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Model half-year report

Half-years ending on or after
31 December 2019

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About the model half-year report

Deloitte *Australian financial reporting guide*

This model half-year report should be used together with the Deloitte *Australian financial reporting guide* (the 'Guide'). The Guide provides a roadmap to financial reporting requirements and links to the various editions of the model financial reports. It also includes a comprehensive summary of key changes in financial reporting.

The Deloitte *Australian financial reporting guide* is available at www.deloitte.com/au/models. References to sections in the Guide in this model half-year report are to the 31 December 2019 edition of the Guide

Purpose and basis of preparation

This model half-year report has been developed by Deloitte Touche Tohmatsu to assist users with the preparation of **half-year reports** for a **consolidated entity** in accordance with:

- Provisions of the *Corporations Act 2001*
- Australian Accounting Standard AASB 134 *Interim Financial Reporting*
- Other requirements and guidelines current as at the date of issue, including Australian Securities Exchange ('ASX') Listing Rules and Australian Securities and Investments Commission ('ASIC') Class Orders/Corporations Instruments, Regulatory Guides and Media Releases.

Where appropriate, this model half-year report also adopts the classification criteria and other guidance contained in AASB 101 *Presentation of Financial Statements*.

Limitations

This model half-year report is not designed to meet specific needs of specialised industries and not-for-profit entities. Rather, it is intended to meet the needs of the vast majority of entities in complying with the half-year reporting requirements of the *Corporations Act 2001*. Inquiries regarding specialised industries (e.g. life insurance companies, credit unions, etc.) should be directed to an industry specialist at your nearest Deloitte Touche Tohmatsu office.

This model half-year report does not, and cannot be expected to cover all situations that may be encountered in practice. Knowledge of the disclosure provisions of the *Corporations Act 2001*, Australian Accounting Standards and Interpretations are prerequisites for the preparation of financial reports.

This publication is an illustration only and does not represent the only manner in which an entity's reporting obligations may be met. Deloitte strongly encourages preparers of financial statements to ensure that disclosures made in their half-year reports are relevant, practical and useful.

Tier 1 and Tier 2 reports

Entities preparing Tier 2 GPFS – Reduced Disclosure Requirements (RDR) are exempt from some of the disclosure requirements set out in AASB 134 *Interim Financial Reporting*. The Accounting Standard sets out disclosure requirements from which Tier 2 entities are exempt by shading the exempted requirements and adding special 'RDR' paragraphs.

These disclosures include the presentation of a third statement of financial position, segmental disclosures, disclosure of compliance with Accounting Standards, disclosures relating to seasonal information and disclosures required by AASB 3 *Business Combinations.* If an entity applying RDR chooses to present these disclosures, they must be prepared in accordance with the relevant Accounting Standards.

The model half-year report includes disclosures that apply to Tier 1 GPFS.

The illustrative disclosures in this publication which are **not** applicable to Tier 2 GPFS have been shaded in grey. Note that this publication illustrates disclosures appropriate for a listed entity preparing Tier 1 GPFS. Where Tier 2 (RDR) GPFS are being prepared for a half-year, other requirements may also need to be adapted to the entity's circumstances, e.g. any ASX Listing Rule requirements would not be relevant. Note that a listed entity preparing half-year financial reports under the *Corporations Act 2001* would not be able to prepare Tier 2 (RDR) GPFS.

About GAAP Holdings (Australia) Interim Limited

GAAP Holdings (Australia) Interim Limited is a **listed for-profit disclosing entity**, and is assumed to have presented financial statements in accordance with Australian Accounting Standards for a number of years. Therefore, it is **not a first-time adopter** of Australian Accounting Standards. AASB 1 *First-time Adoption of Australian Accounting Standards* includes additional disclosure requirements for interim periods covered by an entity's first Australian-Accounting-Standards financial statements – these are not illustrated in this publication.

The interim financial report illustrates the **presentation of a set of condensed financial statements**, as envisaged by AASB 134.8. If a complete set of financial statements is published in the interim financial report, the form and content of those statements should conform to the requirements of AASB 101 *Presentation of Financial Statements* for a complete set of financial statements. It illustrates the first time adoption of AASB 16 *Leases* (effective for reporting periods beginning on or after 1 January 2019) using the full retrospective approach, with restatement of the comparative information.

GAAP Holdings (Australia) Interim Limited's year end is 30 June 2019. Accordingly, it is preparing a half-year report for the half-year ending 31 December 2019.

Note: This publication illustrates the half-year report of a fictional listed company GAAP Holdings (Australia) Interim Limited. Accordingly, users of this publication should not attempt to cross-reference back 'facts' and figures in this model half-year report to the 31 December 2019 *Model Financial Statements*.

Source references

References to the relevant requirements are provided in the left hand column of each page of the model report. Where doubt exists as to the appropriate treatment, examination of the source of the disclosure requirement is recommended.

Abbreviations

Abbreviations used in this illustration are as follows:

Abbreviation	Meaning
AASB	Australian Accounting Standards Board, or reference to an Accounting Standard issued by the Australian Accounting Standards Board
ASIC	Australian Securities and Investments Commission
ASIC-CO/ASIC-CI	Australian Securities and Investments Commission Class Order/Corporations Instrument issued pursuant to s.341(1) of the *Corporations Act 2001*
ASIC-RG	Australian Securities and Investments Commission Regulatory Guide
ASX-LR	Australian Securities Exchange Limited Listing Rule
ASX-GN	Australian Securities Exchange Limited Guidance Note
Guide	The *Australian financial reporting guide*, available at **www.deloitte.com/au/models**
GPFS	General purpose financial statements
IASB	International Accounting Standards Board
IFRS/IAS	International Financial Reporting Standard issued by the IASB or its predecessor
IFRIC	International Financial Reporting Interpretations Committee or its predecessor, or reference to an Interpretation issued by the International Financial Reporting Interpretations Committee
Int	Interpretation issued by the AASB
Reg	Regulation of the *Corporations Regulations 2001*
s.	Section of the *Corporations Act 2001*

GAAP Holdings (Australia) Interim Limited

ACN 123 456 789

Half year report for the half-year ended
31 December 2019

Directors' report

Source	
ASIC-CI 2016/188	Information required by s.306 may be transferred to a document attached to the directors' report and half-year financial report where a clear cross reference to the pages containing the excluded information exists and certain conditions are satisfied. Where the information is transferred to the half-year financial report it will be subject to audit or review.
s.1308(7)	Where the directors' report contains information in addition to that required by the *Corporations Act 2001*, the information will be regarded as part of the directors' report for the purposes of s.1308 'False or misleading statements'.

The directors of GAAP Holdings (Australia) Interim Limited submit herewith the financial report of GAAP Holdings (Australia) Interim Limited and its subsidiaries (the Group) for the half-year ended 31 December 2019. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

s.306(1)(b) The names of the directors of the company during or since the end of the half-year are:

Name	
Mr C.J. Chambers	Mr B.M. Stavrinidis
Mr P.H. Taylor	Mr W.K. Flinders
Ms F.R. Ridley	Ms L.A. Lochert
Mr A.K. Black	Ms S.M. Saunders

s.306(1)(b) The above named directors held office during and since the end of the half-year except for:

- Mr W.K. Flinders – resigned 19 July 2019
- Ms S.M. Saunders – appointed 1 August 2019
- Ms L.A. Lochert – appointed 31 July 2019 and resigned 4 December 2019

Review of operations

s.306(1)(a) The directors' report must contain a review of the consolidated entity's operations during the half-year and the results of those operations. The *Corporations Act 2001* contains no guidance on the contents of this review.

ASX-GN10 In preparing this disclosure, entities may wish to refer to ASX Guidance Note 10 'Review of Operations and Activities: Listing Rule 4.10.17' and to the G100's 'Guide to Review of Operations and Financial Condition', providing guidance on the form and content of the consolidated entity's review of operations and the results of those operations, including specific guidance on items which might be appropriately included in such a review.

It is recommended that the review should provide users, being shareholders, prospective investors and other interested stakeholders, an understanding of the consolidated entity by providing short and long-term analysis of the business as seen through the eyes of the directors. As such, the review should aim to meet the information needs of users of financial reports relating to the current reporting period and also provide them with a basis for forming a view as to likely future performance in the context of the strategies of the consolidated entity for achieving long-term value creation and known trends in performance. This requires that the review contains a discussion of the operations of the period, including an explanation of unusual or infrequent events and transactions, and an analysis of the opportunities and risks facing the consolidated entity, together with the planned approach to managing those opportunities and risks.

Source

Given this context, preparers of annual reports are encouraged to provide:

- An overview of the consolidated entity and its strategy
- A review of operations, considering both short and longer-term value creation in the context of the consolidated entity's strategy
- Information on investments made to enhance future value creating potential
- A review of the consolidated entity's financial condition
- An overview of risk management and governance practices.

This is aimed at anchoring the review in a strategic context of how the consolidated entity is aiming to enhance shareholder value, both in the short and long term. This includes discussion of both financial and non-financial elements of performance, including analysis using relevant financial and non-financial key performance indicators. The latter may include sustainability related indicators.

The recommended contents of the review include:

- Consolidated entity overview and strategy
  - Explaining the objectives of the consolidated entity and how they are to be achieved
  - Including a discussion and analysis of key financial and non-financial performance indicators used by management in their assessment of the consolidated entity and its performance (including relevant sustainability performance indicators)
  - Discussing the main factors and influences that may have a major effect on future results (including potential longer-term effects), whether or not they were significant in the period under review. This may include discussion of market opportunities and risks; competitive advantage; changes in market share or position; economic factors; key customer and other relationships; employee skills and training; environmental, occupational health and safety aspects; significant legal issues; and innovation and technological developments
- Review of operations
  - Discussing the main activities of the consolidated entity, including significant features of operating performance for the period under review. It should cover all aspects of operations, focussing on the consolidated entity as a whole 'through the eyes of the directors'. It should not be boilerplate, and should cover significant aspects of the consolidated entity's performance in the period, financial and non-financial. Consideration should be given to unusual or infrequent events or transactions, including material acquisitions or disposals, major sources of revenues and expenses, and changes in factors which affect the results to enable users to assess the significance of the ongoing and core activities of the consolidated entity to identify the sustainability of performance over the longer-term
  - Providing the overall return attributable to shareholders in terms of dividends and increases in shareholders' funds, including a commentary on the comparison between the results of the financial year and dividends, both in total and in per share terms, and indicating the directors' overall distribution policy
- Providing information on investments made for future performance, including capital expenditure and other expenditure enhancing future performance potential. This may include marketing and advertising spend to enhance brand loyalty and reputation; staff training and development programmes; quality improvement and health and safety programs; customer relationship management; and expansion of production capacity

Source

- Review of financial conditions
  - Capital structure of the consolidated entity including capital funding and treasury policies and objectives
  - Cash from operations and other sources of capital
  - Discussion of the liquidity and funding at the end of the period under review, including restrictions on funds transfer, covenants entered into and the maturity profile of borrowings
  - Discussing the resources available to the consolidated entity not reflected in the statement of financial position, for example mineral reserves, key intellectual property (e.g. databases or specific entity competences); market-position; employee competences or resources / skills and their role in creating longer-term value
  - Impact of legislation and other external requirements having a material effect on the financial condition in the reporting period or expected to have a material effect on the financial condition in future periods
- Risk management and corporate governance practices, including management of both financial and non-financial risks.

ASIC-RG 230

Non-IFRS financial information

If the directors consider it appropriate to include non-IFRS financial information in the operating and financial review (OFR), the directors' report or another document in the annual report, the guidelines in Section D of ASIC Regulatory Guide 230 *Disclosing non-IFRS financial information* (available at **asic.gov.au**) should be followed to assist in reducing the risk of non-IFRS financial information being misleading[1].

Important considerations include that:

- IFRS financial information should be given equal or greater prominence compared to non-IFRS financial information, in particular IFRS profit
- Non-IFRS information should:
  - Be explained and reconciled to IFRS financial information
  - Be calculated consistently from period to period
  - Be unbiased and not used to remove 'bad news'.

Entities should refer to the complete document when preparing their reports as it provides detailed guidance for presenting non-IFRS financial information.

A clear statement should be made about whether the non-IFRS information has been audited or reviewed in accordance with Australian Auditing Standards.

Auditor's independence declaration

s.306(1A) The auditor's independence declaration is included on page 9 of the half-year report.

ASIC-CI 2016/188 The auditor's declaration under s.307C in relation to the audit or review for the half-year may be transferred from the directors' report into a document which is included with the directors' report and the half-year financial report. The auditor's independence declaration may not be transferred to the half-year financial report. The directors' report must include a prominent cross-reference to the page(s) containing the auditor's declaration.

[1] Non-IFRS financial information is financial information presented other than in accordance with all relevant Accounting Standards

Source

True and fair view

s.306(2) If the half-year financial report includes additional information in the notes to the condensed consolidated financial statements necessary to give a true and fair view of the financial performance and position of the disclosing entity (including the consolidated entity), the directors' report must also:

- Set out the directors' reasons for forming the opinion that the inclusion of that additional information was necessary to give a true and fair view required by s.305
- Specify where that information can be found in the half-year financial report.

ASIC-CI 2016/188 This additional information may not be transferred to the half-year financial report.

Rounding off of amounts

ASIC-CI 2016/191 The company is a company of the kind referred to in *ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191*, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

ASIC-CI 2016/191 If the company is of the kind referred to in *ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191*, dated 24 March 2016, and consequently the amounts in the directors' report and the half-year financial report are rounded, that fact must be disclosed in the financial report or the directors' report.

s.306(3)(a) Signed in accordance with a resolution of directors made pursuant to s.306(3) of the *Corporations Act 2001*.

On behalf of the Directors

(Signature)

s.306(3)(c) C.J. Chambers

Director

s.306(3)(b) Sydney, 17 February 2020

Auditor's independence declaration

Source

Deloitte.

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The Board of Directors
GAAP Holding (Australia) Interim Limited
167 Admin Ave
SYDNEY NSW 2000

17 February 2020

Dear Board Members,

GAAP Holdings (Australia) Interim Limited

s.306(1A), s.307C, ASIC-CI 2016/188

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of GAAP Holdings (Australia) Interim Limited.

As lead audit partner for the review of the financial report of GAAP Holdings (Australia) Interim Limited for the half-year ended 31 December 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

DELOITTE TOUCHE TOHMATSU

T.L. Green
Partner
Chartered Accountants

Source	
s.307C(1), (3)	If an audit firm, audit company or individual auditor conducts an audit or review of the financial report for a half-year, the lead auditor must give the directors of the company, registered scheme or disclosing entity: • A written declaration that, to the best of the lead auditor's knowledge and belief, there have been: – No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit or review, and – No contraventions of any applicable code of professional conduct in relation to the audit or review, or • A written declaration that, to the best of the lead auditor's knowledge and belief, the only contraventions of: – The auditor independence requirements of the Corporations Act 2001 in relation to the audit or review, or – Any applicable code of professional conduct in relation to the audit or review, are those contraventions details of which are set out in the declaration.
s.307C(5)(a)	The auditor's independence declaration must be given when the auditor's report is given to the directors of the company, registered scheme or disclosing entity (other than when the conditions in s.307(5A) are satisfied – see below) and must be signed by the person making the declaration.
s.307C(5A)	A declaration under s.307C(1) or s.307C(3) in relation to a financial report for a half-year satisfies the conditions in this subsection if: • The declaration is given to the directors of the company, registered scheme or disclosing entity before the directors pass a resolution under s.306(3) in relation to the directors' report for the half-year • A director signs the directors' report within 7 days after the declaration is given to the directors • The auditor's report on the financial report is made within 7 days after the directors' report is signed • The auditor's report includes either of the following statements: – A statement to the effect that the declaration would be in the same terms if it had been given to the directors at the time the auditor's report was made – A statement to the effect that circumstances have changed since the declaration was given to the directors, and setting out how the declaration would differ if it had been given to the directors at the time the auditor's report was made.
s.307C(5B)	An individual auditor or lead auditor is not required to give a declaration under s.307(1) and s.307(3) in respect of a contravention if: • The contravention was a contravention by a person of s.324CE(2) or s.324CG(2) (strict liability contravention of specific independence requirements by individual auditor or audit firm), or s.324CF(2) (contravention of independence requirements by members of audit firms), and • The person does not commit an offence because of s.324CE (4), s.324CF(4) or s.324CG(4) (quality control system defence).

Independent auditor's report

Source

> An independent auditor's report shall be prepared by the auditor in accordance with the Australian Auditing Standards.
> This publication does not include a model auditor's report.

Duty to report

Where the half-year financial report is subject to audit

s.309(1) An auditor who audits the financial report for a half-year must report to members on whether the auditor is of the opinion that the financial report is in accordance with this Act, including:

- Section 304 (compliance with accounting standards); and
- Section 305 (true and fair view).

If not of that opinion, the auditor's report must say why

s.309(2) If the auditor is of the opinion that the financial report does not comply with an accounting standard, the auditor's report must, to the extent that it is practicable to do so, quantify the effect that non-compliance has on the financial report. If it is not practicable to quantify the effect fully, the report must say why.

s.309(3), s.307(b)-(d) The auditor's report must describe:

- Any defect or irregularity in the financial report; and
- Any deficiency, failure or shortcoming in respect of the following matters:
  - Whether the auditor has been given all information, explanation and assistance necessary for the conduct of the audit
  - Whether the company, registered scheme or disclosing entity has kept financial records sufficient to enable a financial report to be prepared and audited
  - Whether the company, registered scheme or disclosing entity has kept other records and registers as required by the *Corporations Act 2001*.

Where the half-year financial report is subject to review

s.309(4) An auditor who reviews the financial report for a half-year must report to members on whether the auditor became aware of any matter in the course of the review that makes the auditor believe that the financial report does not comply with Division 2 of Part 2M.3 of the *Corporations Act 2001*, i.e.:

- Section 302 (disclosing entity must prepare half-year financial report and directors' report)
- Section 303 (contents of half-year report)
- Section 304 (compliance with accounting standards and regulations)
- Section 305 (true and fair view)
- Section 306 (half-year directors' report)

Source

s.309(5)

The review report must:

- Describe any matter the auditor became aware of in the course of the review that makes the auditor believe that the financial report does not comply with Division 2 of Part 2M.3 of the *Corporations Act 2001* (i.e. the provisions dealing with the half-year financial report and directors' report)
- Say why that matter makes the auditor believe the financial report does not comply with Division 2.

Directors' declaration

Source

The directors declare that:

s.303(4)(c) (a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

s.303(4)(d) (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

s.303(5) Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors

(Signature)

s.303(5) C.J. Chambers

Director

s.303(5) Sydney, 17 February 2020

Index to the consolidated financial statements

For guidance on the format and presentation of the financial statements see section 6.3.1 of the *Australian financial reporting guide*, available at www.deloitte.com/au/models

Condensed consolidated statement of profit or loss and other comprehensive income

for the half-year ended 31 December 2019

(Alternative 1: Single statement presentation, with expenses analysed by function)

	Note	Consolidated Half-year ended 31/12/19 $'000	Consolidated Half-year ended 31/12/18 Restated* $'000
Continuing operations			
Revenue	5		
Cost of sales			
Gross profit			
Other income			
Distribution costs			
Administrative expenses			
Other expenses			
Share of results of associates			
Share of results of joint ventures			
Restructuring costs			
Finance income – interest income			
Finance income - other			
Gains and losses arising from the derecognition of financial assets measured at amortised cost			
Gains and losses on reclassification of financial assets from amortised cost to FVTPL			
Gains and losses on reclassification of financial assets from FVTOCI to FVTPL			
Impairment losses and gains (including reversals of impairment losses) on financial assets			
Other gains and losses	6		
Finance costs			
Profit before tax	6		
Income tax expense			
Profit for the period from continuing operations			
Discontinued operation			
Profit/(loss) for the period from discontinued operation	15		
Profit for the period			

		Consolidated Half-year ended	
		31/12/19	31/12/18 Restated*
	Note	**$'000**	**$'000**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Gain/(loss) on revaluation of property			
Remeasurement of net defined benefit obligation			
Fair value gain/(loss) on equity investments designated as at FVOCI			
Fair value gain/(loss) on financial liabilities designated as at FVTPL attributable to changes in credit risk			
Share of other comprehensive income of associates			
Share of other comprehensive income of joint ventures			
Other *[describe]*			
Income tax relating to items that will not be reclassified subsequently to profit or loss			
Items that may be reclassified subsequently to profit or loss			
Debt instruments measured at FVTOCI:			
- Fair value gain/(loss) on investments in debt instruments measured at FVTOCI			
- Less: Cumulative (gain)/loss on investments in debt instruments classified as at FVTOCI reclassified to profit or loss upon disposal			
- Less: Cumulative (gain)/loss on investments in debt instruments classified as at FVTOCI reclassified to profit or loss upon reclassification from FVTOCI to FVTPL			
Cash flow hedges:			
- Fair value gain/(loss) on hedging instruments			
- Less: Cumulative (gain)/loss arising on hedging instruments reclassified to profit or loss			
Foreign currency translation, net of investment hedges of a foreign operation:			
- Foreign exchange differences on translation of foreign operations			
- Less: (Gain)/loss reclassified to profit or loss on disposal of foreign operation			
- Gain(loss) arising on hedging instruments designated as hedges of the net assets in foreign operation			
- Less: (Gain)/loss on hedging instruments reclassified to profit or loss on disposal of foreign operation			

	Note	Consolidated Half-year ended 31/12/19 $'000	31/12/18 Restated* $'000
Cost of hedging:			
- Changes in the fair value during the period in relation to transaction-related hedged items			
- Changes in the fair value during the period in relation to time-period related hedged items			
- Less: Cumulative (gain)/loss arising on changes in the fair value in relation to transaction-related hedged items reclassified to profit or loss			
- Less: Amortisation to profit or loss of cumulative (gain)/loss arising on changes in the fair value in relation to time-period related hedged item			
Share of other comprehensive income of associates			
Share of other comprehensive income of joint ventures			
Other [describe]			
Income tax relating to items that may be reclassified subsequently to profit or loss			
Other comprehensive income for the period, net of income tax			
Total comprehensive income for the period			
Profit attributable to:			
- Owners of the parent			
- Non-controlling interests			
-			
Total comprehensive income attributable to:			
- Owners of the parent			
- Non-controlling interests			
Earnings per share			
From continuing and discontinued operations			
- Basic (cents per share)		17.2	5.6
- Diluted (cents per share)		11.5	4.3
From continuing operations			
- Basic (cents per share)		15.0	6.6
- Diluted (cents per share)		10.0	5.0

* See note 2 for details regarding the change in accounting policy. The comparative information has been restated as a result of the initial application of AASB 16 *Leases* as discussed in note 2.

Source references: AASB 134.8(b)(i), 10, 11, 14 and 20(b)

Commentary

The above presentation is consistent with the International GAAP Holdings Limited Model financial statements for the year ended 31 December 2019. Some of the detailed line item disclosures are not specifically required by AASB 134. Entities should consider the most appropriate disclosures for presenting the information. Entities should however, consider the requirements of AASB 101.10 which requires that, for each component of the condensed interim financial statements (statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows), each of the headings and subtotals that were included in the entity's most recent annual financial statements should be disclosed. Additional line items are required if their omission would make the condensed interim financial statements misleading.

For guidance on the presentation of the statement of profit or loss and other comprehensive income, see section 6.3.2 of the *Australian financial reporting guide*, available at www.deloitte.com/au/models

Condensed consolidated statement of profit or loss

for the half-year ended 31 December 2019

(Alternative 2: Presentation as two statements, with expenses analysed by nature)

		Consolidated	
		Half-year ended	
		31/12/19	31/12/18 Restated*
	Note	$'000	$'000
Continuing operations			
Revenue	5		
Finance income – interest income			
Finance income - other			
Changes in inventories of finished goods and work in progress			
Raw materials and consumables used			
Depreciation and amortisation expense			
Employee benefits expense			
Finance costs			
Transport costs			
Advertising costs			
Impairment of property, plant and equipment			
Impairment of goodwill			
Other expenses			
Restructuring costs			
Share of results of associates			
Share of results of joint ventures			
Gains and losses arising from the derecognition of financial assets measured at amortised cost			
Gains and losses on reclassification of financial assets from amortised cost to FVTPL			
Impairment losses (including reversals of impairment losses) on financial assets and contract assets			
Gains and losses on reclassification of financial assets from FVTOCI to FVTPL			
Other gains and losses			
Profit/(loss) before tax	6		
Income tax expense			
Profit/(loss) for the period from continuing operations			
Discontinued operation			
Profit/(loss) for the period from discontinued operation	15		
Profit/(loss) for the period			
Attributable to:			
Owners of the parent			
Non-controlling interests			

		Consolidated	
		Half-year ended	
		31/12/19	31/12/18 Restated*
	Note	$'000	$'000
Earnings per share			
From continuing and discontinued operations			
- Basic (cents per share)			
- Diluted (cents per share)			
From continuing operations			
- Basic (cents per share)			
- Diluted (cents per share)			

* See note 2 for details regarding the change in accounting policy. The comparative information has been restated as a result of the initial application of AASB 16 as discussed in note 2.

Source references: AASB 134.8(b)(ii), 10, 11, 11A, 14 and 20(b)

Commentary

The above presentation is consistent with the International GAAP Holdings Limited Model financial statements for the year ended 31 December 2019. Some of the detailed line item disclosures are not specifically required by AASB 134. Entities should consider the most appropriate disclosures for presenting the information. Entities should however, consider the requirements of AASB 101.10 which requires that, for each component of the condensed interim financial statements (statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows), each of the headings and subtotals that were included in the entity's most recent annual financial statements should be disclosed. Additional line items are required if their omission would make the condensed interim financial statements misleading.

For guidance on the presentation of the statements of profit or loss and comprehensive income, see section 6.3.2 of the *Australian financial reporting guide*, available at www.deloitte.com/au/models

Condensed consolidated statement of profit or loss and other comprehensive income

for the half-year ended 31 December 2019

(Alternative 2: Presentation as two statements, with expenses analysed by nature – continued)

		Consolidated	
		Half-year ended	
	Note	31/12/19 $'000	31/12/18 Restated* $'000
Profit/(loss) for the period			
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Gain/(loss) on revaluation of property			
Remeasurement of net defined benefit obligation			
Fair value gain/(loss) on investments in equity investments designated as at FVOCI			
Fair value gain/(loss) on financial liabilities designated as at FVTPL attributable to changes in credit risk			
Share of other comprehensive income of associates			
Share of other comprehensive income of joint ventures			
Other *[describe]*			
Income tax relating to items that will not be reclassified subsequently to profit or loss			
Items that may be reclassified *subsequently* to profit or loss			
<u>Debt instruments measured at FVTOCI:</u>			
- Fair value gain/(loss) on investments in debt instruments measured at FVTOCI			
- Less: Cumulative (gain)/loss on investments in debt instruments classified as at FVTOCI reclassified to profit or loss upon disposal			
- Less: Cumulative (gain)/loss on investments in debt instruments classified as at FVTOCI reclassified to profit or loss upon reclassification from FVTOCI to FVTPL			
<u>Cash flow hedges:</u>			
- Fair value gain/(loss) on hedging instruments			
- Less: Cumulative (gain)/loss arising on hedging instruments reclassified to profit or loss			

	Note	Consolidated Half-year ended 31/12/19 $'000	 31/12/18 Restated* $'000
Foreign currency translation, net of investment hedges of a foreign operation:			
- Foreign exchange differences on translation of foreign operations			
- Less: (Gain)/loss reclassified to profit or loss on disposal of foreign operation			
- Gain(loss) arising on hedging instruments designated as hedges of the net assets in foreign operation			
- Less: (Gain)/loss on hedging instruments reclassified to profit or loss on disposal of foreign operation			
Cost of hedging:			
- Changes in the fair value during the period in relation to transaction-related hedged items			
- Changes in the fair value during the period in relation to time-period related hedged items			
- Less: Cumulative (gain)/loss arising on changes in the fair value in relation to transaction-related hedged items reclassified to profit or loss			
- Less: Amortisation to profit or loss of cumulative (gain)/loss arising on changes in the fair value in relation to time-period related hedged item			
Share of other comprehensive income of associates			
Share of other comprehensive income of joint ventures			
Other *[describe]*			
Income tax relating to items that may be reclassified subsequently to profit or loss			
Other comprehensive income for the period, net of income tax			
Total comprehensive income for the period			
Total comprehensive income attributable to:			
Owners of the parent			
Non-controlling interests			

* See note 2 for details regarding the change in accounting policy

Source references: AASB 134.8(b)(ii), 10, 11, 14 and 20(b)

For guidance on the presentation of the statements of profit or loss and comprehensive income, see section 6.3.2 of the *Australian financial reporting guide*, available at www.deloitte.com/au/models

Condensed consolidated statement of financial position

as at 31 December 2019

		Consolidated	
		31/12/19	30/06/19 Restated*
	Note	$'000	$'000
Current assets			
Cash and cash equivalents			
Trade and other receivables			
Contract assets			
Contract costs			
Right to returned goods asset			
Finance lease receivables			
Investments			
Derivatives			
Other financial assets			
Inventories			
Current tax assets			
[Other – describe]			
Assets classified as held for sale			
Total current assets			
Non-current assets			
Contract assets			
Contract costs			
Investments in financial assets			
Finance lease receivables			
Derivative financial instruments			
Property, plant and equipment			
Right-of-use assets	10		
Investment property			
Investments in associates	9		
Interests in joint ventures			
Goodwill	11		
Other intangible assets			
Deferred tax assets			
[Other – describe]			
Total non-current assets			
Total assets			

	Note	Consolidated	
		31/12/19	30/06/19 Restated*
		$'000	$'000
Current liabilities			
Trade and other payables			
Contract liabilities			
Refund liability			
Lease liabilities			
Borrowings	13		
Other financial liabilities			
Current tax liabilities			
Deferred income – government grant			
Provisions			
[Other – describe]			
Liabilities directly associated with assets classified as held for sale			
Total current liabilities			
Non-current liabilities			
Contract liabilities			
Lease liabilities	14		
Borrowings	13		
Convertible loan notes			
Other financial liabilities			
Liability for share-based payments			
Retirement benefit obligations			
Deferred income – government grant			
Provisions			
Deferred tax liabilities			
[Other – describe]			
Total non-current liabilities			
Total liabilities			
Net assets			
Equity			
Share capital	12		
Reserves			
Retained earnings			
Equity attributable to owners of the company			
Non-controlling interest			
Total equity			

* See note 2 for details regarding the change in accounting policy

Source references: AASB 134.8(a), 10, 14 and 20(a)

For guidance on the presentation of the statement of financial position, see section 6.3.3 of the *Australian financial reporting guide*, available at www.deloitte.com/au/models

Condensed consolidated statement of changes in equity

for the half-year ended 31 December 2019

Consolidated	Share capital $'000	Properties revaluation reserve $'000	Investments revaluation reserve $'000	Option premium on convertible notes $'000	Financial liabilities at FVTPL credit risk reserve $'000	Cash flow hedging reserve $'000	Cost of hedging reserve $'000	Foreign currency translation reserve $'000	Share-based payments reserve $'000	Retained earnings $'000	**Attributable to owners of the parent $'000**	Non-controlling interest $'000	**Total equity $'000**
Balance as at 1 July 2018													
Effect of change in accounting policy for *[insert as relevant]* (note 2)*													
Balance as at 1 July 2018 - Restated													
Profit for the period													
Other comprehensive income for the year, net of income tax													
Total comprehensive income for the period													
Payment of dividends													
Balance at 31 December 2018													
Balance as at 1 July 2019 - Restated													
Profit for the period													
Other comprehensive income for the year, net of income tax													
Total comprehensive income for the period													
Payment of dividends													
Difference arising on disposal of interest in Sub B Limited (note 15)													
Non-controlling interests arising on the acquisition of Sub X Limited (note 16)													
Balance at 31 December 2019													

* The comparative information has been restated as a result of the initial application of AASB 16 as discussed in note 2.

Source references: AASB 134.8(c), 10, 14 and 20(c)

For guidance on the presentation of the statement of changes in equity, see section 6.3.4 of the *Australian financial reporting guide*, available at www.deloitte.com/au/models

Condensed consolidated statement of cash flows

for the half-year ended 31 December 2019

		Consolidated	
		Half-year ended	
	Note	31/12/19 $'000	31/12/18 $'000
Cash flows from operating activities			
Receipts from customers			
Payments to suppliers and employees			
Cash generated from/(used in) operations			
Income taxes paid			
Cash received from the settlements of the derivative financial instruments used to hedge interest rate risk			
Cash paid due to the settlements of the derivative financial instruments used to hedge interest rate risk			
Net cash from/(used in) operating activities			
Cash flows from investing activities			
Interest received			
Dividends received from associates			
Dividends received from joint ventures			
Dividends received from equity instruments designated at FVTOCI			
Proceeds on disposal of equity instruments held at FVTOCI			
Proceeds on disposal of property, plant and equipment			
Purchases of property, plant and equipment			
Purchases of equity instruments designated at FVTOCI			
Purchases of patents and trademarks			
Acquisition of investment in an associate	9		
Proceeds from sale of interests in associates	9		
Acquisition of subsidiary	16		
Disposal of subsidiary	15		
Cash received from the settlements of the derivative financial instruments held for hedging purposes			
Cash paid due to the settlements of the derivative financial instruments held for hedging purposes			
Net cash (used in)/from investing activities			

	Note	Consolidated Half-year ended 31/12/19 $'000	Consolidated Half-year ended 31/12/18 $'000
Cash flows from financing activities			
Dividends paid	8	-	-
Interest paid			
Transaction costs related to loans and borrowings			
Repayments of loans and borrowings	12		
Proceeds from loans and borrowings	12		
Repurchase of treasury shares			
Repayment of lease liabilities			
Proceeds on issue of convertible loan notes			
Proceeds on issue of shares			
Proceeds from sale of own shares			
Proceeds on disposal of partial interest in a subsidiary that does not involve loss of control			
Net cash (used in)/from financing activities			
Net increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents at beginning of the period			
Effect of foreign exchange rate changes			
Cash and cash equivalents at the end of the period			

The comparative information has been restated as a result of the initial application of AASB 16 as discussed in note 2.

Source references: AASB 134.8(d), 10, 14 and 20(d)

For guidance on the presentation of the statement of cash flows, see section 6.3.5 of the *Australian financial reporting guide*, available at www.deloitte.com/au/models

Notes to the consolidated financial statements

Source

1. General information

Statement of compliance

AASB 134.19

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

Where Tier 2 (Reduced Disclosure Requirements) is being applied, the following statement should be made:

AASB 134.RDR19.1

The half-year report complies with Australian Accounting Standards – Reduced Disclosure Requirements issued by the Australian Accounting Standards Board.

2. New and revised Accounting Standards

Amendments to Accounting Standards and new Interpretations that are mandatorily effective for the current reporting period

AASB 101.31

A full listing of mandatorily effective standards is not required to be presented. Only include Accounting Standards and amendments to Accounting Standards that are mandatorily effective for the current period, that are applicable and the information is material.

AASB 134.16A(a), s.334(5)

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year.

For the latest Standards and amendments thereof and Interpretations effective for the current year, see section 8.5 of *Australian financial reporting guide*, and the example disclosures included in Note 2.1 of the Illustrative disclosures section of the Guide. The Guide also provides illustrative disclosures of the impacts of adopting AASB 16 *Leases* and is available at www.deloitte.com/au/models. We have also made available an edition of our *Clarity* publication dealing with disclosing the adoption of new accounting standards in financial statements. This can be found at www.deloitte.com/au/accountingtechnical.

Source

2. New and revised Accounting Standards (continued)

Amendments to Accounting Standards and new Interpretations that are mandatorily effective for the current reporting period (continued)

AASB 134.16A(a)

Where accounting policy or methods of computation changes have been made since the most recent annual financial statements, the half-year financial report shall include a description of the nature and effect of the change.

AASB 134.43

A change in accounting policy, other than one for which the transition is specified by a new Australian Accounting Standard, shall be reflected by:

- Restating the financial statements of the comparable half-year period of any prior annual reporting periods that will be restated in the annual financial statements in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*; or
- When it is impracticable to determine the cumulative effect at the beginning of the annual reporting period of applying a new accounting policy to all prior periods, adjusting the financial statements of the comparable half-year period of any prior annual reporting periods to apply the new accounting policy prospectively from the earliest date practicable.

AASB 134.44

That is, any change in accounting policy is applied either retrospectively or, if that is not practicable, prospectively, from no later than the beginning of the annual reporting period.

Disclosures about adopting AASB 16 *Leases* where the cumulative catch-up approach is used on transition

These financial statements assume the entity is using the full retrospective approach on transition to AASB 16 *Leases*, with restatement of the comparative information. Additional disclosure considerations arise in half-year financial year reports where the cumulative catch-up approach is adopted on transition to AASB 16 (as permitted by AASB 16.C5(b)).

AASB 134.16A
AASB 134.15

AASB 134.16A(a) does not replicate the specific requirement of AASB 16.C12 for a lessee applying the cumulative catch-up approach to disclose information about initial application required by paragraph 28 of AASB 108 except for the information specified in AASB 108:28(f) and instead of the information specified in AASB 108:28(f), disclose:

- The weighted average lessee's incremental borrowing rate applied to lease liabilities recognised in the statement of financial position at the date of initial application
- An explanation of any difference between:
  - Operating lease commitments disclosed applying AASB 117 at the end of the annual reporting period immediately preceding the date of initial application, discounted using the incremental borrowing rate at the date of initial application as described in AASB 16:C8(a) (see 14.6.3.3); and
  - Lease liabilities recognised in the statement of financial position at the date of initial application.

Judgement will be required to determine the appropriate level of disclosure and aggregation necessary to provide users with an understanding of the effects of new standards applied. However, we would recommend the application of paragraph AASB 16.C12 (for a lessee applying the cumulative catch-up approach) in the condensed half-year financial statements upon adoption of AASB 16.

Source

2. New and revised Accounting Standards (continued)

Amendments to Accounting Standards and new Interpretations that are mandatorily effective for the current reporting period (continued)

Whilst the requirements of AASB 101 *Presentation of Financial Statements* on key judgements and sources of estimation uncertainty do not apply to condensed half-year financial statements, an indication of the judgements taken in applying these complex new requirements can enhance the value of the disclosures provided.

In addition, whilst not directly applicable to condensed half-year financial statements, the transitional disclosures required in annual financial statements might be referred to in considering whether any more specific quantitative disclosures should be provided.

New and revised Australian Accounting Standards and Interpretations on issue but not yet effective

AASB 108.30 Although not strictly required, entities preparing Tier 1 general purpose financial statements should consider whether they should disclose information about significant new Accounting Standards and Interpretations which may have a material impact on the reported financial performance and/or financial position of the entity. This is particularly true if the impact of the new *Conceptual Framework for Financial Reporting* is expected to have material impacts on the financial statements.

More information about the views of regulators in respect of the disclosure of the impacts of new Accounting Standards can be found in section 8.5.1 of *Australian financial reporting guide.* The Guide also contains example disclosures for annual reports at 31 December 2019 (in section 2.2 in the Illustrative disclosures) and these can be adapted and referred to as relevant. The Guide is available at www.deloitte.com/au/models.

Source

3. Significant accounting policies

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

ASIC-CI 2016/191

The company is a company of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

AASB 134.16A(a)

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2019 annual financial report for the financial year ended 30 June 2019, except for the accounting policy on leases described below which has changed as a result of the adoption of AASB 16 *Leases.* The accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

AASB 134.16A(a)

Leases

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Source

3. Significant accounting policies

Leases (continued)

The Group as lessee (continued)

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used) .
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies AASB 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy (as outlined in the financial report for the annual reporting period.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other expenses" in profit or loss.

As a practical expedient, AASB 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For a contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Source

3. Significant accounting policies

Leases (continued)

The Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties. The Group also rents equipment to retailers necessary for the presentation and customer fitting and testing of footwear and equipment manufactured by the Group.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract includes both lease and non-lease components, the Group applies AASB 15 to allocate the consideration under the contract to each component

Source

4. Operating segments

Products and services from which reportable segments derive their revenues

AASB 134.16A(g)(v)

Information reported to the Group's Chief Executive (the Chief Operating Decision Maker (CODM)) for the purposes of resource allocation and assessment of segment performance is focused on the category of customer for each type of activity. The principal categories of customer are direct sales to major customers, wholesalers and internet sales. The Group's reportable segments under AASB 8 *Segment Reporting* are therefore as follows:

- [Segment A] - Electronic equipment – direct sales customers
- [Segment B] - Electronic equipment – wholesale customers
- [Segment C] - Electronic equipment – internet customers
- [Segment D] - Leisure goods – wholesale customers
- [Segment E] - Leisure goods – retail outlets
- [Segment F] - Computer software – installation of computer software for specialised business applications
- [Segment G] - Construction – construction of residential properties
- [Segment H] - Other

The leisure goods segments supply sports shoes and equipment, as well as outdoor play equipment.

The electronic equipment (direct sales) segment includes a number of direct sales operations in various cities within Country A each of which is considered as a separate operating segment by the CODM. For financial statements presentation purposes, these individual operating segments have been aggregated into a single operating segment taking into account the following factors:

- These operating segments have similar long-term gross profit margins;
- The nature of the products and production processes are similar; and
- The methods used to distribute the products to the customers are the same.
- [Other factors, please specify]

Two operations (the manufacture and sale of toys and bicycles) were discontinued with effect from 31 October 2019. The segment information reported on the next pages does not include any amounts for these discontinued operations (see note 15).

Other operations include [identify other operations and their sources of revenue if any.]

Information regarding these segments is presented below.

Source

4. Operating segments (continued)

AASB 134.16A(g)(i), (iii)

The following is an analysis of the Group's revenue and results by reportable operating segment for the half-years under review:

	Revenue		**Segment profit**	
	Half-year ended		**Half-year ended**	
	31/12/19	**31/12/18**	**31/12/19**	**31/12/18**
	$'000	**$'000 Restated***	**$'000**	**$'000 Restated***
Continuing operations				
Segment A				
Segment B				
Segment C				
Segment D				
Segment E				
Segment F				
Segment G				
Central administration costs				
Share of profits from associates				
Share of profits from joint ventures				
Finance income				
Other gains and losses				
Finance costs				
Other [describe]				
Profit before tax (AASB 134.16A(g)(vi))				
Discontinued operations				
Profit for the period from discontinued operations				
Income tax expense (continuing and discontinued operations)				
Profit after tax and discontinued operations				

* See note 2 for details regarding the change in accounting policy

AASB 134.16A(g)(i), (ii)

The revenue reported above represents revenue generated from external customers. There were no intersegment sales during the half-year.

AASB 134.16A(g)(v)

The accounting policies of the reportable segments are the same as the Group's accounting policies.

AASB 134.16A(g)(v), (vi)

Segment profit represents the profit earned by each segment without allocation of the share of profits of associates and joint ventures, central administration costs including directors' salaries, finance income, non-operating gains and losses in respect of financial instruments and finance costs, and income tax expense. This is the measure reported to the Group's Chief Executive for the purpose of resource allocation and assessment of segment performance.

Source

4. Operating segments (continued)

AASB 134.16A(g)(ii) Separate disclosure of intersegment revenues, if included in the measure of segment profit or loss reviewed by the chief operating decision maker or otherwise regularly provided to the chief operating decision maker, is required, if material.

AASB 134.16A(g)(vi) The interim financial report shall include a reconciliation of the total of the reportable segments' measures of profit or loss to the entity's profit or loss before tax expense (tax income) and discontinued operations. However, if an entity allocates to reportable segments items such as tax expense (tax income), the entity may reconcile the total of the segments' measures of profit or loss to profit or loss after those items. Material reconciling items shall be separately identified and described in that reconciliation.

AASB 134.16A(g)(iv) The following is an analysis of the Group's assets by reportable operating segment:

	31/12/19 $'000	30/06/19 $'000
Continuing operations		
Segment A		
Segment B		
Segment C		
Segment D		
Segment E		
Segment F		
Segment G		
Total segment assets		
Unallocated assets		
Total assets		

* At 30 June 2019, these operating segments included the assets of segment D and segment E which were sold on 31 October 2019.

Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments.

AASB 134.16A(g)(iv) requires disclosure of a measure of total assets and liabilities for a particular reportable segment if such amounts are regularly provided to the chief operating decision maker and if there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment. The above disclosure assumes that there is a material change in the total assets for each reportable segment and assumes that there has not been a material change in the total liabilities for each reportable segment. If there is material change in the total assets of one or some of the reportable segment(s), the disclosure can be in the form of simply explaining material changes. For example:

During the half-year reporting, the company made investments of $[x] to increase the existing operating capacity to manufacture the electronic equipment.

Source

5. Revenue

Overview of requirements

AASB 134.16A(l)

AASB 134 requires an entity to disclose a disaggregation of revenue from contracts with customers required by paragraphs 114-115 of AASB 15 *Revenue from Contracts with Customers*.

AASB 15.114

An entity shall disaggregate revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

AASB 15.B78

The extent to which an entity's revenue is disaggregated for the purposes of this disclosure depends on the facts and circumstances that pertain to the entity's contracts with customers.

AASB 15.B88

When selecting the type of category (or categories) to use to disaggregate revenue, an entity shall consider how information about the entity's revenue has been presented for other purposes, including all of the following:

- Disclosures presented outside the financial statements (for example, in earnings releases, annual reports or investor presentations)
- Information regularly reviewed by the chief operating decision maker for evaluating the financial performance of operating segments
- Other information that is similar to the types of information identified in (a) and (b) and that is used by the entity or users of the entity's financial statements to evaluate the entity's financial performance or make resource allocation division.

AASB 15.B89

Examples of categories that might be appropriate include, but are not limited to:

- Type of good or service (for example, major product lines)
- Geographical region (for example, country or region)
- Market or type of customer (for example, government and non-government customers)
- Contract duration (for example, short-term and long-term contracts)
- Timing of transfer of goods or service (for example, revenue from goods or services transferred to customers at a point in time and revenue from goods or services transferred over time)
- Sales channels (for example, goods sold directly to consumers and goods sold through intermediaries).

AASB 15.115

In addition, an entity shall disclose sufficient information to enable users of financial statements to understand the relationship between the disclosure disaggregated revenue and revenue information that is disclosed for each reportable segments, if the entity applies AASB 8 *Operating Segments*.

Other considerations

AASB 15.113(a) requires revenue recognised from contracts with customers to be disclosed separately from its other sources of revenue (e.g. rental income) unless that amount is presented separately in the statement of comprehensive income in accordance with other Standards. As the Group has no other sources of revenue apart from revenue from contracts with customers this disclosure has not been made in this model half-year report.

Source

5. Revenue (continued)

Disaggregation of revenue

The Group derives its revenue from the transfer of goods and services over time and at a point in time in the following major product lines. This is consistent with the revenue information that is disclosed for each reportable segment under AASB 8 (see Note 4). :

Source		Revenue Half-year ended 31/12/19 $'000	Revenue Half-year ended 31/12/18 $'000 Restated*
AASB 134.16A(l)	**Timing of revenue recognition**		
	At a point in time		
	Electronic equipment – direct sales		
	Electronic equipment – wholesalers and retail outlets		
	Electronic equipment – internet sales		
	Leisure goods – wholesalers		
	Leisure goods – retail outlets		
	Leisure goods – wholesalers (toys - discontinued)		
	Leisure goods – retail outlets (toys - discontinued)		
	Over time		
	Electronic equipment – direct sales		
	Electronic equipment – wholesalers and retail outlets		
	Electronic equipment – internet sales		
	Other		
	Total revenue		
AASB 15.115	Shown in the segment note as follows:		
	Continuing operations		
	Discontinuing operations		

Source

6. Results for the period

Overview of requirements

AASB 134.16A(b)

The notes to the condensed consolidated financial statements shall include explanatory comments about the seasonality or cyclicality of the half-year operations, if not disclosed elsewhere in the half-year financial report.

AASB 134.16A(c)

The notes to the condensed consolidated financial statements shall disclose, if not disclosed elsewhere in the half-year financial report, the nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size or incidence.

AASB 134.15B

The following is a list of events and transactions for which disclosures would be required if they are significant; the list is not exhaustive:

- The write-down of inventories to net realisable value and the reversal of such a write-down
- Recognition of a loss from the impairment of financial assets, property, plant and equipment, intangible assets, or other assets, and the reversal of such an impairment loss
- The reversal of any provisions for the costs of restructuring
- Acquisitions and disposals of items of property, plant and equipment
- Commitments for the purchase of property, plant and equipment
- Litigation settlements
- Corrections of prior period errors
- Changes in the business or economic circumstances that affect the fair value of the financial assets and financial liabilities, whether those assets or liabilities are recognised at fair value or amortised cost
- Any loan default or breach of a loan agreement that has not been remedied on or before the reporting date
- Related party transactions
- Transfers between levels of the fair value hierarchy used in measuring the fair value of financial instruments
- Changes in the classification of financial assets as a result of a change in the purpose or use of those assets
- Changes in contingent liabilities or contingent assets.

AASB 134.15C

Individual Accounting Standards provide guidance regarding disclosure requirements for many of the above items listed above. When an event or transaction is significant to an understanding of the changes in an entity's financial position or performance since the last annual reporting period, its interim financial report should provide an explanation of an update to the relevant information included in the financial statements of the last annual reporting period.

Level of detail in explanatory note disclosures

AASB 134 does not specify the level of detail for the disclosures required by AASB 134.15, 15B and 16A. The guiding principle is that the interim disclosures should be those that are useful in understanding the changes in financial position and performance of the entity since the last annual reporting period. It seems clear that detailed disclosures required by other Accounting Standards are not required in an interim financial report that includes condensed financial statements and selected explanatory notes. Therefore, in general, the level of detail in interim note disclosures will be less than the level of detail in annual note disclosures. The following examples illustrate this point.

For example, paragraph 126 of AASB 136 *Impairment of Assets* requires disclosure of impairment losses and reversals for each class of assets. The disclosure of impairment losses and reversals required by AASB 134.15B(b) will generally be made at the entity-wide level in condensed interim financial statements except when a particular impairment or reversal is deemed significant to an understanding of the changes in financial position and performance of the entity since the end of the last annual reporting period.

Source

7. Change in accounting estimates

AASB 134.16A(d) During the half-year the directors reassessed the useful life of certain items of plant and equipment, as follows:

Plant and equipment class	Previous estimate of useful lives used in the calculation of depreciation	Revised estimate of useful lives used in the calculation of depreciation
Buildings	50 years	40 to 45 years
Equipment under lease	5 to 10 years	5 to 7 years

The financial effect of this reassessment, assuming the assets are held until the end of their estimated useful lives, is to increase consolidated depreciation expense in the current half-year by $[x], and for the next four financial years, by the following amounts:

Financial years	$'000
2019	9
2020	7
2021	4
2021	2

8. Dividends

AASB 134.16A(f) During the half-year, GAAP Holdings (Australia) Interim Limited made the following dividend payments:

	Half-year ended 31 December 2019		Half-year ended 31 December 2018	
	Cents per share	Total $'000	Cents per share	Total $'000
Fully paid ordinary shares				
Final dividend				

AASB 134.16A(h) On 12 February 2020, the directors declared a fully franked interim dividend of [x] cents per share to the holders of fully paid ordinary shares in respect of the half-year ended 31 December 2019, to be paid to shareholders on 5 March 2020. This dividend has not been included as a liability in these financial statements. The total estimated dividend to be paid is $[x].

Source

9. Investments in associates

AASB 134.16A(i)

On 22 November 2019, the Group acquired a 30% interest in A Plus Limited, a company incorporated in Australia and engaged in the manufacture of electronic goods. The consideration for the acquisition was $[x].

At 30 June 2019, the Group held a 40% interest in K Plus Limited and accounted for the investment as an associate. In December 2018, the Group transferred a 30% interest to a third party for proceeds of $[x]. The Group has retained the remaining 10% interest, and from the date of selling the 30% interest, recognises the investment as an available-for-sale financial asset. This transaction has resulted in the recognition of a gain in profit or loss, calculated as follows:

	$'000
Proceeds of disposal	
Add: Fair value of investment retained	
Less: Carrying amount of investment on the date of loss of significant influence	
Gain recognised on disposal of associate interest	

The Group recognised net income tax expense of $[x] on disposal of the associate interest, and additional deferred tax expense of $[x] relating to the fair value uplift of the remaining interest.

10. Leases (Group as a lessee)

Other considerations

AASB 134.15C

AASB 134.15C expresses a broader principle that "[w]hen an event or transaction is significant to an understanding of the changes in an entity's financial position or performance since the last annual reporting period, its half-year financial report should provide an explanation of and an update to the relevant information included in the financial statements of the last annual reporting period."

Determining the appropriate disclosures necessary to satisfy these requirements as well as investor expectations of information on changes in, for example, reported revenue and profit will necessitate the application of judgement as the appropriate level of disclosure will differ depending on the extent and nature of the changes resulting from new Standards such as AASB 16.

In making this assessment, entities should also take account of any additional requirements on the disclosure of changes in accounting policies applied by the Australian Securities and Investments Commission (ASIC).

The disclosures below illustrate disclosures that would be required in an annual reporting period in accordance with AASB 16 *Leases*. Whilst the disclosure requirements of AASB 16 may be considered to exceed those required under AASB 134, such disclosures may be considered best practice in half-year financial reports when major new standards such as AASB 16 are being applied for the first time. However, the impact of AASB 16 will differ for each entity, and the disclosures outlined below should be considered guidance only. Each entity should develop disclosures that are relevant to their circumstances.

Source

10. Leases (Group as a lessee) (continued)

Right-of-use assets

Source		Buildings $'000	Plant $'000	Equipment $'000	Total $'000
	Cost				
	At 1 July 2018 – Restated				
	Additions				
	At 30 June 2019 – Restated				
	Additions				
	At 31 December 2019				
	Accumulated depreciation				
	At 1 July 2018 – Restated				
AASB 16:53(a)	Charge for the year				
	At 30 June 2019 – Restated				
AASB 16:53(a)	Charge for the half year				
	At 31 December 2019				
	Carrying amount				
AASB 16:53(j)	At 31 December 2019				
AASB 16:53(j)	At 30 June 2019 – Restated				

AASB 16:59(a) The Group leases several assets including buildings, plant and IT equipment. The average lease term is 5 years (2018: 5 years).

The Group has options to purchase certain manufacturing equipment for a nominal amount at the end of the lease term. The Group's obligations are secured by the lessors' title to the leased assets for such leases.

AASB 16:53(h) Approximately one fifth of the leases for buildings and equipment expired in the current half year. The expired contracts were replaced by new leases for identical underlying assets. This resulted in additions to right-of-use assets of $[x] in 2019 (2018: $[x]).

The maturity analysis of lease liabilities is presented in note 14.

Source		Half-year ended 31/12/19 $'000	Half-year ended 31/12/18 Restated* $'000
AASB 16:54	**Amounts recognised in profit and loss**		
AASB 16:53(a)	Depreciation expense on right-of-use assets		
AASB 16:53(b)	Interest expense on lease liabilities		
AASB 16.53(c)	Expense relating to short-term leases		
AASB 16.53(d)	Expense relating to leases of low value assets		
AASB 16.53(e)	Expense relating to variable lease payments not included in the measurement of the lease liability		
AASB 16.53(f)	Income from sub-leasing right-of-use assets		

Source

10. Leases (Group as a lessee) (continued)

AASB 16.55

At 31 December 2019, the Group is committed to $[x] (2018: $[x]) for short-term leases.

AASB 16:59(b); AASB 16:B49

Some of the property leases in which the Group is the lessee contain variable lease payment terms that are linked to sales generated from the leased stores. Variable payment terms are used to link rental payments to store cash flows and reduce fixed cost. The breakdown of lease payments for these stores is as follows.

	Half-year ended	
	31/12/19	**31/12/18 Restated***
	$'000	**$'000**
Fixed payments		
Variable payments		
Total payments		

AASB 16:59(b)(i); AASB 16:B49

Overall the variable payments constitute up to __ % of the Group's entire lease payments. The Group expects this ratio to remain constant in future years. The variable payments depend on sales and consequently on the overall economic development over the next few years. Taking into account the development of sales expected over the next __ years, variable rent expenses are expected to continue to present a similar proportion of store sales in future years.

AASB 16:53(g)

The total cash outflow for leases amount to $[x] (2018: $[x]).

On [date] 2019, [Subsidiary X Limited] entered into a 10-year lease to rent property, which had not commenced by the year-end and as a result, a lease liability and right-of-use asset has not been recognised at 31 December 2019. The aggregate future cash outflows to which the Group is exposed in respect of this contract is:

- Fixed payments of $[x] per year, for the next 10 years.

There are no extension or termination options on the lease.

Commentary

In addition to the disclosures required in paragraphs 53–58, a lessee is required to disclose (in annual reporting periods) additional qualitative and quantitative information about its leasing activities necessary to meet the disclosure objective in paragraph 51. This additional information may include, but is not limited to, information that helps users of financial statements to assess:

- The nature of the lessee's leasing activities
- Future cash outflows to which the lessee is potentially exposed that are not reflected in the measurement of lease liabilities. This includes exposure arising from:
  - Variable lease payments
  - Extension options and termination options
  - Residual value guarantees
  - Leases not yet commenced to which the lessee is committed
- Restrictions or covenants imposed by leases
- Sale and leaseback transactions.

AASB 134.15

These disclosures may also be relevant in half-year financial reports where they are significant to an understanding of the changes in financial position and financial performance of the entity since the end of the last annual reporting period. Information disclosed in relation to those events and transactions update the relevant information presented in the most recent annual financial report.

Source

11. Goodwill

AASB 134.16A(i), AASB 3.61, B67(d)

Where there has been a business combination during the half-year, the entity is required to disclose the information required by AASB 3 *Business Combinations* in respect of goodwill.

Source		Half-year ended 31/12/19 $'000	Half-year ended 31/12/18 $'000
	Gross carrying amount		
AASB 3.B67(d)(i)	Balance at beginning of the period		
AASB 3.B67(d)(ii)	Additional amounts recognised from business combinations occurring during the period (i) (note 16)		
AASB 3.B67(d)(iii)	Adjustments resulting from the subsequent recognition of deferred tax assets		
AASB 3.B67(d)(iv)	Derecognised on disposal of a subsidiary		
AASB 3.B67(d)(iv)	Reclassified as held for sale		
AASB 3.B67(d)(vi)	Effects of foreign currency exchange differences		
AASB 3.B67(d)(vii)	Other [describe]		
AASB 3.B67(d)(viii)	Balance at end of the period		
	Accumulated impairment losses		
AASB 3.B67(d)(i)	Balance at beginning of the period	-	-
AASB 3.B67(d)(v)	Impairment losses for the period	-	-
AASB 3.B67(d)(iv)	Derecognised on disposal of a subsidiary	-	-
AASB 3.B67(d)(iv)	Classified as held for sale	-	-
AASB 3.B67(d)(vi)	Effect of foreign currency exchange differences	-	-
AASB 3.B67(d)(viii)	Balance at end of the period	-	-
	Net book value		
	At the beginning of the period		
	At the end of the period		

AASB 3.B67(d)(ii), (iv)

(i) Other than goodwill included in a disposal group that on acquisition met the criteria for classification as held for sale. No such acquisitions were made during the half-year (2018: nil).

Source

12. Issues, repurchases and repayments of debt and equity securities

AASB 134.16A(e)

Issued capital as at 31 December 2019 amounted to $[x] ([x] ordinary shares). There were no movements in the issued capital of the company in either the current or the prior half-years.

[Otherwise, describe or provide additional disclosure as appropriate, for example:]

During the half-year, the company issued [no.] ordinary shares for $[x] on exercise of [no.] share options issued under its executive share option plan. As a result of this share issue, $[x] was transferred from the equity-settled employee benefits reserve to issued capital. There were no other movements in the ordinary share capital or other issued share capital of the company in the current or prior half-year.

The company issued [no.] share options (2018: [no.]) over ordinary shares under its executive share option plan during the half-year. These share options had a fair value at grant date of $[x.xx] per share option (2018: $[x.xx]).

Alternative ways to provide this disclosure

AASB 134.16A(e)
AASB 107.44A

AASB 134 requires the disclosure of issues, repurchases and repayments of debt and equity securities. AASB 107 also requires disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. One way to fulfil this disclosure requirement is by providing a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities.

In half-year reports, entities may wish to present the information required by AASB 107 in order to meet the requirements of AASB 134 in respect of debt securities. Additional information about changes in equity securities will need to also be given to meet the requirements of AASB 134.

13. Borrowings

AASB 134.16A(e)

During the half-year, the Group obtained a new short-term bank loan to the amount of $[x] (2018: $[x]). The loan bears interest at variable market rates and is repayable within one year. The proceeds from the loan have been used to meet short-term expenditure needs. Repayments of other bank loans amounting to $[x] (2018: $[x]) were made in line with previously disclosed repayment terms.

Source

14. Lease liabilities

See *Commentary* under note 10 which is also applicable to this note disclosure.

IFRS 16:58; IFRS 7:39(a); IFRS 16:BC221

	Half-year ended 31/12/19 $'000	Half-year ended 30/06/19 Restated* $'000
Maturity analysis:		
Year 1		
Year 2		
Year 3		
Year 4		
Year 5		
Onwards		
Less: unearned interest		
Analysed as:		
Non-current		
Current		

IFRS 7:39(c)

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

15. Disposal of subsidiaries

AASB 134.16A(i)

(i) Disposal of interest in Sub B Limited

On 1 August 2019, the Group disposed of 20% of its interest in Sub B Limited, reducing its continuing interest to 80%. The proceeds on disposal of $[x] were received in cash.

The difference between the disposal proceeds and the amount transferred to non-controlling interests of $[x] has been recognised directly in equity.

AASB 134.16A(i)

(ii) Disposal of interest in Sub A Limited (discontinued operation)

On 31 October 2019, the Group disposed of Sub A Limited, which carried out all of its toy manufacturing operations. The proceeds on disposal of $[x] was received in cash.

The profit/(loss) for the half-year from the discontinued operation is analysed as follows:

	4 months ended 31/10/19 $'000	6 months ended 31/12/18 $'000
Loss of toy manufacturing operations for the half-year		
Gain on disposal of toy manufacturing operations		

Source

15. Disposal of subsidiaries (continued)

AASB 134.16A(i)

(ii) Disposal of interest in Sub A Limited (discontinued operation) (continued)

The following were the results of the toy business for the half-year:

	4 months ended 31/10/19 $'000	6 months ended 31/12/18 $'000
Revenue		
Operating expenses		
Profit before income tax		
Income tax expense/(benefit)		
Profit after income tax		

The net assets of Sub A Limited at the date of disposal were as follows:

	31/10/19 $'000
Net assets disposed of (excluding goodwill)	
Attributable goodwill	
Gain on disposal	
Total consideration	
Satisfied by cash, and net cash inflow arising on disposal	

A gain of $[x] was recognised on the disposal of Sub A Limited. No tax charge or credit arose on the transaction.

Source

16. Acquisition of subsidiary

AASB 134.16A(i), AASB 3.59-63, B64-B67

About the illustrative disclosures

Where there has been a business combination during or since the end of the half-year, AASB 134.16A(i) requires disclosure of the information required by AASB 3 *Business Combinations* in the interim financial report. The following disclosure illustrates the relevant disclosures specified by AASB 3 in respect of the illustrated business combinations. Where the following items are relevant to a particular business combination extensive additional disclosures are required that are not illustrated below:

- Contingent liabilities
- Equity instruments issued by the acquirer as consideration for the business combination
- Bargain purchase gains
- A business combination achieved in stages.

AASB 134.16A(i), AASB 3.B64(a)-(d)

On 15 November 2019, the Group acquired an 80% interest in Sub X Limited. Sub X Limited is engaged in distribution activities and was acquired with the objective of significantly improving the Group's distribution logistics.

AASB 3.B64(f)

Consideration transferred

	$'000
Cash	
Contingent consideration arrangement (i) (AASB 3.B64(g)(i))	
Add: Settlement of legal claim against Sub X Limited (ii)	

AASB 3.B64(g)(ii), (iii)

(i) The contingent consideration requires the Group to pay the non-controlling interests an additional $[x] if Sub X Limited's profit before interest and tax (PBIT) in each of the years 2019 and 2020 exceeds $[x]. No amount is payable if the PBIT target is not met. Sub X Limited's PBIT for the past three years has been $[x] on average and the directors expect that the specified target will be met. $[x] represents the estimated fair value of this obligation.

AASB 3.B64(l)

(ii) Prior to the acquisition of Sub X Limited, the Group was pursuing a legal claim against that company in respect of damage to goods in transit to a customer. Although the Group was confident of recovery, this amount has not previously been recognised as an asset. In line with the requirements of AASB 3, the Group has recognised the effective settlement of this legal claim on the acquisition of Sub X Limited by recognising $[x] (being the estimated fair value of the claim) as a gain in profit or loss within the 'other income' line item. This has resulted in a corresponding increase in the consideration transferred.

AASB 3.B64(m)

Acquisition-related costs amounting to $[x] have been excluded from the consideration transferred and have been recognised as an expense in profit or loss in the half-year, within the 'other expenses' line item.

Source

16. Acquisition of subsidiary (continued)

AASB 3.B64(i)

Assets acquired and liabilities assumed at the date of acquisition

	$'000
Current assets	
Cash and cash equivalents	
Trade receivables (i)	
Loans (ii)	
Inventories	
Non-current assets	
Plant and equipment	
Current liabilities	
Trade and other payables	
Non-current liabilities	
Deferred tax liabilities	

AASB 3.B64(h)

(i) Trade receivables acquired with a fair value of $[x] had gross contractual amounts of $[x]. The best estimate at acquisition date of the contractual cash flows not expected to be collected is $[x].

AASB 3.B64(h)

(ii) Loans acquired had a fair value of $[x] and gross contractual amounts receivable of $[x]. The best estimate at acquisition date of the contractual cash flows not expected to be collected is $[x].

AASB 3.B64(h)

Disclosure must be made, by each major class of receivables (e.g. loans, direct finance leases), of the fair value of the receivables, the gross contractual amounts receivable, and the best estimate at the acquisition date of the contractual cash flows not expected to be collected.

AASB 3.B67(a)

The initial accounting for the acquisition of Sub X Limited has only been provisionally determined at the end of the half-year. At the end of the half-year, the final valuation report in respect of the plant and equipment acquired had not yet been received. At the date of finalisation of this half-year financial report, the necessary market valuations and other calculations had not been finalised and the fair value of the plant and equipment, associated deferred tax liabilities and goodwill noted above have therefore only been provisionally determined based on the directors' best estimate of the likely fair value of the plant and equipment.

Source

16. Acquisition of subsidiary (continued)

Non-controlling interests

AASB 3.B64(o) The non-controlling interest (20%) in Sub X Limited recognised at the acquisition date was measured by reference to the fair value of the non-controlling interest and amounted to $[x]. This fair value was estimated by applying an income approach. The following were the key model inputs used in determining the fair value:

- Assumed discount rate range of 18%
- Assumed long-term sustainable growth rates of 3% - 5%
- Assumed adjustments because of the lack of control or lack of marketability that market participants would consider when estimating the fair value of the non-controlling interests in Sub X Limited.

Goodwill arising on acquisition

	$'000
Consideration transferred	
Plus: non-controlling interests (at fair value)	
Less: fair value of identifiable net assets acquired	
Goodwill arising on acquisition	

AASB 3.B64(e) Goodwill arose in the acquisition of Sub X Limited because the acquisition included the customer lists and customer relationships of Sub X Limited as part of the acquisition. These assets could not be separately recognised from goodwill because they are not capable of being separated from the Group and sold, transferred, licensed, rented or exchanged, either individually or together with any related contracts.

AASB 3.B64(k) None of the goodwill arising on this acquisition is expected to be deductible for tax purposes.

Net cash outflow arising on acquisition

	$'000
Consideration paid in cash	
Less: cash and cash equivalent balances acquired	

Source

16. Acquisition of subsidiary (continued)

Impact of acquisition on the results of the Group

AASB 3.B64(q)

Included in the profit for the half-year is $[x] attributable to Sub X Limited. Revenue for the half-year includes $[x] in respect of Sub X Limited.

Had the acquisition of Sub X Limited been effected at 1 July 2019, the revenue of the Group from continuing operations for the six months ended 31 December 2019 would have been $[x], and the profit for the year from continuing operations would have been $[x]. The directors of the Group consider these 'pro-forma' numbers to represent an approximate measure of the performance of the combined group on a half-yearly basis and to provide a reference point for comparison in future half-years.

In determining the 'pro-forma' revenue and profit of the Group had Sub X Limited been acquired at the beginning of the current half-year, the directors have:

- Calculated depreciation and amortisation of plant and equipment acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognised in the pre-acquisition financial statements
- Based borrowing costs on the funding levels, credit ratings and debt/equity position of the Group after the business combination
- Excluded takeover defence costs of Sub X Limited as a pre-acquisition transaction.

17. Key management personnel

AASB 134.15B(j)
AASB 134.16A(c)

Remuneration arrangements of key management personnel are disclosed in the annual financial report. In addition, during the half-year, a cash bonus of $[x] was paid to the CFO, Mr. P.H. Taylor, for successfully completing the acquisition of Sub X Limited.

Paragraph 16 of AASB 124 *Related Party Disclosures* requires disclosure of key management personnel compensation by category. Such detailed disclosures of the remuneration of key management personnel are not generally required in interim financial reports unless there has been a significant change since the end of the last annual reporting period and disclosure of that change is necessary for an understanding of the interim period. For example, a bonus granted or share options awarded to members of key management personnel during the interim period are likely to be significant to an understanding of the interim period and therefore should be disclosed.

Source

18. Fair value of financial instruments

AASB 134.15B(h), 16A(j)

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

AASB 13.93(a), (b), (d), (g), (h)(i), IE65(e)
AASB 3.B64(f)(iii), B64(g), AASB 3 B67(b)

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets/ financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	31/12/19	**30/06/19**		
1) Foreign currency forward contracts	Assets – $[x]; and Liabilities – $[x]	Assets – $[x]	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
2) Interest rate swaps	Assets – $[x]; Liabilities (designated for hedging) – $[x]; and Liabilities (not designated for hedging) – $[x]	Assets – $[x]	Level 2	Discounted cash flow. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties.
3) Held-for-trading non-derivative financial assets	Listed equity securities in Z land: Real estate industry – $[x]; and Oil and gas industry – $[x].	Listed equity securities in Z land: Real estate industry – $[x]; and Oil and gas industry – $[x].	Level 1	Quoted bid prices in an active market.
4) Listed redeemable notes	Listed debt securities in Y Land – Energy industry – $[x]	Listed debt securities in Y Land – Energy industry – $[x]	Level 1	Quoted bid prices in an active market.

Source

18. Fair value of financial instruments (continued)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Financial assets/ financial liabilities	Fair value as at 31/12/19	Fair value as at 30/06/19	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
5) Private equity investments	[x]% equity investment in Rocket Corp Limited engaged in refining and distribution of fuel products in Australia – $[x]; and $[x] equity investment in E Plus Limited engaged in Shoe manufacturing in Australia – $[x]	[x]% equity investment in Rocket Corp Limited engaged in refining and distribution of fuel products in Australia – $[x]	Level 3	Income approach – in this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these investees	Long-term revenue growth rates, taking into account management's experience and knowledge of market conditions of the specific industries, ranging from [x] – [x]% (June 2019: [x] – [x]%).	A slight increase in the long-term revenue growth rates used in isolation would result in a significant increase in the fair value (i)
					Long-term pre-tax operating margin taking into account management's experience and knowledge of market conditions of the specific industries, ranging from [x] – [x]% (June 2019: [x] – [x]%).	A significant increase in the long-term pre-tax operating margin used in isolation would result in a significant increase in the fair value
					Weighted average cost of capital, (WACC) determined using a Capital Asset Pricing Model, ranging from [x] – [x]% (June 2019: [x] – [x]%).	A slight increase in the WACC used in isolation would result in a significant decrease in the fair value (ii).
					Discount for lack of marketability, determined by reference to the share price of listed entities in similar industries, ranging from [x] – [x]% (June 2019: [x] – [x]%).	A significant increase in the discount for lack of marketability used in isolation would result in a significant decrease in the fair value.

Source

18. Fair value of financial instruments (continued)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Financial assets/ financial liabilities	Fair value as at 31/12/19	Fair value as at 30/06/19	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
6) Contingent consideration in a business combination	Liabilities – $[x]	-	Level 3	Discounted cash flow.	Discount rate of [x]% determined using a Capital Asset Pricing Model.	A slight increase in the discount rate used in isolation would result in a significant decrease in the fair value (ii).
					Probability-adjusted revenues and profits, with a range from $10,000 to $10,000 and a range from $6,000 to $9,000 respectively.	A slight increase in the probability adjusted revenues and profits used in isolation would result in a significant increase in the fair value (iii).

AASB 13.93(h)(ii)

(i) If the long-term revenue growth rates used were 10% higher/lower while all the other variables were held constant, the carrying amount of the shares would increase/decrease by $[x] (June 2019: increase/decrease by $[x])

(ii) A 5% increase/decrease in the WACC or discount rate used while holding all other variables constant would decrease/increase the carrying amount of the private equity investments and the contingent consideration by $[x] and $[x] respectively (June 2019: $[x] and $[x] respectively)

(iii) A 5% increase/decrease in the probability-adjusted revenues and profits while holding all other variables constant would increase/decrease the carrying amount of the contingent consideration by $[x] (June 2019: $[x]).

AASB 13.93(c)

There were no transfers between Level 1 and 2 in the period.

AASB 13.93(h)(ii)

For financial assets and financial liabilities that are categorised within the Level 3 fair value hierarchy, if changing one or more of the unobservable inputs to reflect reasonably possible alternative assumptions would significantly change the fair value determined, an entity should state that fact and disclose the effect of those changes. The entity should also disclose how the effect of a change to reflect a reasonably possible alternative assumption was calculated.

Source

18. Fair value of financial instruments (continued)

AASB 7.25,
AASB 7.29(a)

Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

	31/12/19		30/06/19	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
	$'000	**$'000**	**$'000**	**$'000**
Financial assets				
Amortised cost				
- loans to related parties				
- trade and other receivables				
- bills of exchange				
- debentures				
Financial lease receivables				
Financial liabilities				
Amortised cost				
- bills of exchange				
- bank loans				
- loans from related parties				
- loans from other entities				
- interest-free loan from the government				
- trade and other payables				
Financial lease payables				

Source

18. Fair value of financial instruments (continued)

AASB 13.93(e)

Reconciliation of Level 3 fair value measurements

	Equity investments at FVTOCI - unlisted shares $'000	Other [describe] $'000	Total $'000
31 December 2019			
Opening balance			
Total gains or losses:			
- In profit or loss			
- In other comprehensive income			
Reclassification of remaining interest in E Plus Limited from investment in associate to equity instruments designated as at FVTOCI			
Purchases			
Issues			
Disposals/settlements			
Transfers out of level 3			
Closing balance			
30 June 2019			
Opening balance			
Total gains or losses:			
- In profit or loss			
- In other comprehensive income			
Purchases			
Issues			
Disposals/settlements			
Transfers out of level 3			
Closing balance			

The only financial liabilities subsequently measured at fair value on Level 3 fair value measurement represent contingent consideration relating to the acquisition of Subsix Limited. No gain or loss for the year relating to this contingent consideration has been recognised in profit or loss.

AASB 13.93(f)

The total gains or losses for the year included an unrealised gain of $[x] relating to financial assets that are measured at fair value at the end of each reporting period (June 2019: a gain of $[x]). Such fair value gains or losses are included in ‘other gains and losses'.

AASB 13.93(e)(ii)

All gains and losses included in other comprehensive income relate to unlisted shares and redeemable notes held at the end of the reporting period and are reported as changes of ‘Investment revaluation reserve'.

Source

18. Fair value of financial instruments (continued)

Fair value determined using valuation techniques

An entity shall disclose information that helps users of its financial statements assess both of the following:

AASB 13.91(a)
- For assets and liabilities that are measured at fair value on a recurring or non-recurring basis in the statement of financial position after initial recognition, the valuation techniques and inputs used to develop those measurements

AASB 13.91(b)
- For recurring fair value measurements using significant unobservable inputs (Level 3), the effect of the measurements on profit or loss or other comprehensive income for the period.

AASB 13.93(e)

To meet the objectives in paragraph 91 of AASB 13, an entity shall disclose for recurring fair value measurements categorised within Level 3 of the fair value hierarchy, a reconciliation from the opening balances to the closing balances, disclosing separately changes during the period attributable to the following:

- Total gains or losses for the period recognised in profit or loss, and the line item(s) in profit or loss in which those gains or losses are recognised
- Total gains or losses for the period recognised in other comprehensive income, and the line item(s) in other comprehensive income in which those gains or losses are recognised
- Purchases, sales, issues and settlements (each of those types of changes disclosed separately)
- The amounts of any transfers into or out of Level 3 of the fair value hierarchy, the reasons for those transfers and the entity's policy for determining when transfers between levels are deemed to have occurred (see paragraph 95). Transfers into Level 3 shall be disclosed and discussed separately from transfers out of Level 3.

Fair value not reliably determinable

AASB 7.29

Disclosures of fair value are not required:

- When the carrying amount is a reasonable approximation of fair value, for example, for financial instruments such as short-term trade receivables and payables
- For a contract containing a discretionary participation feature (as described in AASB 4 *Insurance Contracts*) if the fair value of that feature cannot be measured reliably.

In the cases described in paragraph (c) above, an entity shall disclose information to help users of the financial statements make their own judgements about the extent of possible differences between the carrying amount of those financial assets or financial liabilities and their fair value, including:

AASB 7.30(a)
- The fact that fair value information has not been disclosed for these instruments because their fair value cannot be measured reliably

AASB 7.30(b)-(e)
- A description of the financial instruments, their carrying amount, and an explanation of why fair value cannot be measured reliably
- Information about the market for the instruments
- Information about whether and how the entity intends to dispose of the financial instruments
- If financial instruments whose fair value previously could not be reliably measured are derecognised, that fact, their carrying amount at the time of derecognition, and the amount of gain or loss recognised.

Source

19. Subsequent events

AASB 134.16A(h)

The notes to the condensed consolidated financial statements shall disclose information about events after the half-year that have not been reflected in the half-year financial statements, if not disclosed elsewhere in the half-year financial report. Further guidance concerning the disclosure of subsequent events is contained in Accounting Standard AASB 110 *Events after the Reporting Period*.

20. Investment entities

AASB 134.16A(k)
AASB 12.9B

Where the entity has become or ceased to be an investment entity, as defined by AASB 10 *Consolidated Financial Statements*, the notes to the condensed consolidated financial statements shall make the disclosures required by AASB 12 *Disclosure of Interests in Other Entities*, paragraph 9B, where disclosures have not been reflected in the half-year financial statements, or if not disclosed elsewhere in the half-year financial report.