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Model half-year financial statements

Half-years ending on or after 31 December 2020

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About the model half-year report

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*.

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 2020. Accordingly, it is preparing a half-year report for the half-year ending 31 December 2020.

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' and figures in this model half-year report to the *December 2020 Tier 1 model financial statements.*

Tier 1 and Tier 2 reports

The model half-year report includes disclosures that apply to Tier 1 GPFS. In accordance with AASB 1053 *Application of Tiers of Australian Accounting Standards*, Tier 1 applies to entities with public accountability and other entities choosing to apply Tier 1.

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

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

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*. The Simplified Disclosures (SD) in AASB 1060 will replace 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), or segment information (AASB 8 *Operating Segments*), earnings per share (AASB 133 *Earnings per Share*)). Therefore, entities making such disclosures shall apply the relevant Standards in preparing and presenting the information.

More information about the Australian differential framework can be found in the guide.

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 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.

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 9th Edition published in December 2020. 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
Guide	The *Australian financial reporting guide*, available at www.deloitte.com/au/models
GPFS	General purpose financial statements
IASB	International Accounting Standards Board
IFRS/IAS	International Financial Reporting Standard issued by the IASB or its predecessor
IFRIC	International Financial Reporting Interpretations Committee or its predecessor, or reference to an Interpretation issued by the International Financial Reporting Interpretations Committee
Int	Interpretation issued by the AASB
Reg	Regulation of the *Corporations Regulations 2001*
s.	Section of the *Corporations Act 2001*

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 2020

Summary of changes

Relevant to half-year reports at 31 December 2020

The following considerations should be considered for half-year financial reports at 31 December 2020

What's changed?	Who is affected?	What needs to be considered?
Overall considerations		
The impact of the COVID-19 and government responses to the pandemic 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 on the entity and the decisions, judgements and uncertainties involved in compiling the financial report. For areas affected by the effects of 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 2020 Tier 1 model financial statements*.
Disclosure considerations		
The AASB and AuASB have released guidance on the impact of climate-related and other emerging risks in financial reporting	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 AASB and AuASB have stated that entities should adequately consider climate-related risks and other emerging risks in their financial reporting. Whilst the impacts of COVID-19 are likely to be more 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. Major changes from the most recent annual financial statements should be highlighted and explained in half-year reports.
Underlying accounting changes		
A number of less significant amendments to Accounting Standards become applicable for the first time	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		
Changes in small/large proprietary company thresholds effective for financial years beginning on or after 1 July 2019	Proprietary companies incorporated under the Corporations Act	The thresholds for the determination of whether a proprietary company is small or large have been doubled, meaning less entities will be required to prepare and lodge financial reports under Part 2M.3 of the Corporations Act
The ASX Listing Rules and guidance have been updated	Entities listed on the ASX	The majority of the changes made to the ASX Listing Rules and guidance apply from 1 December 2019 and must be considered by entities in ensuring compliance with their listing obligations.

Commentary

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 3 of the *December 2020 Tier 1 model financial statements*.

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 2020:

Date issued	Pronouncement	Effective for annual reporting periods beginning on or after
Applicable to half-year financial statements		
December 2018	AASB 2018-6 *Amendments to Australian Accounting Standards – Definition of a Business*	1 January 2020[1]
December 2019	AASB 2018-7 *Amendments to Australian Accounting Standards – Definition of Material*	1 January 2020
May 2019	*Conceptual Framework for Financial Reporting* and AASB 2019-1 *Amendments to Australian Accounting Standards – References to the Conceptual Framework*	1 January 2020[2]
October 2019	AASB 2019-3 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform*	1 January 2020
December 2019	AASB 2019-5 *Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia*	1 January 2020
June 2020	AASB 2020-4 *Amendments to Australian Accounting Standards – Covid-19 Related Rent Concessions*	1 June 2020
Applicable only to not-for-profit entities[3]		
October 2018/ September 2019	AASB 1059 *Service Concession Arrangements: Grantors*, AASB 2018-5 *Amendments to Australian Accounting Standards – Deferral of AASB 1059* and AASB 2019-2 *Amendments to Australian Accounting Standards – Implementation of AASB 1059*	1 January 2020
November 2019	AASB 2019-4 *Amendments to Australian Accounting Standards – Disclosure in Special Purpose Financial Statements of Not-for-Profit Private Sector Entities on Compliance with Recognition and Measurement Requirements*	(ending) 30 June 2020[4]
December 2019	AASB 2019-7 *Amendments to Australian Accounting Standards – Disclosure of GPS Measures of Key Fiscal Aggregates and GAAP/GFS Reconciliations*	1 January 2020

[1] Applies to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period.

[2] The amendments made by AASB 2019-1 apply to for-profit private sector entities that have public accountability and are required by legislation to comply with Australian Accounting Standards and other for-profit entities that elect to apply the Conceptual Framework.

[3] The pronouncements in this section are mandatory for the first time for not-for-profit entities, and are either not applicable to for-profit entities, or have been applied by for-profit entities in previous periods.

[4] AASB 2019-4 applies to annual reporting periods ending on or after 30 June 2020, with earlier application permitted. Accordingly, this pronouncement is applicable to affected not-for-profit entities with financial years ending on 31 December 2020.

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 IFRS, 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 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 Board 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.

Pronouncements not yet effective

AASB 134 does not require disclosure of new accounting standards and interpretations that are not yet effective. 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

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.

The deadlines immediately below have **not** been adjusted to reflect the updated deadlines. For details of the relief available and the revised deadlines, see the discussion on the next page.

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)[5]	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)[6]	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

[5] 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.

[6] 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).

Dates for 31 December 2020 half-year reports

Relief available

On 11 November 2020, ASIC issued media release 20-276MR *ASIC to further extend financial reporting deadlines for listed and unlisted entities and amends 'no action' position for AGMs*, in which it announced that it:

- Will extend the deadline for both listed and unlisted entities to lodge financial reports (for both full years and half-years) under Chapters 2M and 7 of the Corporations Act 2001 by one month for certain balance dates up to and including 7 January 2021 balance dates
- Has adopted a 'no action' position where public companies do not hold their Annual General Meetings (AGMs) within five months after the end financial years that end from 31 December 2019 to 7 January 2021, but do so up to seven months after year end.

On 25 November 2020, ASIC released *ASIC Corporations (Amendment) 2020/1080* (available at www.legislation.gov.au), which amends the following pronouncements to give effect to the one-month extension:

- *ASIC Corporations (Exempt Proprietary Companies) Instrument 2015/840* (amended version)
- *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785* (amended version)
- *ASIC Corporations (Extended Reporting and Lodgment Deadlines—Unlisted Entities) Instrument 2020/395* (amended version)
- *ASIC Corporations (Extended Reporting and Lodgment Deadlines—Listed Entities) Instrument 2020/451* (amended version).

In addition, a number of other COVID-19 concessions have been extended through two new instruments:

- *Corporations (Coronavirus Economic Response) Determination (No. 3) 2020* – this instrument extends the ability of entities to hold annual general meetings (AGMs) and other prescribed meetings electronically and to sign documents electronically in the period to 22 March 2021 (Determination, media release)
- *Corporations (Coronavirus Economic Response) Determination (No. 4) 2020* – this instrument extends the temporary continuous disclosure requirements arising under the *Corporations Act 2001* for the period to 23 March 2021 (Determination, media release).

Furthermore, on 19 November 2020, the ASX announced that it would issue a further class waiver under ASX Listing Rule 18.1 to give effect under the ASX Listing Rules to the relief announced by ASIC on 11 November 2020. ASX's class waiver will again impose two conditions that listed entities must satisfy to get the benefit of the extension to the lodgement date for their audited or reviewed accounts under ASX Listing Rules 4.2B and 4.5.1:

- The entity provides to the market unaudited/unreviewed accounts and the information required by Appendix 4D or 4E (as applicable) by the usual lodgement deadline, so that the market has reasonably current financial information on which to base its trading decisions
- At the same time (or before) it lodges its unaudited/unreviewed accounts with ASX, it announces to the market not only that it is relying on the ASIC relief to extend the lodgement date for its audited/reviewed accounts, but that it will also immediately make a further announcement to the market if there is a material difference between its unaudited/unreviewed accounts and its audited/reviewed accounts.

As of 7 December 2020 the ASX class waiver had not been formally released by the ASX.

Deadlines applicable for 31 December 2020 half-year reports

The following tables summarise the reporting deadlines for half-year reporting periods ending 31 December 2020. 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.

Important note

As the class waiver giving effect to the announced ASX relief has not been released as of 7 December 2020, the dates below have been based on the information in the ASX announcement and equivalent relief granted at 30 June 2020. The final deadlines will depend on the final ASX class waiver. Listed entities should check the final wording of the waiver once available, which is expected to be made available the listed entities downloads page of the ASX website.

Listed entities

Obligation	Usual deadline	Revised deadline	New date for 31 December 2020 reporting periods
Lodgement of Appendix 4D with ASX[7]	2 months	Unchanged[8]	26 February 2021[9]
Lodgement of unaudited or unreviewed half-year accounts with ASX[8]			
• Mining and oil and gas exploration entities	n/a	75 days	16 March 2021
• Other issuers	n/a	2 months	26 February 2021[9]
Lodgement of audited or reviewed half-year financial report[10]			
• Mining and oil and gas exploration entities	75 days	106 days[11]	16 April 2021
• ASX AQUA market issuers	75 days	106 days[11]	16 April 2021
• Other issuers	2 months	106 days[11]	16 April 2021

Unlisted entities

Obligation	Usual deadline	Revised deadline	New date for 31 December 2020 reporting periods
Lodgement of audited or reviewed half-year financial report – unlisted disclosing entities	75 days	105 days[11]	15 April 2021

[7] 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.

[8] The proposed ASX class waiver will continues to require the lodgement of the Appendix 4D within two months of reporting date. In addition, the entity is required to lodge unaudited accounts together with their Appendix 4D. As mining and oil and gas exploration entities are not required to lodge an Appendix 4D, those entities taking advantage of the extended deadlines are expected (based on the June 2020 waiver) to be required to separately provide their unaudited accounts within three months of year end or their unreviewed half-year accounts within 75 days of half-year. Entities will be required to announce to the market at that time that they are taking advantage of the ASIC relief and that they will immediately make a further announcement if there a material difference between its unaudited or unreviewed half-year accounts and its audited or reviewed half-year accounts. For the purposes of the ASX Listing Rules, "accounts" means the statement of financial position, statement of comprehensive income, statement of cash flows, statement of changes in equity, notes to those financial statements, disclosures in relation to those financial statements and any other information necessary to give a true and fair view of the financial position and performance of the entity (in all cases, as required by any law, regulation, rule or accounting standard).

[9] Under the ASX Listing Rules, where a deadline arising under those rules falls on a Saturday, Sunday or public holiday, ASX Listing Rule 19.5 requires the deadline to be met by the preceding business day. As 28 February 2020 is a Sunday, the deadline must be met on the previous business day.

[10] 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.

[11] The extension of deadlines for half-years is different for listed and unlisted entities. Under *ASIC Corporations (Extended Reporting and Lodgment Deadlines—Listed Entities) Instrument 2020/451* (as amended), listed disclosing entities must lodge half-year reports within 106 days after the end of the half-year. However, under *ASIC Corporations (Extended Reporting and Lodgment Deadlines – Unlisted Entities 2020/395* (as amended), unlisted disclosing entities must lodge half-year reports with ASIC within 105 days after the end of the half-year. (i.e. one day less than for listed disclosing entities).

GAAP Holdings (Australia) Interim Limited

ACN 123 456 789

Half-year report for the half-year ended 31 December 2020

Directors' report

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

The directors of GAAP Holdings (Australia) Interim Limited submit herewith the financial report of GAAP Holdings (Australia) Interim Limited and its subsidiaries (the Group) for the half-year ended 31 December 2020. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

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

Name

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

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

- Mr W.K. Flinders – resigned 20 July 2020
- Ms S.M. Saunders – appointed 3 August 2020
- Ms L.A. Lochert – appointed 31 July 2020 and resigned 4 December 2020

Review of operations

s.306(1)(a)	The directors' report must contain a review of the consolidated entity's operations during the half-year and the results of those operations. The *Corporations Act 2001* contains no guidance on the contents of this review.
ASX-GN10	In preparing this disclosure, entities may wish to refer to ASX Guidance Note 10 'Review of Operations and Activities: Listing Rule 4.10.17' and to the G100's 'Guide to Review of Operations and Financial Condition', providing guidance on the form and content of the consolidated entity's review of operations and the results of those operations, including specific guidance on items which might be appropriately included in such a review.
	It is recommended that the review should provide users, being shareholders, prospective investors and other interested stakeholders, an understanding of the consolidated entity by providing short and long-term analysis of the business as seen through the eyes of the directors. As such, the review should aim to meet the information needs of users of financial reports relating to the current reporting period and also provide them with a basis for forming a view as to likely future performance in the context of the strategies of the consolidated entity for achieving long-term value creation and known trends in performance. This requires that the review contains a discussion of the operations of the period, including an explanation of unusual or infrequent events and transactions, and an analysis of the opportunities and risks facing the consolidated entity, together with the planned approach to managing those opportunities and risks.

Source

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

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

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

The recommended contents of the review include:

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

Source

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

ASIC-RG 230

Non-IFRS financial information

If the directors consider it appropriate to include non-IFRS financial information in the operating and financial review (OFR), the directors' report or another document in the annual report, the guidelines in Section D of ASIC Regulatory Guide 230 *Disclosing non-IFRS financial information* (available at asic.gov.au) should be followed to assist in reducing the risk of non-IFRS financial information being misleading[12].

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 15 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.

[12] 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 report are rounded, that fact must be disclosed in the relevant eligible report.

Where the conditions of the Corporations Instrument are met, entities may round to the 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 *[thousand / hundred thousand / million]* dollars, unless otherwise indicated.

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

Where the Corporations Instrument is applied, certain amounts 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. The relevant eligible report must clearly disclose on each page where amounts have been rounded and the extent to which those amounts have been rounded.

s.306(3)(a)

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

On behalf of the Directors

(Signature)

s.306(3)(c)

C.J. Chambers

Director

s.306(3)(b)

Sydney, 17 February 2021

Auditor's independence declaration

Source

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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

17 February 2021

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 2020, 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

Liability limited by a scheme approved under Professional Standards Legislation.

Source

Source	
s.307C(1), (3)	If an audit firm, audit company or individual auditor conducts an audit or review of the financial statements 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 financial statements 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); and
- Section 305 (true and fair view).

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

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

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

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

Directors' declaration

Source

The directors declare that:

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

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

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

On behalf of the Directors

(Signature)
s.303(5) C.J. Chambers
Director

s.303(5) Sydney, 17 February 2021

Index to the consolidated financial statements

Condensed consolidated statement of profit or loss and other comprehensive income

for the half-year ended 31 December 2020

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

		Consolidated Half-year ended	
	Note	**31/12/20 $'000**	**31/12/19 Restated* $'000**
Continuing operations			
Revenue	5		
Cost of sales			
Gross profit			
Other income			
Distribution costs			
Administrative expenses			
Other expenses			
Share of results of associates			
Share of results of joint ventures			
Restructuring costs			
Finance income – interest income			
Finance income - other			
Gains and losses arising from the derecognition of financial assets measured at amortised cost			
Gains and losses on reclassification of financial assets from amortised cost to FVTPL			
Gains and losses on reclassification of financial assets from FVTOCI to FVTPL			
Impairment losses and gains (including reversals of impairment losses) on financial assets[13]			
Other gains and losses	6		
Finance costs			
Profit before tax	6		
Income tax expense			
Profit for the period from continuing operations			

[13] 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 31/12/20 $'000	Consolidated Half-year ended 31/12/19 Restated* $'000
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 obligation			
Fair value gain/(loss) on equity investments designated as at FVOCI			
Fair value gain/(loss) on financial liabilities designated as at FVTPL attributable to changes in credit risk			
Share of other comprehensive income of associates			
Share of other comprehensive income of joint ventures			
Other *[describe]*			
Income tax relating to items that will not be reclassified subsequently to profit or loss			
Items that may be reclassified subsequently to profit or loss			
Debt instruments measured at FVTOCI:			
- Fair value gain/(loss) on investments in debt instruments measured at FVTOCI			
- Less: Cumulative (gain)/loss on investments in debt instruments classified as at FVTOCI reclassified to profit or loss upon disposal			
- Less: Cumulative (gain)/loss on investments in debt instruments classified as at FVTOCI reclassified to profit or loss upon reclassification from FVTOCI to FVTPL			
Cash flow hedges:			
- Fair value gain/(loss) on hedging instruments			
- Less: Cumulative (gain)/loss arising on hedging instruments reclassified to profit or loss			

	Note	Consolidated Half-year ended 31/12/20 $'000	31/12/19 Restated* $'000
<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			

	Note	Consolidated Half-year ended 31/12/20 $'000	31/12/19 Restated* $'000
Earnings per share			
From continuing and discontinued operations			
- Basic (cents per share)		17.2	5.6
- Diluted (cents per share)		11.5	4.3
From continuing operations			
- Basic (cents per share)		15.0	6.6
- Diluted (cents per share)		10.0	5.0

* 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)

Commentary

The above presentation is consistent with our Deloitte Tier 1 model financial statements for the year ended 31 December 2020. Some of the detailed line item disclosures are not specifically required by AASB 134. Entities should consider the most appropriate disclosures for presenting the information. Entities should however, consider the requirements of AASB 101.10 which requires that, for each component of the condensed interim financial statements (statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows), each of the headings and subtotals that were included in the entity's most recent annual financial statements should be disclosed. Additional line items are required if their omission would make the condensed interim financial statements misleading.

Condensed consolidated statement of profit or loss

for the half-year ended 31 December 2020

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

		Consolidated	
		Half-year ended	
	Note	31/12/20 $'000	31/12/19 Restated* $'000
Continuing operations			
Revenue	5		
Finance income – interest income			
Finance income - other			
Changes in inventories of finished goods and work in progress			
Raw materials and consumables used			
Depreciation and amortisation expense			
Employee benefits expense			
Finance costs			
Transport costs			
Advertising costs			
Impairment of property, plant and equipment			
Impairment of goodwill			
Other expenses			
Restructuring costs			
Share of results of associates			
Share of results of joint ventures			
Gains and losses arising from the derecognition of financial assets measured at amortised cost			
Gains and losses on reclassification of financial assets from amortised cost to FVTPL			
Impairment losses (including reversals of impairment losses) on financial assets and contract assets[14]			
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			

[14] 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.

		Consolidated	
		Half-year ended	
	Note	31/12/20 $'000	31/12/19 Restated* $'000
Attributable to:			
Owners of the parent			
Non-controlling interests			
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)(ii), 10, 11, 11A, 14 and 20(b)

Commentary

The above presentation is consistent with our Deloitte *Tier 1 model financial statements* for the year ended 31 December 2020. Some of the detailed line item disclosures are not specifically required by AASB 134. Entities should consider the most appropriate disclosures for presenting the information. Entities should however, consider the requirements of AASB 101.10 which requires that, for each component of the condensed interim financial statements (statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows), each of the headings and subtotals that were included in the entity's most recent annual financial statements should be disclosed. Additional line items are required if their omission would make the condensed interim financial statements misleading.

Condensed consolidated statement of profit or loss and other comprehensive income

for the half-year ended 31 December 2020

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

		Consolidated	
		Half-year ended	
	Note	31/12/20 $'000	31/12/19 Restated* $'000
Profit/(loss) for the period			
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Gain/(loss) on revaluation of property			
Remeasurement of net defined benefit obligation			
Fair value gain/(loss) on investments in equity investments designated as at FVOCI			
Fair value gain/(loss) on financial liabilities designated as at FVTPL attributable to changes in credit risk			
Share of other comprehensive income of associates			
Share of other comprehensive income of joint ventures			
Other *[describe]*			
Income tax relating to items that will not be reclassified subsequently to profit or loss			
Items that may be reclassified *subsequently* to profit or loss			
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 31/12/20 $'000	31/12/19 Restated* $'000
Foreign currency translation, net of investment hedges of a foreign operation:			
- Foreign exchange differences on translation of foreign operations			
- Less: (Gain)/loss reclassified to profit or loss on disposal of foreign operation			
- Gain(loss) arising on hedging instruments designated as hedges of the net assets in foreign operation			
- Less: (Gain)/loss on hedging instruments reclassified to profit or loss on disposal of foreign operation			
Cost of hedging:			
- Changes in the fair value during the period in relation to transaction-related hedged items			
- Changes in the fair value during the period in relation to time-period related hedged items			
- Less: Cumulative (gain)/loss arising on changes in the fair value in relation to transaction-related hedged items reclassified to profit or loss			
- Less: Amortisation to profit or loss of cumulative (gain)/loss arising on changes in the fair value in relation to time-period related hedged item			
Share of other comprehensive income of associates			
Share of other comprehensive income of joint ventures			
Other *[describe]*			
Income tax relating to items that may be reclassified subsequently to profit or loss			
Other comprehensive income for the period, net of income tax			
Total comprehensive income for the period			
Total comprehensive income attributable to:			
Owners of the parent			
Non-controlling interests			

* 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 2020

	Note	Consolidated 31/12/20 $'000	Consolidated 30/06/20 Restated* $'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			
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			
Property, plant and equipment			
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 31/12/20 $'000	Consolidated 30/06/20 Restated* $'000
Liabilities			
Current liabilities			
Trade and other payables	14		
Contract liabilities			
Refund liability			
Lease liabilities			
Borrowings	13		
Derivative financial instruments			
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 2020

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 2019													
Effect of *[the change in accounting policy/prior period error]* for *[insert as relevant]* (note 2)*													
Balance as at 1 July 2019 – As restated													
Profit for the period													
Other comprehensive income for period													
Total comprehensive income for the period													
Issue of shares													
Dividends provided for or paid													
Share buy-back													
Share-based payments													
Balance at 31 December 2019													
Balance as at 1 July 2020													
Profit for the period													
Other comprehensive income for period													
Total comprehensive income for the period													
Dividends provided for or paid													
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 2020													

* 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 2020

	Note	Consolidated Half-year ended 31/12/20 $'000	Consolidated Half-year ended 31/12/19 $'000
Cash flows from operating activities			
Receipts from customers			
Payments to suppliers and employees			
Cash generated from/(used in) operations			
Income taxes paid			
Cash received from the settlements of the derivative financial instruments used to hedge interest rate risk			
Cash paid due to the settlements of the derivative financial instruments used to hedge interest rate risk			
Net cash from/(used in) operating activities			
Cash flows from investing activities			
Interest received			
Dividends received from associates			
Dividends received from joint ventures			
Dividends received from equity instruments designated at FVTOCI			
Proceeds on disposal of equity instruments held at FVTOCI			
Proceeds on disposal of 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			

	Note	Consolidated Half-year ended 31/12/20 $'000	Consolidated Half-year ended 31/12/19 $'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.

ASIC-CI 2016/191

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

AASB 134.16A(a)

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2020 annual financial report for the financial year ended 30 June 2020, 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 report are rounded, that fact must be disclosed in the relevant eligible report.

Where the conditions of the Corporations Instrument are met, entities may round to the 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 *[thousand / hundred thousand / million]* dollars, unless otherwise indicated.

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

Where the Corporations Instrument is applied, certain amounts 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. The relevant eligible report must clearly disclose on each page where amounts have been rounded and the extent to which those amounts have been rounded.

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[15].

(AASB 108.28(f)(i))

	31/12/20 $'000	31/12/19 $'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		

[15] 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))

	31/12/20 $'000	30/06/20 $'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	
	31/12/20 $'000	31/12/19 $'000	31/12/20 $'000	31/12/19 $'000	31/12/20 $'000	31/12/19 $'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
AASB 108.49(a)

Prior period errors

[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[16].

	31/12/19 $'000
Consolidated statement of profit or loss and other comprehensive income	
[Describe captions affected]	
Increase/(decrease) in profit for the period	

	31/12/19 $'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	

	30/06/20 $'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	
	31/12/20 $'000	31/12/19 $'000	31/12/20 $'000	31/12/19 $'000	31/12/20 $'000	31/12/19 $'000
Changes in accounting policies relating to:						
[Specify relevant prior period error]						

[16] 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), s.334(5)

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

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Group are:

- AASB 2018-6 *Amendments to Australian Accounting Standards – Definition of a Business*
- AASB 2018-7 *Amendments to Australian Accounting Standards – Definition of Material*
- AASB 2019-1 *Amendments to Australian Accounting Standards – References to the Conceptual Framework*
- AASB 2019-3 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform*
- AASB 2019-5 *Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia*
- AASB 2020-4 *Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions*.

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:

- AASB 1059 *Service Concession Arrangements: Grantors, AASB 2018-5 Amendments to Australian Accounting Standards – Deferral of AASB 1059 and AASB 2019-2 Amendments to Australian Accounting Standards – Implementation of AASB 1059*
- AASB 2019-4 *Amendments to Australian Accounting Standards – Disclosure in Special Purpose Financial Statements of Not-for-Profit Private Sector Entities on Compliance with Recognition and Measurement Requirements*
- AASB 2019-7 Amendments to Australian *Accounting Standards – Disclosure of GPS Measures of Key Fiscal Aggregates and GAAP/GFS Reconciliations*.

Illustrative disclosures for these pronouncements are not included in the information that follows as they are 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 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 2020. Their adoption has had a material impact on the disclosures and/or amounts reported in these financial statements.

AASB 2019-3 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform*

AASB 108.28

The amendments in AASB 2019-3 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 affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms.

The amendments are relevant to the Group given that it applies hedge accounting to its benchmark interest rate exposures. The application of the amendments impacts the Group's accounting in the following ways:

- The Group has floating rate debt, linked to CU IBOR, which is cash flow hedged using interest rate swaps. The amendments permit continuation of hedge accounting even though there is uncertainty about the timing and amount of the hedged cash flows due to the interest rate benchmark reforms.
- The Group has issued *[Currency B]*-denominated fixed rate debt which it fair value hedges using *[Currency B]*-fixed to *[Currency B]* IBOR interest rate swaps. The amendments permit continuation of hedge accounting even if in the future the hedged benchmark interest rate, *[Currency B]* IBOR, may no longer be separately identifiable. 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 is discontinued.
- The Group will retain the cumulative gain or loss in the cash flow hedge reserve for designated cash flow hedges that are subject to interest rate benchmark reforms even though there is uncertainty arising from the interest rate benchmark reform with respect to the timing and amount of the cash flows of the hedged items. Should the Group consider the hedged future cash flows are no longer expected to occur due to reasons other than interest rate benchmark reform, the cumulative gain or loss will be immediately reclassified to profit or loss.

The amendments also introduce new disclosure requirements to AASB 7 *Financial Instruments: Disclosures* for hedging relationships that are subject to the exceptions introduced by the amendments to AASB 9.

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 7.24H)
(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 paragraph 24H of AASB 7. The entity may also wish to consider early adoption of the amendments in AASB 2020-8 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2* and provide additional disclosures about the adoption of those amendments and the further additional disclosures included in paragraphs 24I-24J of AASB 7.

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)

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 2020-4 *Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions*

AASB 16.46A The amendments introduce a practical expedient into AASB 16. 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 does account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying AASB 16 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 2021 (a rent concession would meet this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021)
- There is no substantive change to other terms and conditions of the lease.

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 meet the conditions in AASB 16.46B, and has not restated prior period figures.

AASB 16.60A(b) The Group has benefited from a $ ____ month waiver of lease payments on buildings in *[A land]*. The waiver of lease payments of $ ____ has been accounted for as a negative variable lease payment in profit or loss. 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 paragraph 3.3.1 of AASB 9 *Financial Instruments*.

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 $ ____, 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)

Impact of the initial application of other news and amended Standards that are effective for the current period

AASB 108.28 In the current half-year, the Group has applied the amendments to Australian Accounting Standards *[and Interpretations]* issued by the Australian Accounting Standards Board (the Board) in the below table, that are effective for the Group's annual reporting period that began on 1 July 2020.. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amending Standard	Description
AASB 2018-6 *Amendments to Australian Accounting Standards – Definition of a Business*	This Standard amends AASB 3 *Business Combinations*. The Group has adopted the amendments for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired. The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after 1 January 2020.
AASB 2018-7 *Amendments to Australian Accounting Standards – Definition of Material*	This Standard amends AASB 101 *Presentation of Financial Statements and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors*, and makes consequential amendments to several other pronouncements and publications. The Group has adopted these amendments for the first time in the current year. The amendments make the definition of material in AASB 101 easier to understand and are not intended to alter the underlying concept of materiality in Australian Accounting Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in AASB 108 has been replaced by a reference to the definition of material in AASB 101. In addition, the Standard also amends other Australian Accounting Standards and the Conceptual Framework that contain a definition of 'material' or refer to the term 'material' to ensure consistency.

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 other news and amended Standards that are effective for the current period (continued)

Amending Standard	Description
AASB 2019-1 *Amendments to Australian Accounting Standards – References to the Conceptual Framework*	The Group has adopted the amendments included in AASB 2019-1 for the first time in the current year. The amendments include consequential amendments to affected Australian Accounting Standards, Interpretations and other pronouncements to reflect the issuance of the Conceptual Framework for Financial Reporting (Conceptual Framework) by the AASB. The amendments: • Update numerous pronouncements to refer to the new Conceptual Framework for Financial Reporting or to clarify which version of the Framework is being referenced. These amendments apply to for-profit private sector entities that have public accountability and are required by legislation to comply with Australian Accounting Standards and other for-profit entities that voluntarily elect to apply the new Conceptual Framework • Permit other entities to continue using the Framework for the Preparation and Presentation of Financial Statements adopted by the AASB in 2004.
AASB 2019-5 *Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia*	This Standard makes amendments to AASB 1054 *Additional Australian Disclosures* by adding a disclosure requirement for an entity intending to comply with IFRS Standards to disclose the information specified in paragraphs 30 and 31 of AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* on the potential effect of an IFRS Standard that has not yet been issued by the AASB. The Group has adopted these amendments for the first time in the current year.

AASB 134.16A(a) Where accounting policy or methods of computation changes have been made since the most recent annual financial statements, the half-year financial report shall include a description of the nature and effect of the change.

AASB 134.43 A change in accounting policy, other than one for which the transition is specified by a new Australian Accounting Standard, shall be reflected by:

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

AASB 134.44 That is, any change in accounting policy is applied either retrospectively or, if that is not practicable, prospectively, from no later than the beginning of the annual reporting period.

Source

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

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

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

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

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

AASB 108.30

Although not strictly required, entities preparing Tier 1 general purpose financial statements should consider whether they should disclose information about significant new Accounting Standards and Interpretations which may have a material impact on the reported financial performance and/or financial position of the entity.

This is particularly true if the impact of the new *Conceptual Framework for Financial Reporting* is expected to have material impacts on the financial statements.

Further, ASIC's November 2020 media release 20-286MR *Insurers urged to respond to new accounting standard* indicates that insurers are required to disclose the impacts of the new standard in 31 December 2020 financial reports and outlines a number of key matters to be considered as part of any implementation plans. The full ASIC media release is available at www.asic.gov.au.

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

As the coronavirus pandemic increases in both magnitude and duration, entities are experiencing conditions often associated with a general economic downturn. This includes, but is not limited to, financial market volatility and erosion, deteriorating credit, liquidity concerns, further increases in government intervention, increasing unemployment, broad declines in consumer discretionary spending, increasing inventory levels, reductions in production because of decreased demand, layoffs and furloughs, and other restructuring activities.

We have published an edition of our *IFRS in Focus* publication, *Accounting considerations related to the Coronavirus 2019 Disease*, which discusses certain key accounting considerations related to conditions that may result from the COVID-19 pandemic. This publication can be found at www.iasplus.com.

Entities may be eligible for government grants under support programs put in place to response to the COVID-19 pandemic. 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 immediately below, and further details of the grants received are illustrated in Note 10.

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 JobKeeper 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.

Source

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

Government grants (continued)

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)).

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

The IFRS Interpretations Committee has also recently discussed supplier financing arrangements. The Committee has finalised an agenda decision on this topic at its December 2020 meeting. As of 7 December 2020 the formal agenda decision has not been released. More information on the meeting can be found at www.ifrs.org.

Source

4. Operating segments

Products and services from which reportable segments derive their revenues

AASB 134.16A(g)(v)

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

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

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

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

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

Two operations (the manufacture and sale of toys and bicycles) were discontinued with effect from 30 October 2020. 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	
	31/12/20	31/12/19	31/12/20	31/12/19
	$'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	
	31/12/20	30/06/20	31/12/20	30/06/20
	$'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 2020, the operating segments included the assets of segment D and segment E which were sold on 30 October 2020.

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

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

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

Source

5. Revenue

Overview of requirements

AASB 134.16A(l) AASB 134 requires an entity to disclose a disaggregation of revenue from contracts with customers required by paragraphs 114-115 of AASB 15 *Revenue from Contracts with Customers*.

AASB 15.114 An entity shall disaggregate revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

AASB 15.B78 The extent to which an entity's revenue is disaggregated for the purposes of this disclosure depends on the facts and circumstances that pertain to the entity's contracts with customers.

AASB 15.B88 When selecting the type of category (or categories) to use to disaggregate revenue, an entity shall consider how information about the entity's revenue has been presented for other purposes, including all of the following:

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

AASB 15.B89 Examples of categories that might be appropriate include, but are not limited to:

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

AASB 15.115 In addition, an entity shall disclose sufficient information to enable users of financial statements to understand the relationship between the disclosure disaggregated revenue and revenue information that is disclosed for each reportable segments, if the entity applies AASB 8 *Operating Segments*.

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 31/12/20 $'000	Revenue Half-year ended 31/12/19 $'000 Restated*
AASB 134.16A(l)	**External revenue by product line**		
	Electronic equipment – direct sales		
	Electronic equipment – wholesalers		
	Electronic equipment – internet customer		
	Leisure goods – wholesaler customers		
	Leisure goods – retail outlets		
	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 $[x], and for the next four financial years, by the following amounts:

Financial years	$'000
2020	9
2021	7
2022	4
2022	2

8. Dividends

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

	Half-year ended 31 December 2020		Half-year ended 31 December 2019	
	Cents per share	Total $'000	Cents per share	Total $'000
Fully paid ordinary shares				
Final dividend				

AASB 134.16A(h) On 12 February 2021, 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 2020, to be paid to shareholders on 5 March 2021. This dividend has not been included as a liability in these financial statements. The total estimated dividend to be paid is $[x].

Source

9. Investments in associates

AASB 134.16A(i)

On 23 November 2020, the Group acquired a 30% interest in A Plus Limited, a company incorporated in Australia and engaged in the manufacture of electronic goods. The consideration for the acquisition was $[x].

At 30 June 2020, the Group held a 40% interest in K Plus Limited and accounted for the investment as an associate. In December 2019, the Group transferred a 30% interest to a third party for proceeds of $[x]. The Group has retained the remaining 10% interest, and from the date of selling the 30% interest, recognises the investment as an available-for-sale financial asset. This transaction has resulted in the recognition of a gain in profit or loss, calculated as follows:

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

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

10. 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**
JobKeeper Scheme (Australia)	Due to the impact of COVID-19 on the Groups' turnover, government subsidies of $__ (2019: nil) were received under the Australian Federal Government's JobKeeper scheme. The entity became eligible for the Scheme from its inception in March 2020 and expects to continue receiving payments under the Scheme until its currently scheduled completion on 28 March 2021. The amounts were paid to employees in line with government's objectives of helping businesses to continue paying employees to keep them in their jobs so that businesses can re-start when business conditions improve. 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	
		31/12/20 $'000	31/12/19 $'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 (2019: nil).

Source

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

AASB 134.16A(e)

Issued capital as at 31 December 2020 amounted to $[x] ([x] ordinary shares). There were no movements in the issued capital of the company in either the current or the prior half-years.

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

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

The company issued [no.] share options (2019: [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 (2019: $[x.xx]).

Alternative ways to provide this disclosure

AASB 134.16A(e)
AASB 107.44A

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

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

13. Borrowings

AASB 134.16A(e)

During the half-year, the Group obtained a new short-term bank loan to the amount of $[x] (2019: $[x]). The loan bears interest at variable market rates and is repayable within one year. The proceeds from the loan have been used to meet short-term expenditure needs. Repayments of other bank loans amounting to $[x] (2019: $[x]) were made in line with previously disclosed repayment terms.

Source

14. Trade and other payables

	31/12/20 $'000	30/06/20 $'000
Trade payables		
Of which reverse factoring		
Other taxation and social security		
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 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 2020, the Group disposed of 20% of its interest in Sub B Limited, reducing its continuing interest to 80%. The proceeds on disposal of $[x] were received in cash.

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

AASB 134.16A(i)

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

On 30 October 2020, the Group disposed of Sub A Limited, which carried out all of its toy manufacturing operations. The proceeds on disposal of $[x] was received in cash.

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

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

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

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

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

Source

16. Acquisition of subsidiary

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

About the illustrative disclosures

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

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

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

On 16 November 2020, 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

Source		$'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 $[x] if Sub X Limited's profit before interest and tax (PBIT) in each of the years 2020 and 2021 exceeds $[x]. No amount is payable if the PBIT target is not met. Sub X Limited's PBIT for the past three years has been $[x] on average and the directors expect that the specified target will be met. $[x] represents the estimated fair value of this obligation.

AASB 3.B64(l)

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

AASB 3.B64(m)

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

Source

16. Acquisition of subsidiary (continued)

AASB 3.B64(i)

Assets acquired and liabilities assumed at the date of acquisition

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

AASB 3.B64(h)

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

AASB 3.B64(h)

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

AASB 3.B64(h)

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

AASB 3.B67(a)

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

Source

16. Acquisition of subsidiary (continued)

Non-controlling interests

AASB 3.B64(o)

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

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

Goodwill arising on acquisition

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

AASB 3.B64(e)

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

AASB 3.B64(k)

None of the goodwill arising on this acquisition is expected to be deductible for tax purposes.

Net cash outflow arising on acquisition

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

Source

16. Acquisition of subsidiary (continued)

Impact of acquisition on the results of the Group

AASB 3.B64(q)

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

Had the acquisition of Sub X Limited been effected at 1 July 2020, the revenue of the Group from continuing operations for the six months ended 31 December 2020 would have been $[x], and the profit for the year from continuing operations would have been $[x]. The directors of the Group consider these 'pro-forma' numbers to represent an approximate measure of the performance of the combined group on a half-yearly basis and to provide a reference point for comparison in future half-years.

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

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

17. Key management personnel

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

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

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

Source

18. Fair value of financial instruments

AASB 134.15B(h), 16A(j) This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

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

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

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

Financial assets/ financial liabilities	**Fair value as at**		**Fair value hierarchy**	**Valuation technique(s) and key input(s)**
	31/12/20	**30/06/20**		
1) Foreign currency forward contracts	Assets – $[x]; and Liabilities – $[x]	Assets – $[x]	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
2) Interest rate swaps	Assets – $[x]; Liabilities (designated for hedging) – $[x]; and Liabilities (not designated for hedging) – $[x]	Assets – $[x]	Level 2	Discounted cash flow. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties.
3) Held-for-trading non-derivative financial assets	Listed equity securities in Z land: Real estate industry – $[x]; and Oil and gas industry – $[x].	Listed equity securities in Z land: Real estate industry – $[x]; and Oil and gas industry – $[x].	Level 1	Quoted bid prices in an active market.
4) Listed redeemable notes	Listed debt securities in Y Land – Energy industry – $[x]	Listed debt securities in Y Land – Energy industry – $[x]	Level 1	Quoted bid prices in an active market.

Source

18. Fair value of financial instruments (continued)

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

Financial assets/ financial liabilities	Fair value as at 31/12/20	Fair value as at 30/06/20	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
5) Private equity investments	[x]% equity investment in Rocket Corp Limited engaged in refining and distribution of fuel products in Australia – $[x]; and $[x] equity investment in E Plus Limited engaged in Shoe manufacturing in Australia – $[x]	[x]% equity investment in Rocket Corp Limited engaged in refining and distribution of fuel products in Australia – $[x]	Level 3	Income approach – in this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these investees	Long-term revenue growth rates, taking into account management's experience and knowledge of market conditions of the specific industries, ranging from [x] – [x]% (June 2020: [x] – [x]%).	A slight increase in the long-term revenue growth rates used in isolation would result in a significant increase in the fair value (i)
					Long-term pre-tax operating margin taking into account management's experience and knowledge of market conditions of the specific industries, ranging from [x] – [x]% (June 2020: [x] – [x]%).	A significant increase in the long-term pre-tax operating margin used in isolation would result in a significant increase in the fair value
					Weighted average cost of capital, (WACC) determined using a Capital Asset Pricing Model, ranging from [x] – [x]% (June 2020: [x] – [x]%).	A slight increase in the WACC used in isolation would result in a significant decrease in the fair value (ii).
					Discount for lack of marketability, determined by reference to the share price of listed entities in similar industries, ranging from [x] – [x]% (June 2020: [x] – [x]%).	A significant increase in the discount for lack of marketability used in isolation would result in a significant decrease in the fair value.

Source

18. Fair value of financial instruments (continued)

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

Financial assets/ financial liabilities	Fair value as at 31/12/20	Fair value as at 30/06/20	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
6) Contingent consideration in a business combination	Liabilities – $[x]	-	Level 3	Discounted cash flow.	Discount rate of [x]% determined using a Capital Asset Pricing Model.	A slight increase in the discount rate used in isolation would result in a significant decrease in the fair value (ii).
					Probability-adjusted revenues and profits, with a range from $10,000 to $10,000 and a range from $6,000 to $9,000 respectively.	A slight increase in the probability adjusted revenues and profits used in isolation would result in a significant increase in the fair value (iii).

AASB 13.93(h)(ii)

(i) If the long-term revenue growth rates used were 10% higher/lower while all the other variables were held constant, the carrying amount of the shares would increase/decrease by $[x] (June 2020: increase/decrease by $[x])

(ii) A 5% increase/decrease in the WACC or discount rate used while holding all other variables constant would decrease/increase the carrying amount of the private equity investments and the contingent consideration by $[x] and $[x] respectively (June 2020: $[x] and $[x] respectively)

(iii) A 5% increase/decrease in the probability-adjusted revenues and profits while holding all other variables constant would increase/decrease the carrying amount of the contingent consideration by $[x] (June 2020: $[x]).

AASB 13.93(c)

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

AASB 13.93(h)(ii)

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

Source

18. Fair value of financial instruments (continued)

(AASB 7.25, AASB 7.29(a))

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

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

	31/12/20		30/06/20	
	Carrying amount	Fair value	Carrying amount	Fair value
	$'000	$'000	$'000	$'000
Financial assets (at amortised cost)				
Loans to related parties				
Trade and other receivables				
Bills of exchange				
Debentures				
Finance lease receivables				
Financial liabilities (at amortised cost)				
Bills of exchange				
Bank loans				
Loans from related parties				
Loans from other entities				
Interest-free loan from the government				
Trade and other payables				
Lease liabilities				

Source

18. Fair value of financial instruments (continued)

(AASB 13.93(e))

Reconciliation of Level 3 fair value measurements

	Equity investments at FVTOCI - unlisted shares	Other *[describe]*	Total
	$'000	$'000	$'000
31 December 2020			
Opening balance			
Total gains or losses:			
- In profit or loss			
- In other comprehensive income			
Reclassification of remaining interest in E Plus Limited from investment in associate to equity instruments designated as at FVTOCI			
Purchases			
Issues			
Disposals/settlements			
Transfers out of level 3			
Closing balance			
30 June 2020			
Opening balance			
Total gains or losses:			
- In profit or loss			
- In other comprehensive income			
Purchases			
Issues			
Disposals/settlements			
Transfers out of level 3			
Closing balance			

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

AASB 13.93(f)

The total gains or losses for the half-year included an unrealised gain of $[x] relating to financial assets that are measured at fair value at the end of each reporting period (June 2020 gain of $[x]). Such fair value gains or losses are included in 'other gains and losses'.

AASB 13.93(e)(ii)

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

Source

18. Fair value of financial instruments (continued)

Fair value determined using valuation techniques

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

AASB 13.91(a)

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

AASB 13.91(b)

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

AASB 13.93(e)

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

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

Fair value not reliably determinable

AASB 7.29

Disclosures of fair value are not required:

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

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

AASB 7.30(a)

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

AASB 7.30(b)-(e)

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

Source

19. Subsequent events

AASB 134.16A(h)

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

20. Investment entities

AASB 134.16A(k)
AASB 12.9B

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