

Appendix 4D

Half-year financial report

For the half-year ended 31 December 2013

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 2013

Comparative period

Half-year ended 31 December 2012

Results for announcement to the market

		<i>Percentage change %</i>		<i>Amount \$'000</i>
Revenue from ordinary activities	up	6.81%	to	1,939,867
Profit from ordinary activities after tax attributable to members of JB Hi-Fi Limited	up	10.04%	to	90,296
Net profit attributable to members of JB Hi-Fi Limited	up	10.04%	to	90,296

Dividend information

	<i>Amount per security</i>	<i>Franked amount per security</i>
Final dividend – year end 30 June 2013	22.0¢	22.0¢
Interim dividend – year end 30 June 2014	55.0¢	55.0¢

Record date for determining entitlements to the dividend:

- final dividend
- interim dividend

23 August 2013
14 February 2014

Dividend payment date:

- final dividend
- interim dividend

6 September 2013
28 February 2014

Net Tangible Assets Per Security

	<i>31 Dec 2013 \$</i>	<i>31 Dec 2012 \$</i>
Net tangible assets per security	2.31	1.59

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 2013 and the notes to the financial statements.

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JB Hi-Fi Limited

ACN 093 220 136

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

JB Hi-Fi Limited

Half-year financial report

for the half-year ended 31 December 2013

Contents

	Page
Directors' report	1
Auditor's independence declaration	2
Independent auditor's review report	3
Directors' declaration	5
Condensed consolidated statement of profit or loss	6
Condensed consolidated statement of profit or loss and other comprehensive income	7
Condensed consolidated balance sheet	8
Condensed consolidated statement of changes in equity	9
Condensed consolidated statement of cash flows	10
Notes to the condensed consolidated financial statements	11

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 2013 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.

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Directors' report

The directors of JB Hi-Fi Limited ("the Company") submit herewith the half-year financial report of the Company and its subsidiaries ("the Group") for the half-year ended 31 December 2013. 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)
Mr James King
Ms Beth Laughton
Mr Gary Levin
Mr Richard Uechtritz
Mr Terry Smart
Mr Richard Murray

Review of operations

The Group's net profit attributable to owners of JB Hi-Fi Limited for the half-year was \$90,296 thousand (2012: \$82,058 thousand). 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 2013.

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 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.

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

On behalf of the directors



Terry Smart
Chief Executive Officer

Melbourne,
3 February 2014

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

3 February 2014

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 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


Andrew Reid
Partner
Chartered Accountants

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of JB Hi-Fi Limited, which comprises the condensed consolidated balance sheet as at 31 December 2013, and 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, selected explanatory notes and, the directors' declaration of the consolidated entity, comprising the company 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 15.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation 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. In Note 1, the directors also state, in accordance with Accounting Standard AASB 134 *Interim Financial Reporting*, that the consolidated financial statements comply with International Financial Reporting Standards.

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 the consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Australian 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 given to the directors as at the time 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 the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



DELOITTE TOUCHE TOHMATSU



Andrew Reid

Partner

Chartered Accountants

Melbourne, 3 February 2014

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 resolutions of the directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the Directors



Terry Smart
Chief Executive Officer

Melbourne,
3 February 2014

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

		Half-year ended	
		31 December	31 December
		2013	2012
	Notes	\$'000	\$'000
Revenue		1,939,867	1,816,248
Cost of sales		(1,520,302)	(1,425,366)
Gross Profit		419,565	390,882
Other income		337	362
Sales and marketing expenses		(182,370)	(168,200)
Occupancy expenses		(73,422)	(68,535)
Administration expenses		(14,616)	(14,073)
Other expenses		(16,382)	(16,517)
Finance costs		(4,148)	(5,425)
Profit before tax		128,964	118,494
Income tax expense		(38,580)	(36,436)
Profit for the half-year		90,384	82,058
Attributable to:			
Owners of the Company		90,296	82,058
Non-controlling interests		88	-
		90,384	82,058
		Cents	Cents
Earnings per share			
Basic earnings per share	6	90.51	83.01
Diluted earnings per share	6	89.22	83.01

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 2013 \$'000	31 December 2012 \$'000
Profit for the half-year	90,384	82,058
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)	337	338
Exchange differences on translation of foreign operations	4,203	542
Other comprehensive income for the half-year (net of tax)	4,540	880
Total comprehensive income for the half-year	94,924	82,938
Total comprehensive income for the half-year is attributable to:		
Owners of the Company	94,836	82,938
Non-controlling interests	88	-
	94,924	82,938

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

	31 December 2013 \$'000	30 June 2013 \$'000	31 December 2012 \$'000
Notes			
ASSETS			
Current assets			
Cash and cash equivalents	44,945	67,368	54,296
Trade and other receivables	127,623	64,246	113,564
Inventories	588,078	426,000	529,762
Other current assets	4,745	6,038	6,823
Total current assets	765,391	563,652	704,445
Non-current assets			
Other financial assets	3	3	3
Plant and equipment	185,385	181,098	188,064
Deferred tax assets	17,045	14,839	17,371
Intangible assets	85,063	83,712	78,998
Total non-current assets	287,496	279,652	284,436
Total assets	1,052,887	843,304	988,881
LIABILITIES			
Current liabilities			
Trade and other payables	565,369	387,020	545,695
Other financial liabilities	479	956	1,218
Current tax liabilities	29,783	14,932	26,798
Provisions	37,244	36,391	31,743
Other current liabilities	3,399	3,080	2,633
Total current liabilities	636,274	442,379	608,087
Non-current liabilities			
Borrowings	49,467	124,331	90,000
Provisions	8,605	9,416	13,436
Other non-current liabilities	25,210	23,350	23,692
Other financial liabilities	-	-	418
Total non-current liabilities	83,282	157,097	127,546
Total liabilities	719,556	599,476	735,633
Net assets	333,331	243,828	253,248
EQUITY			
Contributed equity	82,384	62,774	61,692
Reserves	13,815	11,762	7,625
Retained earnings	237,132	168,809	183,931
Equity attributable to owners of the Company	333,331	243,345	253,248
Non-controlling interests	-	483	-
Total equity	333,331	243,828	253,248

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	Attributable to owners of JB Hi-Fi Limited						Total \$'000	Non-con- trolling interest \$'000	Total equity \$'000	
		Contributed equity \$'000	Equity- settled benefits reserve '\$000	Foreign currency translation reserve \$'000	Hedging reserve - interest rate swaps \$'000	Hedging reserve - net investment \$'000	Common control reserve \$'000				Retained earnings \$'000
Balance at 1 July 2012		61,692	11,242	(4,300)	(1,447)	850	(1,225)	117,689	184,501	-	184,501
Profit for the half-year		-	-	-	-	-	-	82,058	82,058	-	82,058
Cash flow hedges (net of tax)		-	-	-	338	-	-	-	338	-	338
Exchange difference on translation of foreign operations		-	-	542	-	-	-	-	542	-	542
Total comprehensive income for the half-year		-	-	542	338	-	-	82,058	82,938	-	82,938
Dividends provided for or paid	7	-	-	-	-	-	-	(15,816)	(15,816)	-	(15,816)
Employee share options - value of employee services		-	1,625	-	-	-	-	-	1,625	-	1,625
Balance at 31 December 2012		61,692	12,867	(3,758)	(1,109)	850	(1,225)	183,931	253,248	-	253,248
Balance at 1 July 2013		62,774	13,922	(1,138)	(647)	850	(1,225)	168,809	243,345	483	243,828
Profit for the half-year		-	-	-	-	-	-	90,296	90,296	88	90,384
Cash flow hedges (net of tax)		-	-	-	337	-	-	-	337	-	337
Exchange difference on translation of foreign operations		-	-	4,203	-	-	-	-	4,203	-	4,203
Total comprehensive income for the half-year		-	-	4,203	337	-	-	90,296	94,836	88	94,924
Issue of shares under share option plan	9	19,671	-	-	-	-	-	-	19,671	-	19,671
Share issues costs		(61)	-	-	-	-	-	-	(61)	-	(61)
Dividends provided for or paid	7	-	-	-	-	-	-	(21,973)	(21,973)	-	(21,973)
Employee share options - value of employee services		-	2,342	-	-	-	-	-	2,342	-	2,342
Acquisition of non-controlling interests	5	-	-	-	-	-	(4,829)	-	(4,829)	(571)	(5,400)
Balance at 31 December 2013		82,384	16,264	3,065	(310)	850	(6,054)	237,132	333,331	-	333,331

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
	2013	2012
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers	2,074,222	1,947,542
Payments to suppliers and employees	(1,966,379)	(1,813,903)
Interest and bill discounts received	233	258
Interest and other finance costs paid	(3,895)	(5,143)
Income taxes paid	(25,871)	(15,300)
Net cash inflow from operating activities	78,310	113,454
Cash flows from investing activities		
Acquisition of non-controlling interests	5 (3,000)	-
Payments for plant and equipment	(20,897)	(23,706)
Proceeds from sale of plant and equipment	181	598
Net cash (outflow) from investing activities	(23,716)	(23,108)
Cash flows from financing activities		
Proceeds from issues of equity securities	9 19,671	-
Share issue costs	(61)	-
Repayment of borrowings	(75,000)	(60,000)
Dividends paid to owners of the Company	7 (21,973)	(15,816)
Payments for debt issue costs	(61)	-
Net cash (outflow) from financing activities	(77,424)	(75,816)
Net increase (decrease) in cash and cash equivalents	(22,830)	14,530
Cash and cash equivalents at the beginning of the half-year	67,368	39,710
Effects of exchange rate changes on cash and cash equivalents	407	56
Cash and cash equivalents at end of the half-year	44,945	54,296

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

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1 Summary of significant accounting policies

This general purpose financial report for the half-year ended 31 December 2013 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 2013 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 2013 annual financial report for the financial year ended 30 June 2013, except for the impact of the adoption of the new and revised accounting policy's discussed below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Comparative figures are shown for 31 December 2012 in addition to 30 June 2013 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 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, revised AASB 127 Separate Financial Statements, AASB 128 Investments in Associates and Joint Ventures, AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards and AASB 2012-10 Amendments to Australian Accounting Standards - Transition Guidance and Other Amendments.
- AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13.
- Revised AASB 119 Employee Benefits and, AASB 2012-10 Amendments to Australian Accounting Standards arising from AASB 119.
- AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements.
- AASB 2012-2 Amendments to Australian Accounting Standards - Disclosure - Offsetting Financial Assets and Financial Liabilities.
- AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements from 2009-2011 Cycle.

The adoption of all new and revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported for the current or prior half years. However, the adoption of AASB 13 has resulted in new disclosure requirements in the Group's half year financial statements. These disclosures are contained in Note 11 to the financial statements.

(b) Rounding off of amounts

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, unless otherwise indicated.

2 Current assets - Trade and other receivables

	31 December 2013 \$'000	30 June 2013 \$'000	31 December 2012 \$'000
Trade receivables	22,857	20,322	20,361
Allowance for doubtful debts	(391)	(331)	(295)
	<u>22,466</u>	19,991	20,066
Non-trade receivables	<u>105,157</u>	44,255	93,498
	<u>127,623</u>	64,246	113,564

3 Current liabilities - Trade and other payables

	31 December 2013 \$'000	30 June 2013 \$'000	31 December 2012 \$'000
Trade payables	478,663	334,924	475,220
Goods and services tax (GST) payable	27,421	12,669	19,120
Other creditors and accruals	18,442	13,588	15,791
Deferred income	40,843	25,839	35,564
	<u>565,369</u>	387,020	545,695

4 Non-current liabilities - Borrowings

	31 December 2013 \$'000	30 June 2013 \$'000	31 December 2012 \$'000
Secured			
Bank loans	-	-	90,000
Unsecured			
Bank loans	49,467	124,331	-
	<u>49,467</u>	124,331	90,000

5 Acquisition of non-controlling interests

On 22 November 2013, JB Hi-Fi Limited acquired the remaining 49% of the issued shares of Network Neighborhood Pty Ltd for a purchase consideration of \$5,400 thousand. The excess of the purchase consideration over the non-controlling interest at the date of acquisition was recognised in the common control reserve within equity attributable to owners of JB Hi-Fi Limited. The effect of the change in ownership interest of Network Neighborhood Pty Ltd on the common control reserve during the half-year is summarised as follows:

	Half-year ended 31 December 2013 \$'000
Consideration paid to non-controlling interests	3,000
Deferred consideration payable to non-controlling interest	2,400
Total consideration	<u>5,400</u>
Less: carrying amount of non-controlling interests acquired	(571)
Excess of consideration paid over non-controlling interests	<u>4,829</u>

6 Earnings per share

	31 December 2013 Cents	31 December 2012 Cents
Basic earnings per share	90.51	83.01
Diluted earnings per share	89.22	83.01

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

	31 December 2013 \$'000	31 December 2012 \$'000
<i>Basic earnings per share</i>		
Profit for the year attributable to owners of the Company	90,296	82,058
<i>Diluted earnings per share</i>		
Profit for the year attributable to owners of the Company	90,296	82,058

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

	31 December 2013 No. '000	31 December 2012 No. '000
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	99,759	98,851
Adjustments for calculation of diluted earnings per share:		
Options	1,448	7
Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted earnings per share	101,207	98,858

Details of movements in ordinary shares during the current and prior half year reporting periods are set out in note 9.

(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.

7 Dividends

(a) Recognised amounts

	Half-year ended	
	31 December 2013 \$'000	31 December 2012 \$'000
Final dividend for the year ended 30 June 2013 of 22.0 cents (2012: 16.0 cents) per share:		
Franked to 100% at 30.0% (2012: 30%)	21,973	15,816

(b) Dividends not recognised at the end of the half-year

	Half-year ended	
	31 December 2013 \$'000	31 December 2012 \$'000
Interim dividend for the half-year ended 31 December 2013 of 55.0 cents (2012: 50.0 cents) per fully paid share:		
Franked to 100% at 30.0% (2012: 30%)	55,144	49,447

In respect of the half year ended 31 December 2013, the directors have recommended the payment of an interim dividend of 55.0 cents per share franked to 100% at 30% corporate income tax rate. The record date is 14 February 2014.

8 Segment information

(a) Description of segments

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

The Chief Executive Officer considers the business primarily from a geographic perspective. On this basis management has identified two reportable segments, Australia and New Zealand. The Chief Executive Officer monitors the performance of these two geographic segments separately. The Group does not operate in any other geographic segment.

(b) Segment information provided to the Chief Executive Officer

The segment information provided to the Chief Executive Officer for the reportable segments for the half-year ended 31 December 2013 is as follows:

		New	Intersegment	
31 Dec 2013	Australia	Zealand	eliminations	Total
	\$'000	\$'000	\$'000	\$'000
Revenue from external customers	1,835,954	103,913	-	1,939,867
Operating EBITDA	146,845	3,455	-	150,300
Total segment assets	1,024,642	80,064	(51,819)	1,052,887
31 Dec 2012	Australia	New Zealand	Intersegment	Total
	\$'000	\$'000	eliminations	\$'000
	\$'000	\$'000	\$'000	\$'000
Revenue from external customers	1,724,002	92,246	-	1,816,248
Operating EBITDA	136,843	2,967	-	139,810
Total segment assets	973,575	67,112	(51,806)	988,881

8 Segment information (continued)

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

(i) Operating EBITDA

The Chief Executive Officer assesses the performance of the operating segments based on a measure of Operating 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 Operating EBITDA to operating profit before income tax is provided as follows:

	Half-year ended	
	31 December 2013 \$'000	31 December 2012 \$'000
Operating EBITDA	150,300	139,810
Interest revenue	233	258
Finance costs	(4,148)	(5,425)
Depreciation	(17,421)	(16,149)
Profit before income tax from continuing operations	128,964	118,494

9 Issuances, repurchases and repayments of equity securities

During the half-year reporting period, the Company issued:

- 1,314,372 (2012: nil) ordinary shares for \$19,671 thousand (2012: nil) on exercise of 1,314,372 (2012: nil) share options issued under its executive and employee share option plans.
- 507,975 share options (2012: 1,396,063) over ordinary shares under its executive and employee share option plan.

10 Events occurring after the reporting period

On 3 February 2014, the directors declared an interim dividend for the half-year ended 31 December 2013, as set out in note 7.

Other than outlined above, 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.

11 Fair value measurements

The only financial assets or financial liabilities carried at fair value are interest rate swaps. The directors consider the interest rate swaps 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). There have been no transfers between levels 1, 2 and 3 for recurring fair value measurements during the half-year. The interest rate swaps fair value's have been obtained from third party valuations derived from discounted cash flow forecasts of forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates.

The fair value of the interest rate swaps at 31 December 2013 was a liability of \$479 thousand (30 June 2013: \$956 thousand).

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