

Appendix 4D

Half-year financial report

For the half-year ended 31 December 2014

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 2014

Comparative period

Half-year ended 31 December 2013

Results for announcement to the market

		<i>Percentage change %</i>		<i>Amount \$'000</i>
Revenue from ordinary activities	up	1.30%	to	1,965,148
Profit from ordinary activities after tax	down	2.04%	to	88,538
Net profit attributable to members of JB Hi-Fi Limited	down	1.95%	to	88,538

Dividend information

	<i>Amount per security</i>	<i>Franked amount per security</i>
Final dividend – year ended 30 June 2014	29.0¢	29.0¢
Interim dividend – year ended 30 June 2015	59.0¢	59.0¢

Record date for determining entitlements to the dividend:

- final dividend 22 August 2014
- interim dividend 13 February 2015

Dividend payment date:

- final dividend 5 September 2014
- interim dividend 27 February 2015

Net Tangible Assets Per Security

	<i>31 Dec 2014 \$</i>	<i>31 Dec 2013 \$</i>
Net tangible assets per security	2.56	2.31

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 2014 and the notes to the financial statements.

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Half-year financial report for the half-year ended 31 December 2014

JB Hi-Fi Limited

Half-year financial report

for the half-year ended 31 December 2014

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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 2014 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 2014. 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 Richard Murray

Review of operations

The Group's net profit attributable to owners of JB Hi-Fi Limited for the half-year was \$88,538 thousand (2013: \$90,296 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 2014.

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



Richard Murray
Chief Executive Officer

Melbourne,
2 February 2015

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

2 February 2015

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 2014, 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, which comprises the condensed consolidated balance sheet as at 31 December 2014, 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 cash flows and the condensed consolidated statement of changes in equity 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 17.

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 2014 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.

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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 2014 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, 2 February 2015

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



Richard Murray
Chief Executive Officer

Melbourne,
2 February 2015

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

	Half-year ended	
	31 December	31 December
	2014	2013
Notes	\$'000	\$'000
Revenue	1,965,148	1,939,867
Cost of sales	(1,537,897)	(1,520,302)
Gross Profit	427,251	419,565
Other income	247	337
Sales and marketing expenses	(187,229)	(182,370)
Occupancy expenses	(78,416)	(73,422)
Administration expenses	(13,485)	(14,616)
Other expenses	(18,162)	(16,382)
Finance costs	(3,136)	(4,148)
Profit before tax	127,070	128,964
Income tax expense	(38,532)	(38,580)
Profit for the half-year	88,538	90,384
Attributable to:		
Owners of the Company	88,538	90,296
Non-controlling interests	-	88
	88,538	90,384
	Cents	Cents
Earnings per share		
Basic earnings per share	6	89.44
Diluted earnings per share	6	88.42

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

JB Hi-Fi Limited
Condensed consolidated statement of profit or loss and other comprehensive income

	Half-year ended	
	31 December	31 December
	2014	2013
	\$'000	\$'000
Profit for the half-year	88,538	90,384
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)	(10)	337
Exchange differences on translation of foreign operations	1,565	4,203
Other comprehensive income for the half-year (net of tax)	1,555	4,540
Total comprehensive income for the half-year	90,093	94,924
Total comprehensive income for the half-year is attributable to:		
Owners of the Company	90,093	94,836
Non-controlling interests	-	88
	90,093	94,924

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 2014	30 June 2014	31 December 2013
Notes	\$'000	\$'000	\$'000
ASSETS			
Current assets			
Cash and cash equivalents	68,053	43,445	44,945
Trade and other receivables	150,463	70,745	127,623
Inventories	572,630	458,625	588,078
Other current assets	5,656	5,332	4,745
Total current assets	796,802	578,147	765,391
Non-current assets			
Other financial assets	3	3	3
Plant and equipment	190,405	181,564	185,385
Deferred tax assets	17,131	14,909	17,045
Intangible assets	85,628	85,218	85,063
Total non-current assets	293,167	281,694	287,496
Total assets	1,089,969	859,841	1,052,887
LIABILITIES			
Current liabilities			
Trade and other payables	638,894	302,979	565,369
Other financial liabilities	115	79	479
Current tax liabilities	19,736	8,184	29,783
Provisions	39,162	36,840	37,244
Other current liabilities	4,093	4,111	3,399
Total current liabilities	702,000	352,193	636,274
Non-current liabilities			
Borrowings	-	179,653	49,467
Provisions	8,896	8,699	8,605
Other non-current liabilities	22,857	24,638	25,210
Other financial liabilities	-	25	-
Total non-current liabilities	31,753	213,015	83,282
Total liabilities	733,753	565,208	719,556
Net assets	356,216	294,633	333,331
EQUITY			
Contributed equity	55,875	58,383	82,384
Reserves	20,596	16,265	13,815
Retained earnings	279,745	219,985	237,132
Total equity	356,216	294,633	333,331

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

		Attributable to owners of JB Hi-Fi Limited									
Notes	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	Total \$'000	Non-controlling interest \$'000	Total equity \$'000	
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 plans	9 19,671	-	-	-	-	-	-	19,671	-	19,671	
Share issue costs (net of tax)	9 (61)	-	-	-	-	-	-	(61)	-	(61)	
Dividends provided for or paid	7 -	-	-	-	-	-	(21,973)	(21,973)	-	(21,973)	
Share-based payments - expense	-	2,342	-	-	-	-	-	2,342	-	2,342	
Acquisition of non-controlling interests	-	-	-	-	-	(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	
Balance at 1 July 2014	58,383	17,950	3,590	(71)	850	(6,054)	219,985	294,633	-	294,633	
Profit for the half-year	-	-	-	-	-	-	88,538	88,538	-	88,538	
Cash flow hedges (net of tax)	-	-	-	(10)	-	-	-	(10)	-	(10)	
Exchange difference on translation of foreign operations	-	-	1,565	-	-	-	-	1,565	-	1,565	
Total comprehensive income for the half-year	-	-	1,565	(10)	-	-	88,538	90,093	-	90,093	
Issue of shares under share option plans	9 2,474	-	-	-	-	-	-	2,474	-	2,474	
Share buy-back	9 (4,970)	-	-	-	-	-	-	(4,970)	-	(4,970)	
Share issue and buy-back costs (net of tax)	9 (12)	-	-	-	-	-	-	(12)	-	(12)	
Dividends provided for or paid	7 -	-	-	-	-	-	(28,778)	(28,778)	-	(28,778)	
Share-based payments - expense	-	2,591	-	-	-	-	-	2,591	-	2,591	
Share-based payments - income tax	-	185	-	-	-	-	-	185	-	185	
Balance at 31 December 2014	55,875	20,726	5,155	(81)	850	(6,054)	279,745	356,216	-	356,216	

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
		2014	2013
Notes		\$'000	\$'000
Cash flows from operating activities			
	Receipts from customers	2,084,486	2,074,222
	Payments to suppliers and employees	(1,787,327)	(1,966,379)
	Interest and bill discounts received	235	233
	Interest and other finance costs paid	(2,900)	(3,895)
	Income taxes paid	(28,978)	(25,871)
11	Net cash inflow from operating activities	265,516	78,310
Cash flows from investing activities			
5	Acquisition of non-controlling interests	(2,400)	(3,000)
	Payments for plant and equipment	(27,838)	(20,897)
	Proceeds from sale of plant and equipment	328	181
	Net cash (outflow) from investing activities	(29,910)	(23,716)
Cash flows from financing activities			
9	Proceeds from issues of equity securities	2,474	19,671
9	Payment for shares bought back	(4,970)	-
9	Share issue and buy-back costs	(17)	(61)
	Repayment of borrowings	(180,000)	(75,000)
7	Dividends paid to owners of the Company	(28,778)	(21,973)
	Payments for debt issue costs	-	(61)
	Net cash (outflow) from financing activities	(211,291)	(77,424)
	Net increase (decrease) in cash and cash equivalents	24,315	(22,830)
	Cash and cash equivalents at the beginning of the half-year	43,445	67,368
	Effects of exchange rate changes on cash and cash equivalents	293	407
	Cash and cash equivalents at end of the half-year	68,053	44,945

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 2014 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 2014 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 2014 annual financial report for the financial year ended 30 June 2014, 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 2013 in addition to 30 June 2014 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 1031 *Materiality*
- AASB 2012-3 *Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities*
- AASB 2013-3 *Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets*
- AASB 2011-4 *Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements*
- AASB 2013-4 *Amendments to Australian Accounting Standards - Novation of Derivatives and Continuation of Hedge Accounting*
- AASB 2013-9 *Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments*

The adoption of the above revised Standards and Interpretations did not result in any changes to the Group's accounting policies and has no effect on the amounts reported for the current or prior half years.

(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 2014 \$'000	30 June 2014 \$'000	31 December 2013 \$'000
Trade receivables	34,319	24,071	22,857
Allowance for doubtful debts	(501)	(449)	(391)
	33,818	23,622	22,466
Non-trade receivables	116,645	47,123	105,157
	150,463	70,745	127,623

3 Current liabilities - Trade and other payables

	31 December 2014 \$'000	30 June 2014 \$'000	31 December 2013 \$'000
Trade payables	544,480	244,436	478,663
Goods and services tax (GST) payable	26,509	15,858	27,421
Other creditors and accruals	21,483	13,429	18,442
Deferred income	46,422	29,256	40,843
	638,894	302,979	565,369

4 Non-current liabilities - Borrowings

	31 December 2014 \$'000	30 June 2014 \$'000	31 December 2013 \$'000
Unsecured			
Bank loans	-	179,653	49,467

There have been no changes to the Group's borrowing facilities, the amount drawn at the end of each reporting period varies based on the Group's cash requirements.

5 Acquisition of non-controlling interests

31 December 2014

There was no acquisition of non-controlling interests during the half-year ended 31 December 2014, however the deferred consideration from the Network Neighborhood acquisition of \$2,400 thousand was paid.

31 December 2013

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:

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

6 Earnings per share

	31 December 2014 Cents	31 December 2013 Cents
Basic (cents per share)	89.44	90.51
Diluted (cents per share)	88.42	89.22

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

	31 December 2014 \$'000	31 December 2013 \$'000
<i>Basic earnings per share</i>		
Profit for the half-year attributable to owners of the Company	88,538	90,296
<i>Diluted earnings per share</i>		
Profit for the half-year attributable to owners of the Company	88,538	90,296

6 Earnings per share (continued)

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

	31 December 2014 No. '000	31 December 2013 No. '000
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	98,988	99,759
Adjustments for calculation of diluted earnings per share:		
Options	1,147	1,448
Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted earnings per share	100,135	101,207

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

	31 December 2014		31 December 2013	
	Cents per share	\$'000	Cents per share	\$'000
Recognised amounts				
Final Dividend - previous financial year	29.00	28,778	22.00	21,973
	31 December 2014	\$'000	31 December 2013	\$'000
	Cents per share	\$'000	Cents per share	\$'000
Unrecognised amounts				
Interim Dividend - current financial year	59.00	58,381	55.00	55,210

In respect of the half-year ended 31 December 2014, the directors have recommended the payment of an interim dividend of 59.0 cents per share. The record date is 13 February 2015.

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

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 2014 is as follows:

31 Dec 2014	Australia	New Zealand	Intersegment eliminations	Total
	\$'000	\$'000	\$'000	\$'000
Revenue from external customers	1,862,108	103,040	-	1,965,148
Operating EBITDA	145,402	3,343	-	148,745
Total segment assets	1,032,710	91,420	(52,430)	1,071,700

31 Dec 2013	Australia	New Zealand	Intersegment 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

(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:

	31 December 2014 \$'000	31 December 2013 \$'000
Operating EBITDA	148,745	150,300
Interest revenue	235	233
Finance costs	(3,136)	(4,148)
Depreciation and amortisation	(18,774)	(17,421)
Profit before income tax from continuing operations	127,070	128,964

9 Contributed equity

(a) Movements in ordinary share capital

Date	Details	Notes	Number of shares	\$'000
1 July 2013	Opening balance		98,947,309	62,774
	Issue of shares under share option plans		1,314,372	19,671
	Share issue costs (net of tax)		-	(61)
31 December 2013	Closing balance		100,261,681	82,384
1 July 2014	Opening balance		98,947,309	58,383
	Issue of shares under share option plans		294,364	2,474
	Share buy-back		(291,364)	(4,970)
	Share issue and buy-back costs (net of tax)		-	(12)
31 December 2014	Closing balance		98,950,309	55,875

(b) Share options

During the half-year reporting period, the Company issued 638,863 share options (2013: 507,975) over ordinary shares under its executive and employee share option plan.

10 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.

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

	Half-year ended	
	31 December 2014 \$'000	31 December 2013 \$'000
Profit for the half-year	88,538	90,384
Depreciation and amortisation	18,774	17,421
Non-cash employee benefits expense - share-based payments	2,591	2,342
Net loss on sale of non-current assets	233	24
Change in operating assets and liabilities:		
(Increase) decrease in inventories	(112,560)	(158,975)
(Increase) decrease in current receivables	(79,968)	(62,973)
(Increase) decrease in other current assets	(340)	1,287
(Increase) decrease in deferred tax assets	(2,222)	(2,206)
(Decrease) increase in current payables	337,070	174,030
(Decrease) increase in current provisions	2,284	576
(Decrease) increase in other current liabilities	12	(136)
(Decrease) increase in non-current provisions	196	(811)
(Decrease) increase in other non-current liabilities	(871)	2,288
(Decrease) increase in current tax liabilities	11,779	15,059
Net cash inflow (outflow) from operating activities	<u>265,516</u>	<u>78,310</u>

12 Fair value measurements

The only financial assets or financial liabilities carried at fair value are interest rate swaps. The interest rate swaps 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). 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 2014 was a liability of \$115 thousand (30 June 2014: \$104 thousand).

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