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| RSM IFRS Listed Practical Interim Limited |
| Company Number 01234567  |
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| Interim Report - 31 December 2019These model accounts are illustrative only, contain general information, are not intended to be comprehensive and may not address specific events or circumstances. We make no representation as to their accuracy, compatibility or fitness-for-purpose.The model accounts should be viewed as broad guidance only. Accordingly, neither RSM International Limited, nor any of its member firms accept any responsibility to any party for any loss, damage or costs howsoever arising, whether directly or indirectly, from any action or decision taken (or not taken) in reliance on the material in these model accounts, whether such loss is caused by negligence or otherwise. The provision of these model accounts does not constitute professional advice. Please contact your local RSM adviser to discuss these matters in the context of your particular circumstances.RSM is the brand used by a network of independent accounting and consulting firms, each of which practices in its own right. The network is not itself a separate legal entity of any description in any jurisdiction.The network is administered by RSM International Limited, a company registered in England and Wales (company number 4040598) whose registered office is at 50 Cannon Street, London EC4N 6JJ.The brand and trademark RSM and other intellectual property rights used by members of the network are owned by RSM International Association, an association governed by article 60 et seq of the Civil Code of Switzerland whose seat is in Zug.© RSM International Association, 2020 |

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| Statement of profit or loss and other comprehensive income 2Statement of financial position 4Statement of changes in equity 6Statement of cash flows 7Notes to the financial statements 8Independent auditor's review report to the members of RSM IFRS Listed Practical Interim Limited 18 |

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| General informationThe financial statements cover RSM IFRS Listed Practical Interim Limited as a consolidated entity consisting of RSM IFRS Listed Practical Interim Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Internationaland currency units, which is RSM IFRS Listed Practical Interim Limited's functional and presentation currency. |
| RSM IFRS Listed Practical Interim Limited is a listed public company limited by shares, incorporated and domiciled in Internationaland. Its registered office and principal place of business are: |
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| --- | --- | --- |
| Registered office |  | Principal place of business |
|  |  |  |
| 10th Floor |  | 5th Floor |
| Universal Administration Building |  | RSM Business Centre |
| 12 Highland Street |  | 247 Edward Street |
| Cityville |  | Cityville |

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| The financial statements were authorised for issue, in accordance with a resolution of directors, on 24 February 2020. |

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| Revenue |  | 3 |  | 233,357  |  | 218,931  |

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| Share of profits of associates accounted for using the equity method |  | 4 |  | 1,616  |  | 1,437  |
| Other income |  | 5 |  | 692  |  | 192  |
| Interest revenue calculated using the effective interest method |  |  |  | 543  |  | 272  |
| Net gain on derecognition of financial assets at amortised cost |  |  |  | 50  |  | -  |

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| Expenses |  |  |  |  |  |  |
| Changes in inventories |  |  |  | (660) |  | (782) |
| Raw materials and consumables used |  |  |  | (63,486) |  | (65,515) |
| Employee benefits expense |  |  |  | (112,431) |  | (109,130) |
| Depreciation and amortisation expense |  |  |  | (26,138) |  | (10,979) |
| Impairment of receivables |  |  |  | (256) |  | (262) |
| Other expenses |  |  |  | (2,242) |  | (15,960) |
| Finance costs |  | 6 |  | (9,465) |  | (1,726) |

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| Profit before income tax expense |  |  |  | 21,580  |  | 16,478  |

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| Income tax expense |  |  |  | (6,096) |  | (4,560) |

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| Profit after income tax expense for the half-year |  |  |  | 15,484  |  | 11,918  |

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| Other comprehensive income |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| Items that will not be reclassified subsequently to profit or loss |  |  |  |  |  |  |
| Gain on the revaluation of equity instruments at fair value through other comprehensive income, net of tax |  |  |  | 35  |  | -  |
|  |  |  |  |  |  |  |
| Items that may be reclassified subsequently to profit or loss |  |  |  |  |  |  |
| Cash flow hedges transferred to profit or loss, net of tax |  |  |  | -  |  | (2) |
| Cash flow hedges transferred to inventory in the statement of financial position, net of tax |  |  |  | (1) |  | (5) |
| Net change in the fair value of cash flow hedges taken to equity, net of tax |  |  |  | (3) |  | (12) |
| Foreign currency translation |  |  |  | (157) |  | (98) |

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| Other comprehensive income for the half-year, net of tax |  |  |  | (126) |  | (117) |

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| Total comprehensive income for the half-year |  |  |  | 15,358  |  | 11,801  |

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| Profit for the half-year is attributable to: |  |  |  |  |  |  |
| Non-controlling interest |  |  |  | 71  |  | 114  |
| Owners of RSM IFRS Listed Practical Interim Limited |  |  |  | 15,413  |  | 11,804  |
|  |  |  |  |  |  |  |
|  |  |  |  | 15,484  |  | 11,918  |

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| Total comprehensive income for the half-year is attributable to: |  |  |  |  |  |  |
| Non-controlling interest |  |  |  | 71  |  | 114  |
| Owners of RSM IFRS Listed Practical Interim Limited |  |  |  | 15,287  |  | 11,687  |
|  |  |  |  |  |  |  |
|  |  |  |  | 15,358  |  | 11,801  |

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|  |  |  |  | Cents |  | Cents |
|  |  |  |  |  |  |  |
| Basic earnings per share |  |  |  | 10.49 |  | 8.37 |
| Diluted earnings per share |  |  |  | 10.49 |  | 8.37 |

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| Assets |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| Current assets |  |  |  |  |  |  |
| Cash and cash equivalents |  |  |  | 26,136  |  | 22,258  |
| Trade and other receivables |  |  |  | 13,420  |  | 12,958  |
| Contract assets |  |  |  | 2,458  |  | 2,508  |
| Inventories |  |  |  | 39,525  |  | 40,185  |
| Financial assets at fair value through profit or loss |  |  |  | 360  |  | -  |
| Other |  |  |  | 3,935  |  | 3,444  |
|  |  |  |  | 85,834  |  | 81,353  |
| Non-current assets classified as held for sale |  | 7 |  | 6,000  |  | -  |
| Total current assets |  |  |  | 91,834  |  | 81,353  |
|  |  |  |  |  |  |  |
| Non-current assets |  |  |  |  |  |  |
| Receivables |  |  |  | 145  |  | 135  |
| Investments accounted for using the equity method |  |  |  | 34,192  |  | 32,576  |
| Financial assets at fair value through other comprehensive income |  |  |  | 170  |  | -  |
| Investment properties |  |  |  | 46,900  |  | 46,900  |
| Property, plant and equipment |  |  |  | 117,139  |  | 129,690  |
| Right-of-use assets |  | 8 |  | 318,292  |  | -  |
| Intangibles |  |  |  | 12,170  |  | 12,357  |
| Deferred tax |  |  |  | 14,490  |  | 9,407  |
| Other |  |  |  | 2,308  |  | 2,220  |
| Total non-current assets |  |  |  | 545,806  |  | 233,285  |
|  |  |  |  |  |  |  |
| Total assets |  |  |  | 637,640  |  | 314,638  |

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| Liabilities |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| Current liabilities |  |  |  |  |  |  |
| Trade and other payables |  |  |  | 20,004  |  | 19,468  |
| Contract liabilities |  |  |  | 2,269  |  | 2,135  |
| Borrowings |  | 9 |  | 4,500  |  | 4,475  |
| Lease liabilities |  | 10 |  | 22,072  |  | -  |
| Derivative financial instruments |  |  |  | 122  |  | 116  |
| Income tax |  |  |  | 6,701  |  | 4,497  |
| Employee benefits |  |  |  | 8,352  |  | 8,270  |
| Provisions |  |  |  | 3,494  |  | 3,362  |
| Other |  |  |  | 2,130  |  | 2,159  |
|  |  |  |  | 69,644  |  | 44,482  |
| Liabilities directly associated with assets classified as held for sale |  |  |  | 4,000  |  | -  |
| Total current liabilities |  |  |  | 73,644  |  | 44,482  |
|  |  |  |  |  |  |  |
| Non-current liabilities |  |  |  |  |  |  |
| Borrowings |  | 11 |  | 19,000  |  | 21,630  |
| Lease liabilities |  | 12 |  | 310,978  |  | -  |
| Deferred tax |  |  |  | 4,617  |  | 4,446  |
| Employee benefits |  |  |  | 11,149  |  | 10,975  |
| Provisions |  |  |  | 1,475  |  | 1,325  |
| Total non-current liabilities |  |  |  | 347,219  |  | 38,376  |
|  |  |  |  |  |  |  |
| Total liabilities |  |  |  | 420,863  |  | 82,858  |

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| Net assets |  |  |  | 216,777  |  | 231,780  |

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| Equity |  |  |  |  |  |  |
| Issued capital |  |  |  | 182,953  |  | 182,953  |
| Reserves |  |  |  | 3,276  |  | 3,402  |
| Retained profits |  |  |  | 13,185  |  | 28,133  |
| Equity attributable to the owners of RSM IFRS Listed Practical Interim Limited |  |  |  | 199,414  |  | 214,488  |
| Non-controlling interest |  |  |  | 17,363  |  | 17,292  |
|  |  |  |  |  |  |  |
| Total equity |  |  |  | 216,777  |  | 231,780  |

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|  |  | Issued |  |   |  | Retained |  | Non-controlling |  | Total equity |
|  |  | capital |  | Reserves |  | profits |  | interest |  |  |
| Consolidated |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |
|  |  |  |  |  |  |  |  |  |  |  |
| Balance at 1 July 2018 |  | 182,678 |  | 3,625 |  | 15,636 |  | 17,107 |  | 219,046 |
|  |  |  |  |  |  |  |  |  |  |  |
| Profit after income tax expense for the half-year |  | - |  | - |  | 11,804 |  | 114 |  | 11,918 |
| Other comprehensive income for the half-year, net of tax |  | - |  | (117) |  | - |  | - |  | (117) |
|  |  |  |  |  |  |  |  |  |  |  |
| Total comprehensive income for the half-year |  | - |  | (117) |  | 11,804 |  | 114 |  | 11,801 |
|  |  |  |  |  |  |  |  |  |  |  |
| Transactions with owners in their capacity as owners: |  |  |  |  |  |  |  |  |  |  |
| Dividends paid (note 13) |  | - |  | - |  | (11,744) |  | - |  | (11,744) |
|  |  |  |  |  |  |  |  |  |  |  |
| Balance at 31 December 2018 |  | 182,678 |  | 3,508 |  | 15,696 |  | 17,221 |  | 219,103 |

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|  |  | Issued |  |   |  | Retained |  | Non-controlling |  | Total equity |
|  |  | capital |  | Reserves |  | profits |  | interest |  |
| Consolidated |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |
|  |  |  |  |  |  |  |  |  |  |  |
| Balance at 1 July 2019 |  | 182,953 |  | 3,402 |  | 28,133 |  | 17,292 |  | 231,780 |
|  |  |  |  |  |  |  |  |  |  |  |
| Adjustment for change in accounting policy (note 1) |  | - |  | - |  | (8,324) |  | - |  | (8,324) |
|  |  |  |  |  |  |  |  |  |  |  |
| Balance at 1 July 2019 - restated |  | 182,953 |  | 3,402 |  | 19,809 |  | 17,292 |  | 223,456 |
|  |  |  |  |  |  |  |  |  |  |  |
| Profit after income tax expense for the half-year |  | - |  | - |  | 15,413 |  | 71 |  | 15,484 |
| Other comprehensive income for the half-year, net of tax |  | - |  | (126) |  | - |  | - |  | (126) |
|  |  |  |  |  |  |  |  |  |  |  |
| Total comprehensive income for the half-year |  | - |  | (126) |  | 15,413 |  | 71 |  | 15,358 |
|  |  |  |  |  |  |  |  |  |  |  |
| Transactions with owners in their capacity as owners: |  |  |  |  |  |  |  |  |  |  |
| Dividends paid (note 13) |  | - |  | - |  | (22,037) |  | - |  | (22,037) |
|  |  |  |  |  |  |  |  |  |  |  |
| Balance at 31 December 2019 |  | 182,953 |  | 3,276 |  | 13,185 |  | 17,363 |  | 216,777 |

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| Cash flows from operating activities |  |  |  |  |  |  |
| Receipts from customers |  |  |  | 254,020  |  | 237,416  |
| Payments to suppliers and employees |  |  |  | (201,866) |  | (214,235) |
|  |  |  |  |  |  |  |
|  |  |  |  | 52,154  |  | 23,181  |
| Interest received |  |  |  | 543  |  | 272  |
| Other revenue |  |  |  | 2,123  |  | 1,691  |
| Interest and other finance costs paid |  |  |  | (9,465) |  | (1,726) |
| Income taxes paid |  |  |  | (5,266) |  | (4,231) |
|  |  |  |  |  |  |  |
| Net cash from operating activities |  |  |  | 40,089  |  | 19,187  |

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| --- | --- | --- | --- | --- | --- | --- |
| Cash flows from investing activities |  |  |  |  |  |  |
| Payments for investments |  |  |  | (510) |  | -  |
| Payments for property, plant and equipment |  |  |  | (8,072) |  | (1,524) |
| Proceeds from disposal of investments |  |  |  | 80  |  | -  |
| Proceeds from disposal of property, plant and equipment |  |  |  | 1,511  |  | 250  |
|  |  |  |  |  |  |  |
| Net cash used in investing activities |  |  |  | (6,991) |  | (1,274) |

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| Cash flows from financing activities |  |  |  |  |  |  |
| Proceeds from borrowings |  |  |  | 10,000  |  | -  |
| Dividends paid |  | 13 |  | (22,037) |  | (11,744) |
| Repayment of borrowings |  |  |  | (4,500) |  | (12,294) |
| Repayment of lease liabilities |  |  |  | (12,692) |  | -  |
|  |  |  |  |  |  |  |
| Net cash used in financing activities |  |  |  | (29,229) |  | (24,038) |

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| --- | --- | --- | --- | --- | --- | --- |
| Net increase/(decrease) in cash and cash equivalents |  |  |  | 3,869  |  | (6,125) |
| Cash and cash equivalents at the beginning of the financial half-year |  |  |  | 22,258  |  | 10,371  |
| Effects of exchange rate changes on cash and cash equivalents |  |  |  | 9  |  | 5  |
|  |  |  |  |  |  |  |
| Cash and cash equivalents at the end of the financial half-year |  |  |  | 26,136  |  | 4,251  |

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| Note 1. Significant accounting policiesThese general purpose financial statements for the interim half-year reporting period ended 31 December 2019 have been prepared in accordance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting', as appropriate for for-profit oriented entities. |
| These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2019. |
| The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below. |
| New or amended Accounting Standards and Interpretations adoptedThe consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the International Accounting Standards Board ('IASB') that are mandatory for the current reporting period. |
| Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. |
| The following Accounting Standards and Interpretations are most relevant to the consolidated entity:IFRS 16 LeasesThe consolidated entity has adopted IFRS 16 from 1 July 2019. The standard replaces IAS 17 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under IFRS 16 will be higher when compared to lease expenses under IAS 17. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. |
| *Impact of adoption*IFRS 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. The impact of adoption on opening retained profits as at 1 July 2019 was as follows:

|  |  |  |
| --- | --- | --- |
|  |  | 1 July 2019 |
|  |  | CU'000 |
|  |  |  |
| Operating lease commitments as at 1 July 2019 (IAS 17) |  | 504,707 |
| Finance lease commitments as at 1 July 2019 (IAS 17) |  | 4,774 |
| Operating lease commitments discount based on the weighted average incremental borrowing rate of 5% (IFRS 16) |  | (117,494) |
| Short-term leases not recognised as a right-of-use asset (IFRS 16) |  | (837) |
| Low-value assets leases not recognised as a right-of-use asset (IFRS 16) |  | (82) |
| Accumulated depreciation as at 1 July 2019 (IFRS 16) |  | (59,309) |
| Right-of-use assets (IFRS 16) |  | 331,759 |
|  |  |  |
| Lease liabilities - current (IFRS 16) |  | (20,812) |
| Lease liabilities - non-current (IFRS 16) |  | (322,838) |
| Tax effect on the above adjustments |  | 3,567 |
|  |  |  |
| Reduction in opening retained profits as at 1 July 2019 |  | (8,324) |

When adopting IFRS 16 from 1 January 2019, the consolidated entity has applied the following practical expedients:

|  |  |  |
| --- | --- | --- |
| ● |  | applying a single discount rate to the portfolio of leases with reasonably similar characteristics; |
| ● |  | accounting for leases with a remaining lease term of 12 months as at 1 January 2019 as short-term leases; |
| ● |  | excluding any initial direct costs from the measurement of right-of-use assets; and |
| ● |  | using hindsight in determining the lease term when the contract contains options to extend or terminate the lease. |

 |
| Right-of-use assetsA right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset. |
| Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities. |
| The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred. |
| Lease liabilitiesA lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred. |
| Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down. |

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| Note 2. Operating segmentsIdentification of reportable operating segmentsThe consolidated entity is organised into three operating segments based on differences in products and services provided: computer manufacturing, computer retailing and computer distribution. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments. |
| Other segments represent the investment property holdings and rental income of the consolidated entity. |
| The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements. |
| The information reported to the CODM is on a monthly basis. |
| Types of products and servicesThe principal products and services of each of these operating segments are as follows:

|  |  |  |
| --- | --- | --- |
| Computer manufacturing |  | the manufacture and wholesaling of computers and components in Internationaland |
| Computer retailing |  | the retailing of computers and components predominately in Internationaland |
| Computer distribution |  | the freight and cartage of computers and components to customers in Internationaland |

 |
| Intersegment transactionsIntersegment transactions were made at market rates. The computer retailing operating segment purchases finished goods from the computer manufacturing operating segment and pays for freight costs to the computer distribution operating segment. Intersegment transactions are eliminated on consolidation. |
| Intersegment receivables, payables and loansIntersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation. |
| Operating segment information

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | Computer |  | Computer |  | Computer |  | Other |  |  |
|  |  | manufacturing |  | retailing |  | distribution |  | segments |  | Total |
| Consolidated - 31 Dec 2019 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |
|  |  |  |  |  |  |  |  |  |  |  |
| Revenue |  |  |  |  |  |  |  |  |  |  |
| Sales to external customers |  | 13,233 |  | 216,423 |  | 1,848 |  | - |  | 231,504 |
| Intersegment sales |  | 101,008 |  | - |  | 4,453 |  | - |  | 105,461 |
| Total sales revenue |  | 114,241 |  | 216,423 |  | 6,301 |  | - |  | 336,965 |
| Other revenue |  | - |  | - |  | - |  | 1,853 |  | 1,853 |
| Total segment revenue |  | 114,241 |  | 216,423 |  | 6,301 |  | 1,853 |  | 338,818 |
| Intersegment eliminations |  |  |  |  |  |  |  |  |  | (105,461) |
| Unallocated revenue: |  |  |  |  |  |  |  |  |  |  |
| Interest revenue |  |  |  |  |  |  |  |  |  | 543 |
| Total revenue |  |  |  |  |  |  |  |  |  | 233,900 |
|  |  |  |  |  |  |  |  |  |  |  |
| EBITDA |  | 8,393 |  | 46,381 |  | 1,804 |  | 62 |  | 56,640 |
| Depreciation and amortisation |  |  |  |  |  |  |  |  |  | (26,138) |
| Interest revenue |  |  |  |  |  |  |  |  |  | 543 |
| Finance costs |  |  |  |  |  |  |  |  |  | (9,465) |
| Profit before income tax expense |  |  |  |  |  |  |  |  |  | 21,580 |
| Income tax expense |  |  |  |  |  |  |  |  |  | (6,096) |
| Profit after income tax expense |  |  |  |  |  |  |  |  |  | 15,484 |
|  |  |  |  |  |  |  |  |  |  |  |
| Assets |  |  |  |  |  |  |  |  |  |  |
| Segment assets |  | 155,823 |  | 433,909 |  | 21,405 |  | - |  | 611,137 |
| Intersegment eliminations |  |  |  |  |  |  |  |  |  | (15,568) |
| Unallocated assets: |  |  |  |  |  |  |  |  |  |  |
| Cash and cash equivalents |  |  |  |  |  |  |  |  |  | 18,551 |
| Ordinary shares |  |  |  |  |  |  |  |  |  | 530 |
| Land and buildings |  |  |  |  |  |  |  |  |  | 8,500 |
| Deferred tax asset |  |  |  |  |  |  |  |  |  | 14,490 |
| Total assets |  |  |  |  |  |  |  |  |  | 637,640 |
|  |  |  |  |  |  |  |  |  |  |  |
| Liabilities |  |  |  |  |  |  |  |  |  |  |
| Segment liabilities |  | 41,390 |  | 367,862 |  | 6,861 |  | - |  | 416,113 |
| Intersegment eliminations |  |  |  |  |  |  |  |  |  | (15,568) |
| Unallocated liabilities: |  |  |  |  |  |  |  |  |  |  |
| Provision for income tax |  |  |  |  |  |  |  |  |  | 6,701 |
| Bank loans |  |  |  |  |  |  |  |  |  | 9,000 |
| Deferred tax liability |  |  |  |  |  |  |  |  |  | 4,617 |
| Total liabilities |  |  |  |  |  |  |  |  |  | 420,863 |

 |
| IFRS 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. Therefore, the current and comparative EBITDA are not directly comparable. |
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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | Computer |  | Computer |  | Computer |  | Other |  |  |
|  |  | manufacturing |  | retailing |  | distribution |  | segments |  | Total |
| Consolidated - 31 Dec 2018 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |
|  |  |  |  |  |  |  |  |  |  |  |
| Revenue |  |  |  |  |  |  |  |  |  |  |
| Sales to external customers |  | 12,169 |  | 202,906 |  | 2,165 |  | - |  | 217,240 |
| Intersegment sales |  | 95,711 |  | - |  | 1,404 |  | - |  | 97,115 |
| Total sales revenue |  | 107,880 |  | 202,906 |  | 3,569 |  | - |  | 314,355 |
| Other revenue |  | - |  | - |  | - |  | 1,691 |  | 1,691 |
| Total segment revenue |  | 107,880 |  | 202,906 |  | 3,569 |  | 1,691 |  | 316,046 |
| Intersegment eliminations |  |  |  |  |  |  |  |  |  | (97,115) |
| Unallocated revenue: |  |  |  |  |  |  |  |  |  |  |
| Interest revenue |  |  |  |  |  |  |  |  |  | 272 |
| Total revenue |  |  |  |  |  |  |  |  |  | 219,203 |
|  |  |  |  |  |  |  |  |  |  |  |
| EBITDA |  | 5,991 |  | 21,059 |  | 847 |  | 1,014 |  | 28,911 |
| Depreciation and amortisation |  |  |  |  |  |  |  |  |  | (10,979) |
| Interest revenue |  |  |  |  |  |  |  |  |  | 272 |
| Finance costs |  |  |  |  |  |  |  |  |  | (1,726) |
| Profit before income tax expense |  |  |  |  |  |  |  |  |  | 16,478 |
| Income tax expense |  |  |  |  |  |  |  |  |  | (4,560) |
| Profit after income tax expense |  |  |  |  |  |  |  |  |  | 11,918 |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Note 3. Revenue

|  |  |  |
| --- | --- | --- |
|  |  | Consolidated |
|  |  | 31 Dec 2019 |  | 31 Dec 2018 |
|  |  | CU'000 |  | CU'000 |
|  |  |  |  |  |
| Revenue from contracts with customers |  |  |  |  |
| Sale of goods |  | 229,656  |  | 215,075  |
| Rendering of services |  | 1,848  |  | 2,165  |
|  |  | 231,504  |  | 217,240  |
|  |  |  |  |  |
| Other revenue |  |  |  |  |
| Rent from investment properties |  | 1,812  |  | 1,655  |
| Other revenue |  | 41  |  | 36  |
|  |  | 1,853  |  | 1,691  |
|  |  |  |  |  |
| Revenue |  | 233,357  |  | 218,931  |

 |
| Disaggregation of revenueThe disaggregation of revenue from contracts with customers is as follows:

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | Computer |  | Computer |  | Computer |  |  |
|  |  | manufacturing |  | retailing |  | distribution |  | Total |
| Consolidated - 31 Dec 2019 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |
|  |  |  |  |  |  |  |  |  |
| Major product lines |  |  |  |  |  |  |  |  |
| Laptops |  | 6,699 |  | 179,980 |  | 1,646 |  | 188,325 |
| Desktops |  | 2,106 |  | 23,614 |  | 202 |  | 25,922 |
| Components  |  | 4,428 |  | 12,829 |  | - |  | 17,257 |
|  |  |  |  |  |  |  |  |  |
|  |  | 13,233 |  | 216,423 |  | 1,848 |  | 231,504 |
|  |  |  |  |  |  |  |  |  |
| Geographical regions |  |  |  |  |  |  |  |  |
| Internationaland |  | 11,478 |  | 191,632 |  | 1,848 |  | 204,958 |
| Neighbourland |  | 1,147 |  | 18,364 |  | - |  | 19,511 |
| Rest of the World |  | 608 |  | 6,427 |  | - |  | 7,035 |
|  |  |  |  |  |  |  |  |  |
|  |  | 13,233 |  | 216,423 |  | 1,848 |  | 231,504 |
|  |  |  |  |  |  |  |  |  |
| Timing of revenue recognition |  |  |  |  |  |  |  |  |
| Goods transferred at a point in time |  | 13,233 |  | 216,423 |  | - |  | 229,656 |
| Services transferred over time |  | - |  | - |  | 1,848 |  | 1,848 |
|  |  |  |  |  |  |  |  |  |
|  |  | 13,233 |  | 216,423 |  | 1,848 |  | 231,504 |

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|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | Computer |  | Computer |  | Computer |  |  |
|  |  | manufacturing |  | retailing |  | distribution |  | Total |
| Consolidated - 31 Dec 2018 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |
|  |  |  |  |  |  |  |  |  |
| Major product lines |  |  |  |  |  |  |  |  |
| Laptops |  | 6,057 |  | 165,426 |  | 1,878 |  | 173,361 |
| Desktops |  | 2,421 |  | 26,783 |  | 287 |  | 29,491 |
| Components |  | 3,691 |  | 10,697 |  | - |  | 14,388 |
|  |  |  |  |  |  |  |  |  |
|  |  | 12,169 |  | 202,906 |  | 2,165 |  | 217,240 |
|  |  |  |  |  |  |  |  |  |
| Geographical regions |  |  |  |  |  |  |  |  |
| Internationaland |  | 10,807 |  | 183,007 |  | 2,165 |  | 195,979 |
| Neighbourland |  | 955 |  | 15,328 |  | - |  | 16,283 |
| Rest of the World |  | 407 |  | 4,571 |  | - |  | 4,978 |
|  |  |  |  |  |  |  |  |  |
|  |  | 12,169 |  | 202,906 |  | 2,165 |  | 217,240 |
|  |  |  |  |  |  |  |  |  |
| Timing of revenue recognition |  |  |  |  |  |  |  |  |
| Goods transferred at a point in time |  | 12,169 |  | 202,906 |  | - |  | 215,075 |
| Services transferred over time |  | - |  | - |  | 2,165 |  | 2,165 |
|  |  |  |  |  |  |  |  |  |
|  |  | 12,169 |  | 202,906 |  | 2,165 |  | 217,240 |

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|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Note 4. Share of profits of associates accounted for using the equity method

|  |  |  |
| --- | --- | --- |
|  |  | Consolidated |
|  |  | 31 Dec 2019 |  | 31 Dec 2018 |
|  |  | CU'000 |  | CU'000 |
|  |  |  |  |  |
| Share of profit - associates |  | 1,616  |  | 1,437  |

 |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Note 5. Other income

|  |  |  |
| --- | --- | --- |
|  |  | Consolidated |
|  |  | 31 Dec 2019 |  | 31 Dec 2018 |
|  |  | CU'000 |  | CU'000 |
|  |  |  |  |  |
| Net gain on disposal of property, plant and equipment |  | 422  |  | 192  |
| Insurance recoveries |  | 270  |  | -  |
|  |  |  |  |  |
| Other income |  | 692  |  | 192  |

 |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Note 6. Expenses

|  |  |  |
| --- | --- | --- |
|  |  | Consolidated |
|  |  | 31 Dec 2019 |  | 31 Dec 2018 |
|  |  | CU'000 |  | CU'000 |
|  |  |  |  |  |
| Profit before income tax includes the following specific expenses: |  |  |  |  |
|  |  |  |  |  |
| Cost of sales |  |  |  |  |
| Cost of sales |  | 142,226  |  | 138,991  |
|  |  |  |  |  |
| Finance costs |  |  |  |  |
| Interest and finance charges paid/payable on borrowings |  | 942  |  | 1,726  |
| Interest and finance charges paid/payable on lease liabilities |  | 8,523  |  | -  |
|  |  |  |  |  |
| Finance costs expensed |  | 9,465  |  | 1,726  |
|  |  |  |  |  |
| Net foreign exchange loss |  |  |  |  |
| Net foreign exchange loss |  | 9  |  | 4  |
|  |  |  |  |  |
| Leases |  |  |  |  |
| Minimum lease payments |  | -  |  | 17,437  |
| Variable lease payments |  | 584  |  | -  |
| Short-term lease payments |  | 451  |  | -  |
| Low-value assets lease payments |  | 67  |  | -  |
|  |  |  |  |  |
|  |  | 1,102  |  | 17,437  |
|  |  |  |  |  |
| Write off of assets |  |  |  |  |
| Inventories |  | 269  |  | 56  |

 |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Note 7. Current assets - non-current assets classified as held for sale

|  |  |  |
| --- | --- | --- |
|  |  | Consolidated |
|  |  | 31 Dec 2019 |  | 30 Jun 2019 |
|  |  | CU'000 |  | CU'000 |
|  |  |  |  |  |
| Land |  | 6,000  |  | -  |

The vacant land situated at 22 Smith Street, Cityville is currently for sale and is expected to be sold within five months from the reporting date through an auction process. The proposed development of a head office building on the site has been abandoned and the land is now surplus to requirements. The land is not allocated to an operating segment. |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Note 8. Non-current assets - right-of-use assets

|  |  |  |
| --- | --- | --- |
|  |  | Consolidated |
|  |  | 31 Dec 2019 |  | 30 Jun 2019 |
|  |  | CU'000 |  | CU'000 |
|  |  |  |  |  |
| Land and buildings - right-of-use |  | 271,636  |  | -  |
| Less: Accumulated depreciation |  | (30,559) |  | -  |
|  |  | 241,077  |  | -  |
|  |  |  |  |  |
| Plant and equipment - right-of-use |  | 123,603  |  | -  |
| Less: Accumulated depreciation |  | (46,388) |  | -  |
|  |  | 77,215  |  | -  |
|  |  |  |  |  |
|  |  | 318,292  |  | -  |

 |
| Additions to the right-of-use assets during the half-year were CU2,761,000. |
| The consolidated entity leases land and buildings for its offices, warehouses and retail outlets under agreements of between five to fifteen years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated. The consolidated entity also leases plant and equipment under agreements of between three to seven years. |
| The consolidated entity leases office equipment under agreements of less than two years. These leases are either short-term or low-value, so have been expensed as incurred and not capitalised as right-of-use assets. |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Note 9. Current liabilities - borrowings

|  |  |  |
| --- | --- | --- |
|  |  | Consolidated |
|  |  | 31 Dec 2019 |  | 30 Jun 2019 |
|  |  | CU'000 |  | CU'000 |
|  |  |  |  |  |
| Bank loans |  | 4,500  |  | 3,000  |
| Lease liability |  | -  |  | 1,475  |
|  |  |  |  |  |
|  |  | 4,500  |  | 4,475  |

 |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Note 10. Current liabilities - lease liabilities

|  |  |  |
| --- | --- | --- |
|  |  | Consolidated |
|  |  | 31 Dec 2019 |  | 30 Jun 2019 |
|  |  | CU'000 |  | CU'000 |
|  |  |  |  |  |
| Lease liability |  | 22,072  |  | -  |

 |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Note 11. Non-current liabilities - borrowings

|  |  |  |
| --- | --- | --- |
|  |  | Consolidated |
|  |  | 31 Dec 2019 |  | 30 Jun 2019 |
|  |  | CU'000 |  | CU'000 |
|  |  |  |  |  |
| Bank loans |  | 19,000  |  | 19,000  |
| Lease liability |  | -  |  | 2,630  |
|  |  |  |  |  |
|  |  | 19,000  |  | 21,630  |

 |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Note 12. Non-current liabilities - lease liabilities

|  |  |  |
| --- | --- | --- |
|  |  | Consolidated |
|  |  | 31 Dec 2019 |  | 30 Jun 2019 |
|  |  | CU'000 |  | CU'000 |
|  |  |  |  |  |
| Lease liability |  | 310,978  |  | -  |

 |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Note 13. Equity - dividendsDividends paid during the financial half-year were as follows:

|  |  |  |
| --- | --- | --- |
|  |  | Consolidated |
|  |  | 31 Dec 2019 |  | 31 Dec 2018 |
|  |  | CU'000 |  | CU'000 |
|  |  |  |  |  |
| Final dividend for the year ended 30 June 2019 (31 Dec 2018: 30 June 2018) of 15 cents (31 Dec 2018: 8 cents) per ordinary share |  | 22,037  |  | 11,744  |

On [date] the directors declared an interim dividend for the year ending 30 June 2020 of 5 cents per ordinary share to be paid on [date], a total estimated distribution of CU7,346,000 based on the number of ordinary shares on issue as at [date]. |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Note 14. Fair value measurementFair value hierarchyThe following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement dateLevel 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectlyLevel 3: Unobservable inputs for the asset or liability

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | Level 1 |  | Level 2 |  | Level 3 |  | Total |
| Consolidated - 31 Dec 2019 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |
|  |  |  |  |  |  |  |  |  |
| Assets |  |  |  |  |  |  |  |  |
| Ordinary shares at fair value through profit or loss |  | 360 |  | - |  | - |  | 360 |
| Ordinary shares at fair value through other comprehensive income |  | - |  | - |  | 170 |  | 170 |
| Investment properties |  | - |  | - |  | 46,900 |  | 46,900 |
| Land and buildings |  | - |  | - |  | 58,500 |  | 58,500 |
| Total assets |  | 360 |  | - |  | 105,570 |  | 105,930 |
|  |  |  |  |  |  |  |  |  |
| Liabilities |  |  |  |  |  |  |  |  |
| Forward foreign exchange contracts |  | - |  | 122 |  | - |  | 122 |
| Total liabilities |  | - |  | 122 |  | - |  | 122 |

 |
|

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | Level 1 |  | Level 2 |  | Level 3 |  | Total |
| Consolidated - 30 Jun 2019 |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |
|  |  |  |  |  |  |  |  |  |
| Assets |  |  |  |  |  |  |  |  |
| Investment properties |  | - |  | - |  | 46,900 |  | 46,900 |
| Land and buildings |  | - |  | - |  | 58,500 |  | 58,500 |
| Total assets |  | - |  | - |  | 105,400 |  | 105,400 |
|  |  |  |  |  |  |  |  |  |
| Liabilities |  |  |  |  |  |  |  |  |
| Forward foreign exchange contracts |  | - |  | 116 |  | - |  | 116 |
| Total liabilities |  | - |  | 116 |  | - |  | 116 |

 |
| Assets and liabilities held for sale are measured at fair value on a non-recurring basis. |
| There were no transfers between levels during the financial half-year. |
| The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature. |
| The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities. |
| Valuation techniques for fair value measurements categorised within level 2 and level 3Unquoted investments have been valued using a discounted cash flow model. |
| The basis of the valuation of investment properties is fair value. The investment properties are revalued annually based on independent assessments by a member of the [NAME] having recent experience in the location and category of investment property being valued. Valuations are based on current prices in an active market for similar properties of the same location and condition, subject to similar leases and takes into consideration occupancy rates and returns on investment. |
| The basis of the valuation of land and buildings is fair value. The land and buildings were last revalued on 30 June 2018 based on independent assessments by a member of the Internationaland Property Institute having recent experience in the location and category of land and buildings being valued. The directors do not believe that there has been a material movement in fair value since the revaluation date. Valuations are based on current prices for similar properties in the same location and condition. |
| Derivative financial instruments have been valued using quoted market rates. This valuation technique maximises the use of observable market data where it is available and relies as little as possible on entity specific estimates. |
| Level 3 assets and liabilitiesMovements in level 3 assets and liabilities during the current financial half-year are set out below:

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | Ordinary shares at fair value |  |  Investment |  | Land and |  |  |
|  |  | through OCI |  | properties |  | buildings |  | Total |
| Consolidated |  | CU'000 |  | CU'000 |  | CU'000 |  | CU'000 |
|  |  |  |  |  |  |  |  |  |
| Balance at 1 July 2019 |  | - |  | 46,900 |  | 58,500 |  | 105,400 |
| Gains recognised in other comprehensive income |  | 50 |  | - |  | - |  | 50 |
| Additions |  | 200 |  | - |  | - |  | 200 |
| Disposals |  | (80) |  | - |  | - |  | (80) |
|  |  |  |  |  |  |  |  |  |
| Balance at 31 December 2019 |  | 170 |  | 46,900 |  | 58,500 |  | 105,570 |

 |
| The level 3 assets and liabilities unobservable inputs and sensitivity are as follows:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|   |  |   |  | Range |  |   |
| Description |  | Unobservable inputs |  | (weighted average) |  | Sensitivity |
|  |  |  |  |  |  |  |
| Ordinary shares at fair value through other comprehensive income |  | Growth rate |  | 2.5% to 3.5% (3.0%) |  | 0.25% change would increase/decrease fair value by CU5,000 |
|  |  | Discount rate |  | 8.0% to 11.0% (9.5%) |  | 1.00% change would increase/decrease fair value by CU14,000 |
| Investment properties |  | Rental yield |  | 7.5% to 9.0% (8.5%) |  | 0.75% change would increase/decrease fair value by CU352,000 |
|  |  | Rental growth |  | 1.25% to 2.0% (1.75%) |  | 0.25% change would increase/decrease fair value by CU117,000 |
|  |  | Long-term vacancy rate |  | 5.0% to 9.0% (7.5%) |  | 0.75% change would increase/decrease fair value by CU276,000 |
|  |  | Discount rate |  | 4.0% to 6.0% (5.25%) |  | 0.5% change would increase/decrease fair value by CU57,000 |
| Land and buildings |  | Rental yield |  | 6.0% to 8.0% (7.5%) |  | 0.75% change would increase/decrease fair value by CU440,000 |
|  |  | Discount rate |  | 5.0% to 7.0% (6.25%) |  | 0.5% change would increase/decrease fair value by CU61,000 |

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|  |
| --- |
| Note 15. Contingent liabilitiesDuring the financial half-year there was a work related accident involving a member of staff. Although the investigation is still in progress, the directors are of the opinion, based on independent legal advice, that the consolidated entity will not be found to be at fault and any potential compensation will be adequately covered by the consolidated entity's insurance policy. Accordingly, no provision has been provided within these financial statements.The consolidated entity has given bank guarantees as at 31 December 2019 of CU3,105,000 (30 Jun 2019: CU2,844,000) to various landlords. |

|  |
| --- |
| Note 16. Events after the reporting periodApart from the dividend declared as disclosed in note 13, no other matter or circumstance has arisen since 31 December 2019 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years. |

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