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Model half-year report

Half-years ending on or after
31 December 2021

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The information in this publication is current as of **19 November 2021** and entities should ensure any developments occurring from this date to the date of authorising of the financial statements are appropriately taken into account. This publication is updated annually (for December half-year reporting periods) and the latest edition can be found at www.deloitte.com/au/models.

About the model half-year report

This model half-year report can be used as a guide in achieving best practice outcomes in Tier 1 and Tier 2 Simplified Disclosures (SD) half-year financial reporting.

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 the ASX Listing Rules of ASX Limited 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*.

Not-for-profit and public sector entities

Illustrative disclosures and guidance specific to not-for-profit and public sector entities has been highlighted in this document by being shaded using teal colouring as illustrated here.

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 2021. Accordingly, it is preparing a half-year report for the half-year ending 31 December 2021.

The emphasis in AASB 134 *Interim Financial Reporting* is to explain the events and transactions that are significant to an understanding of the changes in financial position and performance of the entity since the end of the last annual reporting period (AASB 134:15). The illustrative disclosures included in these model financial statements provide a number of examples of how these disclosures can be included in half-year financial reports for various common situations. Each entity will need to disclose information relevant to their particular facts and circumstances in order to meet the requirements of AASB 134.

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' in this model half-year report to the *December 2021 Tier 1 models and reporting considerations* publication.

Tier 1 and Tier 2 reports

The model half-year report includes disclosures that apply to Tier 1 and Tier 2 Simplified Disclosures (SD) GPFS. The disclosures on transition to Tier 2 Simplified Disclosures (SD) GPFS are however not illustrated in this model half-year report.

See our *Tier 2 model financial statements* which illustrate the disclosures required for a for-profit private sector entity under AASB 1060, including the transitional disclosures required when moving from unconsolidated special purpose financial statements to consolidated financial statements available at www.deloitte.com/au/models.

New Tier 2 (Simplified Disclosures) applying from 1 July 2021

The AASB has made AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* (AASB 1060). The Simplified Disclosures (SD) in AASB 1060 replaces Reduced Disclosure Requirements with effect from reporting periods beginning on or after 1 July 2021. AASB 1060 however, is intended to be used in the preparation of **annual** GPFS and therefore does not address presentation of interim financial reports ((AASB 134 *Interim Financial Reporting*), segment information (AASB 8 *Operating Segments*) and earnings per share (AASB 133 *Earnings per Share*)). Therefore, entities preparing **half-year** Tier 2 (SD) GPFS shall apply AASB 134 and the relevant Standards in preparing and presenting the information.

More information about the Australian differential framework can be found in The *Australian financial reporting guide*, available at www.deloitte.com/au/models.

Source references

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

In some cases, additional references to other pronouncements are provided that are not mandatory in half-year financial reports, but which may provide a useful basis in developing disclosures in half-year financial statements in accordance with the requirements of AASB 134. These source references are provided in parentheses.

Limitations

This model half-year report is not designed to meet specific needs of specialised industries and not-for-profit and public sector 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.

The information in this document is current as of 19 November 2021. Entities should ensure any developments occurring after this date are appropriately taken into account.

Deloitte *Australian financial reporting guide*

Entities preparing half-year financial statements may find the information in the Deloitte *Australian financial reporting guide* useful. The guide provides a roadmap to financial reporting requirements and the differential reporting framework in Australia.

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 10th Edition published in June 2021. Entities may wish to refer to later editions of the guide if they are available.

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
Corporations Act	*Corporations Act 2001*
Guide	The *Australian financial reporting guide*, available at www.deloitte.com/au/models
GPFS	General purpose financial statements
IASB	International Accounting Standards Board (IASB®)
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*

What's new in financial reporting?

This section provides a high-level overview of the key financial reporting considerations for half-year periods ending on 31 December 2021

Summary of changes

Relevant to half-year reports at 31 December 2021

The following considerations should be considered for half-year financial reports at 31 December 2021

What's changed?	Who is affected?	What needs to be considered?
Overall considerations		
The ongoing impact of the COVID-19 pandemic, government responses to the pandemic and the ongoing economic recovery may have a pervasive impact on financial reporting	Virtually all entities are affected in some way	An important response to these challenges is to enhance the transparency of the financial report so that readers understand the impacts of the crisis, government support and the emerging recovery on the entity and the decisions, judgements and uncertainties involved in compiling the financial report. For areas affected by COVID-19, it would be expected that the entity discusses in its disclosures how the area is affected. For further information on how the financial statements may be impacted see Appendix 1 of the *December 2021 Tier 1 models and reporting considerations* publication.
Disclosure considerations		
Entities need to respond to a continuing global push for standardised environmental, social and governance (ESG) reporting. The IFRS Foundation has announced the formation of the International Sustainability Standards Board (ISSB) and the Australian regulatory environment continues to evolve	Entities that are exposed to material climate-related or other emerging risks or have investors with an expectation that climate-related or emerging risks would influence their decisions	The ISSB is expected to finalise it first Standards in 2022. ASIC is also increasingly focusing on material risk disclosures in the operating and financial review (OFR). Whilst the impacts of COVID-19 and the emerging recovery are likely to continue to be significant in the current reporting periods, financial reporting areas that may be impacted include asset impairment, changes in useful lives, valuation of assets, provisions and contingent liabilities and expected credit losses. The OFR should also include discussion of material risks arising from climate change. Major changes from the most recent annual financial statements should be highlighted and explained in half-year reports.
Underlying accounting changes		
A practical expedient is available to account for COVID-19 related rent concessions	Entities entering into lease concessions (as lessee) as a result of COVID-19	Lessees with eligible lease concessions are not required to assess whether COVID-19-related rent concessions are lease modifications and instead can account for such rent concessions as if they were not lease modifications.
IFRIC has finalised agenda decisions dealing with Software-as-a-Service (SaaS) arrangements	Entities entering into SaaS arrangements	Entities impacted by the IFRIC agenda decisions should have considered the need to change their accounting policies for SaaS arrangements and, where material, retrospectively adjust for the effects of the agenda decisions in their June 2021 financial reports. However, if past amounts to be expensed could not be identified for June 2021 reporting, the adjustments should be made in the 31 December 2021 half-year report.

What's changed?	Who is affected?	What needs to be considered?
Underlying accounting changes (continued)		
IFRIC finalised an agenda decision on the costs an entity includes as the 'estimated costs necessary to make the sale' when determining the net realisable value of inventories	Entities which sell inventories	The impacts of agenda decision will depend on the entity's existing policies and its specific facts and circumstances. Whilst entities have had a reasonable timeframe in which to respond to the agenda decision, its implementation may be complex
A number of less significant amendments to Accounting Standards are applicable	Various entities depending upon the nature of the entity's activities and transactions	Although these largely represent minor changes, in some cases particular entities may be impacted. It is important to understand the nature and detail of these changes to determine if they could significantly impact each entity.
Other considerations		
New legislation requires Australian listed entities who participated in the Federal government JobKeeper scheme to disclose prescribed information to the market operator (e.g. ASX)	Listed entities that participated in the Federal government JobKeeper scheme	Although not a disclosure requirement for December 2021 half-year reports, Australian listed entities that participated in the JobKeeper scheme must ensure they comply with new legislative requirements to announce prescribed details to the market. (Federal Parliament passed the *Treasury Laws Amendment (2021 Measures No. 2) Bill 2021* on 2 September 2021). The requirement to make an announcement to the market applies even though the entity may have already disclosed equivalent information in financial reports, previous announcements or other documents.
The ASX Listing Rules and guidance have been updated	Entities listed on the ASX	Includes minor updates to the ASX Listing Rules and guidance, effective from 5 June 2021 and 1 July 2021 which must be considered by entities in ensuring compliance with their listing obligations.
The ability of many entities to prepare special purpose financial statements will be removed, and a new 'Tier 2' reporting framework implemented, for annual periods beginning on or after 1 July 2021	Many private-sector for-profit entities and not-for-profit entities currently preparing Tier 2 financial statements.	Although not directly applicable to half-year reports, impacted entities (which may include subsidiaries of entities preparing Tier 1 financial statements that have a financial reporting obligation) need to prepare to implement the new requirements. More information can be found in Clarity publication *Removal of special purpose financial statements* and Clarity publication *Simplified Disclosures – Transition option and opportunities*
A change in the way in which accounting policies are disclosed in financial reports are effective for annual reporting periods beginning on or after 1 January 2013, requiring disclosure of material accounting policy information rather significant accounting policies	Entities preparing half-year financial statements and GPFS	Whilst not applicable until 2023, early adoption may be attractive for entities wishing to place an emphasis on meaningful, entity-specific accounting policy information rather than repeating the requirements of standards. More information can be found in IFRS in Focus *IASB amends IAS 1 and IFRS Practice Statement 2 with regard to the disclosure of accounting policies*

The above table is a high-level summary and each entity will be affected differently. Accordingly, financial report preparers should consider their own specific circumstances when preparing their half-year reports and ensure they fully consider all the requirements discussed in section B of the *December 2021 Tier 1 models and reporting considerations* publication.

Our *Client financial reporting update* podcasts provide insights from leading specialists in financial reporting from our Accounting Technical team and audit practice who share thoughts and lessons learnt from the recent reporting season as well as discussing current and emerging reporting issues for the December 2021 reporting season. The podcasts can be accessed here.

Important note regarding ASIC focus areas

At the time of finalising this publication (19 November 2021), ASIC had not released its focus areas for 31 December 2021 and had last updated its frequently asked questions on COVID-19 implications for financial reporting and audit on 29 September 2021. We expect that the focus areas will be largely consistent with prior periods, covering recoverability of assets, adequacy of provisions, solvency and going concern assessments, disclosure of subsequent events and disclosures in the financial report and Operating and Financial Review (OFR). In addition, we expect ASIC will continue its focus on accounting for software-as-a-service arrangements and aged care bed licences as outlined in its frequently asked questions.

ASIC's December 2021 focus areas are expected to be announced on the ASIC website in the near future. More information on key matters to consider can be found in our Clarity publication *Responding to regulatory focus areas*. We will provide updates in future editions.

Summary of mandatory new and amended pronouncements

The table below summarises the amended reporting requirements that must be applied for the first time for half-years ending 31 December 2021:

Date issued	Pronouncement	Effective for annual reporting periods beginning on or after
Applicable to half-year financial statements [1]		
September 2020	AASB 2020-8 *Amendments to Australian Accounting Standards - Interest Rate Benchmark Reform - Phase 2*	1 January 2021
April 2021	AASB 2021-3 *Amendments to Australian Accounting Standards - Covid-19-Related Rent Concessions beyond 30 June 2021*	1 April 2021
March 2020	AASB 2020-2 *Amendments to Australian Accounting Standards - Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities*	1 July 2021
Applicable only to half-year Tier 2 (SD) financial statements		
March 2020	AASB 1060 *General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Entities*	1 July 2021
August 2020	AASB 2020-7 *Amendments to Australian Accounting Standards - Covid-19-Related Rent Concessions: Tier 2 Disclosures*	1 July 2021
December 2020	AASB 2020-9 *Amendments to Australian Accounting Standards - Tier 2 Disclosures: Interest Rate Benchmark Reform (Phase 2) and Other Amendments*	1 July 2021
Applicable only to half-year financial statements of not-for-profit entities [2]		
March 2021	AASB 2021-1 *Amendments to Australian Accounting Standards - Transition to Tier 2: Simplified Disclosures for Not-for-Profit Entities*	1 July 2021

[1] In addition to the pronouncements listed, AASB 2020-5 *Amendments to Australian Accounting Standards – Insurance Contracts* applies to annual periods beginning on or after 1 January 2021. However, AASB 2020-5 has the effect of deferring the mandatory application date of AASB 17 *Insurance Contracts* by two years from annual periods beginning on or after 1 January 2021 to annual periods beginning on or after 1 January 2023. As AASB 17 was originally effective for the earlier date, the Amending Standard is also effective for that earlier date to enact the extension. Accordingly, this pronouncement has not been included in the table.

[2] The pronouncement in this section is mandatory for the first time for not-for-profit entities. The same optional relief is provided for for-profit entities in AASB 2020-2 *Amendments to Australian Accounting Standards - Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities.*

Impacts of adopting new and revised pronouncements

Applying new and revised pronouncements for the first time can result in direct changes in recognition, measurement, presentation and disclosure requirements. In addition, there can be consequential impacts on financial reports through the transitional provisions of the pronouncement and the existing requirements of other Accounting Standards.

The table below outlines some of the areas where these consequential impacts should be considered:

Area	Consideration
Updates to accounting policies	The terminology and substance of accounting policies may need to be updated to reflect new recognition, measurement and other requirements.
Impact of transitional provisions	AASB 134 (paragraph 43) requires a change in accounting policy, other than one for which the transition provisions are specified by a new Australian Accounting Standard, to be reflected in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. AASB 108 contains a general requirement that changes in accounting policies are retrospectively applied, but this does not apply to the extent an individual pronouncement has specific transitional provisions.
Disclosures about changes in accounting policies	Where an entity changes its accounting policy as a result of the initial application of an Accounting Standard (including Interpretations as a result of AASB 1048 *Interpretation of Standards*) and it has an effect on the current period or any prior period, AASB 108 (subject to any specific transitional provisions of the Accounting Standard) requires the disclosure of a number of matters, e.g. the title of the Standard, the nature of the change in accounting policy, a description of the transitional provisions, and the amount of the adjustment for each financial statement line item affected.
Earnings per share (EPS)	AASB 134 (paragraph 43) requires a change in accounting policy, other than one for which the transition provisions are specified by a new IFRS, to be reflected by restating the financial statements of prior interim periods of the current financial year, and the comparable interim periods of prior financial years that will be restated in annual financial statements in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors.* Further AASB 108 contains a general requirement that changes in accounting policies are retrospectively applied, but this does not apply to the extent an individual pronouncement has specific transitional provisions. Therefore, where applicable to the entity, as required by AASB 134, AASB 108 and AASB 133 *Earnings Per Share,* basic and diluted EPS should be adjusted for the impacts of adjustments resulting from changes in accounting policies accounted for retrospectively and the amount of any such adjustments should be disclosed as required by AASB 108.
Third statement of financial position	For annual financial statements, AASB 101:40A requires the presentation of a statement of financial position at the beginning of the preceding period in specified circumstances when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements or when it reclassifies items in its financial statements. However, in line with the general principles established in AASB 101:4 this requirement does not apply to interim financial reports. This is further confirmed by IAS 1.BC33 which explains that the IASB decided not to reflect in AASB 134:8 its decision to require the inclusion of a statement of financial position at the beginning of the preceding period in a complete set of financial statements in specified circumstances. Consequently, in condensed interim financial statements, an entity is only required to include those comparatives required by AASB 134. However, such entities could choose to voluntarily provide a third balance sheet, particularly where there are major accounting policy changes implemented as a result of new accounting standards or amendments.

Pronouncements not yet effective

AASB 134 does not require disclosure of new accounting standards and interpretations that are not yet effective. However, considering ASIC's expectations in the past that reporters consider the impact of major new accounting requirements that are not yet effective, entities should consider disclosing the impact of major new accounting requirements such as AASB 17 *Insurance Contracts* in accordance with the requirements of AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* (paragraphs 30 – 31).

See note 2 section *New and revised Australian Accounting Standards and Interpretations on issue but not yet effective* for commentary.

Reporting deadlines

Summary of reporting deadlines for half-years

COVID-19 considerations

In prior periods, ASIC and the ASX have provided certain extensions in respect of various deadlines for lodgement of documents under the Corporations Act and ASX Listing Rules considering the COVID-19 crisis.

At the date of finalisation of this document (19 November 2021), no ASIC or ASX relief had been announced or enacted for half-years ending on 31 December 2021. ASIC developments can be monitored here.

The deadlines immediately below are the usual deadlines applying for half-year reporting periods.

The following table summarises the reporting deadlines for half-year reports under the Corporations Act and, where relevant, the ASX Listing Rules and ASX Operating Rules (where relevant).

Source	Requirement	Listed disclosing entity	Non-listed disclosing entity
ASX 4.2A, ASX 4.2A.3, ASX 4.2B	Lodgement of Appendix 4D with the ASX	As soon as available (no later than when half-year reports are lodged with ASIC, and no later than 2 months after the half-year end)[3]	n/a
ASX 4.2A, ASX 4.2A.1, ASX 4.2B , ASX Operating Rules	Lodgement of the Corporations Act half-year report with the ASX	As soon as available (no later than when half-year reports are lodged with ASIC, and no later than 2 months after the half-year end, or 75 days after half-year end in respect of certain entities)[4]	n/a
s.320	Lodgement of the Corporations Act half-year report with ASIC	n/a (ASIC-CI 2016/181)	Within 75 days after the half-year end

ASX Limited publishes annual market announcements reporting calendars on its website for listed entities. The calendar for the 2022 year is available on the ASX Online website.

[3] In accordance with ASX Listing Rule 4.2A.3, mining exploration entities or oil and gas exploration entities are not required to provide the information set out in Appendix 4D. As ASX AQUA market participants are not subject to the ASX Listing Rules (but instead are subject to the ASX Operating Rules), these entities also do not need to provide the information set out in Appendix 4. For more information , see the guidance on reporting deadlines in the Guide.

[4] In accordance with ASX Listing Rule 4.2B, the deadline for lodgement of the half-year report for mining exploration entities or oil and gas exploration entities is 75 days after the end of the accounting period. This deadline also applies to issuers whose securities are traded on the ASX AQUA market, as the reporting obligations for such issuers are linked to the reporting obligations under the Corporations Act and ASX Procedures 10A.4.2 and 10A.4.4 require documents to be lodged with the ASX at the same time as they are lodged with ASIC (or in the case of certain foreign ETFs, the timeline for the relevant overseas regulatory authority).

Deadlines applicable for 31 December 2021 half-year reports

The following tables summarise the reporting deadlines for half-year reporting periods ending 31 December 2021. Note: These reporting deadlines will be applicable to the majority of entities; however, care should be taken to ensure that the dates noted below are the appropriate dates for the entity in question.

Listed entities

Obligation	Deadline	Date applicable for 31 December 2021 reporting periods
Lodgement of Appendix 4D with ASX[5]	2 months	28 February 2022
Lodgement of audited or reviewed half-year financial report[6]		
• Mining and oil and gas exploration entities	75 days	16 March 2022
• ASX AQUA market issuers	75 days	16 March 2022
• Other issuers	2 months	28 February 2022

Unlisted entities

Obligation	Usual deadline	Date applicable for 31 December 2021 reporting periods
Lodgement of audited or reviewed half-year financial report – unlisted disclosing entities	75 days	16 March 2022

[5] The Appendix 4D and Appendix 4E requirements do not apply to mining and oil and gas exploration entities or to issuers on the ASX Quoted Assets (AQUA) market. Mining and oil and gas exploration entities must continue to provide the additional ASX information required under the ASX Listing Rules in the normal timeframes, i.e. a quarterly report outlining activities for the quarter, together with Appendix 5B (quarterly cash flow report), both within one month of the end of each quarter.

[6] Although there is a requirement to lodge the half-year report with both ASIC and the ASX, *ASIC Corporations (Electronic Lodgment of Financial Reports) Instrument 2016/181* (available at www.legislation.gov.au) allows entities listed on the ASX to lodge the reports electronically with the relevant market operator without also having to separately lodge the reports with ASIC.

Appendix 4D

Source		
Appendix 4D, Item 1	**Current reporting period**	Half-year ended 31 December 2021
Appendix 4D, Item 1	**Prior corresponding period**	Half-year ended 31 December 2020

Results for announcement to the market

Appendix 4D, Item 2, Footnote

The information below required by Appendix 4D, Items 2.1-2.6 must be placed at the beginning of the report. The other information required by Appendix 4D may be presented in whatever way is the most clear and helpful to users, e.g. combined with the body of the report, combined with notes to the the accounts, or set out separately.

Key information

Source			% Change		$'000
Appendix 4D, Item 2.1	Total revenue from ordinary activities	*[Up/down}*	___ %	to	*[Amount]*
Appendix 4D, Item 2.2	Profit (loss) from ordinary activities after tax attributable to members	*[Up/down}*	___ %	to	*[Amount]*
Appendix 4D, Item 2.3	Net profit (loss) for the period attributable to members	*[Up/down}*	___ %	to	*[Amount]*

Appendix 4D, Item 5

Details relating to dividends

Source		Amount per share	Franking[(1)]	Total amount $'000
Appendix 4D, Item 2.4	Final dividend paid on 17 September 2021 (prior year)	___ cents	___ %	*[Amount]*
Appendix 4D, Item 2.4	Interim dividend declared on 18 February 2022[(2)]	___ cents	___ %	*[Amount]*
Appendix 4D, Item 2.5	Record date for determining entitlements to dividends	24 February 2022		

Appendix 4D, Item 2.6 (1) All dividends are fully franked at a 30% tax rate.

Appendix 4D, Item 5 (2) The interim dividend is payable on 16 March 2022 and is not recognised as a liability as at 31 December 2021.

Appendix 4D, Item 2.4

If no dividends have been paid or proposed, the entity is required to make a statement that it is not proposed to pay dividends.

Additional information

Appendix 4D, Item 2.6

An entity is required to provide a brief explanation of any figures provided in relation to Items 2.1 to 2.4 necessary to enable the figures to be understood.

For example, an entity may include the following information:

- Abnormal items of income and expense during the period or corresponding period
- Details of discontinued operations
- Additional line items or subtotals explaining the composition of amounts.

Source

Results for announcement to the market (continued)

Additional requirements for dividends and distributions

Appendix 4D, Item 5

Item 5 of Appendix 4D requires the disclosure of details of individual and total dividends or distributions and dividend or distribution payments. The details must include the date on which each dividend or distribution is payable, and (if known) the amount per security of foreign sourced dividend or distribution.

Dividend or distribution reinvestment plans

Appendix 4D, Item 6

The entity is required to provide details of any dividend or distribution reinvestment plans in operation and the last date for receipt of an election notice for participation in any dividend or distribution reinvestment plan.

Net tangible assets per share

Source		31/12/2021	30/06/2021*
Appendix 4D, Item 3	Net tangible assets per share	____ cents	____ cents

* The information for 30 June 2021 has been restated for the *[describe the change in accounting policy or error]* as explained in Note 2 to the attached half-year financial statements.

Calculation of net tangible assets per share

Appendix 4D does not provide explicit guidance on how net tangible assets are calculated, although that term is used in many places in the ASX Listing Rules in addition to Appendix 4D. The following information may be used as guidance:

- Chapter 19 of the ASX Listing Rules provides a definition of 'net tangible asset backing' for the purposes of disclosure by listed investment entities under ASX Listing Rules 4.10.2 and 4.12
- The ASX Clearance (Futures) Operating Rules provides a definition of net tangible assets (in Part 1) for the purposes of those rules. This definition explains that both intangible assets (within the meaning of AASB 138 *Intangible Assets*, including goodwill) and deferred tax assets should be excluded from net tangible assets for the purposes of those rules
- The ASX *Introduction to Investment Products* publication explains that net tangible assets of listed investment companies and trusts is the assets of the entity less any liabilities and intangible assets.

It is understood that the ASX will accept a lease right-of-use asset being classified as tangible or intangible following the character of the underlying asset. So, for example, a lease right-of-use asset associated with a lease of plant and equipment would be classified as tangible for the purposes of the net tangible assets per share calculation.

Where judgement is applied in determining the net tangible assets per share, additional explanation may be required.

Entities over which control has been gained or loss during the period

Appendix 4D, Item 4

Details provided must include the following:

- Name of the entity
- The date of the gain or loss of control
- Where material to an understanding of the report – the contribution of such entities to the reporting entity's profit from ordinary activities during the period and the profit or loss of such entities during the whole of the previous corresponding period.

Source

Details of associates and joint ventures

Appendix 4D, Item 7

Details to be provided include:

- Name of the associate or joint venture
- Details of the reporting entity's percentage holding in each of these entities
- Where material to an understanding of the report – aggregated share of profits (losses) of these entities, details of contributions to net profit for each of these entities
- Comparative figures for each of these disclosures for the previous corresponding period.

Foreign entities

Appendix 4D, Item 8

Foreign entities are required to disclose which set of accounting standards is used in compiling the report (e.g. International Financial Reporting Standards).

Information about audit or review

Appendix 4D, Item 9

If the accounts contain an independent audit report or review that is subject to a modified opinion, emphasis of matter or other matter paragraph, a description of the modified opinion, emphasis of matter or other matter paragraph.

In practice, some entities choose to provide information about the audit or review even where the report is unqualified (consistent with the requirements for preliminary final reports under Appendix 4E for full-years). The following example is the type of wording commonly used in these cases:

"This Appendix 4D is based on the attached half-year financial report which has been reviewed by the Group's auditors, Deloitte Touche Tohmatsu. A copy of Deloitte's unqualified review report can be found on page 22."

GAAP Holdings (Australia) Interim Limited

ACN 123 456 789

Half-year report for the half-year ended
31 December 2021

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 submit herewith the financial report of GAAP Holdings (Australia) Interim Limited and its subsidiaries (the Group) for the half-year ended 31 December 2021. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

Directors

s.306(1)(b)

The names of the directors of the company during or since the end of the half-year are:

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 2021
- Ms S.M. Saunders – appointed 3 August 2021
- Ms L.A. Lochert – appointed 30 July 2021 and resigned 3 December 2021

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

Review of operations (continued)

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 operations (continued)

- 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[7].

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 20 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.

[7] 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 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 financial statements are rounded, that fact must be disclosed in the financial statements or the directors' report.

Where the conditions of the Corporations Instrument are met, entities may round to the nearest dollar, nearest thousand dollars, nearest hundred thousand dollars, or to the nearest million dollars, depending upon the total assets of the entity. The appropriate rounding should be included in the disclosure below:

ASIC-CI 2016/191, Clause 5(v) 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 this directors' report are rounded off to the nearest *[dollar/thousand dollars / hundred thousand dollars/ million dollars]*, unless otherwise indicated.

ASIC-CI 2016/191, Clause 4, 5(g) Where the Corporations Instrument is applied, certain amounts in the financial statements are required to be rounded to differing levels of precision. It is important to ensure these amounts are shown using the correct level of precision and column headings and narrative information uses the correct level of rounding as required by the Corporations Instrument.

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, 18 February 2022

Auditor's independence declaration

Source

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Grosvenor Place
225 George Street
Sydney NSW 2000
Australia

Phone: +61 (0) 2 9322 7000
www.deloitte.com

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

18 February 2022

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 half-year financial report of GAAP Holdings (Australia) Interim Limited for the half-year ended 31 December 2021, 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.

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 the financial year, the individual or lead auditor must give the directors of the company, registered scheme or disclosing entity a written declaration that, to the best of the individual or 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
- No contraventions of any applicable code of professional conduct in relation to the audit or review.

Alternatively, if contraventions have occurred, the auditor is required to set out those contraventions in a written declaration that, and include a statement in the declaration that to the best of the individual or lead auditor's knowledge and belief, those contraventions are 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.

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.307(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.307C(1) and s.307C(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)
- 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 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).

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.

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)
- 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
- 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*.

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, 18 February 2022

Index to the consolidated financial statements

Condensed consolidated statement of profit or loss and other comprehensive income

for the half-year ended 31 December 2021

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

		Consolidated	
		Half-year ended	
	Note	31/12/2021 $'000	31/12/2020 $'000 Restated*
Continuing operations			
Revenue	5		
Cost of sales			
Gross profit			
Other income	10		
Distribution costs			
Administrative expenses			
Other expenses			
Share of results of associates			
Share of results of joint ventures			
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[8]			
Other gains and losses	6		
Finance costs			
Profit before tax	6		
Income tax expense			
Profit for the period from continuing operations			

[8] AASB 101:82(ba) requires impairment losses (including reversals of impairment losses or impairment gains) to be presented on the face of the statement of profit or loss. These impairment losses may arise from operating activities or from investing/financing activities. Therefore, when presenting a sub-total for operating profit it will be more meaningful to split the impairment losses into those which arise from operating activities, for example from trade and other receivables above operating profit, and those which arise from investing/financing activities, for example from debt securities, below operating profit.

	Note	Consolidated Half-year ended 31/12/2021 $'000	31/12/2020 $'000 Restated*
Discontinued operation			
Profit/(loss) for the period from discontinued operation	15		
Profit 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 liability			
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			

	Note	Consolidated Half-year ended 31/12/2021 $'000	31/12/2020 $'000 Restated*
<u>Foreign currency translation, net of investment hedges of a foreign operation:</u>			
- 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			
<u>Cost of hedging:</u>			
- 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			

		Consolidated	
		Half-year ended	
		31/12/2021	31/12/2020
		$'000	$'000
	Note		Restated*
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)			

* The comparative information has been restated as a result of *[the change in accounting policy/prior period error]* discussed in note 2.

Source references: AASB 134:8(b)(i), 10, 11, 14 and 20(b)

The above presentation is consistent with our *Tier 1 models and reporting considerations* publication for the year ended 31 December 2021. 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. However, entities should 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.

Condensed consolidated statement of profit or loss

for the half-year ended 31 December 2021

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

		Consolidated	
		Half-year ended	
	Note	31/12/2021 $'000	31/12/2020 $'000 Restated*
Continuing operations			
Revenue	5		
Other income	10		
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			
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[9]			
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			

[9] IAS 1:82(ba) requires impairment losses (including reversals of impairment losses or impairment gains) to be presented on the face of the statement of profit or loss. These impairment losses may arise from operating activities or from investing/financing activities. Therefore, when presenting a sub-total for operating profit it will be more meaningful to split the impairment losses into those which arise from operating activities, for example from trade and other receivables above operating profit, and those which arise from investing/financing activities, for example from debt securities, below operating profit.

	Note	Consolidated Half-year ended 31/12/2021 $'000	Consolidated Half-year ended 31/12/2020 $'000 Restated*
Attributable to:			
Owners of the parent			
Non-controlling interests			
Earnings per share			
From continuing operations			
- Basic (cents per share)			
- Diluted (cents per share)			
From continuing and discontinued operations			
- Basic (cents per share)			
- Diluted (cents per share)			

* The comparative information has been restated as a result of *[the change in accounting policy/prior period error]* discussed in note 2.

Source references: AASB 134:8(b)(ii), 10, 11, 11A, 14 and 20(b)

The above presentation is consistent with our *Tier 1 models and reporting considerations* publication for the year ended 31 December 2021. 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. However, entities should 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.

Condensed consolidated statement of comprehensive income

for the half-year ended 31 December 2021

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

		Consolidated	
		Half-year ended	
	Note	31/12/2021 $'000	31/12/2020 Restated* $'000
Profit/(loss) for the period			
Other comprehensive income			
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 31/12/2021 $'000	31/12/2020 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			
Items that will not be reclassified subsequently to profit or loss			
Gain/(loss) on revaluation of property			
Remeasurement of net defined benefit liability			
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			
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			

* The comparative information has been restated as a result of *[the change in accounting policy/prior period error]* discussed in note 2.

Source references: AASB 134:8(b)(ii), 10, 11, 14 and 20(b)

Condensed consolidated statement of financial position

as at 31 December 2021

		Consolidated	
		31/12/2021	**30/06/2021 Restated***
	Note	**$'000**	**$'000**
Assets			
Current assets			
Cash and cash equivalents			
Trade and other receivables			
Contract assets			
Contract costs			
Right to returned goods asset			
Finance lease receivables			
Investments			
Derivative financial assets	18		
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 assets	18		
Property, plant and equipment	7		
Right-of-use assets			
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 31/12/2021 $'000	Consolidated 30/06/2021 Restated* $'000
Liabilities			
Current liabilities			
Trade and other payables	14		
Contract liabilities			
Refund liability			
Lease liabilities			
Borrowings	13		
Derivative financial instruments	18		
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			
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			
Capital and reserves			
Share capital	12		
Reserves			
Retained earnings			
Equity attributable to owners of the parent			
Non-controlling interest			
Total equity			

* The comparative information has been restated as a result of *[the change in accounting policy/prior period error]* discussed in note 2.

Source references: AASB 134:8(a), 10, 14 and 20(a)

Condensed consolidated statement of changes in equity

for the half-year ended 31 December 2021

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 2020													
Effect of *[the change in accounting policy/prior period error]* for *[insert as relevant]* (note 2)*													
Balance as at 1 July 2020 – As restated													
Profit for the period													
Other comprehensive income for period													
Total comprehensive income for the period													
Issue of shares													
Dividends (note 8)													
Share buy-back													
Share-based payments													
Balance at 31 December 2020													
Balance as at 1 July 2021													
Profit for the period													
Other comprehensive income for period													
Total comprehensive income for the period													
Dividends provided for or paid (note 8)													
Share buy-back													
Share-based payments													
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 2021													

* The comparative information has been restated as a result of *[the change in accounting policy/prior period error]* for [*insert as relevant*] as discussed in note 2.

Source references: AASB 134:8(c), 10, 14 and 20(c)

Condensed consolidated statement of cash flows

for the half-year ended 31 December 2021

		Consolidated	
		Half-year ended	
	Note	31/12/2021 $'000	31/12/2020 $'000
Cash flows from operating activities			
Receipts from customers			
Payments to suppliers and employees			
Cash generated [from/(used in)] operations			
Income taxes paid			
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 subsidiary	15		
Proceeds from sale of interests in associates	9		
Proceeds on disposal of property, plant and equipment			
Purchases of property, plant and equipment			
Government grants towards purchase of equipment			
Acquisition of investment in an associate	9		
Purchases of equity instruments designated at FVTOCI			
Purchases of patents and trademarks			
Acquisition of subsidiary	16		
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			

		Consolidated	
		Half-year ended	
	Note	31/12/2021 $'000	31/12/2020 $'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		
Repayment of lease liabilities			
Proceeds on issue of convertible loan notes			
Proceeds on issue of shares			
Share buy-back			
Proceeds on disposal of partial interest in a subsidiary that does not involve loss of control			
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 [(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			

Source references: AASB 134:8(d), 10, 14 and 20(d)

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.

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.

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 2021 annual financial report for the financial year ended 30 June 2021, 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.

Rounding off of amounts

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 financial statements are rounded, that fact must be disclosed in the financial statements or the directors' report.

Where the conditions of the Corporations Instrument are met, entities may round to the nearest dollar, nearest thousand dollars, nearest hundred thousand dollars, or to the nearest million dollars, depending upon the total assets of the entity. The appropriate rounding should be included in the disclosure below:

ASIC-CI 2016/191, Clause 5(v)

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 half-year financial report are rounded off to the nearest *[dollar, thousand dollars/ hundred thousand dollars/ million dollars]*, unless otherwise indicated.

ASIC-CI 2016/191, Clause 4, 5(g)

Where the Corporations Instrument is applied, certain amounts in the financial statements are required to be rounded to differing levels of precision. It is important to ensure these amounts are shown using the correct level of precision and column headings and narrative information uses the correct level of rounding as required by the Corporations Instrument.

Source

2. Adoption of new and revised Australian Accounting Standards

AASB 134:16A(a)

Change in accounting policy

The detailed disclosure requirements of AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* in respect of changes in accounting policy or of the new or amended standard itself in respect of transition do not apply unless specifically added to AASB 134 by means of a consequential amendment. However, judgement will be required to determine the appropriate disclosures necessary to satisfy the requirements of AASB 134 as well as investor expectations of information on changes in, for example, reported profits.

The appropriate level of disclosure will differ depending on the extent and nature of the changes resulting from each new or amended standard and any additional requirements on the disclosure of changes in accounting policies or on the presentation of comparative information applied by relevant regulators should also be taken into account.

In assessing the necessary disclosures in their condensed interim financial statements, entities should consider, inter alia, the need to provide information on the following:

- The new accounting policies applied
- The transitional method adopted and any choices provided by the new or amended standard
- The judgements and estimates applied
- The quantitative effects
- Presentation and restatement of comparative information.

(AASB 108.14-15)
AASB 108.28(a)-(e)

[Describe the nature of the change in accounting policy, describe the transitional provisions (when applicable) and describe the transitional provisions that might have an effect on future periods (when applicable)].

(AASB 108.28(f))

The following table summarises the impact of the change in policy on the financial statements of the Group[10].

(AASB 108.28(f)(i))

	31/12/2021 $'000	31/12/2020 $'000
Consolidated statement of profit or loss and other comprehensive income		
[Describe captions affected]		
Increase/(decrease) in profit for the period		
Other comprehensive income for the period, net of income tax		
[Describe captions affected]		
Increase/(decrease) in other comprehensive income for the period, net of income tax		
Total increase/(decrease) in comprehensive income for the period		

[10] The disclosures are based on profit or loss and other comprehensive income presented as a single statement.

Source

2. Adoption of new and revised Australian Accounting Standards (continued)

Change in accounting policy (continued)

(AASB 108.28(f)(i))

	31/12/2021 $'000	30/06/2021 $'000
Consolidated statement of financial position		
[Describe captions affected]		
Increase/(decrease) in net assets		

(AASB 108.28(g)) *[Describe the amount of the adjustment relating to periods before those presented (to the extent practicable)]*

(AASB 108.28(h)) *[If retrospective application is impracticable for a particular prior period, or for periods before those presented, describe the circumstances that led to the existence of that condition and describe how and from when the change in accounting policy has been applied].*

(AASB 108.28(f)(ii)) The impact of the change in policy on both basic and diluted earnings per share is presented in the following table.

	Impact on profit for the year from continuing operations		Impact on basic earnings per share		Impact on diluted earnings per share	
	31/12/2021 $'000	31/12/2020 $'000	31/12/2021 $'000	31/12/2020 $'000	31/12/2021 $'000	31/12/2020 $'000
Changes in accounting policies relating to:						
[Specify relevant changes in accounting policy]						

Source

2. Adoption of new and revised Australian Accounting Standards (continued)

AASB 134:15B(g), 24, 25 (AASB 108.41, 45)

Prior period errors

(AASB 108.49(a))

[Describe the nature of the prior period error.]

(AASB 108.49(b)(i))

The following table summarises the impact of the prior period error on the financial statements of the Group[11].

	31/12/2020 $'000
Consolidated statement of profit or loss and other comprehensive income	
[Describe captions affected]	
Increase/(decrease) in profit for the period	

	31/12/2020 $'000
Other comprehensive income for the period, net of income tax	
[Describe captions affected]	
Increase/(decrease) in other comprehensive income for the period, net of income tax	
Total increase/(decrease) in comprehensive income for the period	

	30/06/2021 $'000
Consolidated statement of financial position	
[Describe captions affected]	
Increase/(decrease) in net assets	

(AASB 108:49(b)(ii))

The impact of the prior period error on both basic and diluted earnings per share is presented in the following table.

	Impact on profit for the year from continuing operations		Impact on basic earnings per share		Impact on diluted earnings per share	
	31/12/2021 $'000	31/12/2020 $'000	31/12/2021 $'000	31/12/2020 $'000	31/12/2021 $'000	31/12/2020 $'000
Changes relating to prior period errors:						
[Specify relevant prior period error]						

(AASB 108:49(d))

[If retrospective restatement is impracticable for a particular prior period, the circumstances that led to the existence of that condition and a description of how and from when the error has been corrected.]

[11] The disclosures are based on profit or loss and other comprehensive income presented as a single statement.

Source

2. Adoption of new and revised Australian Accounting Standards (continued)

New and amended Accounting Standards that are effective for the current period

(AASB 101:31)

There is no requirement to present a full listing of mandatorily effective standards. Disclosures should only include Accounting Standards, amendments to Accounting Standards and other pronouncements that:

- Are mandatorily effective for the current period
- Are applicable to the entity's circumstances
- Have a material impact on the entity, or where the information disclosed is material.

AASB 134:16A(a)
(AASB 108.28)

In the current half-year, the Group has applied the below amendments to Australian Accounting Standards *[and Interpretations]* issued by the Australian Accounting Standards Board (the Board) that are effective for the Group's annual reporting period that began on 1 July 2021. Their adoption has had a material impact on the disclosures and/or amounts reported in these financial statements:

- AASB 2020-8 *Amendments to Australian Accounting Standards - Interest Rate Benchmark Reform - Phase 2*
- AASB 2021-3 *Amendments to Australian Accounting Standards - Covid-19-Related Rent Concessions beyond 30 June 2021*.

The impact of the above pronouncements is discussed below.

Removal of special purpose financial statements for certain for-profit entities

AASB 2020-2 *Amendments to Australian Accounting Standards - Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities* is applicable for annual reporting periods beginning on or after 1 July 2021

It makes amendments to numerous Standards and the Conceptual Framework for Financial Reporting so that they apply explicitly to:

- For-profit private sector entities that are required by legislation to prepare financial statements that comply with either Australian Accounting Standards or accounting standards
- Other for-profit private sector entities that are required only by their constituting document or another document to prepare financial statements that comply with Australian Accounting Standards, provided that the relevant document was created or amended on or after 1 July 2021.

The effect of these requirements is that the above entities are required to prepare general purpose financial statements and apply the Conceptual Framework for Financial Reporting when they are required to prepare financial statements by the relevant reporting mandate. Accordingly, these entities will not be permitted to prepare special purpose financial statements.

AASB 2020-2 is not relevant to the Group (as it already prepares general purpose financial statements) and therefore illustrative disclosures of the impact of AASB 2020-2 have not been provided.

Source

2. Adoption of new and revised Australian Accounting Standards (continued)

New and amended Accounting Standards that are effective for the current period

Applicable only to half-year Tier 2 (SD) financial statements

- AASB 1060 *General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Entities*
- AASB 2020-7 *Amendments to Australian Accounting Standards - Covid-19-Related Rent Concessions: Tier 2 Disclosures*
- AASB 2020-9 *Amendments to Australian Accounting Standards - Tier 2 Disclosures: Interest Rate Benchmark Reform (Phase 2) and Other Amendments*

Illustrative disclosures for these pronouncements are not included in the information that follows as they are not relevant to the Group.

Pronouncements effective in the current period for not-for-profit entities

The following additional pronouncements are relevant for the annual reporting period of not-for-profit entities:

- 2021-1 *Amendments to Australian Accounting Standards - Transition to Tier 2: Simplified Disclosures for Not-for-Profit Entities*

Illustrative disclosures for this pronouncement are not included in the information that follows as it is not relevant to the Group.

Source

2. Adoption of new and revised Australian Accounting Standards (continued)

New and amended Accounting Standards that are effective for the current period (continued)

AASB 2020-8 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2*

Impact of the initial application of Interest Rate Benchmark Reform

AASB 134:16A(a)
(AASB 108.28)

In the prior year the Group adopted the Phase 1 amendments AASB 2019-3 *Amendments to Australian Accounting Standards - Interest Rate Benchmark Reform*. These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments are amended as a result of the interest rate benchmark reform.

In the current year, the Group adopted the Phase 2 amendments in AASB 2020-8. Adopting these amendments enables the Group to reflect the effects of transitioning from interbank offered rates (IBOR) to alternative benchmark interest rates (also referred to as 'risk free rates' or RFRs) without giving rise to accounting impacts that would not provide useful information to users of financial statements. The Group has not restated the prior period. Instead, the amendments have been applied retrospectively with any adjustments recognised in the appropriate components of equity as at 1 July 2021.

Both the Phase 1 and Phase 2 amendments are relevant to the Group because it applies hedge accounting to its interest rate benchmark exposures, and in the current period modifications in response to the reform have been made to some (but not all) of the Group's derivative and non-derivative financial instruments that mature post 2021 (the date by which the reform is expected to be implemented).

Details of the derivative and non-derivative financial instruments affected by the interest rate benchmark reform together with a summary of the actions taken by the Group to manage the risks relating to the reform and the accounting impact, including the impact on hedge accounting relationships, appear in Note 18.

The amendments are relevant for the following types of hedging relationships and financial instruments of the Group, all of which extend beyond 2021, the date by which the reform is expected to be implemented by:

- Fair value hedges where LIBOR-linked derivatives are designated as a fair value hedge of fixed rate debt in respect of the GBP LIBOR risk component
- Cash flow hedges where IBOR-linked derivatives are designated as a cash flow hedge of IBOR-linked bank borrowings
- Bills or exchange and lease liabilities which reference LIBORs and are subject to the interest rate benchmark reform.

The application of the amendments impacts the Group's accounting in the following ways:

- The Group has issued $-denominated fixed rate debt which it fair value hedges using $ fixed to $ LIBOR interest rate swaps. The amendments permit continuation of hedge accounting even if in the future the hedged benchmark interest rate, $ LIBOR , may no longer be separately identifiable and there is uncertainty about the replacement of the floating interest rates included in the interest rate swaps. However, this relief does not extend to the requirement that the designated interest rate risk component must continue to be reliably measurable. If the risk component is no longer reliably measurable, the hedging relationship will be discontinued.

Source

2. Adoption of new and revised Australian Accounting Standards (continued)

New and amended Accounting Standards that are effective for the current period (continued)

AASB 2020-8 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2* (continued)

Impact of the initial application of Interest Rate Benchmark Reform (continued)

[For those entities that apply the hedge accounting requirements in AASB 139, the following paragraph would be relevant:]

- The Group will not discontinue hedge accounting should the retrospective assessment of hedge effectiveness fall outside the 80-125 per cent range and the hedging relationship is subject to interest rate benchmark reforms. For those hedging relationships that are not subject to the interest rate benchmark reforms the entity continues to cease hedge accounting if retrospective effectiveness is outside the 80-125 per cent range.

The Group will continue to apply the Phase 1 amendments to AASB 9/AASB 139 until the uncertainty arising from the interest rate benchmark reform with respect to the timing and the amount of the underlying cash flows to which the Group is exposed ends. The Group expects this uncertainty will continue until the Group's contracts that reference IBORs are amended to specify the date on which the interest rate benchmark will be replaced and the basis for the cash flows of the alternative benchmark rate are determined including any fixed spread.

As a result of the Phase 2 amendments:

- When the contractual terms of the Group's bank borrowings, bills of exchange are amended as a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the basis immediately preceding the change, the Group changes the basis for determining the contractual cash flows prospectively by revising the effective interest rate. If additional changes are made, which are not directly related to the reform, the applicable requirements of AASB 9 are applied to the other amendments. See note 13 for further details regarding changes made to the LIBOR-linked bank borrowings
- When a lease is modified as a direct consequence of the interest rate benchmark reform and the new basis for determining the lease payments is economically equivalent to the previous basis, the Group remeasures the lease liability to reflect the revised lease payments discounted using a revised discount rate that reflects the change in the basis for determining the contractual cash flows
- When changes are made to the hedging instruments, hedged item and hedged risk as a result of the interest rate benchmark reform, the Group updates the hedge documentation without discontinuing the hedging relationship and, in the case of a cash flow hedge, the amount accumulated in the cash flow hedge reserve is deemed to be based on SONIA (see note 18)
- For the Group's fair value hedges of a non-contractually specified benchmark component of interest rate risk, on transition to the alternative benchmark rate, if that risk rate is not separately identifiable at the date of designation, it will be deemed to have met the separately identifiable requirement at that date, if the Group reasonably expects the term specific interest rate component will be separately identifiable within a period of 24 months from the date the alternative benchmark rate is first designated, regardless of the term for which the risk is designated in that hedge. The 24-month period applies on a rate-by-rate basis.

Note 18 provides the required disclosures related to this amendment.

Source

2. Adoption of new and revised Australian Accounting Standards (continued)

New and amended Accounting Standards that are effective for the current period (continued)

AASB 2020-8 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2* (continued)

Impact of the initial application of Interest Rate Benchmark Reform (continued)

AASB 134:16A(a) The above Amending Standard may not materially impact the entity, and in this case, the disclosures provided may be reduced or removed.

(AASB 7.24I-24J) Where the impact of the amendments are material to the entity, the entity should consider providing additional disclosures based on those required in annual financial statements by paragraphs 24I-24J of AASB 7. (See note 18)

More information (including illustrative disclosures) on interest rate benchmark reform can be found in our *A closer look* publication, *Financial instrument disclosures when applying the Interest Rate Benchmark Reform amendments* (available at www.iasplus.com)

Impact of the initial application of AASB 2021-3 *Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021*

In the prior year the Group adopted AASB 2020-4 *Amendments to Australian Accounting Standards - COVID-19-Related Rent Concessions* that provided practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to AASB 16.

In April 2021, the AASB issued AASB 2021-3 *Amendments to Australian Accounting Standards - Covid-19-Related Rent Concessions beyond 30 June 2021*. When the AASB published the amendments to AASB 16 in June 2020, a lessee was permitted to apply the practical expedient to rent concessions for which any reduction in lease payments affected payments originally due on or before 30 June 2021. Due to the ongoing nature of the COVID-19 pandemic, the April 2021 amendment extends the practical expedient to apply to such payments originally due on or before 30 June 2022.

(AASB 108.28(a)-(c))
(AASB 16.C1C) The Group has applied the amendment to AASB 16 (as issued by the AASB in April 2021) in the current period.

(AASB 16.46A) The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19-related rent concession applying AASB 16 as if the change were not a lease modification.

(AASB 16.46B) The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change
- Any reduction in lease payments affects only payments originally due on or before 30 June 2022 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2022 and increased lease payments that extend beyond 30 June 2022)
- There is no substantive change to other terms and conditions of the lease.

Source

2. Adoption of new and revised Australian Accounting Standards (continued)

New and amended Accounting Standards that are effective for the current period (continued)

Impact of the initial application of AASB 2021-3 *Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021* (continued)

Impact on accounting for changes in lease payments applying the exemption

(AASB 16.60A(a)) The Group has applied the practical expedient retrospectively to all rent concessions that became eligible for the practical expedient as a result of the April 2021 amendment. The Group has not restated prior period figures, and the difference arising on initial application of the April 2021 amendment has been recognised in the opening balance of retained earnings at 1 July 2021. The Group has, in total, benefited from a __ month waiver of lease payments on buildings in *[A land]*, where those payments originally included amounts due after 30 June 2021 but before 30 June 2022. The waivers of lease payments which total $ ____ have been accounted for as a negative variable lease payment in profit or loss of $ ____ for (AASB 16.C20A; C20BA, BC205J) lease payments waived in 2021 and an adjustment to the opening balance of retained earnings at 1 July 2021 of $ ____ for lease payments waived in the prior financial year. The Group has derecognised the part of the lease liability that has been extinguished by the forgiveness of lease payments, consistent with the requirements of AASB 9:3.3.1.

In the current period, the Group has benefited from a __ month lease payment holiday on buildings in [B land]. The payment holiday reduces payments in the period to [date] by $ ___, and increases in payments in the period to *[date]* by $ ____ . The Group has remeasured the lease liability using the revised lease payments and the discount rate originally applied to the lease, resulting in a decrease in the lease liability of $ ____ (June 2021: $ ____), which has been recognised as a negative variable lease payment in profit or loss. The Group continued to recognise interest expense on the lease liability.

Source

2. Adoption of new and revised Australian Accounting Standards (continued)

New and amended Accounting Standards that are effective for the current 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 is required to 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, is 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.

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 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.

Source

3. Significant changes from the annual financial statements

General requirements

AASB 134:16A

AASB 134 contains a number of specific disclosures that are required in interim financial reports, including:

AASB 134:16A(a)

- A statement that the same accounting policies and methods of computation are followed in the interim financial statements as compared with the most recent annual financial statements or, if those policies or methods have been changed, a description of the nature and effect of the change

AASB 134:16A(c)

- 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.

The examples below illustrate or explain how these requirements might be met in specific circumstances. Entities should develop disclosures that meet the requirements of AASB 134 and reflect the entity's specific transactions and events.

Impacts of COVID-19 and the emerging recovery

With greater clarity on the path out of COVID-19 restrictions in most parts of Australia, confidence is gradually increasing that the worst of the pandemic is behind us. However, the outlook remains uncertain on the back of possible new variants, the pace of economic recovery and the potential for the pandemic to have left 'structural' or permanent effects on the economy in areas such as consumer spending and organisational profitability. Accordingly, the COVID-19 pandemic and the uncertainties around recovery continue to present challenges in preparing financial reports for 31 December 2021.

Where the entity has taken advantage of the various government COVID-19 support packages such as JobKeeper, JobMaker or loan guarantees, it is important the nature and impacts of these schemes are clearly disclosed.

Readers of the financial statements should be able to understand:

- What support the entity has received
- How the support has been accounted for
- How the support has impacted the financial position, financial performance and cash flows of the entity, including, where appropriate areas such as segment reporting, impairment and operating and financial review
- The impacts of any voluntary repayments of support received.

Where the entity has not previously disclosed an accounting policy in respect of government grants and the grants received are significant, the entity should include accounting policy disclosures in the half-year financial report. An example is presented below, and further details of the grants received are illustrated in Note 10.

Source

3. Significant changes from the annual financial statements (continued)

Government grants

AASB 134:16A(a)
AASB 134:16A(c)

During the half-year, the Group became eligible for certain government support in response to the coronavirus pandemic, as explained in Note 10. The Group's accounting policy for government grants is explained below.

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, wage subsidies received under the Federal Government JobMaker Hiring Credit scheme and the New South Wales government Jobsaver scheme are presented as other income in profit or loss. Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets (including property, plant and equipment) are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

Supplier financing arrangements

AASB 134:16A

An entity may enter into arrangements under which a 'factor' (typically, a financial institution) pays a supplier on its behalf, with the entity (i.e. the purchaser) then reimbursing the factor. Such arrangements may be referred to as, for example, 'supplier financing', 'reverse factoring' or 'structured payable arrangements'. When such arrangements are material, clear disclosure should be provided of the following:

- The approach to the presentation of significant supplier financing arrangements and, in accordance with AASB 134:16A(c) (consider the requirements of AASB 101:122), the judgements made in applying that policy
- How supplier financing transactions have been reflected in the statement of cash flows
- The carrying amount of the liabilities in question and the line item(s) in which they are presented
- When supplier financing arrangements have been used as a tool to manage liquidity risk, the disclosures required by AASB 134:16A(c) (consider the requirements of AASB 7.39(c)).

When an entity enters into arrangements for factoring of receivables where they are not fully derecognised, it is important that the policy adopted for the treatment of cash flows arising is clearly explained and that any non-cash financing transactions are disclosed (consider the requirements of AASB 7:43). In particular, an explanation of whether the cash flows received on the receivables are treated as operating inflows with associated financing outflows that are deemed to repay the financing liability that was recognised when the receivables were transferred. Balances that will give rise to financing cash flows should also be included in the disclosure of changes in such balances required by AASB 107:44A-44E (where this information is presented in the half-year financial statements to meet the requirements of AASB 134:16A(e)).

See note 14. Trade and other payables of an illustrative disclosure of a reverse factoring arrangement.

Source

3. Significant changes from the annual financial statements (continued)

Software-as-a-service arrangements

Background

AASB 134:16A

New guidance on accounting for cloud computing arrangements is in place and needs to be taken into account in for December 2021 reporting periods.

The IFRS Interpretations Committee has published two agenda decisions clarifying how arrangements in respect of a specific part of cloud technology, Software-as-a-Service (SaaS), should be accounted for. The agenda decisions do not address the accounting for other components of cloud technology such as Infrastructure-as-a-Service and Platform-as-a-Service:

- The first agenda decision, published in March 2019, concludes that SaaS arrangements are likely to be service arrangements, rather than intangible or leased assets. This is because the customer typically only has a right to receive future access to the supplier's software running on the supplier's cloud infrastructure and therefore the supplier controls the intellectual property (IP) of the underlying software code
- The second agenda decision, published in April 2021, deals with specific circumstances in relation to configuration and customisation costs incurred in implementing SaaS:
  - In limited circumstances, certain configuration and customisation activities undertaken in implementing SaaS arrangements may give rise to a separate asset, where the customer controls the IP of the underlying software code. For example, the development of bridging modules to existing on-premise systems or bespoke additional software capability
  - In all other instances, configuration and customisation costs will be an operating expense. They are generally recognised in profit or loss as the customisation and configuration services are performed or, in certain circumstances, over the SaaS contract term when access to the cloud application software is provided.

This conclusion could result in a reduction in profit in a particular year, impacting measures such as earnings before interest and tax (EBIT), earnings before interest, tax, depreciation and amortisation (EBITDA) and profit before tax (PBT).

There may be several consequential impacts beyond the immediate accounting implications arising from the IFRIC agenda decisions that should be considered, e.g. the impact on business metrics and targets linked to profit measures.

For more analysis and background to this issue, see our Clarity publication *Software-as-a-Service arrangements*, available at www.deloitte.com/au/clarity.

Entities that have not reflected the guidance in their prior annual report

AASB 134:16A(a)

Where entities first reflect the impacts of the IFRIC agenda decisions in the current half-year, entities should provide a description of the nature and effect of the change where material.

AASB 134:43

Further where a change in accounting policy is required, comparative financial information should be retrospectively restated to derecognise previously capitalised costs, where material.

In addition, information about the change in accounting policy should be provided. The example on the next page can be used as a guide in developing disclosures reflecting the circumstances of the entity.

Source

3. Significant changes from the annual financial statements (continued)

Software-as-a-service arrangements (continued)

Entities that have not reflected the guidance in their prior annual report (continued)

Change in accounting policy – Software-as-a-Service arrangements

AASB 134:16A(a)
AASB 134:43
(AASB 108:28)

The IFRS Interpretations Committee (IFRIC) has issued two agenda decisions related to accounting for Software-as-a-Service (SaaS) arrangements:

- In March 2019, the IFRIC considered the accounting for SaaS arrangements (the first agenda decision) and concluded that for many such arrangements the substance is that the entity has contracted to receive services rather than the acquisition (or lease) of software assets. This is because, in a cloud-based environment, the SaaS contract generally only gives the customer the right to receive access to the cloud provider's application software, rather than a license over the IP i.e. control over the software code itself
- In April 2021, the IFRIC specifically considered how an entity should account for configuration and customisation costs incurred in implementing these (SaaS) service arrangements. The IFRIC concluded (the second agenda decision) that these costs should be expensed, unless the criteria for recognising a separate asset are met.

The Group has implemented this guidance retrospectively as a change in accounting policy during the current half-year. Previously, the Group *[capitalised certain upfront configuration and customisation costs incurred in implementing SaaS arrangements / explain previous accounting policy]*.

Historical financial information has been restated to account for the impact of the change in accounting policy, as follows:

Statement of financial position	**As at 30/06/2021 DR/(CR)**	**As at 01/07/2020 DR/(CR)**
Intangible assets	(__)	(__)
Total assets / net assets	(__)	(__)
Retained earnings	__	(__)
Total equity	__	__

Statement of comprehensive income	**Six months ended 31/12/2020 DR/(CR)**
Information technology expenses	__
Depreciation and amortisation	(__)
Profit before tax	__

Statement of cash flows	**Six months ended 31/12/2020 DR/(CR)**
Payments to suppliers and employees	(__)
Net cash generated by operating activities	(__)
Payment to acquire intangible assets	__
Net cash used in investing activities	__

Where relevant, the above information may be presented together with other information about changes in accounting policies (see Note 2. Adoption of new and revised Australian Accounting Standards).

Source

3. Significant changes from the annual financial statements (continued)

Software-as-a-service arrangements (continued)

Entities that have reflected the guidance in their prior annual report

Where entities have reflected the impacts of the IFRIC agenda decisions in their prior annual report they should nonetheless consider the impacts on the half-year report for the current period, including:

- Restating comparative information to derecognise previously capitalised costs (where material)
- Providing information about the impacts of any retrospective restatement of comparative information.

The illustrative example below may be used as a basis for providing the information. In some cases, this information may have been provided in the previous annual report and would not need to be repeated in the current half-year financial report.

Change in accounting policy – Software-as-a-Service arrangements

AASB 134:16A(a)
AASB 134:43
(AASB 108:28)

As noted in the Group's annual report for the financial year ended 30 June 2021, the Group implemented two agenda decisions issued by the IFRS Interpretations Committee (IFRIC) related to accounting for Software-as-a-Service (SaaS) arrangements. This change was retrospectively accounted for as a change in accounting policy during the prior financial year. Previously, the Group *[capitalised certain upfront configuration and customisation costs incurred in implementing SaaS arrangements / explain previous accounting policy]*.

In this half-year report, the historical financial information in the statement of comprehensive income and statement of cash flows has been restated to also retrospectively account for the impact of the change in accounting policy, as follows:

Financial statement item	**Six months ended 31/12/2020 DR/(CR)**
Statement of comprehensive income	
Information technology expenses	___
Depreciation and amortisation	(___)
Profit before tax	___
Statement of cash flows	
Payments to suppliers and employees	(___)
Net cash generated by operating activities	(___)
Payment to acquire intangible assets	___
Net cash used in investing activities	___

The comparative information in the statement of financial position already reflects the revised accounting policy.

Where relevant, the above information may be presented together with other information about changes in accounting policies (see Note 2. Adoption of new and revised Australian Accounting Standards).

Source

3. Significant changes from the annual financial statements (continued)

Removal of aged care bed licences from 2024

ASIC has updated its frequently asked questions on COVID-19 implications for financial reporting and audit to include additional commentary on proposed changes to aged care bed licences.

Under the proposals announced in the 2021-22 Federal Budget, aged care bed licences would be discontinued from 1 July 2024 as part of a series of reforms. The Federal Department of Health subsequently released a discussion paper in September 2021 dealing with the proposed transition to the new regime.

New commentary added to the end of ASIC FAQ 9D notes that entities with bed licence intangible assets should consider a number of factors, including:

- Whether to change the amortisation period
- Whether to impair the licences
- Whether to disclose judgements and uncertainties.

Research and development (R&D) concession

The October 2020 Federal Budget announced that the existing R&D law will continue to apply until 30 June 2021. Subsequently, the refundable R&D tax offset rate for entities with turnover of less than $20m will be fixed at 18.5 per cent above the prevailing corporate tax rate. For entities with turnover of $20 million or more, the non refundable R&D tax offset will be based on a simpler two-stepped intensity threshold. The R&D expenditure threshold will also be increased from $100 million to $150 million.

Accounting for the new regime is expected to be largely consistent with general practice under the prior regime:

- The refundable R&D tax offset is generally accounted for as a government grant, with a credit recognised in profit before tax over the period necessary to match the benefit of the credit with the costs for which it is intended to compensate
- In contrast, the non-refundable R&D tax offset is generally accounted for as an income tax and a credit recognised within tax expense and a tax asset recorded when the entity satisfies the criteria to receive the credit. In addition, a deferred tax liability is recognised in relation to any related capitalised R&D asset.

Research and development (R&D) concession (continued)

The new R&D tax offset has different 'clawback' mechanisms for related government grants, 'feedstock adjustments' and balancing adjustments from the previous regime, and this may impact accounting policies.

This measure was substantively enacted as of Friday 9 October 2020, and accordingly must be taken into account in the measurement of current and deferred taxes in reporting periods ending on or after this date.

See our Clarity publication for more information on accounting for the R&D concession.

See our Tax Essentials publication *Understanding the R&D Tax Incentive Regime* for an understanding of the tax aspects of the R&D tax offset.

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
- The methods used to distribute the products to the customers are the same.
- *[Specify any other factors]*

Two operations (the manufacture and sale of toys and bicycles) were discontinued with effect from 29 October 2021. 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	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	$'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]				
AASB 134:16A(g)(vi) Profit before tax				
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 and liabilities by reportable operating segment:

	Segment assets		Segment liabilities	
	Half-year ended		Half-year ended	
	31/12/2021	30/06/2021	31/12/2021	30/06/2021
	$'000	$'000 Restated*	$'000	$'000 Restated*
Continuing operations				
Segment A				
Segment B				
Segment C				
Segment D				
Segment E				
Segment F				
Segment G				
Total segment assets and liabilities				
Assets relating to discontinued operations				
Unallocated assets and liabilities				
Consolidated assets and liabilities				

At 30 June 2021, the operating segments included the assets of segment D and segment E which were sold on 29 October 2021.

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 $___ 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*.

See our Clarity publication *Disaggregated revenue disclosures - The relevance and value of more transparent revenue disclosures* for more information.

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 31/12/2021 $'000	Revenue Half-year ended 31/12/2020 $'000 Restated*
AASB 134:16A(l)	**External revenue by product line**		
	Electronic equipment – direct sales customers		
	Electronic equipment – wholesaler customers		
	Electronic equipment – internet customers		
	Leisure goods – wholesaler customers		
	Leisure goods – retail outlets		
	Computer software installation		
	Construction		
	Leisure goods – wholesaler customers (toys - discontinued)		
	Leisure goods – retail outlets (toys - discontinued)		
	External revenue by timing of revenue		
	Goods transferred at a point in time		
	Goods transferred over time		
	Services transferred at a point in time		
	Services transferred over time		
(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 $ ____ , and for the next four financial years, by the following amounts:

Financial years	$'000
2021	
2022	
2023	
2023	

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 2021		Half-year ended 31 December 2020	
	Cents per share	Total $'000	Cents per share	Total $'000
Fully paid ordinary shares				
Final dividend				

AASB 134:16A(h)

On 18 February 2022, 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 2021, to be paid to shareholders on 16 March 2022. This dividend has not been included as a liability in these financial statements. The total estimated dividend to be paid is $ ___.

Source

9. Investments in associates

AASB 134:16A(i)

On 23 November 2021, 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 $ ___ .

At 30 June 2021, the Group held a 40% interest in K Plus Limited and accounted for the investment as an associate. In December 2020, the Group transferred a 30% interest to a third party for proceeds of $ ___ . 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 $ ___ on disposal of the associate interest, and additional deferred tax expense of $ ___ relating to the fair value uplift of the remaining interest.

10. Government grants and government assistance

The Group has benefited from the following significant government support packages as a result of COVID-19 during the period:

Support received	Description
JobMaker Hiring Credit Scheme (Australia)	The Australian Federal Government's JobMaker Hiring Credit Scheme is an incentive for businesses to employ additional young job seekers aged 16-35 years between 7 October 2020 and 6 October 2021. Under the scheme, government subsidies of $ ___ (2020: nil) were received. The scheme started on 7 October 2020 however, the Group only became eligible to claim payments relating to eligible employees hired on or after 7 July 2021. The Group expects to continue receiving payments under the Scheme until its currently scheduled end date on 6 October 2022. The amounts received have been recognised as other income in the statement of profit or loss.
Jobsaver Scheme (New South Wales)	The New South Wales Government's JobSaver Scheme is an incentive to help maintain employee headcount and provide cash flow support to businesses. Under the scheme, government subsidies of $ ___ (2020: nil) were received. The Group became eligible for payments during the current half-year. The amounts received have been recognised as other income in the statement of profit or loss.
[Describe]	*[Provide details of the nature of the support received, the amount recognised in the financial statements (or other assistance received) and other information to allow users to understand its impacts]*

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 31/12/2021 $'000	Half-year ended 31/12/2020 $'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 (2020: nil).

Source

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

AASB 134:16A(e)

Issued capital as at 31 December 2021 amounted to $ ____ ([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 $ ____ on exercise of [no.] share options issued under its executive share option plan. As a result of this share issue, $ ____ 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 (2020: [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 (2020: $[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 $ ____ (June 2021 $ ____). 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 $____ (June 2021 $____) were made in line with previously disclosed repayment terms.

The Group has one principal non-current bank loan:

A loan of $ ____ (June 2020: $ ____). The loan was taken out on *[date]*. Repayments commenced on *[date]* and will continue until *[date]*. The loan is secured by a floating charge over certain of the Group's trade receivables dated [date], whose carrying value is $ ____ (June 2020: $ ____).

The Group is required to maintain trade receivables that are not past due with carrying value of $ ____ as security for the loan. The loan carried interest at ____ per cent above 3-month LIBOR. However, in the first quarter of the current half-year, the Group transitioned its $ ____ bank borrowings to SONIA. The $ ____ bank borrowings that transitioned to SONIA had an additional fixed spread added of ____ bps. No other terms were amended as part of the transition.

The Group accounted for the change to SONIA using the practical expedient introduced by the Phase 2 amendments, which allows the Group to change the basis for determining the contractual cash flows prospectively by revising the effective interest rate. For more information, see Notes 2 and 18.

Source

14. Trade and other payables

	31/12/2021 $'000	30/06/2021 $'000
Trade payables		
Supplier financing arrangements		
Other trade payables		
Goods and services tax and other statutory liabilities		
Other payables		

AASB 134:16A(c) in order to ensure easy access to credit for its suppliers and facilitate early settlement, during the current period the Group has entered into reverse factoring arrangements. The contractual arrangements in place permit the supplier to obtain the amounts billed less 0.5 per cent discount with the amounts paid by Bank A. The discount represents less than the trade discount for early repayment commonly used in the market.

The Group will repay Bank A the full invoice amount on the scheduled payment date as required by the invoice. As the arrangements do not permit the Group to extend finance from Bank A by paying Bank A later than the Group would have paid its supplier, the Group considers amounts payable to Bank A should be classified as trade payables. The reverse factoring arrangements permit Bank A to early settle invoices equal to $ ___ per month, the maximum amount used in a month during the half year was $ ___ . At the period-end ___ per cent of trade payables were amounts owed under these arrangements.

AASB 134:16A(j) (AASB 7.29(a)) The directors consider that the carrying amount of trade payables approximates their fair value.

15. Disposal of subsidiaries

AASB 134:16A(i)

(i) Disposal of interest in Sub B Limited

On 3 August 2021, the Group disposed of 20% of its interest in Sub B Limited, reducing its continuing interest to 80%. The proceeds on disposal of $ ___ were received in cash.

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

AASB 134:16A(i)

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

On 29 October 2021, the Group disposed of Sub A Limited, which carried out all of its toy manufacturing operations. The proceeds on disposal of $ ___ was received in cash.

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

	4 months ended 29/10/2021 $'000	6 months ended 31/12/2020 $'000
Loss of toy manufacturing operations for the half-year		
Gain on disposal of toy manufacturing operations		

Source

AASB 134:16A(i)

15. Disposal of subsidiaries (continued)

(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 29/10/2021 $'000	6 months ended 31/12/2020 $'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:

	29/10/2021 $'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 $ ___ 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, 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 16 November 2021, 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	
AASB 3:B64(g)(i)	Contingent consideration arrangement (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 $ ___ if Sub X Limited's profit before interest and tax (PBIT) in each of the financial years 2021 and 2022 exceeds $ ___ . No amount is payable if the PBIT target is not met. Sub X Limited's PBIT for the past three years has been $ ___ on average and the directors expect that the specified target will be met. $ ___ 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 $ ___ (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 $ ___ 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 $ ____ had gross contractual amounts of $ ____ . The best estimate at acquisition date of the contractual cash flows not expected to be collected is $ ____ .

AASB 3:B64(h)

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

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 $ ____ . 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 $ ____ attributable to Sub X Limited. Revenue for the half-year includes $ ____ in respect of Sub X Limited.

Had the acquisition of Sub X Limited been effected at 1 July 2021, the revenue of the Group from continuing operations for the six months ended 31 December 2021 would have been $ ____ , and the profit for the year from continuing operations would have been $ ____ . 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 $ ____ 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. Financial instruments

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.

Classes and categories of financial instruments and their fair values

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

The following table combines information about:

- Classes of financial instruments based on their nature and characteristics
- The carrying amounts of financial instruments
- Fair values of financial instruments (except financial instruments when carrying amount approximates their fair value)
- Fair value hierarchy levels of financial assets and financial liabilities for which fair value was disclosed.

Fair value hierarchy levels 1 to 3 are based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	CARRYING VALUE									FAIR VALUE			
	Financial assets					Financial liabilities				Level			
	FVTPL – derivatives designated in hedge relationships	FVTOCI – mandatorily measured	FVTOCI	FVTOCI - designated	Amortised cost	FVTPL - designated	FVTPL - mandatorily measured	Amortised cost	Total	1	2	3	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
31 December 2021													
Cash and cash equivalents													
Investments													
Finance lease receivables													
Trade and other receivables													
Borrowings													
Convertible loan notes													
Derivative financial instruments													
Trade and other payables													
Contingent consideration in a business combination													
30 June 2021													
Cash and cash equivalents													
Investments													
Finance lease receivables													
Trade and other receivables													
Borrowings													
Convertible loan notes													
Derivative financial instruments													
Trade and other payables													
Contingent consideration in a business combination													

Source

18. Financial instruments (continued)

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

(AASB 13.91) 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	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship and sensitivity of unobservable inputs to fair value
1) Foreign currency forward contracts and interest rate swaps	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.	N/A	N/A
2) Commodity options	Black-Scholes model. The following variables were taken into consideration: current underlying price of the commodity, options strike price, time until expiration (expressed as a per cent of a year), implied volatility of the commodity and LIBOR.	N/A	N/A
3) Held-for-trading shares	Quoted prices in an active market	N/A	N/A
4) Investments in unlisted shares	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 ___ to ___ per cent (June 2021: ___ to___ per cent).	The higher the revenue growth rate, the higher the fair value. If the revenue growth was ___ per cent higher/lower while all other variables were held constant, the carrying amount would increase/decrease by $ ___ (June 2021: increase/decrease by $ ___).
		Long-term pre-tax operating margin taking into account management's experience and knowledge of market conditions of the specific industries, ranging from ___ to ___ per cent (June 2021: ___ to___ per cent).	The higher the pre-tax operating margin, the higher the fair value. If the pre-tax operating margin was ___ per cent higher/lower while all other variables were held constant, the carrying amount would increase/decrease by $ ___ (June 2021: increase/decrease by $ ___).
		Weighted average cost of capital, determined using a Capital Asset Pricing Model, from ___ to ___ per cent (June 2021: ___ to___ per cent).	The higher the weighted average cost of capital, the lower the fair value. If the weighted average cost of capital was ___ per cent higher/lower while all other variables were held constant, the carrying amount would decrease/increase by $ ___ (June 2021: increase/decrease by $ ___).
		Discount for lack of marketability, determined by reference to the share price of listed entities in similar industries, ranging from ___ to ___ per cent (June 2021: ___ to___ per cent).	The higher the discount, the lower the fair value. If the discount was __ per cent higher/lower while all other variables were held constant, the carrying amount would decrease/increase by $ ___ (June 2021: decrease/increase by $ ___).
5) Listed corporate bond	Quoted prices in an active market	N/A	N/A
6) Redeemable cumulative preference notes	Discounted cash flow at a discount rate of ___ per cent (June 2021: ___ per cent) that reflects the Group's current borrowing rate at the end of the reporting period.	N/A	N/A
7) Contingent consideration in a business combination	Discounted cash flow method was used to capture the present value of the Group arising from the contingent consideration.	Discount rate of __ per cent determined using a Capital Asset Pricing Model.	The higher the discount rate, the lower the fair value. If the discount rate was ___ per cent higher/lower while all other variables were held constant, the carrying amount would decrease/increase by $ ___ (June 2021: decrease/increase by $ ___).
		Probability-adjusted revenues and profits, with a range from $ ___ to $ ___ and a range from $ ___ to $ ___ respectively.	The higher the amounts of revenue and profit, the higher the fair value. If the revenue was ___ per cent higher/lower while all other variables were held constant, the carrying amount would increase/decrease by $ ___ (June 2021: increase/decrease by $ ___).

(AASB 13.93(c)) There were no transfers between Level 1 and Level 2 during the period.

Source

18. Financial instruments (continued)

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)

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.

AASB 13.93(e)

Reconciliation of Level 3 fair value measurements of financial instruments

	Equity investments at FVTOCI - unlisted shares	Other *[describe]*	Total
	$'000	$'000	$'000
31 December 2021			
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			
Transfers into level 3			
Closing balance			
30 June 2021			
Opening balance			
Total gains or losses:			
- In profit or loss			
- In other comprehensive income			
Purchases			
Issues			
Disposals/settlements			
Transfers out of level 3			
Transfers into of level 3			
Closing balance			

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. Financial instruments (continued)

Fair value of financial instruments (continued)

Fair value determined using valuation techniques

An entity discloses 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

18. Financial instruments (continued)

Market risk

Interest rate risk management

AASB 134:16A(a)

The below disclosures are relevant for entities impacted by the initial application of the interest rate benchmark reforms (AASB 2020-8 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2* (effective for annual reporting periods beginning on or after 1 January 2021) and AASB 2019-3 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform* (effective for annual reporting periods beginning on or after 1 January 2020 and therefore should have been applied for the first time in the prior (31 December 2020) half-year financial statements)). See note 2 for disclosures on the change in accounting policy.

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, and by the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite; ensuring the most cost-effective hedging strategies are applied.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

The Group is exposed to CU LIBOR. The exposures arise on derivatives and non-derivative financial assets and liabilities (e.g. bills of exchange, debt and leases).

As listed in note 2, the Group has cash flow and fair value hedge relationships affected by the interest rate benchmark reform. Hedged items in these hedges include issued CU-denominated fixed rate debt. The debt that was originally issued as CU LIBOR floating rate debt was transitioned to SONIA (see note 13). Hedging instruments include LIBOR based interest rate swaps. The Group also has bills of exchange and lease liabilities linked to CU LIBOR, which are not designated in hedging relationships.

The Group has closely monitored the market and the output from the various industry working groups managing the transition to new benchmark interest rates. This includes announcements made by the IBOR regulators. The FCA has confirmed that all LIBOR settings will either cease to be provided by any administrator or no longer be representative:

- Immediately after 31 December 2021, in the case of all sterling, euro, Swiss franc and Japanese yen settings, and the 1-week and 2-month US dollar settings
- Immediately after 30 June 2023, in the case of the remaining US dollar settings.

In response to the announcements, the Group has set up an IBOR transition programme comprised of the following work streams: risk management, tax, treasury, legal, accounting and systems. The programme is under the governance of the Chief Financial Officer who reports to the Board.

Source

18. Financial instruments (continued)

Market risk (continued)

Interest rate risk management (continued)

Risks arising from the interest rate benchmark reform

The following are the key risks for the Group arising from the transition.

1. **Interest rate basis risk**: There are two elements to this risk as outlined below.
   - If the bilateral negotiations with the Group's counterparties are not successfully concluded before the cessation of LIBORs, there are significant uncertainties with regard to the interest rate that would apply. This gives rise to additional interest rate risk that was not anticipated when the contracts were entered into and is not captured by our interest rate risk management strategy.
   - ·Interest rate basis risk may arise if a non-derivative instrument and the derivative instrument held to manage the interest risk on the non-derivative instrument transition to alternative benchmark rates at different times. This risk may also arise where back-to-back derivatives transition at different times. The Group will monitor this risk against its risk management policy which has been updated to allow for temporary mismatches of up to 12 months and transact additional basis interest rate swaps if required.
2. **Liquidity risk:** There are fundamental differences between LIBORs and the various alternative benchmark rates which the Group will be adopting. LIBORs are forward looking term rates published for a period (e.g. 3 months) at the beginning of that period and include an inter-bank credit spread, whereas alternative benchmark rates are typically risk-free overnight rates published at the end of the overnight period with no embedded credit spread. These differences will result in additional uncertainty regarding floating rate interest payments which will require additional liquidity management. The Group's liquidity risk management policy has been updated to ensure sufficient liquid resources to accommodate unexpected increases in overnight rates
3. **Accounting:** If transition to alternative benchmark rates for certain contracts is finalised in a manner that does not permit the application of the reliefs introduced in the Phase 2 amendments, this could lead to discontinuation of hedge accounting relationships, increased volatility in profit or loss if re-designated hedges are not fully effective and volatility in the profit or loss if non-derivative financial instruments are modified or derecognised. The Group is aiming to agree changes to contracts that would allow AASB 9 reliefs to apply. In particular, the Group is not seeking to novate derivatives or close out derivatives and enter into new on-market derivatives where derivatives have been designated in hedging relationships
4. **Litigation risk:** If no agreement is reached to implement the interest rate benchmark reform on existing contracts, (e.g. arising from differing interpretation of existing fallback terms), there is a risk of prolonged disputes with counterparties which could give rise to additional legal and other costs. The Group is working closely with all counterparties to avoid this from occurring
5. **Operational risk:** Our current treasury management system is undergoing upgrades to fully manage the transition to alternative benchmark rates and there is a risk that such upgrades are not fully functional in time, resulting in additional manual procedures which give rise to operational risks. The Group is working closely with its system provider to ensure the relevant updates are made in good time and the Group has plans in place for alternative manual procedures with relevant controls to address any potential delay.

Source

18. Financial instruments (continued)

Market risk (continued)

Interest rate risk management (continued)

Progress towards implementation of alternative benchmark interest rates

All newly transacted floating rate financial assets and liabilities are linked to an alternative benchmark rate, such as SONIA or SOFR or if, linked to LIBOR, include detailed fallback clauses clearly referencing the alternative benchmark rate and the trigger event on which the clause is activated.

The Group has a risk management policy of maintaining an appropriate mix between fixed and floating rate borrowings. However, due to the lack of liquidity in the SONIA and SOFR markets, the Group is temporarily increasing the amount of fixed rate debt it carries by either issuing fixed rate debt or entering into interest rate swap contracts.

The Group is planning to transition the majority of its LIBOR-linked contracts to risk-free rates through introduction of, or amendments to, fallback clauses into the contracts which will change the basis for determining the interest cash flows from LIBOR to RFR at an agreed point in time. Some of these fallback provisions have been incorporated into contracts in the first quarter of the half-year but the majority are expected to be implemented before the end of the financial year.

Interest rate benchmark transition for non-derivative financial instruments

As it was discussed in note 13 the Group transitioned $ ____ of the 3-months CU LIBOR bank borrowings to SONIA.

For the Group's $ ____ bills of exchange linked to CU LIBOR, the fallback clauses were incorporated in H1 2021.

The Group has not yet agreed changes with the landlords to its leases but these are expected in H1 2022.

Non-derivative financial instrument prior to transition	Maturing in	Nominal currency (FC $'000s)	Total nominal ($'000s)	Hedge accounting	Transition progress for non-derivative financial instruments
Bank borrowings linked to CU LIBOR	2024/2025			Designated in cash flow hedge (see below)	Transitioned to SONIA
Bills of exchange linked to CU LIBOR	2026			N/A	Fallback clauses were incorporated
Lease liabilities linked to CU LIBOR	2025			N/A	Expected to transition in H1 2022
Total floating rate non-derivative liabilities					
Amounts subject to the interest rate benchmark reform					

The Group has not yet agreed changes to its $ ____ of CU LIBOR investments in bills of exchange maturing between ____ and ____ but these are expected in H2 2022.

Source

18. Financial instruments (continued)

Market risk (continued)

Interest rate risk management (continued)

Interest rate benchmark transition for derivatives and hedge relationships

The Group has in issue $ ____ of CU-denominated fixed rate bank borrowings maturing in 2026 which were in a fair value hedge of CU LIBOR using a fixed to CU LIBOR interest rate swap contract. The Group have not yet transitioned the interest rate swaps to alternative risk-free rate; however, the Phase 1 amendments permit continuation of hedge accounting even if in the future the hedged benchmark interest rate is no longer considered to be separately identifiable. The Group has also determined that the hedged LIBOR interest rate risk component of the designated fixed rate bank loans continue to be reliably measurable.

As it was discussed earlier, the Group has transitioned $ ____ of its bank borrowings to SONIA. These bank borrowings are hedged in a cash flow hedge using a 3-months LIBOR to fixed interest rate swap contract. During the first quarter of 2021 the Group entered into an equal but offsetting derivative against the original derivative and a new off-market derivative based on SONIA plus fixed spread on the same terms as the original derivative (i.e. the fair value on day one of the new SONIA derivative was the same as the original LIBOR derivative). This change was done as a direct consequence of the reform and on an economically equivalent basis. The Group changed the hedge documentation to include the new derivatives and amended the designated hedged risk to "variability in the cash flows of the bank borrowings resulting from changes in SONIA". The hedge relationship was not discontinued and the accumulated gain in the cash flow hedge reserve is deemed to be based on SONIA.

For Group's derivatives with nominal amount $ ____ that reference to 6-month LIBOR maturing in 2024 but were not designated in hedge relationships, the International Swaps and Derivatives Association's (ISDA) fallback clauses were made available in the first quarter of 2021 and the Group has signed up to the protocol, along with each of the Group's counterparties. This ensures all legacy trades will, on cessation of IBOR, follow the fallback clause provided in the protocol.

The Group will continue to apply the amendments to AASB 9 until the uncertainty arising from the interest rate benchmark reforms with respect to the timing and the amount of the underlying cash flows that the Group is exposed ends. The Group expects this uncertainty will continue until the Group's contracts that reference LIBORs are amended to specify the date on which the interest rate benchmark will be replaced, the basis for the cash flows of the alternative benchmark rate are determined including any fixed spread.

Source

19. Subsequent events

AASB 134:16A(h)

The notes to the condensed consolidated financial statements discloses 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 makes 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.

Deloitte.