Deloitte.

Model half-year report

Half-years ending on or after
31 December 2017

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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 2017 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.

GAAP Holdings (Australia) Interim Limited's year end is 30 June 2017. Accordingly, it is preparing a half-year report for the half-year ending 31 December 2017.

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 Deloitte 2017 *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 2017

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 2017. 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 20 July 2017
- Ms S.M. Saunders – appointed 2 August 2017
- Ms L.A. Lochert – appointed 31 July 2017 and resigned 1 December 2017

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:

(a) An overview of the consolidated entity and its strategy
(b) A review of operations, considering both short and longer-term value creation in the context of the consolidated entity's strategy
(c) Information on investments made to enhance future value creating potential
(d) A review of the consolidated entity's financial condition
(e) 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:

(a) Consolidated entity overview and strategy
  (i) Explaining the objectives of the consolidated entity and how they are to be achieved
  (ii) 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)
  (iii) 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

(b) Review of operations
  (i) 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
  (ii) 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

(c) 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

(d) Review of financial conditions
  (i) Capital structure of the consolidated entity including capital funding and treasury policies and objectives
  (ii) Cash from operations and other sources of capital
  (iii) 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
  (iv) 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
  (v) 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

(e) 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 Regulatory Guide 230 'Disclosing non-IFRS financial information' 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: (a) 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 (b) 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, 15 February 2018

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

15 February 2018

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 2017, 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:
  - (i) No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit or review, and
  - (ii) 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:
  - (iii) The auditor independence requirements of the Corporations Act 2001 in relation to the audit or review, or
  - (iv) 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:

(a) 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
(b) A director signs the directors' report within 7 days after the declaration is given to the directors
(c) The auditor's report on the financial report is made within 7 days after the directors' report is signed
(d) The auditor's report includes either of the following statements:
  (i) 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
  (ii) 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:

(a) 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
(b) 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:

(a) Section 304 (compliance with accounting standards); and
(b) 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:

(a) Any defect or irregularity in the financial report; and
(b) Any deficiency, failure or shortcoming in respect of the following matters:
  (i) Whether the auditor has been given all information, explanation and assistance necessary for the conduct of the audit
  (ii) Whether the company, registered scheme or disclosing entity has kept financial records sufficient to enable a financial report to be prepared and audited
  (iii) 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.:

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

Source

s.309(5)

The review report must:

(a) 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*

(b) 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, 15 February 2018

Index to the consolidated financial statements

For guidance on the format and presentation of the financial statements see section 6.2.1 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 2017

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

		Consolidated	
		Half-year ended	
	Note	31/12/17	31/12/16
Continuing operations			
Revenue		450,077	297,336
Cost of sales		(272,632)	(176,297)
Gross profit		177,445	121,039
Investment income		2,927	1,043
Gain recognised on disposal of interest in former associate	6	582	-
Other income		8,650	6,037
Distribution expenses		(73,274)	(55,807)
Administrative expenses		(78,243)	(52,185)
Finance costs		(11,859)	(8,492)
Other expenses		(1,838)	(1,410)
Share of profits of associates and joint ventures		4,818	1,669
Profit before tax		29,208	11,894
Income tax expense		(4,598)	(1,290)
Profit for the period from continuing operations		24,610	10,604
Discontinued operation			
Profit/(loss) for the period from discontinued operation	10	2,691	(1,168)
Profit for the period		27,301	9,436

	Note	Consolidated Half-year ended 31/12/17	31/12/16
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss			
Gain/(loss) on revaluation of property		27,399	(1,733)
Share of other comprehensive income of associates		-	-
Remeasurement of defined benefit obligation		564	134
Other [describe]		-	-
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		2,787	889
Net fair value loss on available-for-sale financial assets		(233)	(125)
Fair value gain/(loss) on hedging instruments entered into for cash flow hedges		(412)	77
Share of other comprehensive income of associates		-	-
Other [describe]		-	-
Other comprehensive income for the period, net of income tax		30,105	(758)
Total comprehensive income for the period		57,406	8,678
Profit attributable to:			
- Owners of the parent		20,705	6,776
- Non-controlling interests		6,596	2,660
		27,301	9,436
Total comprehensive income attributable to:			
- Owners of the parent		50,810	6,018
- Non-controlling interests		6,596	2,660
		57,406	8,678
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

Notes to the condensed consolidated financial statements are included on pages 24 to 45.

Source references: AASB134.8(b)(i), 10, 11, 14 and 20(b)

For guidance on the presentation of the statement of profit or loss and other comprehensive income, see section 6.2.2 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 2017

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

		Consolidated	
		Half-year ended	
	Note	31/12/17 $'000	31/12/16 $'000
Continuing operations			
Revenue		450,077	297,336
Investment income		2,927	1,043
Gain recognised on disposal of interest in former associate	6	582	-
Other income		8,650	6,037
Changes in inventories of finished goods and work in progress		5,446	7,329
Raw materials and consumables used		(283,336)	(167,366)
Employee benefits expense		(133,100)	(111,760)
Depreciation and amortisation expense		(14,302)	(12,498)
Finance costs		(11,859)	(8,492)
Other expenses		(695)	(1,404)
Share of profits of associates and joint ventures		4,818	1,669
Profit/(loss) before tax		29,208	11,894
Income tax expense		(4,598)	(1,290)
Profit/(loss) for the period from continuing operations		24,610	10,604
Discontinued operation			
Profit/(loss) for the period from discontinued operation	10	2,691	(1,168)
Profit/(loss) for the period		27,301	9,436
Attributable to:			
Owners of the parent		20,705	6,776
Non-controlling interests		6,596	2,660
		27,301	9,436
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

Notes to the condensed consolidated financial statements are included on pages 24 to 45.

Source references: AASB134.8(b)(ii), 10, 11, 11A, 14 and 20(b)

For guidance on the presentation of the statements of profit or loss and comprehensive income, see section 6.2.2 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 2017

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

		Consolidated	
		Half-year ended	
	Note	31/12/17 $'000	31/12/16 $'000
Profit (loss) for the period		27,301	9,436
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Gain/(loss) on revaluation of property		39,141	(2,476)
Share of other comprehensive income of associates		-	-
Remeasurement of defined benefit obligation		806	191
Other [describe]		-	-
Income tax relating to items that will not be reclassified subsequently to profit or loss		(11,742)	743
		28,205	(1,542)
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		3,982	1,270
Net fair value loss on available-for-sale financial assets		(333)	(179)
Fair value gain/(loss) on hedging instruments entered into for cash flow hedges		(589)	110
Share of other comprehensive income of associates		-	-
Other [describe]		-	-
Income tax relating to items that may be reclassified subsequently to profit or loss		(1,160)	(417)
		1,900	784
Other comprehensive income for the period (net of tax)		30,105	(758)
Total comprehensive income for the period		57,406	8,678
Total comprehensive income attributable to:			
Owners of the parent		50,810	6,018
Non-controlling interests		6,596	2,660
		57,406	8,678

Notes to the condensed consolidated financial statements are included on pages 24 to 45.

Source references: AASB134.8(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 6.2.2 of the *Australian financial reporting guide*, available at www.deloitte.com/au/models

Condensed consolidated statement of financial position

as at 31 December 2017

	Note	Consolidated 31/12/17 $'000	Consolidated 30/06/17 $'000
Current assets			
Cash and cash equivalents		5,609	1,175
Trade and other receivables		181,464	142,062
Other financial assets		90,120	77,606
Inventories		108,199	91,815
Current tax assets		-	-
Other		1,836	1,798
		387,228	314,456
Assets classified as held for sale		-	-
Total current assets		387,228	314,456
Non-current assets			
Investments in associates	6	46,519	8,542
Investments in joint ventures		3,999	3,662
Other financial assets		98,310	128,997
Property, plant and equipment		622,227	567,512
Investment property		-	-
Deferred tax assets		4,118	3,872
Goodwill	7	3,010	3,562
Other intangible assets		26,985	21,294
Other		7,746	12,908
Total non-current assets		812,914	750,349
Total assets		1,200,142	1,064,805

	Note	Consolidated 31/12/17 $'000	Consolidated 30/06/17 $'000
Current liabilities			
Trade and other payables		78,908	47,408
Borrowings	9	171,352	128,633
Other financial liabilities		1,470	1,483
Current tax payables		8,229	1,986
Provisions		6,432	2,065
Other		-	-
		266,391	181,575
Liabilities directly associated with assets classified as held for sale		-	-
Total current liabilities		266,391	181,575
Non-current liabilities			
Borrowings	9	477,966	490,393
Other financial liabilities		38,591	45,486
Deferred tax liabilities		12,025	2,972
Provisions		2,118	-
Other		-	-
Total non-current liabilities		530,700	538,851
Total liabilities		797,091	720,426
Net assets		403,051	344,379
Equity			
Issued capital	8	142,343	142,343
Reserves		68,732	37,341
Retained earnings		174,059	159,119
		385,134	338,803
Amounts recognised directly in equity relating to assets classified as held for sale		-	-
Equity attributable to owners of the parent		385,134	338,803
Non-controlling interest		17,917	5,576
Total equity		403,051	344,379

Notes to the condensed consolidated financial statements are included on pages 24 to 45.

Source references: AASB134.8(a), 10, 14 and 20(a)

For guidance on the presentation of the statement of financial position, see section 6.2.3 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 2017

Consolidated	Issued capital $'000	Asset revaluation reserve $'000	Investments revaluation reserve $'000	Hedging reserve $'000	Foreign currency translation reserve $'000	Other reserve $'000	Retained earnings $'000	Attributable to owners of the parent $'000	Non-controlling interest $'000	Total $'000
Balance as at 1 July 2016	142,343	39,552	6,875	1,501	(7,329)	-	149,786	332,728	1,158	333,886
Adjustments (note 1)	-	-	-	-	-	-	-	-	-	-
Balance as at 1 July 2016	142,343	39,552	6,875	1,501	(7,329)	-	149,786	332,728	1,158	333,886
Profit for the period	-	-	-	-	-	-	6,776	6,776	2,660	9,436
Other comprehensive income for the year, net of income tax	-	(1,733)	(125)	77	889	-	134	(758)	-	(758)
Total comprehensive income for the period	-	(1,733)	(125)	77	1,023	-	6,776	6,018	2,660	8,678
Payment of dividends	-	-	-	-	-	-	(14,472)	(14,472)	-	(14,472)
Balance at 31 December 2016	142,343	37,819	6,750	1,578	(6,306)	-	142,090	324,274	3,818	328,092
Balance as at 1 July 2017	142,343	34,418	6,390	1,156	(4,623)	-	159,119	338,803	5,576	344,379
Adjustments (note 1)	-	-	-	-	-	-	-	-	-	-
Balance as at 1 July 2017	142,343	34,418	6,390	1,156	(4,623)	-	159,119	338,803	5,376	344,379
Profit for the period	-	-	-	-	-	-	20,705	20,705	6,596	27,301
Other comprehensive income for the year, net of income tax	-	27,399	(233)	(412)	3,351	-	-	30,105	-	30,105
Total comprehensive income for the period	-	27,399	(233)	(412)	3,351	-	20,705	50,810	6,596	57,406
Payment of dividends	-	-	-	-	-	-	(5,765)	(5,765)	-	(5,765)
Difference arising on disposal of interest in Sub B Limited (note 10)	-	-	-	-	-	1,286	-	1,286	3,214	4,500
Non-controlling interests arising on the acquisition of Sub X Limited (note 11)	-	-	-	-	-	-	-	-	2,531	2,531
Balance at 31 December 2017	142,343	61,817	6,157	744	(1,272)	1,286	174,059	385,134	17,917	403,051

Notes to the condensed consolidated financial statements are included on pages 24 to 45.

Source references: AASB134.8(c), 10, 14 and 20(c)

For guidance on the presentation of the statement of changes in equity, see section 6.2.4 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 2017

		Consolidated	
		Half-year ended	
	Note	31/12/17 $'000	31/12/16 $'000
Cash flows from operating activities			
Receipts from customers		476,235	251,653
Payments to suppliers and employees		(440,157)	(194,800)
Interest and other costs of finance paid		(7,407)	(6,052)
Income tax paid		(5,487)	(4,321)
Net cash provided by operating activities		23,184	46,480
Cash flows from investing activities			
Payment for investment securities		(15,807)	(19,262)
Proceeds on sale of investment securities		35,007	-
Interest received		11,531	9,939
Dividends received		156	150
Proceeds from repayment of related party loans		-	-
Amounts advanced to related parties		-	(12,415)
Payment for property, plant and equipment		(93,669)	(28,940)
Proceeds from sale of property, plant and equipment		33,386	9,827
Payment for intangible assets		(6,406)	-
Capitalised development costs paid		-	-
Additional interests acquired in associates and joint ventures	6	(34,519)	-
Proceeds from sale of interests in associates	6	1,245	
Proceeds from sale of businesses	10	35,400	-
Payment for businesses	11	(9,491)	-
Net cash used in investing activities		(43,167)	(40,701)

	Note	Consolidated Half-year ended 31/12/17 $'000	31/12/16 $'000
Cash flows from financing activities			
Proceeds from issues of equity instruments of the Company		-	-
Payment for share issue costs		-	-
Payment for share buy-back:			
- owners of the parent entity		-	-
- non-controlling interests		-	-
Proceeds from issue of debt securities			
Payment for debt issue costs		-	-
Proceeds from borrowings	9	50,000	30,000
Repayment of borrowings	9	(19,818)	(18,230)
Dividends paid:			
- members of the parent entity	5	(5,765)	(14,472)
- non-controlling interests		-	-
Net cash provided by/(used in) financing activities		24,417	(2,702)
Net (decrease)/increase in cash and cash equivalents		4,434	3,077
Cash and cash equivalents at the beginning of the period		1,175	2,033
Effects of exchange rate changes on the balance of cash held in foreign currencies		-	-
Cash and cash equivalents at the end of the period		5,609	5,110

Notes to the condensed consolidated financial statements are included on pages 24 to 45.

Source references: AASB134.8(d), 10, 14 and 20(d)

For guidance on the presentation of the statement of cash flows, see section 6.2.5 of the *Australian financial reporting guide*, available at www.deloitte.com/au/models

Notes to the consolidated financial statements

Source

1. Significant accounting policies

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 shall 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.

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, 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 2017 annual financial report for the financial year ended 30 June 2017, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting 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 of the Illustrative disclosures section of the Guide. The Guide is available at www.deloitte.com/au/models

Source

1. Significant accounting policies (cont'd)

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:

(a) 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

(b) 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.

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.

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 is available at www.deloitte.com/au/models

Source

2. Segment information

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

AASB134.16A(g)(v) Information reported to the Group's Chief Executive Officer (CODM) for the purposes of resource allocation and assessment of performance is more specifically focused on the category of customer for each type of good. The principal categories of customer for these goods are direct sales to major customers, wholesalers, retailers and internet sales. The Group's reportable segments under AASB 8 are therefore as follows:

- Electronic equipment – direct sales
- Electronic equipment – wholesalers and retail outlets
- Electronic equipment – internet sales
- Leisure goods – wholesalers
- Leisure goods – retail outlets
- Other

The electronic equipment reportable segments supply media equipment such as televisions and DVD recorders. The leisure goods reportable segments supply sports shoes and equipment, outdoor play equipment and, prior to discontinuation (see below), toys.

'Other' is the aggregation of the Group's other operating segments that are not separately reportable. Included in 'Other' are operating segments for the Group's activities in the development, sale and installation of computer software for specialised business applications, leasing of specialised storage equipment, and construction services.

In prior half-years, the Group was involved in the manufacture and sale of toys. The toy operation was included within the leisure goods reportable segment. That operation was discontinued with effect from 31 October 2017 (see note 10).

AASB134.16A(g)(v) Information regarding these segments is presented below. The accounting policies of the reportable segments are the same as the Group's accounting policies.

Source

2. Segment information (cont'd)

AASB134.16A(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	
	31/12/17 $'000	31/12/16 $'000	31/12/17 $'000	31/12/16 $'000
Continuing operations				
Electronic equipment – direct sales	99,817	64,116	7,642	4,309
Electronic equipment – wholesalers and retail outlets	84,106	43,339	6,719	2,895
Electronic equipment – internet sales	81,117	40,746	6,339	2,693
Leisure goods – wholesalers*	98,411	83,554	7,722	5,589
Leisure goods – retail outlets*	79,700	50,339	6,319	3,367
Other	6,926	15,242	933	1,487
	450,077	297,336	35,674	20,340
Investment revenue			2,927	1,043
Central administration and directors' salaries			(2,934)	(2,666)
Finance costs			(11,859)	(8,492)
Gain recognised on disposal of interest in former associate			582	-
Share of profits of associates and joint ventures			4,818	1,669
Other [describe]			-	-
AASB134.16A(g)(vi) Profit before tax			29,208	11,894
Discontinued operations				
Leisure goods – wholesalers (toys)	35,714	34,977	557	879
Leisure goods – retail outlets (toys)	28,033	20,288	(625)	(1,829)
	63,747	55,265	(68)	(950)
Central administration costs			(386)	(362)
Gain on disposal of toy operation			3,883	-
Profit/(loss) before tax			3,429	(1,312)
Income tax expense (continuing and discontinued operations)			(5,336)	(1,146)
Consolidated segment revenue and profit for the period	513,824	352,601	27,301	9,436

* excluding toys

AASB134.16A(g)(i), (ii) The revenue reported above represents revenue generated from external customers. There were no intersegment sales during the half-year.

Source

2. Segment information (cont'd)

AASB134.16A(g)(v), (vi) Segment profit represents the profit earned by each segment without allocation of central administration costs and directors' salaries, share of profits of associates, investment revenue and finance costs, income tax expense, and gains or losses on disposal of associates and discontinued operations. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

AASB134.16A(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.

AASB134.16A(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.

AASB134.16A(g)(iv) The following is an analysis of the Group's assets by reportable operating segment:

	31/12/17 $'000	30/06/17 $'000
Continuing operations		
Electronic equipment – direct sales	191,561	159,454
Electronic equipment – wholesalers and retail outlets	165,567	107,133
Electronic equipment – internet sales	160,571	102,150
Leisure goods – wholesalers*	189,828	293,787
Leisure goods – retail outlets*	158,635	176,664
Other	22,462	37,910
Total segment assets	888,624	877,098
Unallocated assets	311,518	187,707
Total assets	1,200,142	1,064,805

* At 30 June 2017, these operating segments included the assets of the toy operation sold on 31 October 2017.

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 $[xx,xxx] to increase the existing operating capacity to manufacture the electronic equipment.

Source

3. Results for the period

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:

(a) The write-down of inventories to net realisable value and the reversal of such a write-down
(b) 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
(c) The reversal of any provisions for the costs of restructuring
(d) Acquisitions and disposals of items of property, plant and equipment
(e) Commitments for the purchase of property, plant and equipment
(f) Litigation settlements
(g) Corrections of prior period errors
(h) 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
(i) Any loan default or breach of a loan agreement that has not been remedied on or before the reporting date
(j) Related party transactions
(k) Transfers between levels of the fair value hierarchy used in measuring the fair value of financial instruments
(l) Changes in the classification of financial assets as a result of a change in the purpose or use of those assets
(m) 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

4. Change in accounting estimates

AASB134.16A(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 $4 thousand, and for the next four financial years, by the following amounts:

Financial years	$'000
2018	9
2019	7
2020	4
2021	2

5. Dividends

AASB134.16A(f) During the half-year, GAAP Holdings (Australia) Interim Limited made the following dividend payments:

	Half-year ended 31 December 2017		Half-year ended 31 December 2016	
	Cents per share	Total $'000	Cents per share	Total $'000
Fully paid ordinary shares				
Final dividend	4.80	5,765	12.05	14,472

AASB134.16A(h) On 9 February 2018, the directors declared a fully franked interim dividend of 2.8 cents per share to the holders of fully paid ordinary shares in respect of the half-year ended 31 December 2017, to be paid to shareholders on 2 March 2018. This dividend has not been included as a liability in these financial statements. The total estimated dividend to be paid is $3,363 thousand.

Source

6. Investments in associates

AASB134.16A(i)

On 24 November 2017, 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 $34,519 thousand.

At 30 June 2017, the Group held a 40% interest in K Plus Limited and accounted for the investment as an associate. In December 2017, the Group transferred a 30% interest to a third party for proceeds of $1,245 thousand. 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	1,245
Add: Fair value of investment retained	360
Less: Carrying amount of investment on the date of loss of significant influence	(1,023)
Gain recognised on disposal of associate interest	582

The Group recognised net income tax expense of $144 thousand on disposal of the associate interest, and additional deferred tax expense of $31 thousand relating to the fair value uplift of the remaining interest.

Source

7. Goodwill

AASB134.16A(i), AASB3.61, 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.

		Half-year ended	
		31/12/17 $'000	**31/12/16 $'000**
	Gross carrying amount		
AASB3.B67(d)(i)	Balance at beginning of the period	3,562	3,562
AASB3.B67(d)(ii)	Additional amounts recognised from business combinations occurring during the period (i) (note 11)	467	-
AASB3.B67(d)(iii)	Adjustments resulting from the subsequent recognition of deferred tax assets	-	-
AASB3.B67(d)(iv)	Derecognised on disposal of a subsidiary	(1,019)	-
AASB3.B67(d)(iv)	Reclassified as held for sale	-	-
AASB3.B67(d)(vi)	Effects of foreign currency exchange differences	-	-
AASB3.B67(d)(vii)	Other [describe]	-	-
AASB3.B67(d)(viii)	Balance at end of the period	3,010	3,562
	Accumulated impairment losses		
AASB3.B67(d)(i)	Balance at beginning of the period	-	-
AASB3.B67(d)(v)	Impairment losses for the period	-	-
AASB3.B67(d)(iv)	Derecognised on disposal of a subsidiary	-	-
AASB3.B67(d)(iv)	Classified as held for sale	-	-
AASB3.B67(d)(vi)	Effect of foreign currency exchange differences	-	-
AASB3.B67(d)(viii)	Balance at end of the period	-	-
	Net book value		
	At the beginning of the period	3,562	3,562
	At the end of the period	3,010	3,562

AASB3.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 (2015: nil).

Source

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

AASB 134.16A(e)

Issued capital as at 31 December 2017 amounted to $142,343 thousand (120,099,585 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,xxx] thousand on exercise of [no.] share options issued under its executive share option plan. As a result of this share issue, $[x,xxx] thousand 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 (2016: [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 (2016: $[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. An illustrative example of how the reconciliation might be presented is included in Note 32.2 of the Deloitte 31 December 2017 model IFRS financial statements, available at **www.deloitte.com/models**. Additional information about changes in equity securities will need to also be given to meet the requirements of AASB 134.

9. Borrowings

AASB 134.16A(e)

During the half-year, the Group obtained a new short-term bank loan to the amount of $50,000 thousand (2016: $30,000 thousand). 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 $19,818 thousand (2016: $18,230 thousand) were made in line with previously disclosed repayment terms.

10. Disposal of subsidiaries

AASB 134.16A(i)

(i) Disposal of interest in Sub B Limited

On 1 August 2017, the Group disposed of 20% of its interest in Sub B Limited, reducing its continuing interest to 80%. The proceeds on disposal of $4,500 thousand were received in cash.

The difference between the disposal proceeds and the amount transferred to non-controlling interests of $3,214 thousand has been recognised directly in equity.

Source

10. Disposal of subsidiaries (cont'd)

AASB 134.16A(i)

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

On 31 October 2017, the Group disposed of Sub A Limited, which carried out all of its toy manufacturing operations. The proceeds on disposal of $30,900 thousand were received in cash.

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

	4 months ended 31/10/17 $'000	6 months ended 31/12/16 $'000
Loss of toy manufacturing operations for the half-year	(1,192)	(1,168)
Gain on disposal of toy manufacturing operations	3,883	-
	2,691	(1,168)

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

	4 months ended 31/10/17 $'000	6 months ended 31/12/16 $'000
Revenue	63,747	55,265
Operating expenses	(64,201)	(56,577)
Profit before income tax	(454)	(1,312)
Income tax expense/(benefit)	(738)	144
Profit after income tax	(1,192)	(1,168)

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

	31/10/17 $'000
Net assets disposed of (excluding goodwill)	25,998
Attributable goodwill	1,019
	27,017
Gain on disposal	3,883
Total consideration	30,900
Satisfied by cash, and net cash inflow arising on disposal	30,900

A gain of $3,883 thousand was recognised on the disposal of Sub A Limited. No tax charge or credit arose on the transaction.

Source

11. Acquisition of subsidiary

AASB 134.16A(i), AASB3.59-63, 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), AASB3.B64(a)-(d)

On 15 November 2017, 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	9,691
AASB 3.B64(g)(i) Contingent consideration arrangement (i)	75
	9,766
Add: Settlement of legal claim against Sub X Limited (ii)	40
	9,806

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

(i) The contingent consideration requires the Group to pay the non-controlling interests an additional $100 thousand if Sub X Limited's profit before interest and tax (PBIT) in each of the years 2017 and 2018 exceeds $500 thousand. No amount is payable if the PBIT target is not met. Sub X Limited's PBIT for the past three years has been $470 thousand on average and the directors expect that the specified target will be met. $75 thousand 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 $40,000 (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 $145 thousand 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

11. Acquisition of subsidiary (cont'd)

AASB 3.B64(i)

Assets acquired and liabilities assumed at the date of acquisition

	$'000
Current assets	
Cash and cash equivalents	200
Trade receivables (i)	2,043
Loans (ii)	900
Inventories	3,631
Non-current assets	
Plant and equipment	7,512
Current liabilities	
Trade and other payables	(2,358)
Non-current liabilities	
Deferred tax liabilities	(58)
	11,870

AASB 3.B64(h)

(i) Trade receivables acquired with a fair value of $2,043 thousand had gross contractual amounts of $2,300 thousand. The best estimate at acquisition date of the contractual cash flows not expected to be collected is $257 thousand.

AASB 3.B64(h)

(ii) Loans acquired had a fair value of $900 thousand and gross contractual amounts receivable of $950 thousand. The best estimate at acquisition date of the contractual cash flows not expected to be collected is $50 thousand.

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

11. Acquisition of subsidiary (cont'd)

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 $2,531 thousand. 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	9,806
Plus: non-controlling interests (at fair value)	2,531
Less: fair value of identifiable net assets acquired	(11,870)
Goodwill arising on acquisition	467

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	9,691
Less: cash and cash equivalent balances acquired	(200)
	(9,491)

Source

11. Acquisition of subsidiary (cont'd)

AASB 3.B64(q)

Impact of acquisition on the results of the Group

Included in the profit for the half-year is $35 thousand attributable to Sub X Limited. Revenue for the half-year includes $673 thousand in respect of Sub X Limited.

Had the acquisition of Sub X Limited been effected at 1 July 2017, the revenue of the Group from continuing operations for the six months ended 31 December 2017 would have been $454,890 thousand, and the profit for the year from continuing operations would have been $26,500 thousand. 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.

12. 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 $200,000 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

13. 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.

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

AAS B13.93(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)
	31/12/17	30/06/17		
1) Foreign currency forward contracts	Assets – $24,000; and Liabilities – $8,000	Assets – $22,000	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 – $28,000; Liabilities (designated for hedging) – $5,000; and Liabilities (not designated for hedging) – $5,000	Assets – $17,000	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 – $91,000; and Oil and gas industry – $62,000.	Listed equity securities in Z land: Real estate industry – $91,000; and Oil and gas industry – $72,000.	Level 1	Quoted bid prices in an active market.
4) Listed redeemable notes	Listed debt securities in Y Land – Energy industry – $20,000	Listed debt securities in Y Land – Energy industry – $20,000	Level 1	Quoted bid prices in an active market.

Source

13. Fair value of financial instruments (cont'd)

Financial assets/ financial liabilities	Fair value as at 31/12/17	Fair value as at 30/06/17	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	20 per cent equity investment in Rocket Corp Limited engaged in refining and distribution of fuel products in Australia – $59,000; and 10 per cent equity investment in E Plus Limited engaged in Shoe manufacturing in Australia – $36,000	20 per cent equity investment in Rocket Corp Limited engaged in refining and distribution of fuel products in Australia – $55,000	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 4.9 – 5.5 per cent (June 2017: 4.8 – 5.4 per cent).	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 5 – 12 per cent (June 2017: 5 – 10 per cent).	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 11.9 – 12.5 per cent (June 2017: 11.2 – 12.1 per cent).	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 5 – 20 per cent (June 2017: 4 – 19 per cent).	A significant increase in the discount for lack of marketability used in isolation would result in a significant decrease in the fair value.

Source

13. Fair value of financial instruments (cont'd)

Financial assets/ financial liabilities	Fair value as at 31/12/17	Fair value as at 30/06/16	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 – $75,000	-	Level 3	Discounted cash flow.	Discount rate of 18 per cent 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 $700 (2016: increase/decrease by $800)

(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 $1,000 and $352 respectively (2016: $1,100 and $375 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 $5,210 (2016: $6,000).

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

13. Fair value of financial instruments (cont'd)

AASB 7.25, AASB 7.29(a)

13.2 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.

	31/12/17		30/06/17	
	Carrying amount	Fair value	Carrying amount	Fair value
	$'000	$'000	$'000	$'000
Financial assets				
Loans and receivables:	122,506	122,339	116,832	116,713
- loans to related parties	3,637	3,608	3,088	3,032
- trade and other receivables	118,869	118,731	113,744	113,681
Held-to-maturity investments:	35,905	35,922	34,015	34,016
- bills of exchange	35,405	35,420	34,015	34,016
- debentures	500	502	-	-
Financial lease receivables	1,028	1,102	905	898
Financial liabilities				
Financial liabilities held at amortised cost:	550,190	550,242	571,441	571,115
- bills of exchange	358	350	916	920
- bank loans	266,723	267,305	293,483	293,500
- loans from related parties	210,376	210,388	229,843	229,900
- loans from other entities	4,276	3,980	4,167	4,050
- interest-free loan from the government	2,798	2,711	2,610	2,546
- trade and other payables	65,659	65,508	40,422	40,199
Financial lease payables	14	12	89	87

Source

13. Fair value of financial instruments (cont'd)

AASB 13.93(e)

13.3 Reconciliation of Level 3 fair value measurements

	Available-for-sale - unlisted shares	Other [describe]	Total
	$'000	$'000	$'000
31 December 2017			
Opening balance	55	-	55
Total gains or losses:			
- in profit or loss	-	-	-
- in other comprehensive income	4	-	4
Reclassification of remaining interest in E Plus Limited from investment in associate to available-for-sale following partial sale of interest	36	-	36
Purchases	-	-	-
Issues	-	-	-
Disposals/settlements	-	-	-
Transfers out of level 3	-	-	-
Closing balance	95	-	95
30 June 2016			
Opening balance	50	-	50
Total gains or losses:			
- in profit or loss	-	-	-
- in other comprehensive income	5	-	5
Purchases	-	-	-
Issues	-	-	-
Disposals/settlements	-	-	-
Transfers out of level 3	-	-	-
Closing balance	55	-	55

Source

13. Fair value of financial instruments (cont'd)

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 $72 thousand relating to financial assets that are measured at fair value at the end of each reporting period (June 2016: a gain of $73 thousand). 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'.

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) (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) (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:

(a) 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
(b) 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
(c) Purchases, sales, issues and settlements (each of those types of changes disclosed separately)
(d) 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:

(a) When the carrying amount is a reasonable approximation of fair value, for example, for financial instruments such as short-term trade receivables and payables
(b) For an investment in equity instruments that do not have a quoted price in an active market for an identical instrument (i.e. a Level 1 input), or derivatives linked to such equity instruments, that is measured at cost in accordance with AASB 139 because its fair value cannot otherwise be measured reliably, or
(c) 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.

Source

13. Fair value of financial instruments (cont'd)

In the cases described in paragraph 29(c), 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)

(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)

(b) A description of the financial instruments, their carrying amount, and an explanation of why fair value cannot be measured reliably
(c) Information about the market for the instruments
(d) Information about whether and how the entity intends to dispose of the financial instruments
(e) 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.

14. 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*.

15. 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.

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