

Model Half-Year  
Report  
The pieces are  
coming together

Half-years ending on or after 31 December 2013





# Model half-year report

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# Section A

## What's new for financial reports at December 2013?

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## What's new for financial reports at December 2013?

### Overview

The analysis below provides a high level overview of new and revised financial reporting requirements that need to be considered for financial reporting periods ending on December 2013 half-year. Entities can use this listing to perform a quick check that all the new financial reporting requirements have been fully considered as part of their December reporting close process.

### Key considerations for financial reporting at December 2013

December 2013 financial reporting will see application of new standards in some major areas like consolidation, joint arrangements, fair value measurements, and employee benefits, including extensive disclosure requirements. Some of the new standards/interpretations with a mandatory effective date of 1 January 2013 are:

- AASB 10 *Consolidated Financial Statements*
- AASB 11 *Joint Arrangements*
- AASB 12 *Disclosure of Interests in Other Entities*
- AASB 13 *Fair Value Measurements*
- AASB 119 (2011) *Employee Benefits*
- AASB 127 (2011) *Separate Financial Statements*
- AASB 128 (2011) *Investments in Associates and Joint Ventures*
- INT 20 *Stripping Costs in the Production Phase of a Surface Mine*

It is imperative that entities understand, assess and ensure that relevant policies and functionalities are in place to implement and comply with the changes.

In addition to the above list of major accounting standards, other new and amended reporting requirements that must be applied for the first time for the December 2013 half-year including:

- Amendments to AASB 7 *Financial Instruments: Disclosures* regarding rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement
- Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle, that includes clarification of the requirements for comparative information (AASB 101 *Presentation of Financial statements*), classification of servicing equipment (AASB 116 *Property Plant and Equipment*), and tax effect of the distribution to holders of equity instruments (AASB 132 *Financial Instruments: Presentation*)

Some of the Australian-specific and other related factors that need to be considered in the current reporting season:

- **AASB differential reporting regime** – voluntary early adoption of the AASB's revised differential reporting framework, particularly the 'Reduced Disclosure Requirements' (RDR) permits for-profit reporting entities without 'public accountability', not-for-profit entities that are reporting entities and some public sector entities to present substantially less disclosure than in the past.
- **Carbon pricing** –  
The carbon price commenced on 1 July 2012 with a fixed price of \$23 per tonne of carbon dioxide equivalent (CO<sub>2</sub>-e) emitted for liable entities. From 1 July 2013 the carbon price increased to \$24.15 per tonne of CO<sub>2</sub>-e.  
Following the election of the Abbott federal government, draft legislation has been drafted to repeal the carbon pricing legislation from 1 July 2014 although it has not yet passed through the Australian parliament. Liable entities should continue to account for carbon consistent with their approach in 2012.
- **New IASB pronouncements** – the IASB has issued a number of standards that form the basis of the 'next wave' of pronouncements, which will mandatorily apply from 1 January 2013 through to 1 January 2015 or 2016 (depending upon the dates finally determined). New standards have been issued on fair value measurement, financial instruments, consolidation, joint arrangements and disclosures and employee benefits. Further pronouncements are expected on financial instruments, lease accounting,

revenue recognition and insurance contracts. There may be some changes for which early adoption would be attractive. In addition, to the extent pronouncements have been issued prior to finalising the financial report, entities claiming full compliance with IFRSs in their financial statements will need to include the relevant AASB 101 disclosures about accounting standards on issue but not applied in their financial reports. Analysts and other stakeholders may also request more in-depth information about the impacts of the changes.

- **Non-IFRS financial information** – ASIC has [released](#) regulatory guidance on the use of 'non-IFRS financial information' in various documents. Entities providing additional financial information should carefully read the guidance and consider compliance and whether additional disclosure under the guide is necessary.
- **Effective disclosure in operating and financial review** – On 27 March 2013, the ASIC released Regulatory Guide 247 *Effective disclosure in an operating and financial review* ([RG 247](#)) to provide guidance on preparing an operating and financial review (OFR) in the directors' report of a listed entity under s.299A of the Corporations Act 2001. RG 247 includes guidance on:
  - providing a narrative and an analysis of the entity's operations and financial position
  - outlining the entity's key business strategies and providing a discussion of the entity's prospects for future financial years
  - the application of the 'unreasonable prejudice' exemption from disclosing specific business strategies and prospects
- **Financial reporting implications of Tax Ruling on frankable dividends** – The Australian Taxation Office (ATO) has issued a Tax Ruling ([TR 2012/05](#)) on frankable dividends which proposes methods by which a company with accumulated losses can pay a final or an interim dividend out of current period profits that is frankable. Since the dividend payment rules in the *Corporations Act 2001* was changed from that of a 'profit test' to a 'three tiered test' in June 2010, there has been considerable controversy on what could be viewed as a 'dividend' under the *Income Tax Act* and whether it would be frankable. This Tax Ruling comments on the ATO's interpretation of the *Corporations Act 2001* with respect to dividend payments and the ability to frank these dividends.

As per the Ruling, a dividend can be franked only when it is paid out of 'profits' and it suggests methods by which a company with accumulated losses can isolate profits made in one year for payment of frankable dividends in that year or in future years.

- **Australia-New Zealand convergence** – on 13 May 2011, the AASB and New Zealand Financial Reporting Standards Board (FRSB) issued a number of Standards implementing the first phase of a project which seeks to converge accounting standards between Australia and New Zealand. The recent amendments deleted a number of Australian-specific disclosures and guidance, and moved the retained disclosures (not also required by IFRSs) to a separate Standard – AASB 1054 'Australian additional disclosures'. Additional amendments implement 'Reduced Disclosure Requirements' for the revised disclosures. AASB 1054 applies to annual reporting periods beginning on or after 1 July 2011, and provides some relief in 'Aus' specific disclosures.

Of course, the devil is often in the detail and there are numerous other financial reporting changes that need to be considered, with more changes likely to arise between the date of this publication and the end of the reporting period.



## New and revised accounting pronouncements

The tables below outline the new and revised accounting pronouncements that are either to be applied for the first time at 31 December 2013, or which may be early adopted at that date. In the majority of cases, the disclosure requirements of the pronouncements listed in the tables below would not be applicable to half-year financial reports. However, where relevant, the recognition and measurement requirements of any relevant pronouncements would be applied where those pronouncements have been adopted by the entity.

As occurs so often with changes to accounting standards and financial reporting requirements, some of the other new or revised pronouncements listed in the tables below may have a substantial impact on particular entities. Therefore, it is important that the pronouncements listed are carefully reviewed for any potential impacts or opportunities. Where early adoption is being contemplated, it is important to address any necessary procedural requirements, e.g. for entities reporting under the *Corporations Act 2001*, appropriate director's resolutions for early adoption must be made under s.334(5). Disclosure in the financial statements must also be addressed. In addition, the disclosure requirements required in relation to new and revised accounting pronouncements need to be carefully considered even where they have not yet been adopted.

**The information in this section was prepared as of 30 September 2013.** The information in this section is updated throughout the reporting season in our 'What's new' summary, available at <http://www.deloitte.com/au/WhatsNew>.

## New and revised IFRS-equivalent Standards

The IASB is currently working on a number of important projects which may have significant potential impacts on accounting requirements going forward. In this section, we highlight those pronouncements which have been issued to date and form part of this so-called 'next wave' of IFRS. Some of these projects have application dates as early as 1 January 2013, and would be mandatory for December 2013 financial reports. Others (such as leases, revenue, and insurance contracts) may not be applicable for a number of years. The IASB and FASB are consulting on the effective dates and transition requirements for the majority of these projects (particularly those not yet finalised as a standard), and so application dates may be varied, or early adoption may be 'linked' to other standards.

New or revised requirement	When effective	Applicability to 31 December 2013 half years
<p><b>AASB 9 'Financial Instruments' (December 2009), AASB 2009-11 'Amendments to Australian Accounting Standards arising from AASB 9', AASB 2012-6 'Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures'</b></p> <p>AASB 9 introduces new requirements for classifying and measuring financial assets, as follows:</p> <ul style="list-style-type: none"> <li>• Debt instruments meeting both a 'business model' test and a 'cash flow characteristics' test are measured at amortised cost (the use of fair value is optional in some limited circumstances)</li> <li>• Investments in equity instruments can be designated as 'fair value through other comprehensive income' with only dividends being recognised in profit or loss</li> <li>• All other instruments (including all derivatives) are measured at fair value with changes recognised in the profit or loss</li> <li>• The concept of 'embedded derivatives' does not apply to financial assets within the scope of the Standard and the entire instrument must be classified and measured in accordance with the above guidelines.</li> </ul> <p><i>Note: In October 2010, the IASB reissued IFRS 9 'Financial Instruments', including revised requirements for financial liabilities and carrying over the existing derecognition requirements from IAS 39 'Financial Instruments: Recognition and Measurement'. On 15 December 2010, the AASB publicly released AASB 9 'Financial Instruments' (December 2010) and AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)', which supersedes AASB 9 (December 2009). However, for annual reporting periods beginning before 1 January 2013, an entity may early adopt AASB 9 (December 2009) instead of AASB 9 (December 2010).</i></p>	<p>Applies on a modified retrospective basis to annual periods beginning on or after 1 January 2015</p>	<p>Optional (see note regarding early adoption)</p>

New or revised requirement	When effective	Applicability to 31 December 2013 half years
<i>AASB 2012-6 amended AASB 9 to defer the mandatory effective date to annual periods beginning on or after 1 January 2015.</i>		
<p><b>AASB 9 'Financial Instruments' (December 2010), AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)', AASB 2012-6 'Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures'</b></p> <p>A revised version of AASB 9 incorporating revised requirements for the classification and measurement of financial liabilities, and carrying over of the existing derecognition requirements from AASB 139 'Financial Instruments: Recognition and Measurement'.</p> <p>The revised financial liability provisions maintain the existing amortised cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss – in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss.</p> <p><i>Note: This Standard supersedes AASB 9 (December 2009). However, for annual reporting periods beginning before 1 January 2013, an entity may early adopt AASB 9 (December 2009) instead of applying this Standard. AASB 2012-6 amended AASB 9 to defer the mandatory effective date to annual periods beginning on or after 1 January 2015.</i></p>	<p>Applies on a modified retrospective basis to annual periods beginning on or after 1 January 2015</p>	<p>Optional (see note regarding early adoption)</p>
<p><b>AASB 10 'Consolidated Financial Statements', AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standards'</b></p> <p>Requires a parent to present consolidated financial statements as those of a single economic entity, replacing the requirements previously contained in AASB 127 'Consolidated and Separate Financial Statements' and INT-112 'Consolidation - Special Purpose Entities'.</p> <p>The Standard identifies the principles of control, determines how to identify whether an investor controls an investee and therefore must consolidate the investee, and sets out the principles for the preparation of consolidated financial statements.</p> <p>The Standard introduces a single consolidation model for all entities based on control, irrespective of the nature of the investee (i.e. whether an entity is controlled through voting rights of investors or through other contractual arrangements as is common in 'special purpose entities'). Under AASB 10, control is based on whether an investor has:</p> <ul style="list-style-type: none"> <li>• Power over the investee</li> <li>• Exposure, or rights, to variable returns from its involvement with the investee, and</li> <li>• The ability to use its power over the investee to affect the amount of the returns.</li> </ul>	<p>Applicable to annual reporting periods beginning on or after 1 January 2013</p>	<p>Mandatory</p>
<p><b>AASB 11 'Joint Arrangements', AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standards'</b></p> <p>Replaces AASB 131 'Interests in Joint Ventures'. Requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and then account for those rights and obligations in accordance with that type of joint arrangement.</p> <p>Joint arrangements are either joint operations or joint ventures:</p> <ul style="list-style-type: none"> <li>• A <b>joint operation</b> is a joint arrangement whereby the parties that have joint control of the arrangement (joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint operators recognise their assets, liabilities, revenue and expenses in relation to its interest in a joint operation (including their share of any such items arising jointly)</li> </ul>	<p>Applicable to annual reporting periods beginning on or after 1 January 2013</p>	<p>Mandatory</p>

New or revised requirement	When effective	Applicability to 31 December 2013 half years
<ul style="list-style-type: none"> <li>A <b>joint venture</b> is a joint arrangement whereby the parties that have joint control of the arrangement (joint venturers) have rights to the net assets of the arrangement. A joint venturer applies the equity method of accounting for its investment in a joint venture in accordance with AASB 128 <i>‘Investments in Associates and Joint Ventures’</i> (2011). Unlike AASB 131, the use of ‘proportionate consolidation’ to account for joint ventures is not permitted.</li> </ul>		
<p><b>AASB 12 ‘Disclosure of Interests in Other Entities’, AASB 2011-7 ‘Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standards’</b></p> <p>Requires the extensive disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.</p> <p>In high-level terms, the required disclosures are grouped into the following broad categories:</p> <ul style="list-style-type: none"> <li><b>Significant judgements and assumptions</b> - such as how control, joint control, significant influence has been determined</li> <li><b>Interests in subsidiaries</b> - including details of the structure of the group, risks associated with structured entities, changes in control, and so on</li> <li><b>Interests in joint arrangements and associates</b> - the nature, extent and financial effects of interests in joint arrangements and associates (including names, details and summarised financial information)</li> <li><b>Interests in unconsolidated structured entities</b> - information to allow an understanding of the nature and extent of interests in unconsolidated structured entities and to evaluate the nature of, and changes in, the risks associated with its interests in unconsolidated structured entities.</li> </ul> <p>AASB 12 lists specific examples and additional disclosures which further expand upon each of these disclosure objectives, and includes other guidance on the extensive disclosures required.</p>	<p>Applicable to annual reporting periods beginning on or after 1 January 2013</p>	<p>Mandatory</p>
<p><b>AASB 127 ‘Separate Financial Statements’ (2011), AASB 2011-7 ‘Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standards’</b></p> <p>Amended version of AASB 127 which now only deals with the requirements for separate financial statements, which have been carried over largely unamended from AASB 127 <i>‘Consolidated and Separate Financial Statements’</i>. Requirements for consolidated financial statements are now contained in AASB 10 <i>‘Consolidated Financial Statements’</i>.</p> <p>The Standard requires that when an entity prepares separate financial statements, investments in subsidiaries, associates, and jointly controlled entities are accounted for either at cost, or in accordance with AASB 9 <i>‘Financial Instruments’</i>.</p> <p>The Standard also deals with the recognition of dividends, certain group reorganisations and includes a number of disclosure requirements.</p>	<p>Applicable to annual reporting periods beginning on or after 1 January 2013</p>	<p>Mandatory</p>

New or revised requirement	When effective	Applicability to 31 December 2013 half years
<p><b>AASB 128 'Investments in Associates and Joint Ventures' (2011), AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standards'</b></p> <p>This Standard supersedes AASB 128 'Investments in Associates' and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.</p> <p>The Standard defines 'significant influence' and provides guidance on how the equity method of accounting is to be applied (including exemptions from applying the equity method in some cases). It also prescribes how investments in associates and joint ventures should be tested for impairment.</p>	<p>Applicable to annual reporting periods beginning on or after 1 January 2013</p>	<p>Mandatory</p>
<p><b>AASB 13 'Fair Value Measurement' and related AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'</b></p> <p>Replaces the guidance on fair value measurement in existing AASB accounting literature with a single standard.</p> <p>The AASB defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. However, AASB 13 does not change the requirements regarding which items should be measured or disclosed at fair value.</p> <p>AASB 13 applies when another AASB requires or permits fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements). With some exceptions, the standard requires entities to classify these measurements into a 'fair value hierarchy' based on the nature of the inputs:</p> <ul style="list-style-type: none"> <li>• <b>Level 1</b> - quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date</li> <li>• <b>Level 2</b> - inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly</li> <li>• <b>Level 3</b> - unobservable inputs for the asset or liability.</li> </ul> <p>Entities are required to make various disclosures depending upon the nature of the fair value measurement (e.g. whether it is recognised in the financial statements or merely disclosed) and the level in which it is classified.</p>	<p>Applicable to annual reporting periods beginning on or after 1 January 2013</p>	<p>Mandatory</p>
<p><b>AASB 119 'Employee Benefits' (2011), AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119' (2011) and AASB 2011-11 'Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements'</b></p> <p>An amended version of AASB 119 'Employee Benefits' with revised requirements for pensions and other postretirement benefits, termination benefits and other changes.</p> <p>The key amendments include:</p> <ul style="list-style-type: none"> <li>• Requiring the recognition of changes in the net defined benefit liability (asset) including immediate recognition of defined benefit cost, disaggregation of defined benefit cost into components, recognition of remeasurements in other comprehensive income, plan amendments, curtailments and settlements (eliminating the 'corridor approach' permitted by the existing AASB 119)</li> <li>• Introducing enhanced disclosures about defined benefit plans</li> <li>• Modifying accounting for termination benefits, including distinguishing benefits provided in exchange for service and benefits provided in exchange for the termination of employment and affect the recognition and measurement of termination benefits</li> </ul>	<p>Applicable to annual reporting periods beginning on or after 1 January 2013</p>	<p>Mandatory</p>

New or revised requirement	When effective	Applicability to 31 December 2013 half years
<ul style="list-style-type: none"> <li>• Clarifying various miscellaneous issues, including the classification of employee benefits, current estimates of mortality rates, tax and administration costs and risk-sharing and conditional indexation features</li> <li>• Classification of employee benefits: the amendments define short term employee benefits as employee benefits that are "expected to be settled wholly before twelve months after the end of annual reporting period" in place of currently used "due to be settled"</li> <li>• Incorporating other matters submitted to the IFRS Interpretations Committee.</li> </ul>		

### New or revised domestic Standards

New or revised requirement	When effective	Applicability to 31 December 2013 half years
<p><b>AASB 1053 'Application of Tiers of Australian Accounting Standards' and AASB 2010-2 'Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements'</b></p> <p>These Standards together implement 'stage 1' of the AASB's revised differential reporting regime.</p> <p>AASB 1053 establishes a differential financial reporting framework consisting of two tiers of reporting requirements for general purpose financial statements:</p> <ul style="list-style-type: none"> <li>• Tier 1: Australian Accounting Standards</li> <li>• Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements ('RDR').</li> </ul> <p>AASB 2010-2 makes amendments to each Standard and Interpretation indicating the disclosures not required to be made by 'Tier 2' entities. In some cases, additional 'RDR' paragraphs are inserted requiring simplified disclosures.</p> <p>The following entities apply either Tier 2 (RDR) or Tier 1 ('full' Australian Accounting Standards) in preparing general purpose financial statements:</p> <ul style="list-style-type: none"> <li>• For-profit private sector entities that do not have public accountability</li> <li>• All not-for-profit private sector entities</li> <li>• Public sector entities other than Federal, State, Territory and Local Governments.</li> </ul> <p>Regulators may have the power to require the application of 'full' Australian Accounting Standards (Tier 1) by the entities they regulate.</p> <p><i>Note: The AASB is yet to consider RDR simplifications to certain standards, including AASB 4, AASB 1023, AASB 1038 and AAS 25. These will be subject of an additional consultative document. 'Stage 2' of the AASB's differential reporting project will consider whether to extend these arrangements to all financial statements prepared under Australian Accounting Standards, including entities currently considered 'non-reporting entities'.</i></p>	<p>Applies to annual reporting periods beginning on or after 1 July 2013 but may be early adopted for annual reporting period beginning on or after 1 July 2009</p>	<p>Mandatory</p>

New or revised requirement	When effective	Applicability to 31 December 2013 half years
<p><b>AASB 1055 'Budgetary Reporting', and AASB 2013-1 'Amendments to AASB 1049 – Relocation of Budgetary Reporting Requirements'</b></p> <p>AASB 1055 sets out budgetary reporting requirements for not-for-profit entities within the General Government Sector (GGS) of the Australian Government and State and Territory Governments, and, together with AASB 2013-1, relocates the corresponding budgetary reporting requirements for the whole of government and GGS of the Australian Government and State and Territory Governments from AASB 1049.</p> <p><i>Note: All budgetary reporting requirements applicable to public sector entities are now located in a single, topic-based, Standard AASB 1055 'Budgetary Reporting'.</i></p>	Applies to annual reporting periods beginning on or after 1 July 2014	Optional

### New Amending Standards

The table below lists the Amending Standards that do not relate to the pronouncements listed in other tables.

New or revised requirement	When effective	Applicability to 31 December 2013 half years
<p><b>AASB 2010-10 'Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters'</b></p> <p>Amends AASB 2009-11 'Amendments to Australian Accounting Standards arising from AASB 9' and AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)' to replace references to a fixed date of '1 January 2004' with 'the date of transition to Australian Accounting Standards', thereby providing relief for first-time adopters of Australian Accounting Standards from having to reconstruct transactions that occurred before their date of transition to Australian Accounting Standards.</p>	Applicable to annual reporting periods beginning on or after 1 January 2013	Mandatory (for first-time adopters)
<p><b>AASB 2011-2 'Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements'</b></p> <p>Establishes reduced disclosure requirements for entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements in relation to the Australian additional disclosures arising from the Trans-Tasman Convergence Project.</p> <p>The application date of this standard aligns with AASB 1053 <i>Application of Tiers of Australian Accounting Standards</i> (see below).</p>	Applicable to annual reporting periods beginning on or after 1 July 2013	Mandatory (for eligible entities)
<p><b>AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'</b></p> <p>Amends AASB 124 <i>Related Party Disclosures</i> to remove the individual key management personnel (KMP) disclosures required by Australian specific paragraphs.</p> <p>Such disclosures are more in the nature of governance disclosures that are better dealt with as part of the Corporations Act 2001.</p>	Applicable to annual reporting periods beginning on or after 1 July 2013	Mandatory
<p><b>AASB 2011-6 'Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements'</b></p> <p>Extends relief from consolidation, the equity method and proportionate consolidation to Tier 2 entities in particular circumstances, by removing the requirement for the consolidated financial statements prepared by the ultimate or any intermediate parent entity to be IFRS compliant, provided that the parent entity, investor or venturer and the ultimate or intermediate parent entity comply with Australian Accounting Standards or Australian Accounting Standards - Reduced Disclosure Requirement.</p>	Applicable to annual reporting periods beginning on or after 1 July 2013	Mandatory (for eligible entities)

New or revised requirement	When effective	Applicability to 31 December 2013 half years
<p><b>AASB 2011-11 'Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements'</b> Sets out reduced disclosure requirements for Tier 2 entities to apply in relation to AASB 119 'Employee Benefits (September 2011)'</p>	Applicable to annual reporting periods beginning on or after 1 July 2013	Mandatory (for eligible entities)
<p><b>AASB 2012-1 'Amendments to Australian Accounting Standards – Fair Value Measurement – Reduced Disclosure Requirements'</b> Sets out reduced disclosure requirements for Tier 2 entities to apply in relation to AASB 13 'Fair Value Measurement' and amends reduced disclosure requirements of other Australian Accounting Standards that were amended as a consequence of the issuance of AASB 13.</p>	Applicable to annual reporting periods beginning on or after 1 July 2013	Mandatory (for eligible entities)
<p><b>AASB 2012-2 'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to AASB 7)'</b> Amends AASB 7 'Financial Instruments: Disclosures' to require an entity to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.</p>	Applicable to annual periods beginning on or after 1 January 2013	Mandatory
<p><b>AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (Amendments to AASB 132)'</b> Address inconsistencies in current practice when applying the offsetting criteria in AASB 132 'Financial Instruments: Presentation'. Clarifies the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'. <i>Note: Entities early adopting this standard must also adopt 'Amendments to Australian Accounting Standards – Disclosures- Offsetting Financial Assets and Financial Liabilities' (Amendments to AASB 7).</i></p>	Applicable to annual periods beginning on or after 1 January 2014	Optional
<p><b>AASB 2012-4 'Amendments to Australian Accounting Standards – Government Loans (Amendments to AASB 1 'First-time Adoption of International Financial Reporting Standards)'</b> Gives first-time adopters of AASBs relief from full retrospective application of AASBs when accounting for government loans received at a below market rate of interest on transition. First-time adopters shall apply the requirements in AASB 9 'Financial Instruments' and AASB 120 'Accounting for Government Grants and Disclosure of Government Assistance' prospectively to government loans existing at the date of transition to IFRSs. This means that first-time adopters may not recognise the corresponding benefit of the government loan at a below-market rate of interest as a government grant, unless the information needed to do so had been obtained at the time of initial accounting for the loan. It gives first-time adopters the same relief as existing preparers of IFRS financial statements.</p>	Applicable to annual periods beginning on or after 1 January 2013	Mandatory (for first-time adopters)
<p><b>AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle'</b> Amends a number of pronouncements as a result of the 2009–2011 annual improvements cycle. Key amendments include:</p> <ul style="list-style-type: none"> <li>• AASB 1 – repeated application of AASB 1</li> <li>• AASB 101 – clarification of the requirements for comparative information</li> <li>• AASB 116 – classification of servicing equipment</li> <li>• AASB 132 – tax effect of the distribution to holder of equity instruments</li> <li>• AASB 134 – interim reports and segment information for total assets and liabilities</li> </ul>	Applicable to annual periods beginning on or after 1 January 2013	Mandatory
<p><b>AASB 2012-6 'Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures'</b></p>	Applicable to annual periods	Mandatory

New or revised requirement	When effective	Applicability to 31 December 2013 half years
<p>Amends the mandatory effective date of AASB 9 <i>Financial Instruments</i> so that AASB 9 is required to be applied for annual reporting periods beginning on or after 1 January 2015 instead of 1 January 2013.</p> <p>Modifies the relief from restating prior periods by amending AASB 7 <i>Financial Instruments: Disclosures</i> to require additional disclosures on transition from AASB 139 <i>Financial Instruments: Recognition and Measurement</i> to AASB 9 in some circumstances.</p>	beginning on or after 1 January 2013	
<p><b>AASB 2012-7 'Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements'</b></p> <p>Amends reduced disclosure requirements for entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements. These amendments relate to amended disclosures in the following Standards:</p> <ul style="list-style-type: none"> <li>• AASB 7 <i>Financial Instruments: Disclosures</i></li> <li>• AASB 12 <i>Disclosure of Interests in Other Entities</i></li> <li>• AASB 101 <i>Presentation of Financial Statements</i></li> <li>• AASB 127 <i>Separate Financial Statements</i></li> </ul>	Applicable to annual periods beginning on or after 1 July 2013	Mandatory (for eligible entities)
<p><b>AASB 2012-9 'Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039'</b></p> <p>Removes Interpretation 1039 <i>Substantive Enactment of Major Tax Bills in Australia</i> from the list of 'other Australian interpretations' contained in AASB 1048 <i>Interpretation of standards</i> (Table 2), thereby removing its legal status as a mandatory reporting requirement.</p> <p>As a consequence of its decision to withdraw Australian Interpretation 1039, the AASB also issued an Agenda Decision addressing the issue of when it would be appropriate to conclude that substantive enactment of major tax Bills has occurred in Australia.</p>	Applicable to annual periods beginning on or after 1 January 2013	Mandatory
<p><b>AASB 2012-10 'Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments'</b></p> <p>The transition guidance amendments to AASB 10 <i>Consolidated Financial Statements</i> and related Standards and interpretations clarify the circumstances in which adjustments to an entity's previous accounting for its involvement with other entities are required and the timing of such adjustments</p>	Applicable to annual periods beginning on or after 1 January 2013	Mandatory
<p><b>AASB 2012-11 'Amendments to Australian Accounting Standards – Reduced Disclosure Requirements and Other Amendments'</b></p> <p>Amends AASB 10 <i>Consolidated Financial Statements</i> and AASB 128 <i>Investments in Associates and Joint Ventures</i> to extend relief from consolidation and the equity method for entities complying with Australian Accounting Standards – Reduced Disclosure Requirements</p>	Applicable to annual periods beginning on or after 1 July 2013	Mandatory (for eligible entities)
<p><b>AASB 2013-2 'Amendments to AASB 1038 – Regulatory Capital'</b></p> <p>Makes amendments to AASB 1038 <i>Life Insurance Contracts</i>, as a consequence of changes to the Australian Prudential Regulation Authority's (APRA) reporting requirements relating to life insurers</p>	Applicable to annual reporting periods ending on or after 31 March 2013	Already Implemented
<p><b>AASB 2013-4 'Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting'</b></p> <p>Amends AASB 139 <i>Financial Instruments: Recognition and Measurement</i> to permit the continuation of hedge accounting in circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations</p>	Applicable to annual reporting periods ending on or after 1 January 2014	Optional
<p><b>AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities'</b></p> <p>Provides an exemption from consolidation of subsidiaries under AASB 10 <i>Consolidated Financial Statements</i> for entities which meet the definition of an 'investment entity', such as certain investment funds. Instead, such entities would measure their investment in particular subsidiaries at fair value through profit or loss in accordance with AASB 9 <i>Financial Instruments</i> or AASB 139 <i>Financial Instruments: Recognition and Measurement</i>.</p>	Applicable to annual periods beginning on or after 1 January 2014	Optional



New or revised requirement	When effective	Applicability to 31 December 2013 half years
<p>Note: Applicable, on a modified retrospective basis, to annual periods beginning on or after 1 January 2014, a year later than AASB 10 which is applicable to annual periods beginning on or after 1 January 2013. The amendments can be applied early, and accordingly entities can elect to apply them from when they first apply AASB 10, avoiding the need for investment entities to consolidate subsidiaries only in the first year of applying AASB 10)</p>		
<p><b>AASB 2013-6 'Amendments to AASB 136 arising from Reduced Disclosure Requirements'</b> Amends AASB 136 'Impairment of Assets' to establish reduced disclosure requirements for Tier 2 entities arising from AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets'.</p> <p>Note: Early application permitted provided AASB 1053 'Application of Tiers of Australian Accounting Standards'; and AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets' are also adopted for the same period.</p>	Applicable to annual periods beginning on or after 1 January 2014	Optional (for eligible entities)

### New and revised Interpretations

New or revised requirement	When effective	Applicability to 31 December 2013 half years
<p><b>Interpretation 20 'Stripping Costs in the Production Phase of a Surface Mine' (and related AASB 2011-12 'Amendments to Australian Accounting Standards arising from Interpretation 20')</b> Clarifies the requirements for accounting for stripping costs associated with waste removal in surface mining, including when production stripping costs should be recognised as an asset, how the asset is initially recognised, and subsequent measurement.</p>	Applies to annual periods beginning on or after 1 January 2013	Mandatory
<p><b>Interpretation 21 'Levies'</b> Clarifies the circumstances under which a liability to pay a levy imposed by a government should be recognised, and whether that liability should be recognised in full at a specific date or progressively over a period of time.</p>	Applies to annual periods beginning on or after 1 January 2014	Optional

### Pronouncements approved by the IASB/IFRIC where an equivalent pronouncement has not been issued by the AASB

New or revised requirement	When effective	Applicability to 31 December 2013 half years
<p><b>Conceptual Framework for Financial Reporting</b> First phase of the IASB and FASB joint project to develop an improved revised conceptual framework for International Financial Reporting Standards (IFRSs) and US generally accepted accounting practices (US GAAP). The first phase deals with the objective and qualitative characteristics of financial reporting, incorporating the following chapters:</p> <ul style="list-style-type: none"> <li>• Chapter 1 The objective of financial reporting</li> <li>• Chapter 3 Qualitative characteristics of useful financial information</li> <li>• Chapter 4 The 1989 Framework: the remaining text.</li> </ul> <p>Note: The Conceptual Framework project is being conducted in phases. As a chapter is finalised, the relevant paragraphs in the 'Framework for the Preparation and Presentation of Financial Statements' that was published in 1989 will be replaced. Chapter 2 will deal with the reporting entity concept.</p>	The Conceptual Framework is not an IFRS and hence does not define standards for any particular measurement or disclosure issue. Nothing in the Conceptual Framework overrides any specific IFRS	Applicable once equivalent Framework adopted by the AASB

## Corporations Act 2001 developments

Development	When effective
<p><b>ASIC Regulatory Guide 230 'Disclosing non-IFRS financial information' [RG 230]</b></p> <p>Provides guidance on disclosure of non-IFRS (International Financial Reporting Standards) financial information. Non-IFRS financial information can provide useful information to investors and other users. However, it may increase the risk of misleading disclosure. This guidance would assist directors and preparers of financial information in reducing this risk, and the guidance includes:</p> <ul style="list-style-type: none"> <li>• giving equal or greater prominence to IFRS financial information;</li> <li>• explaining the non-IFRS information and reconciling it to the IFRS financial information;</li> <li>• calculating the information consistently from period to period; and</li> <li>• not using information to remove 'bad news'.</li> </ul>	Issued 9 December 2011
<p><b>ASIC Regulatory Guide 247 'Disclosing non-IFRS financial information' [RG 247]</b></p> <p>Provides guidance on preparing an operating and financial review (OFR) in the directors' report of a listed entity under s.299A of the Corporations Act 2001</p> <p>RG 247 includes guidance on:</p> <ul style="list-style-type: none"> <li>• providing a narrative and an analysis of the entity's operations and financial position</li> <li>• outlining the entity's key business strategies and providing a discussion of the entity's prospects for future financial years</li> <li>• the application of the 'unreasonable prejudice' exemption from disclosing specific business strategies and prospects.</li> </ul>	Issued 27 March 2013

## Other developments

The following are other developments that may have direct or indirect impacts on financial reporting:

- ASIC focus areas for financial reporting - the Australian Securities & Investments Commission (ASIC) have continued to highlight the importance of reporting performance, including addressing the impact of new accounting standard requirements and focus on asset values in light of the current economic climate. Directors should focus on disclosures of useful and meaningful information for investors and other users. Some of the key areas noted in the ASIC guidance include:
  - disclosure in the operating and financial review for listed entities
  - off- balance sheet arrangements and impact of new accounting standards
  - asset values and impairment testing
  - the value of financial instruments that are not traded in an active market
  - tax accounting
  - going concern assessment
  - revenue recognition and expense deferral policies.
- In February 2012, the ASIC released the remuneration report review findings after examining the narrative content of the remuneration report and its compliance with section 300A of 50 companies in the ASX300 for the year ended 30 June 2011. ASIC conducted this review to measure and identify areas where companies could improve their disclosure to shareholders. Some of the key areas of improvement identified in this review include:
  - the board's policy on the nature and amount of remuneration of the key management personnel (KMP)
  - the non-financial performance conditions in short-term incentive plans
  - why performance conditions have been chosen
  - the terms and conditions of incentive plans

ASIC called for companies to provide more clarity on the remuneration arrangements for their directors and executives and to assist them in the preparation of future remuneration reports. The ASIC report includes some of the better examples of disclosures observed during the review in the key areas mentioned above

- Proposed amendments to the dividends test: In December 2012, the Parliamentary Secretary to the Treasurer released an exposure draft legislation and explanatory material to amend the test for the payment of dividends under section 254T of the Corporations Act 2001. The exposure draft proposes that the current dividends test be repealed and replaced with a dividends test that allows companies to:
  - apply the dividends test immediately before declaration of the dividend or immediately before payment of the dividend, as appropriate, consistent with the Corporations Act 2001 dividend provisions and company practice
  - calculate assets and liabilities, for the purpose of the dividends test, in accordance with the accounting records of the company (that are required to be kept under section 286 of the

Corporations Act 2001) in circumstances where the company is not required to prepare a financial report.

For companies that are required to prepare a financial report, assets and liabilities must be calculated in accordance with Accounting Standards (consistent with the current dividends test).

- Proposed amendments to remuneration report disclosures: In December 2012, the Parliamentary Secretary to the Treasurer released an exposure draft legislation and explanatory material to amend remuneration report disclosures under section 300A of the Corporations Act 2001. The exposure draft proposes the following key changes to remuneration report disclosures:
  - limiting the requirement to prepare a remuneration report to only listed disclosing entities that are companies
  - requiring a general description of the company's remuneration governance framework
  - requiring disclosure of all payments made to key management personal (KMP) in relation to their retirement from the company
  - requiring disclosure of the remuneration of each KMP in three separate categories; granted before the year and paid during the year; granted and paid during the year; and granted during the year but not yet paid
  - requiring disclosure of, for each KMP, the details of any reduction, repayment or other alteration of the person's remuneration, that has been made or will be made, as a result of a material misstatement or omission in the financial statements; or if no alteration is made, an explanation of why.

## Online resources

### Deloitte Australia website

Regulation is a given in this post-Enron and post-financial crisis world. New challenges – and opportunities – arise on an almost daily basis: International Financial Reporting Standards, Corporations law changes, Carbon, best practice Corporate Governance, and the list goes on. Responding to these challenges and making the most of the opportunities they present is a critical objective of boards, audit committees and senior management alike.

Access to information about these important developments and understanding their practical and commercial implications is a crucial part of your organisation's response. In this regard, we've recently relaunched a transformed and updated [Assurance and Advisory website](#) to assist you. In response to your feedback, the site has been restructured with hot topics, easier navigation, [expert accounting technical information](#) (including archives) and more detailed information about our services. The new site and content is designed to assist you quickly find the information suited to your needs.

[Why not visit our new site now at <http://www.deloitte.com/au/AssuranceAdvisory>.](http://www.deloitte.com/au/AssuranceAdvisory)

In keeping with the theme of easy access to critical information, you can also use our [Quick links](#) to get to the information on topics of key importance to you, such as:

- IFRS - [www.deloitte.com/au/IFRS](http://www.deloitte.com/au/IFRS)
- Monthly Roundups of developments – [www.deloitte.com/au/MonthlyRoundup](http://www.deloitte.com/au/MonthlyRoundup)
- Advisory Services – [www.deloitte.com/au/AdvisoryServices](http://www.deloitte.com/au/AdvisoryServices)
- Carbon Reporting – [www.deloitte.com/au/CarbonReporting](http://www.deloitte.com/au/CarbonReporting)
- Accounting alerts – [www.deloitte.com/au/AccountingAlerts](http://www.deloitte.com/au/AccountingAlerts)

Our most popular quick links can be found here – [www.deloitte.com/au/QuickLinks](http://www.deloitte.com/au/QuickLinks) and you can easily bookmark your favourites from this page.

### IAS Plus website

Our IAS Plus website provides the most comprehensive information on the Internet about international financial reporting. It is aimed at accounting professionals, businesses, financial analysts, standard-setters and regulators, and accounting educators and students. The site, which is totally free of charge, has a broad array of resources about the International Accounting Standards Board, International Financial Reporting Standards, and international accounting and auditing in general.

Access the site at [www.iasplus.com](http://www.iasplus.com)

### Other websites

- AASB – [www.aasb.gov.au](http://www.aasb.gov.au)
- ASIC – [www.asic.gov.au](http://www.asic.gov.au)
- ASX – [www.asx.com.au](http://www.asx.com.au)
- IASB – [www.iasb.org](http://www.iasb.org)
- FASB – [www.fasb.org](http://www.fasb.org) (in addition to US-GAAP information, contains information on joint IASB/FASB projects)

# Section B

## Model half-year report

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## About the model half-year report

### Purpose

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*; and
- Australian Accounting Standard AASB 134 'Interim Financial Reporting'
- other requirements and guidelines current as at the date of issue, including Australian Securities Exchange ('ASX') Listing Rules and Australian Securities and Investments Commission ('ASIC') Class Orders and Regulatory Guides.

Where appropriate, this model half-year report also adopts the classification criteria and other guidance contained in Accounting Standard AASB 101 'Presentation of Financial Statements' (2007).

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.

### 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 2014. Accordingly, it is preparing a half-year report for the half-year ending 31 December 2013.

Note: This publication illustrates the half-year report of a fictional listed company GAAP Holdings (Australia) Interim Limited. Accordingly, users of this publication should not attempt to cross-reference back 'facts' and figures in this model half-year report to the Deloitte 2013 *Model Financial Statements*.

### Source references

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

Abbreviations used in this illustration are as follows:

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	Australian Securities and Investments Commission Class Order 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
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 <i>Corporations Regulations 2001</i>
s.	Section of the <i>Corporations Act 2001</i>

## ASX Appendix 4D

ASX-LR 4.2A.3

(listed entities only)

ASX listed entities must provide the following information to the ASX under ASX Listing Rule 4.2A.3:

- (a) details of the reporting period and the previous corresponding period;
- (b) key information in relation to the following. This information must be identified as 'Results for announcement to the market' and placed at the beginning of the report:
  - (i) the amount and percentage change up or down from the previous corresponding period of revenue from ordinary activities;
  - (ii) the amount and percentage change up or down from the previous corresponding period of profit (loss) from ordinary activities after tax attributable to members;
  - (iii) the amount and percentage change up or down from the previous corresponding period of net profit (loss) for the period attributable to members;
  - (iv) the amount per security and franked amount per security of final and interim dividends or a statement that it is not proposed to pay dividends;
  - (v) the record date for determining entitlements to the dividends (if any); and
  - (vi) a brief explanation of any of the figures in (i) to (iv) necessary to enable the figures to be understood;
- (c) net tangible assets per security with the comparative figure for the previous corresponding period;
- (d) details of entities over which control has been gained or lost during the period, including the following:
  - (i) name of the entity;
  - (ii) the date of the gain or loss of control; and
  - (iii) where material to an understanding of the report – the contribution of such entities to the reporting entity's profit from ordinary activities during the period and the profit or loss of such entities during the whole of the previous corresponding period;
- (e) details of individual and total dividends or distributions and dividend or distribution payments. The details must include the date on which each dividend or distribution is payable, and (if known) the amount per security of foreign sourced dividend or distribution;
- (f) details of any dividend or distribution reinvestment plans in operation and the last date for the receipt of an election notice for participation in any dividend or distribution reinvestment plan;
- (g) details of associates and joint venture entities including the name of the associate or joint venture entity and details of the reporting entity's percentage holding in each of these entities and – where material to an understanding of the report - aggregate share of profits (losses) of these entities, details of contributions to net profit for each of these entities, and with comparative figures for each of these disclosures for the previous corresponding period;
- (h) for foreign entities, which set of accounting standards is used in compiling the report (e.g. International Financial Reporting Standards); and
- (i) for all entities, if the accounts contain an independent audit report that is subject to a modified opinion, emphasis of matter or other matter paragraph, a description of the modified opinion, emphasis of matter or other matter paragraph. The audit report or review report must be provided as part of the report to the ASX.

Other than the information identified as 'Results for announcement to the market' (point (b) above), the information may be presented in whatever way is the most clear and helpful to users, e.g. combined with the body of the report, combined with notes to the accounts, or set out separately.

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**GAAP Holdings (Australia) Interim Limited**

**ABN 12 345 678 900**

**Half year report for the half-year ended 31 December 2013**

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Source	GAAP Holdings (Australia) Interim Limited								
	<p><b>Directors' report</b></p>								
<p>ASIC-CO 98/2395</p>	<p>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.</p>								
<p>s.1308(7)</p>	<p>Where the directors' report contains information in addition to that required by the <i>Corporations Act 2001</i>, the information will be regarded as part of the directors' report for the purposes of s.1308 'False or misleading statements'.</p>								
	<p>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 2013. In order to comply with the provisions of the <i>Corporations Act 2001</i>, the directors report as follows:</p>								
<p>s.306(1)(b)</p>	<p>The names of the directors of the company during or since the end of the half-year are:</p> <p><b>Name</b></p> <table border="0"> <tr> <td>Mr C.J. Chambers</td> <td>Mr B.M. Stavrinidis</td> </tr> <tr> <td>Mr P.H. Taylor</td> <td>Mr W.K. Flinders</td> </tr> <tr> <td>Ms F.R. Ridley</td> <td>Ms L.A. Lochert</td> </tr> <tr> <td>Mr A.K. Black</td> <td>Ms S.M. Saunders</td> </tr> </table>	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
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								
<p>s.306(1)(b)</p>	<p>The above named directors held office during and since the end of the half-year except for:</p> <ul style="list-style-type: none"> <li>• Mr W.K. Flinders – resigned 20 July 2013</li> <li>• Ms S.M. Saunders – appointed 2 August 2013</li> <li>• Ms L.A. Lochert – appointed 30 July 2013 and resigned 3 December 2013</li> </ul>								
	<p><b>Review of operations</b></p>								
<p>s.306(1)(a)</p>	<p>The directors' report must contain a review of the consolidated entity's operations during the half-year and the results of those operations. The <i>Corporations Act 2001</i> contains no guidance on the contents of this review.</p>								
<p>ASX-GN10</p>	<p>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.</p> <p>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. Given this context, preparers of annual reports are encouraged to provide:</p> <ol style="list-style-type: none"> <li>(a) An overview of the consolidated entity and its strategy</li> <li>(b) A review of operations, considering both short and longer-term value creation in the context of the consolidated entity's strategy</li> <li>(c) Information on investments made to enhance future value creating potential</li> <li>(d) A review of the consolidated entity's financial condition</li> <li>(e) An overview of risk management and governance practices.</li> </ol> <p>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.</p>								

Source	GAAP Holdings (Australia) Interim Limited
	<p>The recommended contents of the review include:</p> <ul style="list-style-type: none"> <li>(a) Consolidated entity overview and strategy <ul style="list-style-type: none"> <li>i. Explaining the objectives of the consolidated entity and how they are to be achieved</li> <li>ii. Including a discussion and analysis of key financial and non-financial performance indicators used by management in their assessment of the consolidated entity and its performance (including relevant sustainability performance indicators)</li> <li>iii. Discussing the main factors and influences that may have a major effect on future results (including potential longer-term effects), whether or not they were significant in the period under review. This may include discussion of market opportunities and risks; competitive advantage; changes in market share or position; economic factors; key customer and other relationships; employee skills and training; environmental, occupational health and safety aspects; significant legal issues; and innovation and technological developments.</li> </ul> </li> <li>(b) Review of operations <ul style="list-style-type: none"> <li>i. Discussing the main activities of the consolidated entity, including significant features of operating performance for the period under review. It should cover all aspects of operations, focussing on the consolidated entity as a whole 'through the eyes of the directors'. It should not be boilerplate, and should cover significant aspects of the consolidated entity's performance in the period, financial and non-financial. Consideration should be given to unusual or infrequent events or transactions, including material acquisitions or disposals, major sources of revenues and expenses, and changes in factors which affect the results to enable users to assess the significance of the ongoing and core activities of the consolidated entity to identify the sustainability of performance over the longer-term</li> <li>ii. Providing the overall return attributable to shareholders in terms of dividends and increases in shareholders' funds, including a commentary on the comparison between the results of the financial year and dividends, both in total and in per share terms, and indicating the directors' overall distribution policy.</li> </ul> </li> <li>(c) Providing information on investments made for future performance, including capital expenditure and other expenditure enhancing future performance potential. This may include marketing and advertising spend to enhance brand loyalty and reputation; staff training and development programmes; quality improvement and health and safety programs; customer relationship management; and expansion of production capacity.</li> <li>(d) Review of financial conditions <ul style="list-style-type: none"> <li>i. Capital structure of the consolidated entity including capital funding and treasury policies and objectives</li> <li>ii. Cash from operations and other sources of capital</li> <li>iii. Discussion of the liquidity and funding at the end of the period under review, including restrictions on funds transfer, covenants entered into and the maturity profile of borrowings</li> <li>iv. Discussing the resources available to the consolidated entity not reflected in the statement of financial position, for example mineral reserves, key intellectual property (e.g. databases or specific entity competences); market-position; employee competences or resources / skills and their role in creating longer-term value</li> <li>v. Impact of legislation and other external requirements having a material effect on the financial condition in the reporting period or expected to have a material effect on the financial condition in future periods.</li> </ul> </li> <li>(e) Risk management and corporate governance practices, including management of both financial and non-financial risks.</li> </ul>

Source	GAAP Holdings (Australia) Interim Limited
ASIC-RG 230	<p><b>Non-IFRS financial information</b></p> <p>If the directors consider it appropriate to include non-IFRS financial information in the operating and financial review, the directors' report or another document in the annual report, the guidelines in Section D of Regulatory Guide 230 'Disclosing non-IFRS financial information' should be followed to assist in reducing the risk of non-IFRS financial information being misleading<sup>1</sup>.</p> <p>Important considerations include that:</p> <ul style="list-style-type: none"> <li>• IFRS financial information should be given equal or greater prominence compared to non-IFRS financial information, in particular IFRS profit;</li> <li>• Non-IFRS information should: <ul style="list-style-type: none"> <li>○ be explained and reconciled to IFRS financial information;</li> <li>○ be calculated consistently from period to period; and</li> <li>○ be unbiased and not used to remove 'bad news'.</li> </ul> </li> </ul> <p>Entities should refer to the complete document when preparing their reports as it provides detailed guidance for presenting non-IFRS financial information.</p>
s.306(1A) ASIC-CO 98/2395	<p><b>Auditor's independence declaration</b></p> <p>The auditor's independence declaration is included on page B9 of the half-year report.</p> <p>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 clear cross-reference to the page(s) containing the auditor's declaration.</p>

<sup>1</sup> Non-IFRS financial information is financial information presented other than in accordance with all relevant accounting standards.

Source	GAAP Holdings (Australia) Interim Limited
	<p><b>True and fair view</b></p>
s.306(2)	<p>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:</p> <p>(a) set out the directors' reasons for forming the opinion that the inclusion of that additional information was necessary to give a true and fair view required by s.305; and</p> <p>(b) specify where that information can be found in the half-year financial report.</p>
ASIC-CO 98/2395	<p>This additional information may not be transferred to the half-year financial report.</p>
	<p><b>Rounding off of amounts</b></p>
ASIC-CO 98/100	<p>The company is a company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.</p>
ASIC-CO 98/100	<p>If the company is of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and consequently the amounts in the directors' report and the half-year financial report are rounded, that fact must be disclosed in the financial report or the directors' report.</p>
s.306(3)(a)	<p>Signed in accordance with a resolution of directors made pursuant to s.306(3) of the <i>Corporations Act 2001</i>.</p>
	<p>On behalf of the Directors</p>
s.306(3)(c)	<p><i>(Signature)</i> C.J. Chambers Director</p>
s.306(3)(b)	<p>Melbourne, 15 February 2014</p>

Source

GAAP Holdings (Australia) Interim Limited

## Auditor's independence declaration

Deloitte Touche Tohmatsu  
ABN 74 490 121 060

Grosvenor Place  
225 George Street  
Sydney NSW 2000  
PO Box N250 Grosvenor Place  
Sydney NSW 1219 Australia

DX: 10307SSE  
Tel: +61 (0) 2 9322 7000  
Fax: +61 (0) 2 9322 7001  
www.deloitte.com.au

# Deloitte.

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

15 February 2014

Dear Board Members,

### GAAP Holdings (Australia) Interim Limited

s.306(1A),  
s.307C,  
ASIC-CO 98/2395

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

As lead audit partner for the review of the financial statements of GAAP Holdings (Australia) Interim Limited for the half-year ended 31 December 2013, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

DELOITTE TOUCHE TOHMATSU

T.L. Green  
Partner  
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.

Source	GAAP Holdings (Australia) Interim Limited
s.307C(1), (3)	<p>If an audit firm, audit company or individual auditor conducts an audit or review of the financial report for a half-year, the lead auditor must give the directors of the company, registered scheme or disclosing entity a written declaration that, to the best of the lead auditor's knowledge and belief, there have been:</p> <ul style="list-style-type: none"> <li>(i) no contraventions of the auditor independence requirements of the <i>Corporations Act 2001</i> in relation to the audit or review; and</li> <li>(ii) no contraventions of any applicable code of professional conduct in relation to the audit or review; or</li> </ul> <p>a written declaration that, to the best of the lead auditor's knowledge and belief, the only contraventions of:</p> <ul style="list-style-type: none"> <li>(i) the auditor independence requirements of the <i>Corporations Act 2001</i> in relation to the audit or review; or</li> <li>(ii) any applicable code of professional conduct in relation to the audit or review;</li> </ul> <p>are those contraventions details of which are set out in the declaration.</p>
s.307C(5)(a)	<p>The auditor's independence declaration must be given when the audit 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.</p>
s.307C(5A)	<p>A declaration under s.307C(1) or s.307C(3) in relation to a financial report for a half-year satisfies the conditions in this subsection if:</p> <ul style="list-style-type: none"> <li>(a) the declaration is given to the directors of the company, registered scheme or disclosing entity before the directors pass a resolution under s.306(3) in relation to the directors' report for the half-year; and</li> <li>(b) a director signs the directors' report within 7 days after the declaration is given to the directors; and</li> <li>(c) the auditors' report on the financial report is made within 7 days after the directors' report is signed; and</li> <li>(d) the auditors' report includes either of the following statements: <ul style="list-style-type: none"> <li>(i) a statement to the effect that the declaration would be in the same terms if it had been given to the directors at the time that auditors' report was made;</li> <li>(ii) a statement to the effect that circumstances have changed since the declaration was given to the directors, and setting out how the declaration would differ if it had been given to the directors at the time the auditor's report was made.</li> </ul> </li> </ul>
s.307C(5B)	<p>An individual auditor or lead auditor is not required to give a declaration under s.307(1) and s.307(3) in respect of a contravention if:</p> <ul style="list-style-type: none"> <li>(a) the contravention was a contravention by a person of s.324CE(2) or s.324CG(2) (strict liability contravention of specific independence requirements by individual auditor or audit firm), or s.324CF(2) (contravention of independence requirements by members of audit firms); and</li> <li>(b) the person does not commit an offence because of s.324CE(4), s.324CF(4) or s.324CG(4) (quality control system defence).</li> </ul>



Source

GAAP Holdings (Australia) Interim Limited

**Independent auditors' report**

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 auditors' report.

Source	GAAP Holdings (Australia) Interim Limited
	<b>Directors' declaration</b>
	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 <i>Corporations Act 2001</i> , 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 <i>Corporations Act 2001</i> .
	On behalf of the Directors
s.303(5)	(Signature) C.J. Chambers Director
s.303(5)	Melbourne, 15 February 2014

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## Condensed consolidated statement of profit or loss and other comprehensive income for the half-year ended 31 December 2013

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

	Note	Consolidated	
		Half-year ended	
		31 Dec 2013	31 Dec 2012
		\$'000	\$'000
<b>Continuing operations</b>			<b>(restated)</b>
Revenue		450,077	297,336
Cost of sales		(272,632)	(176,297)
Gross profit		177,445	121,039
Investment income		2,927	1,043
Gain recognised on disposal of interest in former associate	6	582	-
Other income		8,650	6,037
Distribution expenses		(73,274)	(55,807)
Administrative expenses		(78,243)	(52,185)
Finance costs		(11,859)	(8,492)
Other expenses		(1,838)	(1,410)
Share of profits of associates and joint ventures		4,818	1,669
Profit/(loss) before tax		29,208	11,894
Income tax expense		(4,598)	(1,290)
Profit/(loss) for the period from continuing operations		24,610	10,604
<b>Discontinued operation</b>			
Profit/(loss) for the period from discontinued operation	10	2,691	(1,168)
<b>Profit/(loss) for the period</b>		<b>27,301</b>	<b>9,436</b>
<b>Other comprehensive income, net of income tax</b>			
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Gain/(loss) on revaluation of property		27,399	(1,733)
Share of gain/(loss) on property revaluation of associates		-	-
Remeasurement of defined benefit obligation		564	134
Others (please specify)		-	-
<b>Items that may be reclassified subsequently to profit or loss</b>			
Exchange differences on translating foreign operations		2,787	889
Net fair value loss on available-for-sale financial assets		(233)	(125)
Fair value gain/(loss) on hedging instruments entered into for cash flow hedges		(412)	77
Others (please specify)		-	-
Other comprehensive income for the period, net of income tax		30,105	(758)
<b>Total comprehensive income for the period</b>		<b>57,406</b>	<b>8,678</b>
Profit attributable to:			
Owners of the parent		20,705	6,776
Non-controlling interests		6,596	2,660
		27,301	9,436
Total comprehensive income attributable to:			
Owners of the parent		50,810	6,018
Non-controlling interests		6,596	2,660
		57,406	8,678

## Condensed consolidated statement of profit or loss and other comprehensive income for the half-year ended 31 December 2013

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

	Note	Consolidated	
		Half-year ended	
		31 Dec 2013	31 Dec 2012
		\$'000	\$'000
<b>Earnings per share</b>			(restated)
From continuing and discontinued operations			
Basic (cents per share)		17.2	5.6
Diluted (cents per share)		11.5	4.3
From continuing operations			
Basic (cents per share)		15.0	6.6
Diluted (cents per share)		10.0	5.0

Notes to the condensed consolidated financial statements are included on pages B30 to B41.

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

**Source reference**

AASB101.10A

**One statement vs. two statements**

AASB 101 permits entities to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. Alt 1 above illustrates the presentation of profit or loss and other comprehensive income in one statement with expenses analysed by function. Alt 2 (see following pages) illustrates the presentation of profit or loss and other comprehensive income in two separate but consecutive statements with expenses analysed by nature.

Whichever presentation approach is adopted, the distinction is retained between items recognised in profit or loss and items recognised in other comprehensive income. Under both approaches, profit or loss, total other comprehensive income, as well as comprehensive income for the period (being the total of profit or loss and other comprehensive income) should be presented. Under the two-statement approach, the separate statement of profit or loss ends at 'profit for the year', and this 'profit for the year' is then the starting point for the statement of profit or loss and other comprehensive income, which is required to be presented immediately following the statement of profit or loss. In addition, the analysis of 'profit for the year' between the amount attributable to the owners of the Company and the amount attributable to non-controlling interests is presented as part of the separate statement of profit or loss.

AASB101.82A

**Other comprehensive income: items that may or may not be reclassified**

Irrespective of whether the one-statement or the two-statement approach is followed, the items of other comprehensive income should be classified by nature and grouped into those that, in accordance with other IFRSs:

- (a) will not be reclassified subsequently to profit or loss; and
- (b) will be reclassified subsequently to profit or loss when specific conditions are met.

AASB101.94

**Presentation options for reclassification adjustments**

In addition, in accordance with paragraph 94 of AASB 101, an entity may present reclassification adjustments in the statement(s) of profit or loss and other comprehensive income or in the notes.

AASB101.91

**Presentation options for income tax relating to items of other comprehensive income**

Furthermore, for items of other comprehensive income, additional presentation options are available as follows: the individual items of other comprehensive income may be presented net of tax in the statement of profit or loss and other comprehensive income (as illustrated on the previous pages), or they may be presented gross with a single line deduction for tax relating to those items by allocating the tax between the items that may be reclassified subsequently to the profit or loss section and those that will not be reclassified subsequently to profit or loss section (see Alt 2).

**Condensed consolidated statement of profit or loss  
for the half-year ended 31 December 2013**

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

	Note	Consolidated	
		31 Dec 2013	31 Dec 2012
		\$'000	\$'000
			(restated)
<b>Continuing operations</b>			
Revenue		450,077	297,336
Investment income		2,927	1,043
Gain recognised on disposal of interest in former associate	6	582	-
Other income		8,650	6,037
Changes in inventories of finished goods and work in progress		5,446	7,329
Raw materials and consumables used		(283,336)	(167,366)
Employee benefits expense		(133,100)	(111,760)
Depreciation and amortisation expense		(14,302)	(12,498)
Finance costs		(11,859)	(8,492)
Other expenses		(695)	(1,404)
Share of profits of associates and joint ventures		4,818	1,669
Profit/(loss) before tax		29,208	11,894
Income tax expense		(4,598)	(1,290)
Profit/(loss) for the period from continuing operations		24,610	10,604
<b>Discontinued operation</b>			
Profit/(loss) for the period from discontinued operation	10	2,691	(1,168)
<b>Profit/(loss) for the period</b>		<b>27,301</b>	<b>9,436</b>
Attributable to:			
Owners of the parent		20,705	6,776
Non-controlling interests		6,596	2,660
		<b>27,301</b>	<b>9,436</b>
<b>Earnings per share</b>			
From continuing and discontinued operations			
Basic (cents per share)		17.2	5.6
Diluted (cents per share)		11.5	4.3
From continuing operations			
Basic (cents per share)		15.0	6.6
Diluted (cents per share)		10.0	5.0

Notes to the condensed consolidated financial statements are included on pages B30 to B41.

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

The format outlined above aggregates expenses according to their nature.

See the previous page for a discussion of the format of the statement of profit or loss and other comprehensive income. Note that where the two-statement approach is adopted (above and on the next page), as required by AASB101.10A, the statement of profit or loss must be displayed immediately before the statement of profit or loss and other comprehensive income.



## Condensed consolidated statement of profit or loss and other comprehensive income for the half-year ended 31 December 2013

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

Note	Consolidated	
	Half-year ended	
	31 Dec 2013	31 Dec 2012
	\$'000	\$'000
		(restated)
Profit (loss) for the period	27,301	9,436
<b>Other comprehensive income</b>		
<b><i>Items that will not be reclassified subsequently to profit or loss</i></b>		
Gain/(loss) on revaluation of property	39,141	(2,476)
Share of gain/(loss) on property revaluation of associates	-	-
Remeasurement of defined benefit obligation	806	191
Others (please specify)	-	-
Income tax relating to items that will not be reclassified subsequently	(11,742)	743
	28,205	(1,542)
<b><i>Items that may be reclassified subsequently to profit or loss</i></b>		
Exchange differences on translating foreign operations	3,982	1,270
Net fair value loss on available-for-sale financial assets	(333)	(179)
Fair value gain/(loss) on hedging instruments entered into for cash flow hedges	(589)	110
Others (please specify)	-	-
Income tax relating to items that may be reclassified subsequently	(1,160)	(417)
	1,900	784
Other comprehensive income for the period (net of tax)	30,105	(758)
<b>Total comprehensive income for the period</b>	<b>57,406</b>	<b>8,678</b>
Total comprehensive income attributable to:		
Owners of the parent	50,810	6,018
Non-controlling interests	6,596	2,660
	<b>57,406</b>	<b>8,678</b>

Notes to the condensed consolidated financial statements are included on pages B30 to B41.

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

## GAAP Holdings (Australia) Interim Limited

Condensed consolidated statement of profit or loss and other comprehensive income/  
Condensed consolidated statement of profit or loss

*The guidance below is extracted from Accounting Standards as they relate to the preparation of the primary financial statements for an annual financial report. Some required disclosures are permitted to be made either on the face of the financial statements or in the notes to the financial statements. Where an entity chooses to disclose such items on the face of the financial statements in the annual financial report, they should also be presented on the face of the financial statements in the interim financial report. Where an entity chooses to disclose such items in the notes to the financial statements in the annual financial report, such disclosures are not required in the interim financial report unless they are otherwise required by AASB 134.*

*Similarly, some requirements of the Accounting Standards relating to the preparation of the primary financial statements for an annual financial report require disclosures in the notes to the financial statements. Where disclosures are required only in the notes to the financial statements in the annual financial report, such disclosures are not required in the interim financial report unless they are otherwise required by AASB 134.*

### Source reference

	<b>Presentation of revenues and expenses</b>
AASB 101.10A	An entity may present a single statement of profit or loss and other comprehensive income, with profit or loss and other comprehensive income presented in two sections. The sections shall be presented together, with the profit or loss section presented first followed directly by the other comprehensive income section. An entity may present the profit or loss section in a separate statement of profit or loss. If so, the separate statement of profit or loss shall immediately precede the statement presenting comprehensive income, which shall begin with profit or loss.
AASB101.81A	The statement of profit or loss and other comprehensive income (statement of comprehensive income) shall present, in addition to the profit or loss and other comprehensive income sections: (a) profit or loss; (b) total other comprehensive income; (c) comprehensive income for the period, being the total of profit or loss and other comprehensive income.  If an entity presents a separate statement of profit or loss it does not present the profit or loss section in the statement presenting comprehensive income.
AASB101.81B	An entity shall present the following items, in addition to the profit or loss and other comprehensive income sections, as allocation of profit or loss and other comprehensive income for the period: (a) profit or loss for the period attributable to: (i) non-controlling interests, and (ii) owners of the parent. (b) comprehensive income for the period attributable to: (i) non-controlling interests, and (ii) owners of the parent.  If an entity presents profit or loss in a separate statement it shall present (a) in that statement.
AASB101.82	In addition to items required by other Australian Accounting Standards, the profit or loss section or the statement of profit or loss shall include line items that present the following amounts for the period: (a) revenue; (b) finance costs; (c) share of the profit or loss of associates and joint ventures accounted for using the equity method; (d) tax expense; (e) [deleted by the IASB] (ea) a single amount for the total of discontinued operations (see AASB 5). (f)-(i) [deleted by the IASB]
AASB101.82A	The other comprehensive income section shall present line items for amounts of other comprehensive income in the period, classified by nature (including share of the other comprehensive income of associates and joint ventures accounted for using the equity method) and grouped into those that, in accordance with other Australian Accounting Standards: (a) will not be reclassified subsequently to profit or loss; and (b) will be reclassified subsequently to profit or loss when specific conditions are met.
AASB101.88	All items of income and expense recognised in a period are to be included in profit or loss unless another Accounting Standard requires otherwise. Other Accounting Standards require some gains and losses (for example, revaluation increases and decreases, particular foreign exchange differences, gains or losses on remeasuring available-for-sale financial assets, and related amounts of current tax and deferred tax) to be recognised directly as changes in equity.

**Source reference**

	<p>Examples of items of income and expense recognised directly in equity not illustrated in these model financial statements include:</p> <ul style="list-style-type: none"> <li>• gains/losses on a hedge of the net investment in a foreign operation</li> <li>• transfers to profit or loss on impairment of available-for-sale financial assets</li> <li>• transfers to profit or loss on sale of available-for-sale financial assets</li> <li>• share of increments in reserves attributable to associates</li> <li>• share of increments in reserves attributable to joint ventures</li> </ul>
AASB101.99,100	<p>An entity shall present, in the statement(s) presenting profit or loss and other comprehensive income, or in the notes, an analysis of expenses recognised in profit or loss using a classification based on either their nature or their function within the entity, whichever provides information that is reliable and more relevant. Sub-classifications of expenses by nature or function have been illustrated in the example on the face of the statement(s) presenting profit or loss and other comprehensive income respectively as is encouraged by the Accounting Standard.</p>
AASB101.105	<p>The choice between the function of expense method and the nature of expense method depends on historical and industry factors and the nature of the entity. Both methods provide an indication of those costs that might vary, directly or indirectly, with the level of sales or production of the entity. Because each method of presentation has merit for different types of entities, management is required to select the most relevant and reliable presentation. However, because information on the nature of expenses is useful in predicting future cash flows, additional disclosure is required when the function of expense classification is used.</p>
AASB101.29, 30 AASB101.31	<p>Regardless of whether expenses are classified by nature or by function, each material class is separately disclosed. Unclassified expenses that are immaterial both individually and in aggregate may be combined and presented as a single line item. An item that is not sufficiently material to warrant separate presentation on the face of the financial statements may nevertheless be sufficiently material for it to be presented separately in the notes. It follows that the total of unclassified expenses is unlikely to exceed 10% of total expenses classified by nature or by function, whether disclosed either on the face or in the notes to the financial statements.</p>
AASB101.32	<p><b>Offsetting</b>          An entity shall not offset income and expenses, unless required or permitted by an Australian Accounting Standard.</p>
AASB101.34	<p>An entity undertakes, in the course of its ordinary activities, transactions that do not generate revenue but are incidental to the main revenue-generating activities. An entity presents the results of such transactions, when this presentation reflects the substance of the transaction or other event, by netting any income with related expenses arising on the same transaction. For example:</p> <ol style="list-style-type: none"> <li>(a) an entity presents gains and losses on the disposal of non-current assets, including investments and operating assets, by deducting from the proceeds on disposal the carrying amount of the asset and related selling expenses; and</li> <li>(b) an entity may net expenditure related to a provision that is recognised in accordance with AASB 137 'Provisions, Contingent Liabilities and Contingent Assets' and reimbursed under a contractual arrangement with a third party (for example, a supplier's warranty agreement) against the related reimbursement.</li> </ol>
AASB101.35	<p>An entity presents on a net basis gains and losses arising from a group of similar transactions, for example, foreign exchange gains and losses or gains and losses arising on financial instruments held for trading. However, an entity presents such gains and losses separately if they are material.</p>
AASB101.97	<p><b>Disclosure of specific revenues and expenses</b>          When items of income and expense are material, an entity shall disclose their nature and amount separately either in the statement(s) presenting profit or loss and other comprehensive income or in the notes.</p>
AASB101.85	<p><b>Disclosure of additional information</b>          An entity shall present additional line items, headings and subtotals in the statement(s) presenting profit or loss and other comprehensive income, when such presentation is relevant to an understanding of the entity's financial performance.</p>
AASB101.87	<p><b>Prohibition on extraordinary items</b>          An entity shall not present any items of income or expense as extraordinary items, in the statement(s) presenting profit or loss and other comprehensive income, or in the notes.</p>
AASB119.93B	<p><b>Other comprehensive income for the period</b>          Where an entity recognises actuarial gains and losses with respect to defined benefit plans in other comprehensive income, the entity must present these in the statement of profit or loss and other comprehensive income.          An illustrative example of a statement of profit or loss and other comprehensive income is presented on pages B15 and B19.</p>

**Condensed consolidated statement of financial position  
as at 31 December 2013**

	Note	Consolidated	
		31 Dec 2013 \$'000	30 June 2013 \$'000 (restated)
<b>Current assets</b>			
Cash and cash equivalents		5,609	1,175
Trade and other receivables		181,464	142,062
Other financial assets		90,120	77,606
Inventories		108,199	91,815
Current tax assets		-	-
Other		1,836	1,798
		387,228	314,456
Assets classified as held for sale		-	-
<b>Total current assets</b>		387,228	314,456
<b>Non-current assets</b>			
Investments in associates	6	46,519	8,542
Investments in joint ventures		3,999	3,662
Other financial assets		98,310	128,997
Property, plant and equipment		622,227	567,512
Investment property		-	-
Deferred tax assets		4,118	3,872
Goodwill	7	3,010	3,562
Other intangible assets		26,985	21,294
Other		7,746	12,908
		812,914	750,349
<b>Total non-current assets</b>		812,914	750,349
<b>Total assets</b>		1,200,142	1,064,805

**Condensed consolidated statement of financial position  
as at 31 December 2013 - continued**

	Note	Consolidated	
		31 Dec 2013 \$'000	30 June 2013 \$'000 (restated)
<b>Current liabilities</b>			
Trade and other payables		78,908	47,408
Borrowings	9	171,352	128,633
Other financial liabilities		1,470	1,483
Current tax payables		8,229	1,986
Provisions		6,432	2,065
Other		-	-
		266,391	181,575
Liabilities directly associated with assets classified as held for sale		-	-
<b>Total current liabilities</b>		266,391	181,575
<b>Non-current liabilities</b>			
Borrowings	9	477,966	490,393
Other financial liabilities		36,637	44,004
Deferred tax liabilities		12,025	2,972
Provisions		2,118	-
Other		-	-
<b>Total non-current liabilities</b>		530,700	538,851
<b>Total liabilities</b>		797,091	720,426
<b>Net assets</b>		403,051	344,379
<b>Equity</b>			
Issued capital	8	142,343	142,343
Reserves		68,732	37,341
Retained earnings		174,059	159,119
		385,134	338,803
Amounts recognised directly in equity relating to assets classified as held for sale		-	-
Equity attributable to owners of the parent		385,134	338,803
Non-controlling interest		17,917	5,576
<b>Total equity</b>		403,051	344,379

Notes to the condensed consolidated financial statements are included on pages B30 to B41.

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

*The guidance below is extracted from Accounting Standards as they relate to the preparation of the primary financial statements for an annual financial report. Some required disclosures are permitted to be made either on the face of the financial statements or in the notes to the financial statements. Where an entity chooses to disclose such items on the face of the financial statements in the annual financial report, they should also be presented on the face of the financial statements in the interim financial report. Where an entity chooses to disclose such items in the notes to the financial statements in the annual financial report, such disclosures are not required in the interim financial report unless they are otherwise required by AASB 134.*

*Similarly, some requirements of the Accounting Standards relating to the preparation of the primary financial statements for an annual financial report require disclosures in the notes to the financial statements. Where disclosures are required only in the notes to the financial statements in the annual financial report, such disclosures are not required in the interim financial report unless they are otherwise required by AASB 134.*

**Source reference**

**Current/non-current vs. liquidity presentation**

AASB101.60, 61 All assets and all liabilities shall be classified and presented as either current or non-current unless they are presented in order of their liquidity. The term 'current' is defined for:

AASB101.66 (a) assets, as an asset that is:

- i. expected to be realised in, or is intended for sale or consumption in, the entity's normal operating cycle;
- ii. held primarily for the purpose of being traded;
- iii. expected to be realised within 12 months after the reporting period; or
- iv. cash or a cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period;

AASB101.69 (b) liabilities, as a liability that:

- i. is expected to be settled in the entity's normal operating cycle;
- ii. is held primarily for the purpose of being traded;
- iii. is due to be settled within 12 months after the reporting period; or
- iv. the entity does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

AASB101.60 A liquidity basis shall only be presented where a liquidity presentation provides information that is reliable and more relevant than the current/non-current presentation. The liquidity basis of presentation is not illustrated in these model financial statements.

**Operating cycle**

AASB101.68 A company's operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Once an entity defines their operating cycle it affects the classification and presentation of assets and liabilities as either current or non-current.

AASB101.68, 70 When an entity's normal operating cycle is not clearly identifiable, its duration is assumed to be 12 months.

AASB101.66, 69 However, where there is a single clearly identifiable operating cycle that extends over a period greater than 12 months, the longer period shall be used as the basis for identifying as:

(a) current assets, those assets expected to be realised in, or intended for sale or consumption in, the entity's normal operating cycle; and

(b) current liabilities, those liabilities expected to be settled in the entity's normal operating cycle.

AASB101.68, 70 Current assets will include inventories and trade receivables that are sold, consumed or realised as part of the normal operating cycle and current liabilities will include those liabilities that form part of the working capital used in a normal operating cycle of the entity, for example trade payables and accruals for employee benefits expense. This is the case even when they are not expected to be realised/settled within 12 months of the reporting period.

**Refinancing liabilities**

AASB101.72 Where current and non-current liabilities are presented separately, financial liabilities shall be categorised as current when they are due to be settled within 12 months of the reporting period, even if:

(a) the original term was for a period longer than 12 months; and

(b) an agreement to refinance, or to reschedule payments, on a long term basis is completed after the reporting period and before the financial report is authorised for issue.

**Source reference**

AASB101.73	However, if an entity expects, and has the discretion, to refinance or roll over an obligation for at least 12 months after the reporting period under an existing loan facility, it classifies the obligation as non-current, even if it would otherwise be due within a shorter period. However, when refinancing or rolling over the obligation is not at the discretion of the entity (for example, there is no agreement to refinance), the potential to refinance is not considered and the obligation is classified as current.
AASB101.74	<p><b>Breach of loan covenants</b></p> <p>When an entity breaches a provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand, it classifies the liability as current, even if the lender has agreed, after the reporting period, and before the authorisation of the financial statements for issue, not to demand payment as a consequence of the breach. An entity classifies the liability as current because, at the end of the reporting period, it does not have an unconditional right to defer its settlement for at least twelve months after that date.</p>
AASB101.75	However, an entity classifies the liability as non-current if the lender agreed by the end of the reporting period to provide a period of grace ending at least 12 months after the reporting period, within which the entity can rectify the breach and during which the lender cannot demand immediate repayment.
AASB101.32	<p><b>Offsetting</b></p> <p>An entity shall not offset assets and liabilities, unless required or permitted by an Accounting Standard, for example, AASB 132 <i>Financial Instruments: Disclosure and Presentation</i>.</p>
AASB112.71	<p><u>Income taxes</u></p> <p>An entity shall offset current tax assets and current tax liabilities if, and only if, the entity:</p> <ol style="list-style-type: none"> <li>(a) has a legally enforceable right to set-off the recognised amounts; and</li> <li>(b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.</li> </ol>
AASB112.74	<p>An entity shall offset deferred tax assets and deferred tax liabilities if, and only if:</p> <ol style="list-style-type: none"> <li>(a) the entity has a legally enforceable right to set-off current tax assets against current tax liabilities; and</li> <li>(b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either: <ol style="list-style-type: none"> <li>i. the same taxable entity; or</li> <li>ii. different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.</li> </ol> </li> </ol>
AASB5.40	<p><b>Presentation of a non-current asset or disposal group classified as held for sale</b></p> <p>An entity shall not reclassify or re-present amounts presented for non-current assets or for the assets and liabilities of disposal groups classified as held for sale in the statements of financial position for prior periods to reflect the classification in the statements of financial position for the latest period presented.</p>

## Condensed consolidated statement of changes in equity for the half-year ended 31 December 2013

Consolidated	Issued capital \$'000	Asset revaluation reserve \$'000	Investments revaluation reserve \$'000	Hedging reserve \$'000	Foreign currency translation reserve \$'000	Other reserve \$'000	Retained earnings \$'000	Attributable to owners of the parent \$'000	Non-controlling interest \$'000	Total \$'000
Balance as at 1 July 2012	142,343	39,552	6,875	1,501	(7,329)	-	149,244	332,728	(431)	331,755
Adjustments (note 1)	-	-	-	-	-	-	542	-	1,589	2,131
Balance as at 1 July 2012 (restated)	142,343	39,552	6,875	1,501	(7,329)	-	149,786	332,728	1,158	333,886
Profit for the period	-	-	-	-	-	-	6,776	6,776	2,660	9,436
Other comprehensive income for the year, net of income tax	-	(1,733)	(125)	77	889	-	134	(758)	-	(758)
Total comprehensive income for the period	-	(1,733)	(125)	77	1,023	-	6,776	6,018	2,660	8,678
Payment of dividends	-	-	-	-	-	-	(14,472)	(14,472)	-	(14,472)
<b>Balance at 31 December 2012 (restated)</b>	<b>142,343</b>	<b>37,819</b>	<b>6,750</b>	<b>1,578</b>	<b>(6,306)</b>	<b>-</b>	<b>142,090</b>	<b>324,274</b>	<b>3,818</b>	<b>328,092</b>
Balance as at 1 July 2013	142,343	34,418	6,390	1,156	(4,623)	-	158,985	338,803	5,576	344,245
Adjustments (note 1)	-	-	-	-	-	-	134	-	-	134
Balance as at 1 July 2013 (restated)	142,343	34,418	6,390	1,156	(4,623)	-	159,119	338,803	5,376	344,379
Profit for the period	-	-	-	-	-	-	20,705	20,705	6,596	27,301
Other comprehensive income for the year, net of income tax	-	27,399	(233)	(412)	3,351	-	-	30,105	-	30,105
Total comprehensive income for the period	-	27,399	(233)	(412)	3,351	-	20,705	50,810	6,596	57,406
Payment of dividends	-	-	-	-	-	-	(5,765)	(5,765)	-	(5,765)
Difference arising on disposal of interest in Sub B Limited (note 11)	-	-	-	-	-	1,286	-	1,286	3,214	4,500
Non-controlling interests arising on the acquisition of Sub X Limited (note 12)	-	-	-	-	-	-	-	-	2,531	2,531
<b>Balance at 31 December 2013</b>	<b>142,343</b>	<b>61,817</b>	<b>6,157</b>	<b>744</b>	<b>(1,272)</b>	<b>1,286</b>	<b>174,059</b>	<b>385,134</b>	<b>17,917</b>	<b>403,051</b>

Notes to the condensed consolidated financial statements are included on pages B30 to B41.

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



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*Similarly, some requirements of the Accounting Standards relating to the preparation of the primary financial statements for an annual financial report require disclosures in the notes to the financial statements. Where disclosures are required only in the notes to the financial statements in the annual financial report, such disclosures are not required in the interim financial report unless they are otherwise required by AASB 134.*

#### Source reference

AASB101.106	<p>An entity shall present a statement of changes in equity as required by paragraph 10. The statement of changes in equity includes the following information:</p> <ul style="list-style-type: none"><li>(a) total comprehensive income for the period, showing separately the total amounts attributable to owners of the parent and to non-controlling interests;</li><li>(b) for each component of equity, the effects of retrospective application or retrospective restatement recognised in accordance with AASB 108; and</li><li>(c) [deleted by the IASB]</li><li>(d) for each component of equity, a reconciliation between the carrying amount at the beginning and the end of the period, separately disclosing changes resulting from:<ul style="list-style-type: none"><li>(i) profit or loss;</li><li>(ii) other comprehensive income; and</li><li>(iii) transactions with owners in their capacity as owners, showing separately contributions by and distributions to owners and changes in ownership interests in subsidiaries that do not result in a loss of control.</li></ul></li></ul>
AASB101.106A	<p>For each component of equity an entity shall present, either in the statement of changes in equity or in the notes, an analysis of other comprehensive income by item (see paragraph 106(d)(ii)).</p>
AASB101.107	<p>An entity shall present, either in the statement of changes in equity or in the notes, the amount of dividends recognised as distributions to owners during the period, and the related amount of dividends per share. (Note that presentation of dividend disclosures in the income statement is no longer permitted.)</p>
AASB 101.BC75	<p>An illustrative example of a statement of changes in equity is presented on page B25.</p>
AASB101.109	<p>Changes in an entity's equity between the beginning and the end of the reporting period reflect the increase or decrease in its net assets during the period. Except for changes resulting from transactions with owners in their capacity as owners (such as equity contributions, reacquisitions of the entity's own equity instruments and dividends) and transaction costs directly related to such transactions, the overall change in equity during a period represents the total amount of income and expense, including gains and losses, generated by the entity's activities during that period.</p>

## Condensed consolidated statement of cash flows for the half-year ended 31 December 2013

	Note	Consolidated	
		Half-year ended	
		31 Dec 2013 \$'000	31 Dec 2012 \$'000 (restated)
<b>Cash flows from operating activities</b>			
Receipts from customers		476,235	251,653
Payments to suppliers and employees		(440,157)	(194,800)
Interest and other costs of finance paid		(7,407)	(6,052)
Income tax paid		(5,487)	(4,321)
Net cash provided by operating activities		23,184	46,480
<b>Cash flows from investing activities</b>			
Payment for investment securities		(15,807)	(19,262)
Proceeds on sale of investment securities		35,007	-
Interest received		11,531	9,939
Dividends received		156	150
Proceeds from repayment of related party loans		-	-
Amounts advanced to related parties		-	(12,415)
Payment for property, plant and equipment		(93,669)	(28,940)
Proceeds from sale of property, plant and equipment		33,386	9,827
Payment for intangible assets		(6,406)	-
Capitalised development costs paid		-	-
Additional interests acquired in associates and joint ventures	6	(34,519)	-
Proceeds from sale of interests in associates	6	1,245	-
Proceeds from sale of businesses	11	35,400	-
Payment for businesses	12	(9,491)	-
Net cash used in investing activities		(43,167)	(40,701)
<b>Cash flows from financing activities</b>			
Proceeds from issues of equity instruments of the Company		-	-
Payment for share issue costs		-	-
Payment for share buy-back:			
- owners of the parent entity		-	-
- non-controlling interests		-	-
Proceeds from issue of debt securities		-	-
Payment for debt issue costs		-	-
Proceeds from borrowings	9	50,000	30,000
Repayment of borrowings	9	(19,818)	(18,230)
Dividends paid:			
- members of the parent entity	5	(5,765)	(14,472)
- non-controlling interests		-	-
Net cash used in financing activities		24,417	(2,702)
<b>Net (decrease)/increase in cash and cash equivalents</b>		4,434	3,077
<b>Cash and cash equivalents at the beginning of the period</b>		1,175	2,033
Effects of exchange rate changes on the balance of cash held in foreign currencies		-	-
<b>Cash and cash equivalents at the end of the period</b>		5,609	5,110

Notes to the condensed consolidated financial statements are included on pages B30 to B41.

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

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*Similarly, some requirements of the Accounting Standards relating to the preparation of the primary financial statements for an annual financial report require disclosures in the notes to the financial statements. Where disclosures are required only in the notes to the financial statements in the annual financial report, such disclosures are not required in the interim financial report unless they are otherwise required by AASB 134.*

**Source reference**

<p>AASB107.14</p>	<p><b>Operating activities</b></p> <p>Cash flows from operating activities are primarily derived from the principal revenue-producing activities of the entity. Therefore, they generally result from the transactions and other events that enter into the determination of profit or loss. Examples of cash flows from operating activities are:</p> <ul style="list-style-type: none"> <li>(a) cash receipts from the sale of goods and the rendering of services;</li> <li>(b) cash receipts from royalties, fees, commissions and other revenue;</li> <li>(c) cash payments to suppliers for goods and services;</li> <li>(d) cash payments to and on behalf of employees;</li> <li>(e) cash receipts and cash payments of an insurance entity for premiums and claims, annuities and other policy benefits;</li> <li>(f) cash payments or refunds of income taxes unless they can be specifically identified with financing and investing activities; and</li> <li>(g) cash receipts and payments from contracts held for dealing or trading purposes.</li> </ul> <p>Some transactions, such as the sale of an item of plant, may give rise to a gain or loss that is included in recognised profit or loss. The cash flows relating to such transactions are cash flows from investing activities. However, cash payments to manufacture or acquire assets held for rental to others and subsequently held for sale as described in paragraph 68A of AASB 116 <i>Property, Plant and Equipment</i> are cash flows from operating activities. The cash receipts from rents and subsequent sales of such assets are also cash flows from operating activities.</p>
<p>AASB107.18 AASB107.19 AASB1054.16</p>	<p>Entities shall report cash flows from operations using the direct method or indirect method. Entities are encouraged to report cash flows from operating activities using the direct method. When an entity uses the direct method to present its statement of cash flows, the financial statements shall provide a reconciliation of the net cash flow from operating activities to profit (loss).</p>
<p>AASB107.16</p>	<p><b>Investing activities</b></p> <p>The separate disclosure of cash flows arising from investing activities is important because the cash flows represent the extent to which expenditures have been made for resources intended to generate future income and cash flows. Only expenditures that result in a recognised asset in the statement of financial position are eligible for classification as investing activities. Examples of cash flows arising from investing activities are:</p> <ul style="list-style-type: none"> <li>(a) cash payments to acquire property, plant and equipment, intangibles and other long-term assets. These payments include those relating to capitalised development costs and self-constructed property, plant and equipment;</li> <li>(b) cash receipts from sales of property, plant and equipment, intangibles and other long-term assets;</li> <li>(c) cash payments to acquire equity or debt instruments of other entities and interests in joint ventures (other than payments for those instruments considered to be cash equivalents or those held for dealing or trading purposes);</li> <li>(d) cash receipts from sales of equity or debt instruments of other entities and interests in joint ventures (other than receipts for those instruments considered to be cash equivalents and those held for dealing or trading purposes);</li> <li>(e) cash advances and loans made to other parties (other than advances and loans made by a financial institution);</li> <li>(f) cash receipts from the repayment of advances and loans made to other parties (other than advances and loans of a financial institution);</li> </ul>

Source reference

- (g) cash payments for futures contracts, forward contracts, option contracts and swap contracts except when the contracts are held for dealing or trading purposes, or the payments are classified as financing activities; and
- (h) cash receipts from futures contracts, forward contracts, option contracts and swap contracts except when the contracts are held for dealing or trading purposes, or the receipts are classified as financing activities.

When a contract is accounted for as a hedge of an identifiable position, the cash flows of the contract are classified in the same manner as the cash flows of the position being hedged.

**Financing activities**

AASB107.17

The separate disclosure of cash flows arising from financing activities is important because it is useful in predicting claims on future cash flows by providers of capital to the entity. Examples of cash flows arising from financing activities are:

- (a) cash proceeds from issuing shares or other equity instruments;
- (b) cash payments to owners to acquire or redeem the entity's shares;
- (c) cash proceeds from issuing debentures, loans, notes, bonds, mortgages and other short-term or long-term borrowings;
- (d) cash repayments of amounts borrowed; and
- (e) cash payments by a lessee for the reduction of the outstanding liability relating to a finance lease.

**Interest and dividends**

AASB107.31

Cash flows from interest and dividends received and paid shall each be disclosed separately. Each shall be classified in a consistent manner from period to period as either operating, investing or financing activities.

AASB107.32

The total amount of interest paid during a period is disclosed in the cash flow statement whether it has been recognised as an expense in profit or loss or capitalised in accordance with AASB 123 *Borrowing Costs*.

AASB107.33

Interest paid and interest and dividends received are usually classified as operating cash flows for a financial institution. However, there is no consensus on the classification of these cash flows for other entities. Interest paid and interest and dividends received may be classified as operating cash flows because they enter into the determination of net profit or loss. Alternatively, interest paid and interest and dividends received may be classified as financing cash flows and investing cash flows respectively, because they are costs of obtaining financial resources or returns on investments.

AASB107.34

Dividends paid may be classified as a financing cash flow because they are a cost of obtaining financial resources. Alternatively, dividends paid may be classified as a component of cash flows from operating activities in order to assist users to determine the ability of an entity to pay dividends out of operating cash flows.

**Taxes on income**

AASB107.35

Cash flows arising from taxes on income shall be separately disclosed and shall be classified as cash flows from operating activities unless they can be specifically identified with financing and investing activities.

**Investments in subsidiaries, associates and joint ventures**

AASB107.37

When accounting for an investment in an associate or a subsidiary accounted for by use of the equity or cost method, an investor restricts its reporting in the cash flow statement to the cash flows between itself and the investee, for example, to dividends and advances.

AASB107.38

An entity that reports its interest in an associate or a joint venture using the equity method includes in its statement of cash flows the cash flows in respect of its investments in the associate or joint venture, and distributions and other payments or receipts between it and the associate or joint venture.

**Non-cash transactions**

AASB107.43

Investing and financing transactions that do not require the use of cash or cash equivalents shall be excluded from a cash flow statement. Such transactions shall be disclosed elsewhere in the financial statements in a way that provides all the relevant information about these investing and financing activities.

Source reference

AASB134.8(e) **Notes to the condensed consolidated financial statements**

**1. Significant accounting policies**

**Statement of compliance**

AASB134.19 The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

**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-CO 98/100 The company is a company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

AASB134.16A(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 2012 annual financial report for the financial year ended 30 June 2012, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

**New or revised Standards and Interpretations that are first effective in the current reporting period**

The disclosures below illustrate the types of disclosure that should be made in respect of changes resulting from the adoption of the new or revised Standards and Interpretations. Users of this model half-year report are encouraged to refer to Section A 'What's new for financial reports at December 2013?' to determine the Standards and Interpretations that are now effective and the impact of adoption of these Standards and Interpretations on financial reporting for the half-year ended 31 December 2013. Please contact your Deloitte advisor for further information about the implications of the new or revised Standards and Interpretations to your business.

AASB134.16A(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 half-year that are relevant to the Group include:

- AASB 10 'Consolidated Financial Statements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'
- AASB 11 'Joint Arrangements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'
- AASB 12 'Disclosure of Interests in Other Entities' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'
- AASB 127 'Separate Financial Statements' (2011) and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'
- AASB 128 'Investments in Associates and Joint Ventures' (2011) and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'
- AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'
- AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'

Source reference

1. Significant accounting policies

- AASB 2012-2 'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities'
- AASB 2012-5 'Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle'
- AASB 2012-10 'Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments'

**Impact of the application of AASB 10**

AASB10.7

AASB 10 replaces the parts of AASB 127 'Consolidated and Separate Financial Statements' that deal with consolidated financial statements and Interpretation 112 'Consolidation – Special Purpose Entities'. AASB 10 changes the definition of control such that an investor controls an investee when a) it has power over an investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee, and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in AASB 10 to explain when an investor has control over an investee. Some guidance included in AASB 10 that deals with whether or not an investor that owns less than 50 per cent of the voting rights in an investee has control over the investee is relevant to the Group.

Specifically, the Group's 45 per cent ownership interest in C Plus Limited, which is listed on the stock exchange of Australia. The Group's 45 per cent ownership interest in C Plus Limited gives the Group the same percentage of the voting rights in C Plus Limited. The Group's 45 ownership interest in C Plus Limited was acquired in December 2010 and there has been no change in the Group's ownership in C Plus Limited since then. The remaining 55 per cent of the ordinary shares of C Plus Limited are owned by thousands of shareholders, none individually holding more than two per cent.

AASB10.8

The directors of the Company made an assessment as the date of the initial application of AASB 10 (i.e. 1 July 2013) as to whether or not the Group has control over C Plus Limited in accordance with the new definition of control and the related guidance set out in AASB 10. The directors concluded that it has had control over C Plus Limited since the acquisition in June 2010 on the basis of the Group's absolute size of holding in C Plus Limited and the relative size of and dispersion of the shareholding owned by the other shareholders. Therefore, in accordance with the requirements of AASB 10, C Plus Limited has been a subsidiary of the Company since June 2010. Previously, C Plus Limited was treated as an associate of the Group and accounted for using the equity method of accounting.

AASB10.C4(a)

Comparative amounts for 2012 and the related amounts as at 1 July 2012 have been restated in accordance with the relevant transitional provisions set out in AASB 10 (see the tables below).

**Impact of the application of AASB 11**

AASB 11 replaces AASB 131 'Interests in Joint Ventures' and the guidance contained in a related interpretation, Interpretation 113 'Jointly Controlled Entities – Non-Monetary Contributions by Venturers', has been incorporated in AASB 128 (as revised in 2011). AASB 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under AASB 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under AASB 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, AASB 131 'Interests in Joint Ventures' contemplated three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under AASB 131 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was accounted for as a jointly controlled entity).

**Source reference** 1. **Significant accounting policies**

The initial and subsequent accounting of joint ventures and joint operations is different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expense incurred jointly). Each joint operation accounts for the assets and, liabilities, as well as revenue and expenses, relating to its interest in the joint operation in accordance with the applicable Standards.

The directors of the Company reviewed and assessed the classification of the Group's investments in joint arrangements in accordance with the requirements of AASB 11. The directors concluded that the Group's investment in JV Electronics Limited, which was classified as a jointly controlled entity under AASB 131 and was accounted for using the proportionate consolidation method, should be classified as a joint venture under AASB 11 accounted for using the equity method.

**AASB11.C2,C3**

The change in accounting of the Group's investment in JV Electronics Limited has been applied in accordance with the relevant transitional provisions set out in AASB 11. Comparative amounts for 2012 have been restated to reflect the change in accounting for the Group's investment in JV Electronics Limited. The initial investment as at 1 July 2011 for the purposes of applying the equity method is measured as the aggregate of the carrying amounts of the assets and liabilities that the Group had previously proportionately consolidated (see the tables below for details). Also the directors of the Company performed an impairment assessment on the initial investment as at 1 July 2011 and concluded that no impairment loss is required.

**Impact of the application of AASB 12**

AASB 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of AASB 12 has resulted in more extensive disclosures in the consolidated financial statements. However this did not result in any changes to the half year model report.

**Impact of the application of AASB 13**

The Group has applied AASB 13 for the first time in the current year. AASB 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of AASB 13 is broad; the fair value measurement requirements of AASB 13 apply to both financial instrument items and non-financial instrument items for which other AASBs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of AASB 2 'Share-based Payment', leasing transactions that are within the scope of AASB 117 'Leases', and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, AASB 13 includes extensive disclosure requirements.

AASB 13 requires prospective application from 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, the Group has not made any new disclosures required by AASB 13 for the 2012 comparative period, the application of AASB 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Source reference | 1. Significant accounting policies

**Impact of the application of AASB 119**

In the current year, the Group has applied AASB 119 (as revised in 2011) 'Employee Benefits' and the related consequential amendments for the first time.

AASB 119 (as revised in 2011) changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of AASB 119 and accelerate the recognition of past service costs. All actuarial gains and losses are recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of AASB 119 are replaced with a 'net interest' amount under AASB 19 (as revised in 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset. These changes have had an impact on the amounts recognised in profit or loss and other comprehensive income in prior years (see the tables below for details). In addition, AASB 119 (as revised in 2011) introduces certain changes in the presentation of the defined benefit cost including more extensive disclosures.

Specific transitional provisions are applicable to first-time application of AASB 119 (as revised in 2011). The Group has applied the relevant transitional provisions and restated the comparative amounts on a retrospective basis (see the tables below for details).

**Impact of the application of AASB 2012-2 'Amendments to Australian Accounting Standards - Disclosures – Offsetting Financial Assets and Financial Liabilities'**

The Group has applied the amendments to AASB 7 "Disclosures – Offsetting Financial Assets and Financial Liabilities" for the first time in the current year. The amendments to AASB 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments have been applied retrospectively. As the Group does not have any offsetting arrangements in place, the application of the amendments has had no material impact on the disclosures or on the amounts recognised in the consolidated financial statements.



**Source reference** | **1. Significant accounting policies**

	<b>6 months ended 31 Dec 2012 \$'000</b>
<b>Impact on profit (loss) for the year of the application of AASB 10</b>	
Increase in revenue	2,240
Increase in cost of sales	(1,105)
Increase in investment income	45
Increase in distribution expenses	(90)
Increase in marketing expenses	(30)
Increase in administration expenses	(88)
Increase in finance costs	(18)
Increase in income tax expenses	(110)
Decrease in share of profits of associates	(380)
	<b>464</b>
Increase in profit for the year	<b>464</b>
Increase in profit for the year attributable to:	
Owners of the Company	-
Non-controlling interests	464
	<b>464</b>
	<b>6 months ended 31 Dec 2012 \$'000</b>
<b>Impact on profit (loss) for the year of the application of AASB 11</b>	
Decrease in revenue	(2,005)
Decrease in cost of sales	1,300
Decrease in distribution expenses	50
Decrease in marketing expenses	50
Decrease in administration expense	323
Decrease in finance costs	16
Decrease in income tax expenses	24
Increase in share of profits of a joint venture	242
	<b>-</b>
Increase (decrease) in profit for the year	<b>-</b>
Increase (decrease) in profit for the year attributable to:	
Owners of the Company	-
Non-controlling interests	-
	<b>-</b>

Source reference | 1. Significant accounting policies

	6 months ended 31 Dec 2013 \$'000	6 months ended 31 Dec 2012 \$'000
<b>Impact on profit (loss) for the year of the application of AASB 119 (as revised in 2011)</b>		
Increase in employee benefit expenses	(440)	(424)
Decrease in income tax expense	132	127
Decrease in in profit for the year	(308)	(297)
<b>Impact on other comprehensive income for the year of the application of AASB 119 (as revised in 2011)</b>		
Remeasurement of defined benefit obligation	806	191
Increase in income tax relating to components of other comprehensive income	(242)	(57)
Increase in other comprehensive income for the year	564	134
Increase/(decrease) in total comprehensive income for the year	256	(163)
Decrease in profit for the year attributable to:		
Owners of the Company	(308)	(297)
Non-controlling interests		-
Increase/(decrease) in total comprehensive income for the year attributable to:		
Owners of the Company	256	(163)
Non-controlling interests		-

**Source reference** | **1. Significant accounting policies**

	As at 1/07/2012 as previously reported \$'000	AASB 10 adjustments \$'000	AASB 11 adjustments \$'000	AASB 119 adjustments \$'000	As at 01/07/2012 as restated \$'000
<b>Impact on assets, liabilities and equity as at 1 July 2012 of the application of the above new and revised Standards</b>					
Property, plant and equipment	161,058	2,908	(6,754)	-	157,212
Goodwill	23,920	200	-	-	24,120
Investments in associates	5,706	(1,300)	-	-	4,406
Investments in joint ventures	-	-	3,420	-	3,420
Inventories	29,688	240	(1,000)	-	28,928
Trade and other receivables	13,550	350	(1,192)	-	12,708
Cash and bank balances	7,752	300	-	-	8,052
Borrowings-non-current	(25,785)	(500)	4,213	-	(22,072)
Retirement benefit obligation	2,968	-	-	(774)	2,194
Deferred tax liabilities	(4,436)	(209)	200	(232)	(4,677)
Trade and other payables	(52,750)	(300)	1,093	-	(51,957)
Current tax payables	(4,910)	(100)	20	-	(4,990)
<b>Total effect on net assets</b>	<b>150,825</b>	<b>1,589</b>	<b>-</b>	<b>542</b>	<b>152,956</b>
Non-controlling interests	(431)	(1,589)	-	-	(1,158)
Retained earnings	(149,244)	-	-	(542)	(149,786)
<b>Total effect on equity</b>	<b>(149,675)</b>	<b>(1,589)</b>	<b>-</b>	<b>(542)</b>	<b>(151,806)</b>

Source reference | 1. Significant accounting policies

	As at 30/06/2013 as previously reported \$'000	AASB 10 adjustments \$'000	AASB 11 adjustments \$'000	AASB 119 adjustments \$'000	As at 30/06/2013 as restated \$'000
<b>Impact on assets, liabilities and equity as at 30 June 2013 of the application of the above new and revised Standards</b>					
Property, plant and equipment	571,049	3,317	(6,854)	-	567,512
Goodwill	3,362	200	-	-	3,562
Investments in associates	10,222	(1,680)	-	-	8,542
Investments in joint ventures	-	-	3,662	-	3,662
Inventories	92,665	250	(1,100)	-	91,815
Trade and other receivables	142,976	320	(1,234)	-	142,062
Cash and bank balances	675	500	-	-	1,175
Borrowings-non-current	(486,472)	(380)	4,301	-	(490,393)
Deferred tax liabilities	(2,798)	(208)	220	162	(2,972)
Trade and other payables	(46,610)	(186)	984	-	(47,408)
Retirement benefit obligation	(2,023)	-	-	(541)	(1,482)
Current tax payables	(2,045)	(80)	21	-	(1,984)
Total effect on net assets	281,001	(2,053)	-	379	274,089
Non-controlling interests	(3,523)	(2,053)	-	-	(5,576)
Retained earnings	(158,985)	-	-	(379)	(159,364)
Total effect on equity	(162,508)	(2,053)	-	(379)	(164,940)
					<b>AASB 119 adjustments \$'000</b>
<b>Impact on net assets, liabilities and equity as at 31 December 2013 of the application of the amendments to AASB 119 (as revised in 2011)</b>					
Decrease in retirement benefit obligation					907
(Increase) in deferred tax liabilities					(272)
Increase in net assets					635
Increase in retained earnings					(635)
Increase in equity					(635)
<b>Impact on cash flows for the year ended 30 June 2013 on the application of the above new and revised standards</b>					
Net cash inflow (outflow) from operating activities			359	(251)	108
Net cash inflow (outflow) from investing activities			(39)	339	300
Net cash inflow (outflow) from financing activities			(120)	(88)	(208)
Net cash inflow (outflow)			200	-	200

**Source reference**

**1. Significant accounting policies (cont'd)**

Changes in the Group's accounting policies during the year are described in detail in note 2.1. To the extent that those changes have had an impact on results reported for 2013 and 2012, they have had an impact on the amounts reported for earnings per share.

The following table summarises that effect on both basic and diluted earnings per share.

	Effect on profit for the year from continuing operations		Effect on basic earnings per share		Effect on diluted earnings per share	
	Half-Year ended 31/12/13	Half-Year ended 31/12/12	Half-Year ended 31/12/13	Half-Year ended 31/12/12	Half-Year ended 31/12/13	Half-Year ended 31/12/12
	\$'000	\$'000	Cents per share	Cents per share	Cents per share	Cents per share
Changes in accounting policies relating to:						
- Application of AASB 10						
- Application of AASB 11	N/A	-	N/A	-	N/A	-
- Application of AASB 119 (as revised in 2011)	N/A	-	N/A	-	N/A	-
- Others (please specify)	(308)	(297)	(1.8)	(1.5)	(1.5)	(1.4)
	<u>(308)</u>	<u>(297)</u>	<u>(1.8)</u>	<u>(1.5)</u>	<u>(1.5)</u>	<u>(1.4)</u>

AASB134.16A(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.

AASB134.43

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

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

AASB134.44

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.

**2. Segment information**

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

AASB134.16A (g)(v)

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

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

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

Source reference

2. Segment information (cont'd)

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

In prior half-years, the Group was involved in the manufacture and sale of toys. The toy operation was included within the leisure goods reportable segment. That operation was discontinued with effect from 31 October 2013 (see note 10).

AASB134.16A  
(g)(v)

Information regarding these segments is presented below. The accounting policies of the reportable segments are the same as the Group's accounting policies.

AASB134.16A  
(g)(i), (iii)

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

	Revenue		Segment profit	
	Half-year ended		Half-year ended	
	31 Dec 2013 \$'000	31 Dec 2012 \$'000	31 Dec 2013 \$'000	31 Dec 2012 \$'000
		(restated)		(restated)
<b>Continuing operations</b>				
Electronic equipment – direct sales	99,817	64,116	7,642	4,309
Electronic equipment – wholesalers and retail outlets	84,106	43,339	6,719	2,895
Electronic equipment – internet sales	81,117	40,746	6,339	2,693
Leisure goods – wholesalers*	98,411	83,554	7,722	5,589
Leisure goods – retail outlets*	79,700	50,339	6,319	3,367
Other	6,926	15,242	933	1,487
	450,077	297,336	35,674	20,340
Investment revenue			2,927	1,043
Central administration and directors' salaries			(2,934)	(2,666)
Finance costs			(11,859)	(8,492)
Gain recognised on disposal of interest in former associate			582	-
Share of profits of associates and joint ventures			4,818	1,669
Other [describe]			-	-
Profit before tax			29,208	11,894
<b>Discontinued operations</b>				
Leisure goods – wholesalers (toys)	35,714	34,977	557	879
Leisure goods – retail outlets (toys)	28,033	20,288	(625)	(1,829)
	63,747	55,265	(68)	(950)
Central administration costs			(386)	(362)
Gain on disposal of toy operation			3,883	-
Profit/(loss) before tax			3,429	(1,312)
Income tax expense (continuing and discontinued operations)			(5,336)	(1,146)
Consolidated segment revenue and profit for the period	513,824	352,601	27,301	9,436

\* excluding toys

AASB134.16A  
(g)(i), (ii)

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

**Source reference**

**2. Segment information (cont'd)**

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

AASB134.16A (g)(ii) Separate disclosure of intersegment revenues, if included in the measure of segment profit or loss reviewed by the chief operating decision maker or otherwise regularly provided to the chief operating decision maker, is required, if material.

AASB134.16A (g)(vi) The interim financial report shall include a reconciliation of the total of the reportable segments' measures of profit or loss to the entity's profit or loss before tax expense (tax income) and discontinued operations. However, if an entity allocates to reportable segments items such as tax expense (tax income), the entity may reconcile the total of the segments' measures of profit or loss to profit or loss after those items. Material reconciling items shall be separately identified and described in that reconciliation.

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

	31 Dec 2013 \$'000	30 June 2013 \$'000
		(restated)
<b>Continuing operations</b>		
Electronic equipment – direct sales	191,561	159,454
Electronic equipment – wholesalers and retail outlets	165,567	107,133
Electronic equipment – internet sales	160,571	102,150
Leisure goods – wholesalers*	189,828	293,787
Leisure goods – retail outlets*	158,635	176,664
Other	22,462	37,910
Total segment assets	888,624	877,098
Unallocated assets	311,518	187,707
Total assets	1,200,142	1,064,805

\* At 30 June 2013, these operating segments included the assets of the toy operation sold on 31 October 2013.

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 segment assets for which there has been a material change from the amount disclosed in the last annual financial report. The above disclosure assumes that there is a material change in the total assets 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 given in the form of simply explaining material changes. For example:

During the half-year reporting, the company made investments of \$[xx,xxx] to increase the existing operating capacity to manufacture the electronic equipments.

**3. Results for the period**

AASB134.16A(b) The notes to the condensed consolidated financial statements shall include explanatory comments about the seasonality or cyclicity of the half-year operations, if not disclosed elsewhere in the half-year financial report.

AASB134.16A(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.

AASB134.15B The following is a list of events and transactions for which disclosures would be required if they are significant; the list is not exhaustive:

- (a) the write-down of inventories to net realisable value and the reversal of such a write-down;
- (b) recognition of a loss from the impairment of financial assets, property, plant and equipment, intangible assets, or other assets, and the reversal of such an impairment loss;
- (c) the reversal of any provisions for the costs of restructuring;
- (d) acquisitions and disposals of items of property, plant and equipment;

Source reference

**3. Results for the period (cont'd)**

- (e) commitments for the purchase of property, plant and equipment;
- (f) litigation settlements;
- (g) corrections of prior period errors;
- (h) changes in the business or economic circumstances that affect the fair value of the financial assets and financial liabilities, whether those assets or liabilities are recognised at fair value or amortised cost;
- (i) any loan default or breach of a loan agreement that has not been remedied on or before the reporting date;
- (j) related party transactions;
- (k) transfers between levels of the fair value hierarchy used in measuring the fair value of financial instruments;
- (l) changes in the classification of financial assets as a result of a change in the purpose or use of those assets; and
- (m) changes in contingent liabilities or contingent assets.

**4. Change in accounting estimates**

AASB134.16A(d)

During the half-year the directors reassessed the useful life of certain items of plant and equipment, as follows:

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

The financial effect of this reassessment, assuming the assets are held until the end of their estimated useful lives, is to increase consolidated depreciation expense in the current half-year by \$4 thousand, and for the next four financial years, by the following amounts:

<b>Financial years</b>	<b>\$'000</b>
2013	9
2014	7
2015	4
2016	2

**5. Dividends**

AASB134.16A(f)

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

	<b>Half-year ended 31 December 2013</b>		<b>Half-year ended 31 December 2012</b>	
	<b>Cents per share</b>	<b>Total \$'000</b>	<b>Cents per share</b>	<b>Total \$'000</b>
<b>Fully paid ordinary shares</b>				
Final dividend	4.80	5,765	12.05	14,472

AASB134.16A(h)

On 10 February 2014, the directors declared a fully franked interim dividend of 2.8 cents per share to the holders of fully paid ordinary shares in respect of the half-year ended 31 December 2013, to be paid to shareholders on 1 March 2014. This dividend has not been included as a liability in these financial statements. The total estimated dividend to be paid is \$3,363 thousand.



**Source reference**

**6. Investments in associates**

AASB134.16A(i)

On 25 November 2013, the Group acquired a 30% interest in A Plus Limited, a company incorporated in Australia and engaged in the manufacture of electronic goods. The consideration for the acquisition was \$34,519 thousand.

At 30 June 2013, the Group held a 40% interest in K Plus Limited and accounted for the investment as an associate. In December 2013, the Group transferred a 30% interest to a third party for proceeds of \$1,245 thousand. The Group has retained the remaining 10% interest, and from the date of selling the 30% interest, recognises the investment as an available-for-sale financial asset. This transaction has resulted in the recognition of a gain in profit or loss, calculated as follows:

	<b>\$'000</b>
Proceeds of disposal	1,245
Add: Fair value of investment retained	360
Less: Carrying amount of investment on the date of loss of significant influence	(1,023)
	582

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

**7. Goodwill**

AASB134.16A(i),  
AASB3.61, B67(d)

Where there has been a business combination during the half-year, the entity is required to disclose the information required by AASB 3 'Business Combinations' (2008) in respect of goodwill.

		<b>Half-year ended</b>	
		<b>31 Dec 2013</b>	<b>31 Dec 2012</b>
		<b>\$'000</b>	<b>\$'000</b>
			(restated)
<b>Gross carrying amount</b>			
AASB3.B67(d)(i)	Balance at beginning of the period	3,562	3,562
AASB3.B67(d)(ii)	Additional amounts recognised from business combinations occurring during the period (i) (note 11)	467	-
AASB3.B67(d)(iii)	Adjustments resulting from the subsequent recognition of deferred tax assets	-	-
AASB3.B67(d)(iv)	Derecognised on disposal of a subsidiary	(1,019)	-
AASB3.B67(d)(iv)	Reclassified as held for sale	-	-
AASB3.B67(d)(vi)	Effects of foreign currency exchange differences	-	-
AASB3 B67(d)(vii)	Other [describe]	-	-
AASB3.B67(d)(viii)	Balance at end of the period	3,010	3,562
<b>Accumulated impairment losses</b>			
AASB3.B67(d)(i)	Balance at beginning of the period	-	-
AASB3.B67(d)(v)	Impairment losses for the period (i)	-	-
AASB3.B67(d)(iv)	Derecognised on disposal of a subsidiary	-	-
AASB3.B67(d)(iv)	Classified as held for sale	-	-
AASB3.B67(d)(vi)	Effect of foreign currency exchange differences	-	-
AASB3.B67(d)(viii)	Balance at end of the period	-	-
<b>Net book value</b>			
	At the beginning of the period	3,562	3,562
	At the end of the period	3,010	3,562

AASB3.B67(d)(ii),  
(iv)

(i) Other than goodwill included in a disposal group that on acquisition met the criteria for classification as held for sale. No such acquisitions were made during the half-year (2011: nil).

Source reference

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

AASB134.16A(e) Issued capital as at 31 December 2013 amounted to \$142,343 thousand (120,099,585 ordinary shares). There were no movements in the issued capital of the company in either the current or the prior half-years.

[Otherwise, describe, for example:]

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

The company issued [no.] share options (2012: [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 (2011: \$[x.xx]).

**9. Borrowings**

AASB134.16A(e) During the half-year, the Group obtained a new short-term bank loan to the amount of \$50,000 thousand (2012: \$30,000 thousand). The loan bears interest at variable market rates and is repayable within one year. The proceeds from the loan have been used to meet short-term expenditure needs. Repayments of other bank loans amounting to \$19,818 thousand (2012: \$18,230 thousand) were made in line with previously disclosed repayment terms.

**10. Disposal of subsidiaries**

AASB134.16A(i) **(i) Disposal of interest in Sub B Limited**

On 31 July 2013, the Group disposed of 20% of its interest in Sub B Limited, reducing its continuing interest to 80%. The proceeds on disposal of \$4,500 thousand were received in cash. The difference between the disposal proceeds and the amount transferred to non-controlling interests of \$3,214 thousand has been recognised directly in equity.

AASB134.16A(i) **(ii) Disposal of interest in Sub A Limited (discontinued operation)**

On 31 October 2013, the Group disposed of Sub A Limited, which carried out all of its toy manufacturing operations. The proceeds on disposal of \$30,900 thousand were received in cash. The profit/(loss) for the half-year from the discontinued operation is analysed as follows:

	4 months ended 31 Oct 2013 \$'000	6 months ended 31 Dec 2012 \$'000
Loss of toy manufacturing operations for the half-year	(1,192)	(1,168)
Gain on disposal of toy manufacturing operations	3,883	-
	2,691	(1,168)

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

	4 months ended 31 Oct 2013 \$'000	6 months ended 31 Dec 2012 \$'000
Revenue	63,747	55,265
Operating expenses	(64,201)	(56,577)
Profit before income tax	(454)	(1,312)
Income tax expense/(credit)	(738)	144
Profit after income tax	(1,192)	(1,168)

**Source reference**

**10. Disposal of subsidiaries (cont'd)**

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

	<b>31 October 2013</b>
	<b>\$'000</b>
Net assets disposed of (excluding goodwill)	25,998
Attributable goodwill	1,019
	27,017
Gain on disposal	3,883
	30,900
Total consideration	30,900
	30,900
Satisfied by cash, and net cash inflow arising on disposal	30,900

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

AASB134.16A(i),  
AASB3.59-63,  
B64-B67

**11. Acquisition of subsidiary**

**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' (2008) in the interim financial report. The following disclosure illustrates the relevant disclosures specified by AASB 3(2008) 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; and
- a business combination achieved in stages.

AASB3.B64(a)-(d)

On 15 November 2013, 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.

AASB3.B64(f)

**Consideration transferred**

AASB3.B64(g)(i)

	<b>\$'000</b>
Cash	9,691
Contingent consideration arrangement (i)	75
	9,766
Add: Settlement of legal claim against Sub X Limited (ii)	40
	9,806

Source reference

11. Acquisition of subsidiary (cont'd)

- AASB3.B64(g)(ii), (iii) (i) The contingent consideration requires the Group to pay the non-controlling interests an additional \$100 thousand if Sub X Limited's profit before interest and tax (PBIT) in each of the years 2013 and 2014 exceeds \$500 thousand. No amount is payable if the PBIT target is not met. Sub X Limited's PBIT for the past three years has been \$470 thousand on average and the directors expect that the specified target will be met. \$75 thousand represents the estimated fair value of this obligation.
- AASB3.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(2008), the Group has recognised the effective settlement of this legal claim on the acquisition of Sub X Limited by recognising \$40,000 (being the estimated fair value of the claim) as a gain in profit or loss within the 'other income' line item. This has resulted in a corresponding increase in the consideration transferred.
- AASB3.B64(m) Acquisition-related costs amounting to \$145 thousand have been excluded from the consideration transferred and have been recognised as an expense in profit or loss in the half-year, within the 'other expenses' line item.

AASB3.B64(i)

**Assets acquired and liabilities assumed at the date of acquisition**

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

- AASB3.B64(h) (i) Trade receivables acquired with a fair value of \$2,043 thousand had gross contractual amounts of \$2,300 thousand. The best estimate at acquisition date of the contractual cash flows not expected to be collected is \$257 thousand.

- AASB3.B64(h) (ii) Loans acquired had a fair value of \$900 thousand and gross contractual amounts receivable of \$950 thousand. The best estimate at acquisition date of the contractual cash flows not expected to be collected is \$50 thousand.

AASB3.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.

AASB3.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 reference**

**11. Acquisition of subsidiary (cont'd)**

**Non-controlling interests**

AASB3.B64(o)

The non-controlling interest (20%) in Sub X Limited recognised at the acquisition date was measured by reference to the fair value of the non-controlling interest and amounted to \$2,531 thousand. This fair value was estimated by applying an income approach. The following were the key model inputs used in determining the fair value:

- assumed discount rate range of 18% - 22%;
- assumed long-term sustainable growth rates of 3% - 5%; and
- 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**

	<b>\$'000</b>
Consideration transferred	9,806
Plus: non-controlling interests (at fair value)	2,531
Less: fair value of identifiable net assets acquired	(11,870)
Goodwill arising on acquisition	467

AASB3.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.

AASB3.B64(k)

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

**Net cash outflow arising on acquisition**

	<b>\$'000</b>
Consideration paid in cash	9,691
Less: cash and cash equivalent balances acquired	(200)
	(9,491)

**Impact of acquisition on the results of the Group**

AASB3.B64(q)

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

Had the acquisition of Sub X Limited been effected at 1 July 2013, the revenue of the Group from continuing operations for the six months ended 31 December 2013 would have been \$454,890 thousand, and the profit for the year from continuing operations would have been \$26,500 thousand. The directors of the Group consider these 'pro-forma' numbers to represent an approximate measure of the performance of the combined group on a half-yearly basis and to provide a reference point for comparison in future half-years.

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

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

Source reference

**12. Key management personnel**

AASB134.16A

Remuneration arrangements of key management personnel are disclosed in the annual financial report. In addition, during the half-year, a cash bonus of \$200,000 was paid to the CFO, Mr. P.H. Taylor, for successfully completing the acquisition of Sub X Limited.

**13. Financial Instruments**

AASB 134.16A(j)

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

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

AASB 13.93(a)  
AASB 13.93(b)  
AASB 13.93(d)  
AASB 13.93(g)  
AASB 13.93(h)(i)  
AASB 13.B64(f)(iii)  
AASB 13.B64(g)  
AASB 13.B67(b)  
AASB 13.IE65(e)

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)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	31/12/13	31/12/12				
1) Foreign currency forward contracts	Assets – \$24,000; and Liabilities – \$8,000	Assets – \$22,000	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A	N/A
2) Interest rate swaps	Assets – \$28,000; Liabilities (designated for hedging) – \$5,000; and Liabilities (not designated for hedging) – \$5,000	Assets – \$17,000	Level 2	Discounted cash flow. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A	N/A
3) Held-for-trading non-derivative financial assets	Listed equity securities in Z land: • Real estate industry – \$91,000; and • Oil and gas industry – \$62,000.	Listed equity securities in Z land: • Real estate industry – \$91,000; and • Oil and gas industry – \$72,000.	Level 1	Quoted bid prices in an active market.	N/A	N/A
4) Listed redeemable notes	Listed debt securities in Y Land – Energy industry – \$20,000	Listed debt securities in Y Land – Energy industry – \$20,000	Level 1	Quoted bid prices in an active market.	N/A	N/A

Source reference

13. Financial Instruments (cont'd)

Financial assets/financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	31/12/13	31/12/12				
5) Private equity investments	20 per cent equity investment in Rocket Corp Limited engaged in refining and distribution of fuel products in Australia – \$59,000; and	20 per cent equity investment in Rocket Corp Limited engaged in refining and distribution of fuel products in Australia – \$55,000	Level 3	Discounted cash flow	Long-term revenue growth rates, taking into account management's experience and knowledge of market conditions of the specific industries, ranging from 4.9 to 5.5 per cent (2012: 4.8 – 5.4 per cent).	The higher the revenue growth rate, the higher the fair value.
	10 per cent equity investment in E Plus Limited engaged in Shoe manufacturing in Australia – \$36,000				Long-term pre-tax operating margin taking into account management's experience and knowledge of market conditions of the specific industries, ranging from 5-12 per cent (2012: 5 – 10 per cent).	The higher the per-tax operating margin, the higher the fair value.
					Weighted average cost of capital, determined using a Capital Asset Pricing Model, ranging from 11.9 to 12.5 per cent (2012: 11.2 to 12.1 per cent).	The higher the weighted average cost of capital, the lower the fair value.
					Discount for lack of marketability, determined by reference to the share price of listed entities in similar industries, ranging from 5 – 20 per cent (2012: 4 – 19 per cent).	The higher the discount, the lower the fair value.
6) Redeemable cumulative preference shares	Liabilities – \$14,000	-	Level 2	Discounted cash flow at a discount rate of 8 per cent (2012: 7.5 per cent) that reflects the issuer's current borrowing rate at the end of the reporting period.	N/A	N/A
7) Contingent consideration in a business combination	Liabilities – \$7,000	-	Level 3	Discounted cash flow.	Discount rate of 18 per cent.	The higher the discount rate, the lower the fair value.
					Probability-adjusted revenues and profits, with a range from \$10,000 to \$10,000 and a range from \$6,000 to \$9,000 respectively.	The higher the amounts of revenue and profit, the higher the fair value.

Source reference

13. Financial Instruments (cont'd)

AASB 13.93(h)(ii) If the above unobservable inputs to the valuation model were 10% higher/lower while all the other variables were held constant, the carrying amount of the shares would decrease/increase by \$7,000 (31 December 2012: decrease/increase by \$8,000).

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

AASB 13.93(h)(ii) For financial assets and financial liabilities whose recurring fair value measurements are categorised within Level 3, if changing one or more of the unobservable inputs to reflect reasonably possible alternative assumptions would change the fair value determined significantly, 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.

AASB7.25, 29(a) 13.2 Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (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.

	31/12/13		31/12/12	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>				(restated)
<i>Loans and receivables:</i>	<b>22,506</b>	<b>22,339</b>	<b>16,832</b>	<b>16,713</b>
- loans to related parties	3,637	3,608	3,088	3,032
- trade and other receivables	18,869	18,731	13,744	13,681
<i>Held-to-maturity investments:</i>	<b>5,905</b>	<b>5,922</b>	<b>4,015</b>	<b>4,016</b>
- bills of exchange	5,405	5,420	4,015	4,016
- debentures	500	502	-	-
<i>Financial lease receivables</i>	<b>1,028</b>	<b>1,102</b>	<b>905</b>	<b>898</b>
<b>Financial liabilities</b>				
<i>Financial liabilities held at amortised cost:</i>	<b>50,190</b>	<b>50,242</b>	<b>71,441</b>	<b>71,115</b>
- bills of exchange	358	350	916	920
- convertible notes	4,144	4,120	-	-
- perpetual notes	1,905	2,500	-	-
- bank loans	10,674	10,685	13,483	13,500
- loans from related parties	10,376	10,388	29,843	29,900
- loans from other entities	4,276	3,980	4,167	4,050
- interest-free loan from the government	2,798	2,711	2,610	2,546
- trade and other payables	15,659	15,508	20,422	20,199
<i>Financial lease payables</i>	<b>14</b>	<b>12</b>	<b>89</b>	<b>87</b>



**Source reference**

**13. Financial Instruments (cont'd)**

AASB 13.93(e)

**13.3 Reconciliation of Level 3 fair value measurements**

**31 December 2013**

	Available-for-sale - unlisted shares \$'000	Others [describe] \$'000	Total \$'000
Opening balance	5,285	-	5,285
Total gains or losses:			
- in profit or loss	-	-	-
- in other comprehensive income	74	-	74
Reclassification of remaining interest in E Plus Limited from investment in associate to available-for-sale following partial sale of interest (see note 20)	360	-	360
Purchases	-	-	-
Issues	-	-	-
Disposals/settlements	-	-	-
Transfers out of level 3	-	-	-
Closing balance	<u>5,719</u>	<u>-</u>	<u>5,719</u>

**31 December 2012**

	Available-for-sale - unlisted shares \$'000	Others [describe] \$'000	Total \$'000
Opening balance	5,234	-	5,234
Total gains or losses:			
- in profit or loss	-	-	-
- in other comprehensive income	51	-	51
Purchases	-	-	-
Issues	-	-	-
Disposals/settlements	-	-	-
Transfers out of level 3	-	-	-
Closing balance	<u>5,285</u>	<u>-</u>	<u>5,285</u>

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

AASB 13.93(f)

The total gains or losses for the year included an unrealised gain of \$72,000 relating to financial assets that are measured at fair value at the end of each reporting period (2012: a gain of \$73,000). 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 reference

**13. Financial Instruments (cont'd)**

**Fair value determined using valuation techniques**

AASB13.91

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

- (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.
- (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.

AASB13.93(e)

To meet the objectives in paragraph 91, 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:

- (i) 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.
- (ii) 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.
- (iii) purchases, sales, issues and settlements (each of those types of changes disclosed separately).
- (iv) 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**

AASB7.29

Disclosures of fair value are not required for:

- (a) when the carrying amount is a reasonable approximation of fair value, for example, for financial instruments such as short-term trade receivables and payables;
- (b) for an investment in equity instruments that do not have a quoted price in an active market for an identical instrument (i.e. a Level 1 input), or derivatives linked to such equity instruments, that is measured at cost in accordance with AASB 139 because its fair value cannot otherwise be measured reliably; or
- (c) for a contract containing a discretionary participation feature (as described in AASB 4) if the fair value of that feature cannot be measured reliably.

AASB7.30

In the cases described in paragraph 29(b) and (c), an entity shall disclose information to help users of the financial statements make their own judgements about the extent of possible differences between the carrying amount of those financial assets or financial liabilities and their fair value, including:

- (a) the fact that fair value information has not been disclosed for these instruments because their fair value cannot be measured reliably;
- (b) a description of the financial instruments, their carrying amount, and an explanation of why fair value cannot be measured reliably;
- (c) information about the market for the instruments;
- (d) information about whether and how the entity intends to dispose of the financial instruments; and
- (e) if financial instruments whose fair value previously could not be reliably measured are derecognised, that fact, their carrying amount at the time of derecognition, and the amount of gain or loss recognised.

**14. Subsequent events**

AASB134.16A(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'.

## Contact us

Deloitte  
550 Bourke Street  
Melbourne, Victoria  
Australia

Tel: +61 (0) 3 9671 7000

Fax: +61 (0) 3 9671 7001

[www.deloitte.com.au](http://www.deloitte.com.au)

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