

Appendix 4D

Half-year financial report

For the half-year ended 31 December 2016

JB Hi-Fi Limited

ACN 093 220 136

This half-year financial report is provided to the Australian Securities Exchange (ASX) under ASX Listing Rule 4.2A.3.

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JB Hi-Fi Limited

ACN 093 220 136

Reporting period

Half-year ended 31 December 2016

Comparative period

Half-year ended 31 December 2015

Results for announcement to the market

	<i>Percentage change %</i>		<i>Amount \$m</i>
Revenue from ordinary activities	up 23.59%	to	2,616.2
Profit from ordinary activities after tax	up 15.99%	to	110.4
Net profit attributable to members of JB Hi-Fi Limited	up 15.99%	to	110.4

Dividend information

	<i>Amount per security</i>	<i>Franked amount per security</i>
Final dividend – year ended 30 June 2016	37.0¢	37.0¢
Interim dividend – year ended 30 June 2017	72.0¢	72.0¢

Record date for determining entitlements to the dividend:

- final dividend 26 August 2016
- interim dividend 24 February 2017

Dividend payment date:

- final dividend 9 September 2016
- interim dividend 10 March 2017

Net Tangible Assets Per Security

	<i>31 Dec 2016 \$</i>	<i>31 Dec 2015 \$</i>
Net tangible (liabilities)/assets per security	(1.27)	3.03

Net tangible assets per security have decreased due to the borrowings drawn and intangible assets recognised on the acquisition of The Good Guys.

Other information

This report is based on the consolidated financial statements which have been reviewed by Deloitte.

For a brief explanation of the figures above please refer to the Announcement on the results for the half-year ended 31 December 2016 and the notes to the financial statements.

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Half-year financial report for the half-year ended 31 December 2016

JB Hi-Fi Limited

Half-year financial report

for the half-year ended 31 December 2016

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This half-year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2016 and any public announcements made by JB Hi-Fi Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Directors' report

The directors of JB Hi-Fi Limited ("the Company") submit herewith the half-year financial report of the consolidated entity consisting of the Company and the entities it controlled ("the Group") for the half-year ended 31 December 2016. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The following persons held office as directors of JB Hi-Fi Limited during the financial period:

Mr Greg Richards (Chairman)
Ms Beth Laughton
Mr Gary Levin
Ms Wai Tang
Mr Stephen Goddard
Mr Richard Uechtritz
Mr Richard Murray

The above named directors held office for the whole half-year and since the end of the half-year except for:

- Mr Stephen Goddard - Appointed with effect from 25 August 2016; and
- Mr Gary Levin - Retired with effect from 27 October 2016.

As announced to the ASX on 6 February 2017, Mark Powell has been appointed as a non-executive director with effect from 13 March 2017. Having been appointed by the Board as an additional appointee, Mark will stand for election at the Company's Annual General Meeting in October 2017.

Review of operations

The Group's net profit attributable to owners of JB Hi-Fi Limited for the half-year was \$110.4 million (2015: \$95.2 million). On 28 November 2016 the Group acquired 100% of The Good Guys, which is discussed further in note 5 of the half-year financial report. The Group's net profit includes \$9.3 million from The Good Guys for the period 28 November 2016 to 31 December 2016. A review of the operations of the Group during the half-year and the results of these operations are set out in the Announcement on the results for the half-year ended 31 December 2016.

Auditor's independence declaration

The auditor's independence declaration is included on page 2 of the half-year financial report.

Rounding off of amounts

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

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

On behalf of the directors



Richard Murray
Group Chief Executive Officer

Melbourne,
13 February 2017

The Board of Directors
JB Hi-Fi Limited
Level 4, Office Tower 2
Chadstone Shopping Centre
1341 Dandenong Road
CHADSTONE VIC 3148

13 February 2017

Dear Board Members

JB Hi-Fi Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of JB Hi-Fi Limited.

As lead audit partner for the review of the financial statements of JB Hi-Fi Limited for the half-year ended 31 December 2016, 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


Andrew Reid
Partner
Chartered Accountants

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Independent Auditor's Review Report to the members of JB Hi-Fi Limited

We have reviewed the accompanying half-year financial report of JB Hi-Fi Limited (the Entity) and its subsidiaries (the Group), which comprises the condensed consolidated balance sheet as at 31 December 2016, the condensed consolidated statement of profit or loss, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the Entity and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 5 to 18.

Directors' responsibility for the half-year financial report

The directors of the Entity are responsible for the preparation and fair presentation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of JB Hi-Fi Limited's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of JB Hi-Fi Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's independence declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of JB Hi-Fi Limited, would be in the same terms if provided to the directors as at the date of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of JB Hi-Fi Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



DELOITTE TOUCHE TOHMATSU



Andrew Reid
Partner
Chartered Accountants
Melbourne, 13 February 2017

Directors' declaration

The directors declare that:

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

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

On behalf of the Directors



Richard Murray
Group Chief Executive Officer

Melbourne,
13 February 2017

JB Hi-Fi Limited
Condensed consolidated statement of profit or loss

	Half-year ended	
	31 December	31 December
	2016	2015
Notes	\$m	\$m
Revenue	2,616.2	2,116.8
Cost of sales	(2,045.1)	(1,657.2)
Gross Profit	571.1	459.6
Other income	1.5	0.2
Sales and marketing expenses	(249.3)	(202.7)
Occupancy expenses	(101.2)	(84.9)
Administration expenses	(15.8)	(13.9)
Acquisition transaction and implementation expenses	(15.3)	-
Other expenses	(24.2)	(19.9)
Finance costs	(2.7)	(2.0)
Profit before tax	164.1	136.4
Income tax expense	(53.7)	(41.2)
Profit for the half-year attributable to Owners of the Company	110.4	95.2

		Cents	Cents
Earnings per share			
Basic (cents per share)	3	102.4	95.0
Diluted (cents per share)	3	101.4	94.0

The above condensed consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

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JB Hi-Fi Limited

Condensed consolidated statement of profit or loss and other comprehensive income

	Half-year ended	
	31 December 2016 \$m	31 December 2015 \$m
Profit for the half-year	110.4	95.2
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Changes in the fair value of cash flow hedges (net of tax)	1.1	0.1
Exchange differences on translation of foreign operations	0.5	3.0
Other comprehensive income for the half-year (net of tax)	1.6	3.1
Total comprehensive income for the half-year attributable to Owners of the Company	112.0	98.3

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

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JB Hi-Fi Limited
Condensed consolidated balance sheet

	Notes	31 December 2016 \$m	30 June 2016 \$m	31 December 2015 \$m
ASSETS				
Current assets				
Cash and cash equivalents		124.5	51.9	101.4
Trade and other receivables	6	331.8	98.0	146.1
Inventories		904.0	546.4	621.5
Other current assets		46.3	6.1	9.7
Total current assets		1,406.6	702.4	878.7
Non-current assets				
Plant and equipment		215.7	183.6	185.5
Deferred tax assets		36.0	20.7	20.7
Intangible assets	7	981.5	85.6	85.3
Other non-current assets		45.5	-	-
Total non-current assets		1,278.7	289.9	291.5
Total assets		2,685.3	992.3	1,170.2
LIABILITIES				
Current liabilities				
Trade and other payables	8	994.3	339.9	604.9
Deferred revenue		133.2	45.1	59.5
Provisions		76.3	46.0	43.7
Other current liabilities		12.7	4.9	5.1
Current tax liabilities		40.7	10.9	19.8
Total current liabilities		1,257.2	446.8	733.0
Non-current liabilities				
Borrowings	9	423.4	109.7	-
Deferred revenue		90.0	-	-
Provisions		14.7	6.4	6.4
Other non-current liabilities		27.2	24.7	25.0
Total non-current liabilities		555.3	140.8	31.4
Total liabilities		1,812.5	587.6	764.4
Net assets		872.8	404.7	405.8
EQUITY				
Contributed equity	11	438.2	49.3	48.3
Reserves		32.6	27.1	23.9
Retained earnings		402.0	328.3	333.6
Total equity		872.8	404.7	405.8

The above condensed consolidated balance sheet should be read in conjunction with the accompanying notes.

JB Hi-Fi Limited
Condensed consolidated statement of changes in equity

	Notes	Contributed equity \$m	Equity-settled benefits reserve \$m	Foreign currency translation reserve \$m	Hedging reserves \$m	Common control reserve \$m	Retained earnings \$m	Total equity \$m
Balance at 1 July 2015		56.5	21.8	1.1	0.8	(6.1)	269.3	343.4
Profit for the half-year		-	-	-	-	-	95.2	95.2
Cash flow hedges (net of tax)		-	-	-	0.1	-	-	0.1
Exchange difference on translation of foreign operations		-	-	3.0	-	-	-	3.0
Total comprehensive income for the half-year		-	-	3.0	0.1	-	95.2	98.3
Issue of shares under share option plans	11	5.0	-	-	-	-	-	5.0
Share buy-back	11	(13.2)	-	-	-	-	-	(13.2)
Dividends provided for or paid	4	-	-	-	-	-	(30.9)	(30.9)
Share-based payments - expense		-	2.6	-	-	-	-	2.6
Share-based payments - income tax		-	0.6	-	-	-	-	0.6
Balance at 31 December 2015		48.3	25.0	4.1	0.9	(6.1)	333.6	405.8
Balance at 1 July 2016		49.3	27.3	5.0	0.9	(6.1)	328.3	404.7
Profit for the half-year		-	-	-	-	-	110.4	110.4
Cash flow hedges (net of tax)		-	-	-	1.1	-	-	1.1
Exchange difference on translation of foreign operations		-	-	0.5	-	-	-	0.5
Total comprehensive income for the half-year		-	-	0.5	1.1	-	110.4	112.0
Issue of shares under share option plans	11	1.0	-	-	-	-	-	1.0
Share issue costs (net of tax)	11	(6.3)	-	-	-	-	-	(6.3)
Issue of shares under entitlement offer	11	394.2	-	-	-	-	-	394.2
Dividends provided for or paid	4	-	-	-	-	-	(36.7)	(36.7)
Share-based payments - expense		-	3.0	-	-	-	-	3.0
Share-based payments - income tax		-	0.9	-	-	-	-	0.9
Balance at 31 December 2016		438.2	31.2	5.5	2.0	(6.1)	402.0	872.8

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

JB Hi-Fi Limited
Condensed consolidated statement of cash flows

		Half-year ended	
		31 December	31 December
		2016	2015
Notes		\$m	\$m
Cash flows from operating activities			
	Receipts from customers	2,885.7	2,324.8
	Payments to suppliers and employees	(2,575.3)	(2,029.9)
	Interest and bill discounts received	1.4	0.2
	Interest and other finance costs paid	(1.5)	(1.9)
	Income taxes paid	(34.2)	(33.6)
	Net cash inflow from operating activities	276.1	259.6
	Cash flows from investing activities		
	Payment for acquisition of subsidiary, net of cash acquired	(846.5)	-
	Payments for plant and equipment	(20.1)	(28.8)
	Proceeds from sale of plant and equipment	0.1	0.2
	Net cash (outflow) from investing activities	(866.5)	(28.6)
	Cash flows from financing activities		
	Proceeds from issue of shares	395.2	5.0
	Proceeds/(repayment) of borrowings	315.0	(140.0)
	Payment for shares bought back	-	(13.2)
	Share issue costs	(9.0)	-
	Dividends paid to owners of the Company	(36.7)	(30.9)
	Payments for debt issue costs	(1.5)	0.1
	Net cash inflow / (outflow) from financing activities	663.0	(179.0)
	Net increase in cash and cash equivalents	72.6	52.0
	Cash and cash equivalents at the beginning of the half-year	51.9	49.1
	Effects of exchange rate changes on cash and cash equivalents	-	0.3
	Cash and cash equivalents at end of the half-year	124.5	101.4

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1 Summary of significant accounting policies

This general purpose financial report for the half-year ended 31 December 2016 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Act 2001. Compliance with AASB134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

This half-year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2016 and any public announcements made by JB Hi-Fi Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

(a) Basis of preparation of half-year financial report

The condensed consolidated financial statements have been prepared on the basis of historical costs, except for the revaluation of certain financial instruments to fair value. 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.

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 2016 annual financial report for the financial year ended 30 June 2016, except for the impact of the adoption of the new and revised accounting policies discussed below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Comparative figures are shown for 31 December 2015 in addition to 30 June 2016 in the balance sheet due to the seasonality of the business and the impact this has on working capital. There has been no restatement of figures in prior periods.

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 its operations and effective for the current annual reporting period.

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

- *AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation*
- *AASB 2015-1 Amendments to Australian Accounting Standards - Annual Improvements to Australian Accounting Standards 2012-2014 Cycle*
- *AASB 2015-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101*

The adoption of the above amending Standards did not have any impact on the disclosures or the amounts recognised in the Group's condensed consolidated financial statements.

(b) Rounding off of amounts

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

2 Segment information

(a) Description of segments

Management has determined the operating segments based on the reports reviewed by the Group Chief Executive Officer that are used to make strategic and operating decisions.

The Group Chief Executive Officer considers the business primarily from a brand and geographic perspective. On this basis management has identified three reportable segments, JB Hi-Fi Australia ("JB Aust"), JB Hi-Fi New Zealand ("JB NZ") and The Good Guys ("TGG"). The Group Chief Executive Officer monitors the performance of these three segments separately. The Group does not operate under any other brand or in any other geographic segment.

(b) Segment information provided to the Group Chief Executive Officer

The segment information provided to the Group Chief Executive Officer for the reportable segments for the half-year ended 31 December 2016 is as follows:

31 Dec 2016	JB Aust \$m	JB NZ \$m	TGG \$m	Intersegment eliminations \$m	Total \$m
Revenue from external customers	2,234.2	118.9	263.1	-	2,616.2
EBITDA	170.8	2.5	15.2	-	188.5
Total segment assets	2,068.1	84.9	563.7	(31.4)	2,685.3
Total segment liabilities	1,210.5	28.5	589.2	(15.7)	1,812.5
31 Dec 2015	JB Aust \$m	JB NZ \$m	TGG \$m	Intersegment eliminations \$m	Total \$m
Revenue from external customers	2,000.9	115.9	-	-	2,116.8
EBITDA	154.7	3.2	-	-	157.9
Total segment assets	1,133.7	88.9	-	(52.4)	1,170.2
Total segment liabilities	731.2	34.0	-	(0.8)	764.4

Note that the amounts disclosed for TGG are from the date of acquisition on 28 November 2016 until the end of the half-year. Refer to note 5 for further details.

(i) EBITDA

The Group Chief Executive Officer assesses the performance of the operating segments based on a measure of EBITDA. This measurement basis excludes the effects of interest revenue, finance costs, income tax, depreciation and amortisation, and non-operating intercompany charges.

A reconciliation of consolidated EBITDA to operating profit before income tax is provided as follows:

	31 December 2016 \$m	31 December 2015 \$m
EBITDA	188.5	157.9
Interest revenue	1.4	0.2
Finance costs	(2.7)	(2.0)
Depreciation and amortisation	(23.1)	(19.7)
Profit before income tax	164.1	136.4

3 Earnings per share

	31 December 2016 Cents	31 December 2015 Cents
Basic (cents per share)	102.4	95.0
Diluted (cents per share)	101.4	94.0

(a) Reconciliation of earnings used in calculating earnings per share

	31 December 2016 \$m	31 December 2015 \$m
<i>Basic earnings per share</i>		
Profit for the half-year attributable to owners of the Company	110.4	95.2
<i>Diluted earnings per share</i>		
Profit for the half-year attributable to owners of the Company	110.4	95.2

(b) Weighted average number of shares used as the denominator

	31 December 2016 No. m	31 December 2015 No. m
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	107.9	100.2
Adjustments for calculation of diluted earnings per share:		
Options	1.0	1.0
Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted earnings per share	108.9	101.2

In accordance with AASB 133 *Earnings per Share*, the comparative earnings per share calculations have been restated for the bonus element of the 1 for 6.60 entitlement offer undertaken in September 2016. The previously reported December 2015 weighted average number of shares has been adjusted by a factor of 1.01.

Details of movements in ordinary shares during the current and prior half-year reporting periods are set out in note 11.

(c) Information concerning the classification of securities

Options

Options granted to employees under the Group's executive and employee share option plans are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The options have not been included in the determination of basic earnings per share.

4 Dividends

	31 December 2016		31 December 2015	
	Cents per share	\$m	Cents per share	\$m
Recognised amounts				
Final Dividend - previous financial year	37.0	36.7	31.0	30.9
Unrecognised amounts				
Interim Dividend - current financial year	72.0	82.3	63.0	62.3

In respect of the half-year ended 31 December 2016, the directors have recommended the payment of an interim dividend of 72.0 cents per share. The record date is 24 February 2017.

All dividends declared and subsequently paid by the Company are franked to 100% at the 30% corporate income tax rate.

5 Business combination

(a) Summary of acquisition

On 28 November 2016 the Group acquired 100% of The Good Guys, a leading retailer of home appliances and consumer electronics to the Australian market. The acquisition creates a best-in-class retailing combination and allows for significant expansion of JB Hi-Fi's capability in the attractive home appliances market.

The acquisition of The Good Guys was funded through a 1 for 6.60 fully underwritten, pro-rata, accelerated, renounceable entitlement offer with retail entitlements trading which raised approximately \$394 million with the balance funded through a combination of existing debt facilities plus a new \$450 million multi-tranche acquisition debt facility.

There were no acquisitions in the half-year ending 31 December 2015.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

(i) Purchase consideration:

	\$m
Cash	870.0
Estimated working capital adjustment (i)	(10.0)
Total purchase consideration	<u>860.0</u>

(i) This is a purchase price adjustment mechanism relating to movements in working capital and debt like items at completion. The above amount is an estimate of the adjustment required as the calculation has not been finalised at the date of this report.

5 Business combination (continued)

(a) Summary of acquisition (continued)

(ii) Assets acquired and liabilities assumed at the date of the acquisition:

	Provisional \$m
Current assets	
Cash and cash equivalents	23.5
Trade and other receivables	100.1
Inventories	262.8
Other current assets	33.1
Non-current assets	
Plant and equipment	35.2
Deferred tax asset	8.1
Other non-current assets	43.8
Current liabilities	
Trade and other payables	(321.9)
Deferred revenue	(81.8)
Provisions	(26.4)
Current tax liabilities	(6.6)
Other current liabilities	(6.8)
Non-current liabilities	
Deferred revenue	(87.6)
Provisions	(8.4)
Other non-current liabilities	(2.9)
Net identifiable liabilities assumed	(35.8)

The initial accounting for the acquisition of The Good Guys has only been provisionally determined at the end of the reporting period. The provisional values will be finalised no later than in the financial statements of the Group for the half-year ending 31 December 2017.

(iii) The provisional goodwill arising on the acquisition was as follows:

	\$m
Purchase consideration	860.0
Add: provisional value of net identifiable liabilities assumed	35.8
Provisional goodwill arising on acquisition	895.8

Goodwill arising from the acquisition of The Good Guys remains provisional as at 31 December 2016. The Group will provide an overview of the factors that contributed to goodwill once the identification and valuation of acquired net assets has been finalised.

(iv) Revenue and profit contribution:

The acquired business contributed revenues of \$263.1m and net profit of \$9.3m to the Group for the period from 28 November 2016 to 31 December 2016.

It is impracticable to disclose the contribution of The Good Guys assuming the acquisition occurred on 1 July 2016 due to the basis of accounting and effects of the restructure of The Good Guys Group immediately prior to acquisition.

5 Business combination (continued)

(a) Summary of acquisition (continued)

(v) Purchase consideration - cash outflow:

	\$m
Consideration paid in cash	870.0
Less: cash and cash equivalent balances acquired	(23.5)
Outflow of cash - investing activities	846.5

(vi) Costs in relation to the acquisition have been recognised as follows:

	\$m
Acquisition related transaction costs recognised in acquisition transaction and implementation expenses	14.1
Share issue costs recognised in contributed equity	9.0
Debt issue costs capitalised into borrowings	1.5
	24.6

Within the statement of cash flows, acquisition related transaction costs have been recognised in operating cash flows to the extent they have been paid, whilst share issue and debt issue costs have been recognised in financing activities.

Within acquisition transaction and implementation expenses in the statement of profit or loss there are \$1.2m of implementation expenses in addition to the \$14.1m of acquisition related transaction costs.

6 Trade and other receivables

	31 December 2016 \$m	30 June 2016 \$m	31 December 2015 \$m
Trade receivables	51.3	31.5	34.2
Allowance for doubtful debts	(0.7)	(0.5)	(0.5)
	50.6	31.0	33.7
Non-trade receivables	281.2	67.0	112.4
	331.8	98.0	146.1

7 Intangible assets

	Goodwill \$m	Brand names \$m	Location premiums \$m	Rights to profit share \$m	Total \$m
Half-year 31 December 2015					
Opening net book amount	35.5	43.1	2.4	3.5	84.5
Exchange differences	0.8	-	-	-	0.8
Closing net book amount	36.3	43.1	2.4	3.5	85.3
Half-year 31 December 2016					
Opening net book amount	36.6	43.1	2.4	3.5	85.6
Additions - business combinations (note 5)	895.8	-	-	-	895.8
Exchange differences	0.1	-	-	-	0.1
Closing net book amount	932.5	43.1	2.4	3.5	981.5

8 Trade and other payables

	31 December 2016 \$m	30 June 2016 \$m	31 December 2015 \$m
Trade payables	907.1	302.1	544.5
Goods and services tax (GST) payable	32.4	21.4	37.7
Other creditors and accruals	54.8	16.4	22.7
	994.3	339.9	604.9

9 Borrowings

	31 December 2016 \$m	30 June 2016 \$m	31 December 2015 \$m
Unsecured			
Bank loans	423.4	109.7	-

During the half-year ended 31 December 2016, in order to fund the acquisition of The Good Guys, the Group has utilised existing debt facilities in addition to entering into a new \$450 million multi-tranche acquisition debt facility with a syndicate of banks. The new debt facility has a maturity profile of between 3 and 4 years.

In line with the Group's financial risk management policy, the Group has utilised an interest rate swap and interest rate cap over approximately 50% of the Group's borrowings to mitigate the risk of changing interest rates on the variable rate debt held.

10 Reconciliation of profit after income tax to net cash inflow from operating activities

	Half-year ended 31 December 2016 \$m	31 December 2015 \$m
Profit for the half-year	110.4	95.2
Depreciation and amortisation	23.1	19.8
Non-cash employee benefits expense - share-based payments	3.0	2.6
Net loss on sale of non-current assets	-	0.4
Change in operating assets and liabilities net of effects from acquisition of businesses:		
(Increase) decrease in inventories	(94.3)	(140.4)
(Increase) decrease in current receivables	(123.3)	(64.3)
(Increase) decrease in other current assets	(7.8)	(1.9)
(Increase) decrease in deferred tax assets	(7.4)	(3.3)
(Decrease) increase in current payables	338.6	337.4
(Decrease) increase in current provisions	3.8	3.0
(Decrease) increase in other current liabilities	0.9	0.4
(Decrease) increase in non-current provisions	(0.2)	0.3
(Decrease) increase in other non-current liabilities	2.3	(0.5)
(Decrease) increase in current tax liabilities	27.0	10.9
Net cash inflow from operating activities	276.1	259.6

11 Contributed equity

(a) Movements in ordinary share capital

Date	Details	Number of shares	\$m
1 July 2015	Opening balance	98,989,901	56.5
	Issue of shares under share option plans	604,592	5.0
	Share buy-back	(714,441)	(13.2)
31 December 2015	Closing balance	98,880,052	48.3
1 July 2016	Opening balance	98,947,309	49.3
	Issue of shares under entitlement offer	15,046,182	394.2
	Share issue costs	-	(6.3)
	Issue of shares under share option plans	372,005	1.0
31 December 2016	Closing balance	114,365,496	438.2

(b) Share options

During the half-year reporting period, the Company issued 333,236 share options (2015: 354,478) over ordinary shares under its executive and employee share option plan.

12 Fair value measurements

The only financial assets or financial liabilities carried at fair value are interest rate swaps, interest rate caps and foreign currency forward contracts.

All these instruments are considered to be Level 2 financial instruments because, unlike Level 1 financial instruments, their measurement is derived from inputs other than quoted prices that are observable for the assets or liabilities, either directly (as prices) or indirectly (derived from prices).

The fair value of the interest rate swaps and caps at 31 December 2016 was an asset of \$0.1m (31 December 2015: nil). The interest rate swaps and caps fair value was obtained from third party valuations derived from discounted cash flow forecasts of interest rates from observable yield curves at the end of the reporting period and contract interest rates.

The fair value of the foreign currency forward contracts at 31 December 2016 was an asset of \$0.9m (31 December 2015: nil). The forward contracts fair value was obtained from third party valuations derived from discounted cash flow forecasts of forward exchange rates at the end of the reporting period and contract exchange rates.

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the half-year.

The carrying amount of other financial assets and financial liabilities recorded in the financial statements approximate their fair values.

13 Events occurring after the reporting period

There have been no matters or circumstances occurring subsequent to the end of the half-year, that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.