number of Shares you wish to apply for. The Application must be for a minimum of 1,048 Shares (A$2,000). Applications for greater than 1,048 Shares must be in multiples of 262 Shares (A$500).

B **Application Payment**
Enter the amount of Application Payment. To calculate the amount, multiply the number of Shares applied for in Step A by the Offer Price of A$1.91 per Share.

C **Applicant Name(s)**
Enter the full name you wish to appear on the statement of shareholding. This must be either your own name or the name of a company. Up to 3 joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applications using the wrong form of names may be rejected. Clearing House Electronic Sub-register System (CHESS) participants should complete their name identically to that presently registered in the CHESS system.

D **Postal Address**
Enter a valid postal address for all future correspondence relating to the shareholding. All communications to you from the Share Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

E **Contact Details**
Enter your contact details. These are not compulsory but will assist us if we need to contact you regarding this Application.

F **CHESS**
Integral Diagnostics Limited will apply to participate in CHESS, operated by ASX Settlement Pty Limited, a wholly owned subsidiary of ASX Limited. If you are a CHESS participant (or are sponsored by a CHESS participant) and you wish to hold Shares issued to you under this Application on the CHESS Sub-register, enter your CHESS HIN. Otherwise, leave this section blank and on issue, you will be sponsored by Integral Diagnostics Limited and allocated a Shareholder Reference Number (SRN).

G **Payment**
If you have been contacted by your Broker regarding the Broker Firm Offer, you should ask your Broker for information about how and when to lodge this Application Form, and who to make your cheque payable to. Generally, you will lodge this Application Form and cheque payment with your Broker in accordance with their instructions.

Before completing the Application Form the Applicant(s) should read the Prospectus to which this Application relates. By submitting this Application Form, I/we declare that I/we:

- have personally received a complete paper copy or electronic copy of the Prospectus to which this Application Form relates in Australia, have read it in full and understood it and that I/we are not acting on behalf of a person resident outside Australia;
- if a natural person, is at least 18 years old;
- have provided complete and accurate details and statements in this Application Form and will lodge it according to the terms of the Prospectus;
- agree to become a member of Integral Diagnostics Limited and to be bound by and comply with the terms of the Constitution;
- acknowledge and agree that information contained in the Prospectus is not investment advice or a recommendation that the Shares are suitable to me/us, given my/our investment objectives, financial situation or particular need;
- authorise the Joint Lead Managers and Integral Diagnostics Limited and their respective officers or agents, to do anything on my/our behalf necessary (including the completion and execution of documents) to enable the Shares to be allotted to me/us;
- that my/our Application to acquire Shares is irrevocable and may not be varied or withdrawn except as allowed by law; and
- agree to being allotted the number of Shares that I/we apply for or a lower number allotted in a way allowed under the terms of the Prospectus or no Shares at all.

Privacy Notice
The personal information you provide on this form is collected by the Share Registry, as registrar for Integral Diagnostics Limited (the issuer), for the purpose of maintaining registers of securityholders, facilitating dividend payments and other corporate actions and communications. In addition, the issuer may authorise us on their behalf to send you marketing material or include such material in a corporate communication. You may elect not to receive marketing material by contacting CIS using the details provided below or emailing privacy@computershare.com.au. We may be required to collect your personal information under the Corporations Act 2001 (Cth) and ASX Settlement Operating Rules. We may disclose your personal information to our related bodies corporate and to other individuals or companies who assist us in supplying our services or who perform functions on our behalf, to the issuer for whom we maintain securities registers or to third parties upon direction by the issuer where related to the issuer's administration of your securityholding, or as otherwise required or authorised by law. Some of these recipients may be located outside Australia, including in the following countries: Canada, India, New Zealand, the Philippines, the United Kingdom and the United States of America. For further details, including how to access and correct your personal information, and information on our privacy complaints handling procedure, please contact our Privacy Officer at privacy@computershare.com.au or see our Privacy Policy at http://www.computershare.com/au.

Correct forms of registrable title(s)
Note that ONLY legal entities are allowed to hold Shares. Application Forms must be in the name(s) of a natural person(s), companies or other legal entities acceptable to Integral Diagnostics Limited. At least one full given name and the surname is required for each natural person. Examples of the correct form of registrable title are set out below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual: use given names in full, not initials	Mr John Alfred Smith	JA Smith
Company: use the company's full title, not abbreviations	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings: use full and complete names	Mr Peter Robert Williams & Ms Louise Susan Williams	Peter Robert & Louise S Williams
Trusts: use the trustee(s) personal name(s)	Mrs Susan Jane Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates: use the executor(s) personal name(s)	Ms Jane Mary Smith & Mr Frank William Smith <Est John Smith A/C>	Estate of late John Smith or John Smith Deceased
Minor (a person under the age of 18): use the name of a responsible adult with an appropriate designation	Mr John Alfred Smith <Peter Smith A/C>	Master Peter Smith
Partnerships: use the partners personal names	Mr John Robert Smith & Mr Michael John Smith <John Smith and Son A/C>	John Smith and Son
Long Names	Mr John William Alexander Robertson-Smith	Mr John W A Robertson-Smith
Clubs/Unincorporated Bodies/Business Names: use office bearer(s) personal name(s)	Mr Michael Peter Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds: use the name of the trustee of the fund	Jane Smith Pty Ltd <Super Fund A/C>	Jane Smith Pty Ltd Superannuation Fund

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

integral DIAGNOSTICS

Integral Diagnostics Limited
ABN 55 130 832 816

Broker Code

Adviser Code

Broker Firm Offer Application Form

This is an Application Form for Shares in Integral Diagnostics Limited under the Broker Firm Offer on the terms set out in the replacement prospectus dated 9 October 2015 ("Prospectus"). This Application Form should be read in conjunction with the Prospectus. Capitalised terms used in this Application Form have the meaning given in the Prospectus. If you are in doubt as to how to deal with this Application Form, please contact your accountant, lawyer, stockbroker or other professional adviser. The Prospectus contains information relevant to a decision to invest in Shares and you should read the entire Prospectus carefully before applying for Shares.

This Application Form and your cheque or bank draft must be received by your Broker by the deadline set out in their offer to you.

A Shares applied for

Number of Shares in Integral Diagnostics Limited at A$1.91 per Share or such lesser number of Shares which may be allocated to me/us.

B Application Payment

A$, , .

C Individual/Joint Applicants - refer to naming standards overleaf for correct forms of registrable title(s)

Title or Company Name Given Name(s) Surname

Joint Applicant 2 or Account Designation

Joint Applicant 3 or Account Designation

D Enter the postal address - include State and Postcode

Unit Street Number Street Name or PO Box/Other information

City/Suburb/Town State Postcode

E Enter your contact details

Contact Name

Telephone Number - Business Hours

( )

F CHESS Participant

Holder Identification Number (HIN)

X

Please note that if you supply a CHESS HIN but the name and address details on your form do not correspond exactly with the registration details held at CHESS, your application will be deemed to be made without the CHESS HIN, and any Shares issued as a result of the Offer will be held on the Issuer Sponsored sub-register.

G Payment details - Please note that funds are unable to be directly debited from your bank account

Drawer	Cheque Number	BSB Number	Account Number	Amount of cheque
				A$

Cheques should be drawn according to the instructions provided by your Broker.

Lodgement of Application

The Broker Firm Offer opens at 9:00am (Melbourne time) on Monday, 12 October 2015 and is expected to close at 5:00pm (Melbourne time) on Monday, 19 October 2015. Integral Diagnostics Limited and the Joint Lead Managers may elect to extend the Offer or any part of it, or accept late Applications either generally or in particular cases. The Offer, or any part of it, may be closed at any earlier date and time, without further notice. Your Broker may also impose an earlier closing date. Applicants are therefore encouraged to submit their Applications as early as possible. If you have been contacted by your Broker regarding the Broker Firm Offer, you should ask your Broker for information about how and when to lodge this Application Form, and who to make your cheque payable to. Generally, you will lodge this Application Form and cheque payment with your Broker in accordance with their instructions. Your Broker must receive your completed Application Form and Application Payment (if applicable) in time to arrange settlement on your behalf by the Closing Date for the Broker Firm Offer. Do NOT lodge this Application form with the Share Registry.

See overleaf for completion guidelines →

How to complete this Broker Firm Offer Application Form

A Number of Shares applied for
Enter the number of Shares you wish to apply for. The Application must be for a minimum of 1,048 Shares (A$2,000). Applications for greater than 1,048 Shares must be in multiples of 262 Shares (A$500).

B Application Payment
Enter the amount of Application Payment. To calculate the amount, multiply the number of Shares applied for in Step A by the Offer Price of A$1.91 per Share.

C Applicant Name(s)
Enter the full name you wish to appear on the statement of shareholding. This must be either your own name or the name of a company. Up to 3 joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applications using the wrong form of names may be rejected. Clearing House Electronic Sub-register System (CHESS) participants should complete their name identically to that presently registered in the CHESS system.

D Postal Address
Enter a valid postal address for all future correspondence relating to the shareholding. All communications to you from the Share Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

E Contact Details
Enter your contact details. These are not compulsory but will assist us if we need to contact you regarding this Application.

F CHESS
Integral Diagnostics Limited will apply to participate in CHESS, operated by ASX Settlement Pty Limited, a wholly owned subsidiary of ASX Limited. If you are a CHESS participant (or are sponsored by a CHESS participant) and you wish to hold Shares issued to you under this Application on the CHESS Sub-register, enter your CHESS HIN. Otherwise, leave this section blank and on issue, you will be sponsored by Integral Diagnostics Limited and allocated a Shareholder Reference Number (SRN).

G Payment
If you have been contacted by your Broker regarding the Broker Firm Offer, you should ask your Broker for information about how and when to lodge this Application Form, and who to make your cheque payable to. Generally, you will lodge this Application Form and cheque payment with your Broker in accordance with their instructions.

Before completing the Application Form the Applicant(s) should read the Prospectus to which this Application relates. By submitting this Application Form, I/we declare that I/we:

- have personally received a complete paper copy or electronic copy of the Prospectus to which this Application Form relates in Australia, have read it in full and understood it and that I/we are not acting on behalf of a person resident outside Australia;
- if a natural person, is at least 18 years old;
- have provided complete and accurate details and statements in this Application Form and will lodge it according to the terms of the Prospectus;
- agree to become a member of Integral Diagnostics Limited and to be bound by and comply with the terms of the Constitution;
- acknowledge and agree that information contained in the Prospectus is not investment advice or a recommendation that the Shares are suitable to me/us, given my/our investment objectives, financial situation or particular need;
- authorise the Joint Lead Managers and Integral Diagnostics Limited and their respective officers or agents, to do anything on my/our behalf necessary (including the completion and execution of documents) to enable the Shares to be allotted to me/us;
- that my/our Application to acquire Shares is irrevocable and may not be varied or withdrawn except as allowed by law; and
- agree to being allotted the number of Shares that I/we apply for or a lower number allotted in a way allowed under the terms of the Prospectus or no Shares at all.

Privacy Notice
The personal information you provide on this form is collected by the Share Registry, as registrar for Integral Diagnostics Limited (the issuer), for the purpose of maintaining registers of securityholders, facilitating dividend payments and other corporate actions and communications. In addition, the issuer may authorise us on their behalf to send you marketing material or include such material in a corporate communication. You may elect not to receive marketing material by contacting CIS using the details provided below or emailing privacy@computershare.com.au. We may be required to collect your personal information under the Corporations Act 2001 (Cth) and ASX Settlement Operating Rules. We may disclose your personal information to our related bodies corporate and to other individuals or companies who assist us in supplying our services or who perform functions on our behalf, to the issuer for whom we maintain securities registers or to third parties upon direction by the issuer where related to the issuer's administration of your securityholding, or as otherwise required or authorised by law. Some of these recipients may be located outside Australia, including in the following countries: Canada, India, New Zealand, the Philippines, the United Kingdom and the United States of America. For further details, including how to access and correct your personal information, and information on our privacy complaints handling procedure, please contact our Privacy Officer at privacy@computershare.com.au or see our Privacy Policy at http://www.computershare.com/au.

Correct forms of registrable title(s)
Note that ONLY legal entities are allowed to hold Shares. Application Forms must be in the name(s) of a natural person(s), companies or other legal entities acceptable to Integral Diagnostics Limited. At least one full given name and the surname is required for each natural person. Examples of the correct form of registrable title are set out below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual: use given names in full, not initials	Mr John Alfred Smith	JA Smith
Company: use the company's full title, not abbreviations	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings: use full and complete names	Mr Peter Robert Williams & Ms Louise Susan Williams	Peter Robert & Louise S Williams
Trusts: use the trustee(s) personal name(s)	Mrs Susan Jane Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates: use the executor(s) personal name(s)	Ms Jane Mary Smith & Mr Frank William Smith <Est John Smith A/C>	Estate of late John Smith or John Smith Deceased
Minor (a person under the age of 18): use the name of a responsible adult with an appropriate designation	Mr John Alfred Smith <Peter Smith A/C>	Master Peter Smith
Partnerships: use the partners personal names	Mr John Robert Smith & Mr Michael John Smith <John Smith and Son A/C>	John Smith and Son
Long Names	Mr John William Alexander Robertson-Smith	Mr John W A Robertson-Smith
Clubs/Unincorporated Bodies/Business Names: use office bearer(s) personal name(s)	Mr Michael Peter Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds: use the name of the trustee of the fund	Jane Smith Pty Ltd <Super Fund A/C>	Jane Smith Pty Ltd Superannuation Fund

CORPORATE DIRECTORY

IDX & SALECO REGISTERED OFFICE

Integral Diagnostics Limited and
Integral Diagnostics SaleCo Limited

1111 Howitt Street
Wendouree VIC 3355 Australia

FINANCIAL ADVISER

Highbury Partnership Pty Limited

Level 12, The Chifley Tower
2 Chifley Square
Sydney NSW 2000 Australia

JOINT LEAD MANAGERS

Morgan Stanley Australia Securities Limited

Level 39, The Chifley Tower
2 Chifley Square
Sydney NSW 2000 Australia

UBS AG, Australia Branch

Level 16, The Chifley Tower
2 Chifley Square
Sydney NSW 2000 Australia

CO-MANAGER

Morgans Financial Limited

Level 29, 123 Eagle Street
Brisbane QLD 4001 Australia

AUSTRALIAN LEGAL ADVISER

Herbert Smith Freehills
101 Collins Street
Melbourne VIC 3000 Australia

INVESTIGATING ACCOUNTANT

PricewaterhouseCoopers Securities Ltd

Freshwater Place, 2 Southbank Boulevard
Southbank VIC 3006 Australia

AUDITOR

PricewaterhouseCoopers

Freshwater Place, 2 Southbank Boulevard
Southbank VIC 3006 Australia

SHARE REGISTRY

Computershare Investor Services Pty Limited

Yarra Falls
452 Johnston Street
Abbotsford VIC 3067 Australia

IDX OFFER INFORMATION LINE

Within Australia

1300 387 367

Outside Australia

+61 3 9415 4620

From 9.00am to 5.00pm (Melbourne time),
Monday to Friday during the Offer Period

OFFER WEBSITE

www.idxshareoffer.com.au

integral
DIAGNOSTICS