

RSM IFRS Listed Practical Interim Limited

Company Number 01234567

Interim Report - 31 December 2022

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General information

The 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 Internationald 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 Internationald. Its registered office and principal place of business are:

Registered office

10th Floor
Universal Administration Building
12 Highland Street
Cityville

Principal place of business

5th Floor
RSM Business Centre
247 Edward Street
Cityville

The financial statements were authorised for issue, in accordance with a resolution of directors, on 24 February 2023.

RSM IFRS Listed Practical Interim Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2022



| | Note | Consolidated 31 Dec 2022 CU'000 | 31 Dec 2021 CU'000 |
|--|------|---------------------------------------|-----------------------|
| Revenue | 3 | 233,357 | 218,931 |
| 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 | - |
| Expenses | | | |
| Changes in inventories | | (660) | (782) |
| Raw materials and consumables used | | (63,486) | (60,515) |
| Employee benefits expense | | (112,431) | (109,130) |
| Depreciation and amortisation expense | | (26,138) | (25,672) |
| Impairment of receivables | | (256) | (262) |
| Other expenses | | (2,242) | (2,561) |
| Finance costs | 6 | (9,465) | (10,907) |
| Profit before income tax expense | | 21,580 | 11,003 |
| Income tax expense | | (6,096) | (2,917) |
| Profit after income tax expense for the half-year | | 15,484 | 8,086 |
| Other comprehensive income | | | |
| <i>Items that will not be reclassified subsequently to profit or loss</i> | | | |
| Gain on the revaluation of equity instruments at fair value through other comprehensive income, net of tax | | 35 | - |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | | |
| 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) |
| Other comprehensive income for the half-year, net of tax | | (126) | (117) |
| Total comprehensive income for the half-year | | 15,358 | 7,969 |
| Profit for the half-year is attributable to: | | | |
| Non-controlling interest | | 71 | 114 |
| Owners of RSM IFRS Listed Practical Interim Limited | | 15,413 | 7,972 |
| | | 15,484 | 8,086 |
| 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 | 7,855 |
| | | 15,358 | 7,969 |

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

RSM IFRS Listed Practical Interim Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2022



| | Cents | Cents |
|----------------------------|--------------|--------------|
| Basic earnings per share | 10.49 | 5.66 |
| Diluted earnings per share | 10.49 | 5.66 |

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

| | Note | Consolidated 31 Dec 2022 CU'000 | 30 Jun 2022 CU'000 |
|---|------|---------------------------------------|-----------------------|
| 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 |
| | | <u>85,834</u> | <u>81,353</u> |
| Non-current assets classified as held for sale | 7 | 6,000 | - |
| Total current assets | | <u>91,834</u> | <u>81,353</u> |
| 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 | 125,067 |
| Right-of-use assets | | 318,292 | 331,608 |
| Intangibles | | 12,170 | 12,357 |
| Deferred tax | | 14,490 | 12,974 |
| Other | | 2,308 | 2,220 |
| Total non-current assets | | <u>545,806</u> | <u>563,837</u> |
| Total assets | | <u>637,640</u> | <u>645,190</u> |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | | 20,004 | 19,468 |
| Contract liabilities | | 2,269 | 2,135 |
| Borrowings | | 4,500 | 3,000 |
| Lease liabilities | | 22,072 | 20,950 |
| 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 |
| | | <u>69,644</u> | <u>63,957</u> |
| Liabilities directly associated with assets classified as held for sale | | 4,000 | - |
| Total current liabilities | | <u>73,644</u> | <u>63,957</u> |
| Non-current liabilities | | | |
| Borrowings | | 19,000 | 19,000 |
| Lease liabilities | | 310,978 | 322,031 |
| Deferred tax | | 4,617 | 4,446 |
| Employee benefits | | 11,149 | 10,975 |
| Provisions | | 1,475 | 1,325 |
| Total non-current liabilities | | <u>347,219</u> | <u>357,777</u> |
| Total liabilities | | <u>420,863</u> | <u>421,734</u> |
| Net assets | | <u>216,777</u> | <u>223,456</u> |

The above statement of financial position should be read in conjunction with the accompanying notes

| | Consolidated | |
|--|---------------------|--------------------|
| Note | 31 Dec 2022 | 30 Jun 2022 |
| | CU'000 | CU'000 |
| Equity | | |
| Issued capital | 182,953 | 182,953 |
| Reserves | 3,276 | 3,402 |
| Retained profits | 13,185 | 19,809 |
| Equity attributable to the owners of RSM IFRS Listed Practical Interim Limited | <u>199,414</u> | <u>206,164</u> |
| Non-controlling interest | <u>17,363</u> | <u>17,292</u> |
| Total equity | <u>216,777</u> | <u>223,456</u> |

The above statement of financial position should be read in conjunction with the accompanying notes

RSM IFRS Listed Practical Interim Limited
Statement of changes in equity
For the half-year ended 31 December 2022



| Consolidated | Issued capital CU'000 | Reserves CU'000 | Retained profits CU'000 | Non-controlling interest CU'000 | Total equity CU'000 |
|--|----------------------------------|----------------------------|------------------------------------|--|--------------------------------|
| Balance at 1 July 2021 | 182,678 | 3,625 | 15,636 | 17,107 | 219,046 |
| Profit after income tax expense for the half-year | - | - | 7,972 | 114 | 8,086 |
| Other comprehensive income for the half-year, net of tax | - | (117) | - | - | (117) |
| Total comprehensive income for the half-year | - | (117) | 7,972 | 114 | 7,969 |
| <i>Transactions with owners in their capacity as owners:</i> | | | | | |
| Dividends paid (note 8) | - | - | (11,744) | - | (11,744) |
| Balance at 31 December 2021 | 182,678 | 3,508 | 11,864 | 17,221 | 215,271 |
| Consolidated | Issued capital CU'000 | Reserves CU'000 | Retained profits CU'000 | Non-controlling interest CU'000 | Total equity CU'000 |
| Balance at 1 July 2022 | 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 |
| <i>Transactions with owners in their capacity as owners:</i> | | | | | |
| Dividends paid (note 8) | - | - | (22,037) | - | (22,037) |
| Balance at 31 December 2022 | 182,953 | 3,276 | 13,185 | 17,363 | 216,777 |

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

| Note | Consolidated | |
|---|-----------------------|-----------------------|
| | 31 Dec 2022 CU'000 | 31 Dec 2021 CU'000 |
| Cash flows from operating activities | | |
| | 254,020 | 237,416 |
| Receipts from customers | | |
| Payments to suppliers and employees | (201,866) | (195,836) |
| | 52,154 | 41,580 |
| Interest received | 543 | 272 |
| Other revenue | 2,123 | 1,691 |
| Interest and other finance costs paid | (9,465) | (10,907) |
| Income taxes paid | (5,266) | (4,231) |
| | 40,089 | 28,405 |
| Net cash from operating activities | | |
| Cash flows from investing activities | | |
| | (510) | - |
| Payments for investments | | |
| 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 |
| | (6,991) | (1,274) |
| Net cash used in investing activities | | |
| Cash flows from financing activities | | |
| | 10,000 | - |
| Proceeds from borrowings | | |
| Dividends paid | (22,037) | (11,744) |
| Repayment of borrowings | (4,500) | (11,500) |
| Repayment of lease liabilities | (12,692) | (10,012) |
| | (29,229) | (33,256) |
| Net cash used in financing activities | | |
| | 3,869 | (6,125) |
| Net increase/(decrease) in cash and cash equivalents | | |
| 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 |
| | 26,136 | 4,251 |
| Cash and cash equivalents at the end of the financial half-year | | |

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

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2022 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 2022.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The 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.

Note 2. Operating segments

Identification of reportable operating segments

The 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 services

The 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 transactions

Intersegment 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 loans

Intersegment 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.

Note 2. Operating segments (continued)

Operating segment information

| Consolidated - 31 Dec 2022 | Computer manufacturing CU'000 | Computer retailing CU'000 | Computer distribution CU'000 | Other segments CU'000 | Total 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 | <u>114,241</u> | <u>216,423</u> | <u>6,301</u> | - | <u>336,965</u> |
| Other revenue | - | - | - | 1,853 | 1,853 |
| Total segment revenue | <u>114,241</u> | <u>216,423</u> | <u>6,301</u> | <u>1,853</u> | <u>338,818</u> |
| Intersegment eliminations | | | | | (105,461) |
| <i>Unallocated revenue:</i> | | | | | |
| Interest revenue | | | | | 543 |
| Total revenue | | | | | <u>233,900</u> |
| EBITDA | | | | | |
| | <u>8,393</u> | <u>46,381</u> | <u>1,804</u> | <u>62</u> | 56,640 |
| Depreciation and amortisation | | | | | (26,138) |
| Interest revenue | | | | | 543 |
| Finance costs | | | | | (9,465) |
| Profit before income tax expense | | | | | <u>21,580</u> |
| Income tax expense | | | | | (6,096) |
| Profit after income tax expense | | | | | <u>15,484</u> |
| Assets | | | | | |
| Segment assets | <u>155,823</u> | <u>433,909</u> | <u>21,405</u> | - | 611,137 |
| Intersegment eliminations | | | | | (15,568) |
| <i>Unallocated assets:</i> | | | | | |
| Cash and cash equivalents | | | | | 18,551 |
| Ordinary shares | | | | | 530 |
| Land and buildings | | | | | 8,500 |
| Deferred tax asset | | | | | 14,490 |
| Total assets | | | | | <u>637,640</u> |
| Liabilities | | | | | |
| Segment liabilities | <u>41,390</u> | <u>367,862</u> | <u>6,861</u> | - | 416,113 |
| Intersegment eliminations | | | | | (15,568) |
| <i>Unallocated liabilities:</i> | | | | | |
| Provision for income tax | | | | | 6,701 |
| Bank loans | | | | | 9,000 |
| Deferred tax liability | | | | | 4,617 |
| Total liabilities | | | | | <u>420,863</u> |

Note 2. Operating segments (continued)

| Consolidated - 31 Dec 2021 | Computer manufacturing CU'000 | Computer retailing CU'000 | Computer distribution CU'000 | Other segments CU'000 | Total 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) |
| <i>Unallocated revenue:</i> | | | | | |
| Interest revenue | | | | | 272 |
| Total revenue | | | | | 219,203 |
| EBITDA | | | | | |
| | 5,991 | 39,458 | 847 | 1,014 | 47,310 |
| Depreciation and amortisation | | | | | (25,672) |
| Interest revenue | | | | | 272 |
| Finance costs | | | | | (10,907) |
| Profit before income tax expense | | | | | 11,003 |
| Income tax expense | | | | | (2,917) |
| Profit after income tax expense | | | | | 8,086 |

Note 3. Revenue

| | Consolidated 31 Dec 2022 CU'000 | 31 Dec 2021 CU'000 |
|--|---------------------------------------|-----------------------|
| <i>Revenue from contracts with customers</i> | | |
| Sale of goods | 229,656 | 215,075 |
| Rendering of services | 1,848 | 2,165 |
| | 231,504 | 217,240 |
| <i>Other revenue</i> | | |
| Rent from investment properties | 1,812 | 1,655 |
| Other revenue | 41 | 36 |
| | 1,853 | 1,691 |
| Revenue | 233,357 | 218,931 |

Note 3. Revenue (continued)

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

| | Computer manufacturing CU'000 | Computer retailing CU'000 | Computer distribution CU'000 | Total CU'000 |
|--------------------------------------|-------------------------------------|---------------------------------|------------------------------------|-----------------|
| Consolidated - 31 Dec 2022 | | | | |
| <i>Major product lines</i> | | | | |
| Laptops | 6,699 | 179,980 | 1,646 | 188,325 |
| Desktops | 2,106 | 23,614 | 202 | 25,922 |
| Components | 4,428 | 12,829 | - | 17,257 |
| | <u>13,233</u> | <u>216,423</u> | <u>1,848</u> | <u>231,504</u> |
| <i>Geographical regions</i> | | | | |
| 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 |
| | <u>13,233</u> | <u>216,423</u> | <u>1,848</u> | <u>231,504</u> |
| <i>Timing of revenue recognition</i> | | | | |
| Goods transferred at a point in time | 13,233 | 216,423 | - | 229,656 |
| Services transferred over time | - | - | 1,848 | 1,848 |
| | <u>13,233</u> | <u>216,423</u> | <u>1,848</u> | <u>231,504</u> |
| Consolidated - 31 Dec 2021 | | | | |
| <i>Major product lines</i> | | | | |
| Laptops | 6,057 | 165,426 | 1,878 | 173,361 |
| Desktops | 2,421 | 26,783 | 287 | 29,491 |
| Components | 3,691 | 10,697 | - | 14,388 |
| | <u>12,169</u> | <u>202,906</u> | <u>2,165</u> | <u>217,240</u> |
| <i>Geographical regions</i> | | | | |
| Internationaland | 10,807 | 183,007 | 2,165 | 195,979 |
| Neighbourland | 955 | 15,328 | - | 16,283 |
| Rest of the World | 407 | 4,571 | - | 4,978 |
| | <u>12,169</u> | <u>202,906</u> | <u>2,165</u> | <u>217,240</u> |
| <i>Timing of revenue recognition</i> | | | | |
| Goods transferred at a point in time | 12,169 | 202,906 | - | 215,075 |
| Services transferred over time | - | - | 2,165 | 2,165 |
| | <u>12,169</u> | <u>202,906</u> | <u>2,165</u> | <u>217,240</u> |

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

| | Consolidated 31 Dec 2022 CU'000 | Consolidated 31 Dec 2021 CU'000 |
|------------------------------|---------------------------------------|---------------------------------------|
| Share of profit - associates | 1,616 | 1,437 |

Note 5. Other income

| | Consolidated 31 Dec 2022 CU'000 | Consolidated 31 Dec 2021 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 2022 CU'000 | Consolidated 31 Dec 2021 CU'000 |
|--|---------------------------------------|---------------------------------------|
| Profit before income tax includes the following specific expenses: | | |
| <i>Cost of sales</i> | | |
| Cost of sales | 142,226 | 138,991 |
| <i>Finance costs</i> | | |
| Interest and finance charges paid/payable on borrowings | 942 | 1,489 |
| Interest and finance charges paid/payable on lease liabilities | 8,523 | 9,418 |
| Finance costs expensed | 9,465 | 10,907 |
| <i>Net foreign exchange loss</i> | | |
| Net foreign exchange loss | 9 | 4 |
| <i>Leases</i> | | |
| Variable lease payments | 584 | 549 |
| Short-term lease payments | 51 | 64 |
| Low-value assets lease payments | 67 | 59 |
| | 702 | 672 |
| <i>Superannuation expense</i> | | |
| Defined contribution superannuation expense | 9,044 | 8,814 |
| <i>Write off of assets</i> | | |
| Inventories | 269 | 56 |

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

| | Consolidated 31 Dec 2022 CU'000 | 30 Jun 2022 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. Equity - dividends

Dividends paid during the financial half-year were as follows:

| | Consolidated 31 Dec 2022 CU'000 | 31 Dec 2021 CU'000 |
|--|---------------------------------------|-----------------------|
| Final dividend for the year ended 30 June 2022 (31 Dec 2021: 30 June 2021) of 15 cents (31 Dec 2021: 8 cents) per ordinary share | 22,037 | 11,744 |

On [date] the directors declared an interim dividend for the year ending 30 June 2023 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]. The financial effect of dividends declared after the reporting date are not reflected in the 31 December 2022 financial statements and will be recognised in subsequent financial reports.

Note 9. Fair value measurement

Fair value hierarchy

The 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 date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

| Consolidated - 31 Dec 2022 | Level 1 CU'000 | Level 2 CU'000 | Level 3 CU'000 | Total 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 |

Note 9. Fair value measurement (continued)

| Consolidated - 30 Jun 2022 | Level 1 CU'000 | Level 2 CU'000 | Level 3 CU'000 | Total 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 3

Unquoted 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 2022 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 liabilities

Movements in level 3 assets and liabilities during the current financial half-year are set out below:

| Consolidated | Ordinary shares at fair value through OCI CU'000 | Investment properties CU'000 | Land and buildings CU'000 | Total CU'000 |
|--|--|------------------------------------|---------------------------------|-----------------|
| Balance at 1 July 2022 | - | 46,900 | 58,500 | 105,400 |
| Gains recognised in other comprehensive income | 50 | - | - | 50 |
| Additions | 200 | - | - | 200 |
| Disposals | (80) | - | - | (80) |
| Balance at 31 December 2022 | 170 | 46,900 | 58,500 | 105,570 |

Note 9. Fair value measurement (continued)

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

| Description | Unobservable inputs | Range (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 |

Note 10. Contingent liabilities

During 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 2022 of CU3,105,000 (30 Jun 2022: CU2,844,000) to various landlords.

Note 11. Events after the reporting period

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially positive for the consolidated entity up to 31 December 2022, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the International and Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Apart from the dividend declared as disclosed in note 8, no other matter or circumstance has arisen since 31 December 2022 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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