



**COLLINS FOODS LIMITED**

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**COLLINS FOODS LIMITED**  
**ACN 151 420 781**

## **INTERIM FINANCIAL REPORT**

**For the reporting period ended 15 October 2017**

**[www.collinsfoods.com](http://www.collinsfoods.com)**



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## APPENDIX 4D

### Half-year Financial Report for the Financial Half-year ended 15 October 2017

Reporting period: 24 weeks to 15 October 2017

Previous corresponding period: 24 weeks to 16 October 2016

Results for announcement to the market

#### Revenue and net profit

|   | Percentage<br>Change % | Period ended<br>15 October 2017 | Period ended<br>16 October 2016 |
|---|------------------------|---------------------------------|---------------------------------|
|   |                        | \$000                           | \$000                           |
| Revenue from ordinary activities                                  | Up 14.0%               | 322,138                         | 282,493                         |
| Profit from ordinary activities after tax attributable to members | Down 17.5%             | 12,741                          | 15,442                          |
| Net profit for the period attributable to members                 | Down 17.5%             | 12,741                          | 15,442                          |

#### Dividends

|  | Amount per<br>Security | Franked amount<br>per security |
|--|------------------------|--------------------------------|
| Interim dividend for reporting period:                                   | 8.0 cents              | 8.0 cents                      |
| <ul style="list-style-type: none"><li>payable 21 December 2017</li></ul> |                        |                                |
| The record date for determining entitlements to the interim dividend:    |                        |                                |
| <ul style="list-style-type: none"><li>7 December 2017</li></ul>          |                        |                                |
| Interim dividend for previous corresponding period                       | 8.0 cents              | 8.0 cents                      |

#### Net tangible assets per security

|  | Current<br>Reporting<br>Period | Previous<br>Corresponding<br>Period |
|--|--------------------------------|-------------------------------------|
| Net tangible asset backing per ordinary security | \$(0.46)                       | \$(0.66)                            |

#### Details of associates

Joint venture entities and the percentage holding thereof are as follows:

| Entity                                 | Percentage Holding |
|--|--------------------|
| Sizzler Steak Seafood Salad(s) Pte Ltd | 50%                |
| Sizzler China Pte Ltd                  | 50%                |

#### Brief explanation of the figures reported above

Please refer to the review of operations on page 2.

## DIRECTORS' REPORT

Your Directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Collins Foods Limited (the Company) and the entities it controlled at the end of, or during the twenty-four week period ended 15 October 2017, which the Directors consider to be the first half (half-year) of the Group's financial year to 29 April 2018.

### Directors

The following persons were Directors of the Company during the half-year or up to the date of this report:

- Robert George Kaye SC
- Graham Joseph Maxwell
- Kevin William Joseph Perkins
- Bronwyn Kay Morris
- Newman Gerard Manion
- Russell Keith Tate.

### Review of operations

#### Net profit

The Group reported a statutory net profit attributable to members of \$12.7 million for the half-year. The net result was a decrease of \$2.7 million down 17.5%, compared to the net profit \$15.4 million reported in the previous corresponding period. This represents basic earnings per share of 11.31 cents compared to the previous corresponding period basic earnings per share of 16.19 cents.

Underlying net profit was \$17.4 million representing an increase of \$0.6m (3.7%) compared to the underlying net profit of \$16.8 million reported in the previous corresponding period.

#### Revenue and Expenses

Revenues (excluding finance revenues) for the first half of the financial year were \$322.1 million, up 14.0% compared to the previous corresponding period. Revenues in the KFC Australia restaurants segment were \$270.8 million, up 8.5% compared to the previous corresponding period. In the Sizzler restaurants segment, statutory revenues were \$24.0 million, down 23.0% compared to the previous corresponding period.

The change in sales revenues reported by the operating segments was primarily driven by the differential in restaurant numbers.

The growth in total revenues combined with disciplined business controls resulted in an adjusted EBITDA for the half-year of \$40.8 million, up 5.7% compared to the previous corresponding period.

#### Cash Flow and Balance Sheet

The net cash flow from operations reflected in the statutory statement of cash flows of \$27.2 million is higher than the prior comparable period driven by the growth in cash generated by the KFC restaurant segment.

Cash flow from investing activities was a net outflow of \$132.7 million reflecting expansion of the KFC portfolio through domestic and international acquisitions, market growth and further investment in existing facilities. The cash flow from financing activities was a net inflow of \$59.3 million, consisting of funding for the expansion of the operating segments partially offset by the Company's dividend payment.

Overall a net decrease in cash and cash equivalents resulted during the current reporting period. This decrease was driven by the cash consideration component associated with the acquisition of 16 KFC restaurants in the Netherlands and 5 in Western Australia.

Total indebtedness (net of capitalised borrowing costs) at 15 October 2017 was \$210 million, with undrawn facilities of \$113.2 million within the Revolving Bank Loan and \$34.2 million under the Working Capital Facility Agreement. Debt (net of cash and cash equivalents) at 15 October 2017 was \$149.4 million.

### Dividends

The Directors have declared a fully franked interim dividend of 8.0 cents per share payable on 21 December 2017.

### Auditors' Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 (Cth) (the Act) is set out on page 4.

## DIRECTORS' REPORT continued

### Australian Securities and Investments Commission Order

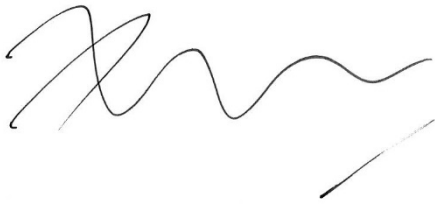
The Australian Securities and Investments Commission Order 11-0958 has granted the Company relief under section 340 of the Act which permits the Company to have a half-year that differs from that prescribed by the Act.

The first half-year period for the year ending 29 April 2018 is the twenty-four week period ended 15 October 2017. The comparative first half-year period, is the period which commenced on 1 May 2016 and ended on 16 October 2016.

### Rounding of amounts

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, issued by the Australian Securities and Investments Commission relating to the "rounding off" of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

This report is made in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to be 'Robert Kaye', written in a cursive style.

**Robert Kaye SC**  
Chairman

Brisbane  
29 November 2017

# AUDITOR'S INDEPENDENCE DECLARATION



## Auditor's Independence Declaration

As lead auditor for the review of Collins Foods Limited for the period 1 May 2017 to 15 October 2017, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Collins Foods Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'K Challenor', written in a cursive style.

Kim Challenor  
Partner  
PricewaterhouseCoopers

Brisbane  
29 November 2017

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## CONSOLIDATED INCOME STATEMENT

For the reporting period ended 15 October 2017

|  | Note | Period ended<br>15 October 2017 | Period ended<br>16 October 2016 |
|--|------|---------------------------------|---------------------------------|
|  |      | \$000                           | \$000                           |
| Revenue  | A3   | 322,138                         | 282,493                         |
| Cost of sales  |      | (152,595)                       | (133,207)                       |
| Gross profit   |      | 169,543                         | 149,286                         |
| Selling, marketing and royalty expenses  |      | (65,761)                        | (57,497)                        |
| Occupancy expenses   |      | (26,079)                        | (21,933)                        |
| Restaurant related expenses <sup>[1]</sup>   |      | (31,942)                        | (25,361)                        |
| Administration expenses <sup>[2]</sup>   |      | (18,652)                        | (16,939)                        |
| Other expenses   |      | (2,518)                         | (1,916)                         |
| Other income <sup>[3]</sup>  | A3   | 384                             | 1,001                           |
| Profit from continuing operations before finance income, finance costs and income tax (EBIT) |      | 24,975                          | 26,641                          |
| Finance income   | A4   | 200                             | 227                             |
| Finance costs <sup>[4]</sup>   | A4   | (4,985)                         | (3,964)                         |
| Share of net profit of joint ventures accounted for using the equity method                  |      | 159                             | 47                              |
| <b>Profit from continuing operations before income tax</b>                                   |      | <b>20,349</b>                   | <b>22,951</b>                   |
| Income tax expense   | E4   | (7,608)                         | (7,509)                         |
| <b>Profit from continuing operations</b>   |      | <b>12,741</b>                   | <b>15,442</b>                   |
| <b>Net profit attributable to members of Collins Foods Limited</b>                           |      | <b>12,741</b>                   | <b>15,442</b>                   |
| Basic earnings per share   |      | 11.31 cps                       | 16.19 cps <sup>[5]</sup>        |
| Diluted earnings per share   |      | 11.27 cps                       | 16.10 cps <sup>[5]</sup>        |
| Weighted average basic ordinary shares outstanding   |      | 112,670,234                     | 95,363,029                      |
| Weighted average diluted ordinary shares outstanding   |      | 113,030,625                     | 95,910,420                      |

[1] Restaurant related expenses in the current reporting period include \$1.2 million of costs relating to business restructure.

[2] Administration expenses in the current reporting period include \$2.1 million of costs relating to business acquisitions and \$1.8 million in the prior reporting period.

[3] In the prior reporting period, other income in the current reporting period includes a \$0.6 million gain on disposal of property, plant and equipment.

[4] Finance costs in the current reporting period include \$1.0 million of previous refinance debt extinguishment costs.

[5] The comparative earnings per share has been restated for the bonus element of the one-for-eleven entitlement offer undertaken.

The above Consolidated Income Statement should be read in conjunction with the accompanying Notes.



## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the reporting period ended 15 October 2017

|  | Period ended<br>15 October 2017 | Period ended<br>16 October 2016 |
|--|---------------------------------|---------------------------------|
|  | \$000                           | \$000                           |
| Net profit attributable to members of Collins Foods Limited                    | 12,741                          | 15,442                          |
| <b>Items that may be reclassified to profit or loss</b>                        |                                 |                                 |
| Other comprehensive income / (expense):  |                                 |                                 |
| Exchange difference upon translation of foreign operations                     | 1,158                           | 81                              |
| Cash flow hedges   | 942                             | (306)                           |
| Income tax relating to components of other comprehensive income                | (283)                           | 92                              |
| Other comprehensive income / (expense) for the reporting period,<br>net of tax | 1,817                           | (133)                           |
| <b>Total comprehensive income for the reporting period</b>                     | <b>14,558</b>                   | <b>15,309</b>                   |
| Total comprehensive income for the reporting period is attributable to:        |                                 |                                 |
| <b>Owners of the parent</b>  | <b>14,558</b>                   | <b>15,309</b>                   |

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying Notes.

## CONSOLIDATED BALANCE SHEET

For the reporting period ended 15 October 2017

|   | Note | 15 October 2017 | 30 April 2017  |
|---|------|-----------------|----------------|
|   |      | \$000           | \$000          |
| <b>Current assets</b>                             |      |                 |                |
| Cash and cash equivalents                         |      | 60,580          | 104,751        |
| Receivables                                       |      | 6,468           | 4,241          |
| Inventories                                       |      | 5,494           | 5,076          |
| Other   |      | 2,765           | -              |
| <b>Total current assets</b>                       |      | <b>75,307</b>   | <b>114,068</b> |
| <b>Non-current assets</b>                         |      |                 |                |
| Property, plant and equipment                     | E1   | 129,826         | 103,380        |
| Intangible assets, net                            | E2   | 370,931         | 282,470        |
| Deferred tax assets, net                          |      | 26,641          | 26,684         |
| Receivables                                       |      | 5               | 6              |
| Investments accounted for using the equity method |      | 1,730           | 1,571          |
| <b>Total non-current assets</b>                   |      | <b>529,133</b>  | <b>414,111</b> |
| <b>Total assets</b>                               |      | <b>604,440</b>  | <b>528,179</b> |
| <b>Current liabilities</b>                        |      |                 |                |
| Trade and other payables                          |      | 62,940          | 61,863         |
| Current tax liabilities                           |      | 2,161           | 4,648          |
| Derivative financial instruments                  |      | 1,656           | 1,773          |
| Provisions  |      | 7,348           | 5,298          |
| <b>Total current liabilities</b>                  |      | <b>74,105</b>   | <b>73,582</b>  |
| <b>Non-current liabilities</b>                    |      |                 |                |
| Borrowings  | C    | 210,008         | 183,022        |
| Derivative financial instruments                  |      | 787             | 1,684          |
| Provisions  |      | 2,759           | 3,098          |
| <b>Total non-current liabilities</b>              |      | <b>213,554</b>  | <b>187,804</b> |
| <b>Total liabilities</b>                          |      | <b>287,659</b>  | <b>261,386</b> |
| <b>Net assets</b>                                 |      | <b>316,781</b>  | <b>266,793</b> |
| <b>Equity</b>                                     |      |                 |                |
| Contributed equity                                | D    | 290,329         | 245,260        |
| Reserves  | E3   | 5,194           | 3,420          |
| Retained earnings                                 |      | 21,258          | 18,113         |
| <b>Total equity</b>                               |      | <b>316,781</b>  | <b>266,793</b> |

The above Consolidated Balance Sheet should be read in conjunction with the accompanying Notes.

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the reporting period ended 15 October 2017

|   | Note | Period ended<br>15 October 2017 | Period ended<br>16 October 2016 |
|---|------|---------------------------------|---------------------------------|
|   |      | \$000                           | \$000                           |
| <b>Cash flows from operating activities</b>   |      |                                 |                                 |
| Receipts from customers   |      | 353,641                         | 309,916                         |
| Payments to suppliers and employees   |      | (296,168)                       | (255,736)                       |
| GST paid  |      | (17,509)                        | (15,870)                        |
| Interest received   |      | 189                             | 215                             |
| Interest and other borrowing costs paid   |      | (3,776)                         | (4,151)                         |
| Income tax paid   |      | (9,206)                         | (8,105)                         |
| Net operating cash flows  |      | 27,171                          | 26,269                          |
| <b>Cash flows from investing activities</b>   |      |                                 |                                 |
| Payment for acquisition of subsidiary, net of cash acquired<br>(New South Wales/Victoria KFC Acquisition) |      | -                               | (15,342)                        |
| Net of cash acquired upon acquisition of subsidiary<br>(Snag Stand Acquisition)                           |      | -                               | 282                             |
| Payment for acquisition of subsidiary, net of cash acquired<br>(Western Australia KFC Acquisition)        | A2   | (18,244)                        | -                               |
| Deposit for acquisition of subsidiary, net of cash acquired<br>(KFC Australia Acquisition)                |      | (2,765)                         | -                               |
| Payment for acquisition of subsidiary, net of cash acquired<br>(Netherlands KFC Acquisition)              | A2   | (94,190)                        | -                               |
| Purchase of franchise rights  |      | (427)                           | (127)                           |
| Payments for plant and equipment  |      | (17,104)                        | (15,483)                        |
| Net investing cash flows  |      | (132,730)                       | (30,670)                        |
| <b>Cash flow from financing activities</b>  |      |                                 |                                 |
| Proceeds from borrowings - bank loan facilities   |      | 42,518                          | -                               |
| Repayment of borrowings and other obligations   |      | (16,000)                        | -                               |
| Loans advanced - related parties  |      | -                               | (200)                           |
| Refinance fees paid   |      | (1,824)                         | -                               |
| Proceeds from share entitlement offer   | D    | 46,065                          | -                               |
| Share entitlement offer costs   | D    | (1,827)                         | -                               |
| Dividends paid  | B2   | (9,596)                         | (7,440)                         |
| Net financing cash flows  |      | 59,336                          | (7,640)                         |
| <b>Net decrease in cash and cash equivalents</b>  |      |                                 |                                 |
|   |      | (46,223)                        | (12,041)                        |
| Cash and cash equivalents at the beginning of the reporting period  |      | 104,751                         | 52,464                          |
| Effects of exchange rate changes on cash and cash equivalents   |      | 2,052                           | 7                               |
| <b>Cash and cash equivalents at the end of the reporting period</b>                                       |      | <b>60,580</b>                   | <b>40,430</b>                   |

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying Notes.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the reporting period ended 15 October 2017

|  | Note | Contributed<br>Equity | Reserves     | Retained<br>earnings | Total<br>Equity |
|--|------|-----------------------|--------------|----------------------|-----------------|
|  |      | \$000                 | \$000        | \$000                | \$000           |
| <b>Balance as at 1 May 2016</b>                            |      | 182,098               | 2,364        | 5,235                | 189,697         |
| Profit for the reporting period                            |      | -                     | -            | 15,442               | 15,442          |
| Other comprehensive income                                 |      | -                     | (133)        | -                    | (133)           |
| <b>Total comprehensive income for the reporting period</b> |      | -                     | (133)        | 15,442               | 15,309          |
| Transactions with owners in their capacity as owners:      |      |                       |              |                      |                 |
| Dividends provided for or paid                             | B2   | -                     | -            | (7,440)              | (7,440)         |
| Share-based payments                                       |      | -                     | 191          | -                    | 191             |
| Shares issued (net of transaction costs)                   |      | 9,979                 | -            | -                    | 9,979           |
| Performance rights vested                                  |      | 798                   | (798)        | -                    | -               |
| <b>Balance as at 16 October 2016</b>                       |      | <b>192,875</b>        | <b>1,624</b> | <b>13,237</b>        | <b>207,736</b>  |
| <b>Balance as at 30 April 2017</b>                         |      | <b>\$000</b>          | <b>\$000</b> | <b>\$000</b>         | <b>\$000</b>    |
| <b>Beginning of the reporting period</b>                   |      | 245,260               | 3,420        | 18,113               | 266,793         |
| Profit for the reporting period                            |      | -                     | -            | 12,741               | 12,741          |
| Other comprehensive income                                 |      | -                     | 1,817        | -                    | 1,817           |
| <b>Total comprehensive income for the reporting period</b> |      | -                     | 1,817        | 12,741               | 14,558          |
| Transactions with owners in their capacity as owners:      |      |                       |              |                      |                 |
| Dividends provided for or paid                             | B2   | -                     | -            | (9,596)              | (9,596)         |
| Share-based payments                                       |      | -                     | 240          | -                    | 240             |
| Shares issued (net of transaction costs)                   | D    | 44,786                | -            | -                    | 44,786          |
| Performance rights vested                                  | D    | 283                   | (283)        | -                    | -               |
| <b>Balance as at 15 October 2017</b>                       |      | <b>290,329</b>        | <b>5,194</b> | <b>21,258</b>        | <b>316,781</b>  |

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying Notes.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### A/ FINANCIAL OVERVIEW

This section provides information that is most relevant to explaining the Group's performance during the year, and where relevant, the accounting policies that have been applied and significant estimates and judgments made.

A1/ Segment information

A2/ Business combinations

A3/ Revenue and other income

A4/ Expenses

### A1/ Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing the performance of the operating segments, has been identified as the Managing Director & CEO.

#### Description of segments

Management has determined the operating segments based on the reports reviewed by the Managing Director & CEO that are used to make strategic decisions. Hence four reportable segments have been identified: KFC Restaurants Australia and Europe (competing in the quick service restaurant market), Sizzler Restaurants (competing in the full service restaurant market), Shared Services which performs a number of administrative and management functions for the Group's KFC and Sizzler Restaurants and other which primarily includes Snag Stand trading activities.

#### Segment information provided to the Managing Director & CEO

The following is an analysis of the revenue and results by reportable operating segment for the periods under review:

|   | KFC<br>Restaurants<br>Australia | Sizzler<br>Restaurants | KFC<br>Restaurants<br>Europe | Shared<br>Services | Other | Total   |
|---|---------------------------------|------------------------|------------------------------|--------------------|-------|---------|
| Period ended 15 October 2017              | \$000                           | \$000                  | \$000                        | \$000              | \$000 | \$000   |
| Total segment revenue                     | 270,816                         | 24,040                 | 25,695                       | –                  | 1,587 | 322,138 |
| Adjusted EBITDA <sup>[1]</sup>            | 45,474                          | 2,312                  | 423                          | (7,043)            | (402) | 40,764  |
| Depreciation, amortisation and impairment | 9,953                           | 620                    | 1,134                        | 502                | 35    | 12,244  |
| Finance costs – net                       | (2)                             | –                      | 16                           | 4,771              | –     | 4,785   |
| Income tax expense                        |                                 |                        |                              |                    |       | 7,608   |
| Period ended 16 October 2016              | \$000                           | \$000                  | \$000                        | \$000              | \$000 | \$000   |
| Total segment revenue                     | 249,596                         | 31,212                 | –                            | –                  | 1,685 | 282,493 |
| Adjusted EBITDA <sup>[1]</sup>            | 42,276                          | 2,698                  | –                            | (6,378)            | (18)  | 38,578  |
| Depreciation, amortisation and impairment | 9,263                           | 666                    | –                            | 529                | 93    | 10,551  |
| Finance costs – net                       | (2)                             | (1)                    | –                            | 3,740              | –     | 3,737   |
| Income tax expense                        |                                 |                        |                              |                    |       | 7,509   |

[1] Refer below for a description and reconciliation of Adjusted EBITDA.

#### Other segment information

##### Segment revenue

There are no sales between segments. The revenue from external parties reported to the Board is measured in a manner consistent with that in the Consolidated Income Statement.

Revenue from external customers is derived from the sale of food in KFC, Sizzler Restaurant, and Snag Stand outlets.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

### A1/ Segment information continued

#### Adjusted EBITDA

The Board assesses the performance of the operating segments based on a measure of Adjusted EBITDA. This measurement basis excludes the effects of costs associated with acquisitions (refer to Note A2), additionally, impairment of property, plant, equipment, franchise rights, brand assets and goodwill are also excluded. Net finance costs (including the impact of derivative financial instruments) are not allocated to segments as this type of activity is driven by the central treasury function, which manages the cash position of the Group.

A reconciliation of Adjusted EBITDA to profit from continuing operations before income tax is provided as follows:

|  | Period ended<br>15 October 2017 | Period ended<br>16 October 2016 |
|--|---------------------------------|---------------------------------|
|  | \$000                           | \$000                           |
| Adjusted EBITDA  | 40,764                          | 38,578                          |
| Finance costs – net  | (4,785)                         | (3,737)                         |
| Performance rights   | (240)                           | (191)                           |
| Depreciation   | (11,486)                        | (9,874)                         |
| Amortisation   | (758)                           | (677)                           |
| Restructure costs  | (1,200)                         | –                               |
| Costs of acquisitions expensed   | (2,105)                         | (1,800)                         |
| Gain on disposal of property, plant and equipment relating to insurance recovery | –                               | 605                             |
| Share of net profit of joint ventures accounted for using the equity method      | 159                             | 47                              |
| Profit from continuing operations before income tax                              | <b>20,349</b>                   | <b>22,951</b>                   |

### A2/ Business combinations

#### KFC Restaurants (Australia) - summary of acquisition

On 26 June 2017, Collins Foods South Pty Ltd, a wholly owned subsidiary of Collins Foods Limited entered into binding agreements to acquire 28 KFC restaurants located in Western Australia, South Australia and Tasmania. On 9 October 2017 the acquisition of five restaurants in Western Australia was completed as reflected below. The acquisition of five South Australian restaurants completed on 23 October 2017 for \$18.5 million and a further restaurant located in Western Australia completed on 14 November 2017 for \$2.4 million. The remaining restaurant acquisitions are scheduled to complete at varying dates prior to the end of the calendar year. The primary reason for the acquisition was to expand operations in the quick service restaurant market and consolidate the Company's position as the largest KFC franchisee in Australia.

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

|                               | \$000  |
|-------------------------------|--------|
| <b>Purchase consideration</b> |        |
| Cash paid                     | 18,259 |

The provisional fair values of the assets and liabilities of the business acquired as at the date of acquisition are as follows:

|                                  | Fair value    |
|----------------------------------|---------------|
|                                  | \$000         |
| Cash                             | 15            |
| Inventories                      | 69            |
| Property, plant and equipment    | 7,379         |
| Intangible assets                | 266           |
| Deferred tax asset, net          | 520           |
| Trade and other payables         | (83)          |
| Provisions                       | (434)         |
| Net identifiable assets acquired | 7,732         |
| Goodwill                         | 10,527        |
| <b>Net assets acquired</b>       | <b>18,259</b> |

The goodwill, once finalised, will represent the value of markets with an established business name that has a strong reputation and market presence.

### Acquisition - related costs

Acquisition related costs of \$1.4 million have been recognised in the statement of profit and loss and other comprehensive income (administration expenses) and in operating cash flows in the statement of cash flows (payments to suppliers and employees).

|   | As at acquisition date |
|---|------------------------|
|   | \$000                  |
| <b>Purchase consideration – cash flow</b> |                        |
| Cash consideration                        | 18,259                 |
| Less balances acquired                    | 15                     |
| Outflow of cash - investing activities    | 18,244                 |

### KFC Restaurants (Netherlands) - summary of acquisition

On 31 August 2017 Collins Foods Netherlands Limited, a subsidiary of Collins Foods Limited, acquired 16 KFC Restaurants located in the Netherlands from subsidiaries of Yum! Brands Inc. The purchase price was Euro €62.3 million plus inventory and available cash at each restaurant, adjusted down for employee liabilities accrued prior to completion. The acquisition provides a strategic entry into the KFC Netherlands market which further supports the growth platform for Collins Foods' KFC operations outside of Australia.

The provisional fair values of the assets and liabilities of the business acquired as at the date of acquisition are as follows:

|                               | \$000  |
|-------------------------------|--------|
| <b>Purchase consideration</b> |        |
| Cash paid                     | 94,292 |

The provisional fair values of the assets and liabilities of the business acquired as at the date of acquisition are as follows:

|                                  | Fair value    |
|----------------------------------|---------------|
|                                  | \$000         |
| Cash                             | 102           |
| Inventories                      | 392           |
| Property, plant and equipment    | 15,652        |
| Intangible assets                | 1,005         |
| Net identifiable assets acquired | 17,151        |
| Goodwill                         | 77,141        |
| <b>Net assets acquired</b>       | <b>94,292</b> |

The goodwill, once finalised, will represent the value of markets with an established business name that has a strong reputation and market presence.

### Acquisition - related costs

Acquisition related costs of \$0.7 million have been recognised in the statement of profit or loss and other comprehensive income (administration expenses) and in operating cash flows in the statement of cash flows (payments to suppliers and employees).

|   | As at acquisition date |
|---|------------------------|
|   | \$000                  |
| <b>Purchase consideration – cash flow</b> |                        |
| Cash consideration                        | 94,292                 |
| Less balances acquired                    | 102                    |
| Outflow of cash - investing activities    | 94,190                 |

### Revenue and profit contribution

If the above KFC Australia and KFC Netherlands acquisitions had occurred on 1 May 2017, consolidated proforma revenue and Adjusted EBITDA for the period ended 15 October 2017 would have been \$362.6 million and \$47.6 million respectively.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

### A3/ Revenue and other income

|   | Period ended<br>15 October 2017 | Period ended<br>16 October 2016 |
|---|---------------------------------|---------------------------------|
|   | \$000                           | \$000                           |
| <b>Revenue from continuing operations</b>             |                                 |                                 |
| Sales revenue:  |                                 |                                 |
| Sale of goods   | 320,396                         | 280,691                         |
| Other revenue:  |                                 |                                 |
| Franchise revenue from external parties               | 1,742                           | 1,802                           |
| <b>Total revenue</b>                                  | <b>322,138</b>                  | <b>282,493</b>                  |
| <b>Other income</b>                                   |                                 |                                 |
| Net gain on disposal of property, plant and equipment | 14                              | 545                             |
| Traineeship income                                    | 33                              | 74                              |
| Other   | 337                             | 382                             |
| <b>Total other income</b>                             | <b>384</b>                      | <b>1,001</b>                    |

### A4/ Expenses

|   | Period ended<br>15 October 2017 | Period ended<br>16 October 2016 |
|---|---------------------------------|---------------------------------|
|   | \$000                           | \$000                           |
| Profit from continuing operations before income tax includes the following specific expenses: |                                 |                                 |
| <b>Depreciation, amortisation and impairment</b>  |                                 |                                 |
| Depreciation  | 11,486                          | 9,874                           |
| Amortisation  | 758                             | 677                             |
| <b>Total depreciation, amortisation and impairment</b>  | <b>12,244</b>                   | <b>10,551</b>                   |
| <b>Finance income and costs</b>   |                                 |                                 |
| Finance income  | (200)                           | (227)                           |
| Finance costs   | 4,985                           | 3,964                           |
| <b>Net finance costs</b>  | <b>4,785</b>                    | <b>3,737</b>                    |
| <b>Employee benefits expense</b>  |                                 |                                 |
| Wages and salaries  | 77,016                          | 66,599                          |
| Defined contribution superannuation expense   | 6,142                           | 4,953                           |
| Employee entitlements   | 5,787                           | 4,947                           |
| <b>Total employee benefits expense</b>  | <b>88,945</b>                   | <b>76,499</b>                   |
| Operating lease rentals   | 18,412                          | 15,165                          |
| Inventories recognised as an expense  | 105,699                         | 93,455                          |
| Performance rights  | 240                             | 191                             |
| Bank transaction fees   | 1,503                           | 1,103                           |



## B/ CASH MANAGEMENT

Collins Foods Limited has a focus on maintaining a strong balance sheet with the strategy incorporating the Group's expenditure, growth and acquisition requirements, and the desire to return dividends to shareholders.

B1/ Borrowings

B2/ Dividends

### B1/ Borrowings

Available financing facilities

|        | 15 October 2017          |                      | 30 April 2017            |                      |
|--------|--------------------------|----------------------|--------------------------|----------------------|
|        | Working Capital Facility | Revolving Bank Loans | Working Capital Facility | Revolving Bank Loans |
|        | \$000                    | \$000                | \$000                    | \$000                |
| Used   | 782                      | 211,594              | 807                      | 183,981              |
| Unused | 34,186                   | 113,245              | 14,193                   | 63,838               |
| Total  | 34,968                   | 324,839              | 15,000                   | 247,819              |

### B2/ Dividends

|  | Period ended    | Period ended    |
|--|-----------------|-----------------|
|  | 15 October 2017 | 16 October 2016 |
|  | \$000           | \$000           |
| <b>Ordinary shares</b>   |                 |                 |
| Dividends provided for or paid during the half-year  | 9,596           | 7,440           |
| <b>Dividends not recognised at the end of the half-year</b>  |                 |                 |
| In addition to the above dividends, since the end of the half-year the directors have recommended the payment of an interim dividend of 8.0 cents per fully paid ordinary share (prior half-year - 8.0 cents), fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 21 December 2017 out of retained earnings at 15 October 2017, but not recognised as a liability at the end of the half-year, is \$9,317,411. | 9,317           | 7,670           |

## C/ RECOGNISED FAIR VALUE MEASUREMENTS

### Fair value hierarchy

Judgements and estimates are made in determining the fair values of assets and liabilities that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified such assets and liabilities into the three levels prescribed under the accounting standards.

The fair values of derivative instruments are determined as the estimated amount that the Group and the Company would receive or pay to terminate the interest rate swap at the end of the reporting period, taking into account the current interest rate.

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

Financial instruments that are measured subsequent to initial recognition at fair value are grouped into Levels 1 to 3, based on the degree to which the fair value is observable. The different levels have been identified as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (**Level 1**);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (**Level 2**); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (**Level 3**).

As at the end of the current reporting period and the prior reporting period, the Group has derivative financial instruments which are classified as Level 3 financial instruments. There are no Level 1 or Level 2 financial instruments.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

### C/ Recognised fair value measurements continued

#### Disclosed fair values

The Group also has assets and liabilities which are not measured at fair value, but for which fair values are disclosed in the notes to the financial statements.

#### Receivables

Due to the short term nature of the current receivables, their carrying amount is assumed to be the same as their fair value. For the majority of non-current receivables, the fair values are not materially different to their carrying amounts, since the interest on those receivables is close to current market rates.

#### Trade and other payables

Due to the short term nature of the trade and other payables, their carrying amount is assumed to be the same as their fair value.

#### Borrowings

The fair value of borrowings is as follows:

|                                    | 15 October 2017 |            |               | 30 April 2017   |            |               |
|------------------------------------|-----------------|------------|---------------|-----------------|------------|---------------|
|                                    | Carrying amount | Fair value | Discount rate | Carrying amount | Fair value | Discount rate |
|                                    | \$000           | \$000      | %             | \$000           | \$000      | %             |
| Bank Loan (net of borrowing costs) | 210,008         | 187,319    | 5.8%          | 183,022         | 175,892    | 5.8%          |

The fair value of non-current borrowings is based on discounted cash flows using the rate disclosed in the table above. They are classified as Level 3 values in the fair value hierarchy due to the use of unobservable inputs, including the credit risk of the Group.

#### Valuation processes

The finance department of the Group engages a third party expert valuation firm to perform the valuation of derivative financial instruments that are required to be measured, recognised and disclosed in the financial statements, at fair value. This includes Level 3 fair values. The finance department reports directly to the Group Chief Financial Officer (Group CFO) and the Audit and Risk Committee (ARC). Discussions of valuation processes and results are held between the Group CFO, ARC and the finance department at least once every six months, in line with the Group's half-year reporting periods.

The main Level 3 inputs used by the Group are derived and evaluated as follows:

- discount rates for financial assets and financial liabilities are determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset.

Changes in Level 2 and Level 3 fair values are analysed at the end of each reporting period during the half-year valuation discussion between the Group CFO, ARC and the finance department. As part of this discussion the finance department presents a report that explains the reason for the fair value movements.

## D/ CONTRIBUTED EQUITY

### Overview

The movements in contributed equity during the period related to shares issued to partially fund the acquisition of KFC Restaurants and shares issued under the Performance Rights Plan. The Performance Rights Plan is considered important as a mechanism for driving business improvement and overall results.

### Reconciliation of ordinary share capital

The following reconciliation summarises the movements in issued capital during the period. Detailed information on each issue of shares is publicly available via the ASX.

### Equity of parent company

|  | Date            | PARENT ENTITY                   |                        | Total equity<br>\$000 |
|--|-----------------|---------------------------------|------------------------|-----------------------|
|  |                 | Ordinary shares<br>– fully paid | Share capital<br>\$000 |                       |
| Balance                                  | 30 April 2017   | 106,251,049                     | 245,260                | 245,260               |
| Shares issued during the period          | 5 May 2017      | 371,145                         | 1,948                  | 1,948                 |
| Shares issued during the period          | 6 July 2017     | 5,681,930                       | 25,853                 | 25,853                |
| Senior Executive Performance Rights Plan | 11 July 2017    | 149,527                         | 283                    | 283                   |
| Shares issued during the period          | 19 July 2017    | 4,013,986                       | 18,264                 | 18,264                |
| Less capital raising costs               |                 |                                 | (1,279)                | (1,279)               |
| Balance                                  | 15 October 2017 | 116,467,637                     | 290,329                | 290,329               |

## E/ OTHER INFORMATION

E1/ Property, plant and equipment

E2/ Intangible assets

E3/ Reserves

E4/ Tax

### E1/ Property, plant and equipment

|  | Land &<br>buildings<br>\$000 | Leasehold<br>improvements<br>\$000 | Plant &<br>equipment<br>\$000 | Construction<br>in progress<br>\$000 | Total<br>\$000 |
|--|------------------------------|------------------------------------|-------------------------------|--------------------------------------|----------------|
| <b>Opening balance at 2 May 2016</b>               |                              |                                    |                               |                                      |                |
| Cost   | 5,475                        | 127,458                            | 87,459                        | 10,156                               | 230,548        |
| Accumulated depreciation<br>(including impairment) | (1,710)                      | (80,164)                           | (60,674)                      | –                                    | (142,548)      |
| <b>Net book amount at 2 May 2016</b>               | 3,765                        | 47,294                             | 26,785                        | 10,156                               | 88,000         |
| Additions  | 13                           | 1,254                              | 3,396                         | 22,775                               | 27,438         |
| Transfers from construction in<br>progress         | –                            | 17,376                             | 8,204                         | (25,580)                             | –              |
| Depreciation expense                               | (23)                         | (12,315)                           | (9,812)                       | –                                    | (22,150)       |
| Impairment charge                                  | –                            | (667)                              | (545)                         | –                                    | (1,212)        |
| Disposals - cost                                   | (1,620)                      | (5,060)                            | (6,217)                       | (13)                                 | (12,910)       |
| Disposals - accumulated<br>depreciation            | 1,620                        | 5,006                              | 5,875                         | –                                    | 12,501         |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

### E1/ Property, plant and equipment continued

|   | Land & buildings | Leasehold improvements | Plant & equipment | Construction in progress | Total          |
|---|------------------|------------------------|-------------------|--------------------------|----------------|
|   | \$000            | \$000                  | \$000             | \$000                    | \$000          |
| Acquisition through controlled entity purchased | –                | 5,698                  | 5,903             | 41                       | 11,642         |
| Foreign currency translation - cost             | –                | 36                     | 48                | –                        | 84             |
| Foreign currency translation - accumulated      | –                | (4)                    | (9)               | –                        | (13)           |
| <b>Net book amount at 30 April 2017</b>         | <b>3,755</b>     | <b>58,618</b>          | <b>33,628</b>     | <b>7,379</b>             | <b>103,380</b> |

| <b>Opening balance at 1 May 2017</b>            |              |               |               |              |                |
|---|--------------|---------------|---------------|--------------|----------------|
| Cost  | 3,868        | 146,762       | 98,793        | 7,379        | 256,802        |
| Accumulated depreciation (including impairment) | (113)        | (88,144)      | (65,165)      | –            | (153,422)      |
| <b>Net book amount at 1 May 2017</b>            | <b>3,755</b> | <b>58,618</b> | <b>33,628</b> | <b>7,379</b> | <b>103,380</b> |

|   |              |               |               |               |                |
|---|--------------|---------------|---------------|---------------|----------------|
| Additions                                       | –            | 491           | 1,917         | 12,224        | 14,632         |
| Transfers from construction in progress         | –            | 5,372         | 3,088         | (8,460)       | –              |
| Depreciation expense                            | (5)          | (6,420)       | (5,061)       | –             | (11,486)       |
| Disposals - cost                                | –            | –             | –             | (2)           | (2)            |
| Acquisition through controlled entity purchased | –            | 16,787        | 6,244         | –             | 23,031         |
| Foreign currency translation - cost             | –            | 89            | 159           | 44            | 292            |
| Foreign currency translation - accumulated      | –            | 5             | (26)          | –             | (21)           |
| <b>Net book amount at 15 October 2017</b>       | <b>3,750</b> | <b>74,942</b> | <b>39,949</b> | <b>11,185</b> | <b>129,826</b> |

| <b>At 15 October 2017</b>   |              |               |               |               |                |
|---|--------------|---------------|---------------|---------------|----------------|
| Cost  | 3,868        | 169,501       | 110,201       | 11,185        | 294,755        |
| Accumulated amortisation (including accumulated impairment losses & foreign currency translation) | (118)        | (94,559)      | (70,252)      | –             | (164,929)      |
| <b>Net book amount at 15 October 2017</b>   | <b>3,750</b> | <b>74,942</b> | <b>39,949</b> | <b>11,185</b> | <b>129,826</b> |

## E2/ Intangible assets

|   | Goodwill       | Franchise Rights | Sizzler brand Australia | Sizzler brand Asia | Other     | Total          |
|---|----------------|------------------|-------------------------|--------------------|-----------|----------------|
|   | \$000          | \$000            | \$000                   | \$000              | \$000     | \$000          |
| <b>Opening balance at 2 May 2016</b>  |                |                  |                         |                    |           |                |
| Cost  | 257,087        | 7,789            | 11,261                  | 16,795             | -         | 292,932        |
| Accumulated amortisation (including accumulated impairment losses & foreign currency translation) | (27,146)       | (2,565)          | (11,261)                | (4,008)            | -         | (44,980)       |
| <b>Net book amount at 2 May 2016</b>  | <b>229,941</b> | <b>5,224</b>     | <b>-</b>                | <b>12,787</b>      | <b>-</b>  | <b>247,952</b> |
| Purchase of controlled entities   | 34,721         | 1,160            | -                       | -                  | 28        | 35,909         |
| Additions   | -              | 658              | -                       | -                  | -         | 658            |
| Amortisation  | -              | (685)            | -                       | (857)              | (4)       | (1,546)        |
| Impairment charge   | (924)          | -                | -                       | -                  | -         | (924)          |
| Foreign currency translation - cost   | 186            | -                | -                       | 292                | -         | 478            |
| Foreign currency translation - accumulated  | -              | 10               | -                       | (67)               | -         | (57)           |
| <b>Net book amount at 30 April 2017</b>   | <b>263,924</b> | <b>6,367</b>     | <b>-</b>                | <b>12,155</b>      | <b>24</b> | <b>282,470</b> |
| <b>Opening balance at 1 May 2017</b>  |                |                  |                         |                    |           |                |
| Cost  | 291,994        | 9,607            | 11,261                  | 17,087             | 28        | 329,977        |
| Accumulated amortisation (including accumulated impairment losses & foreign currency translation) | (28,070)       | (3,240)          | (11,261)                | (4,932)            | (4)       | (47,507)       |
| <b>Net book amount at 1 May 2017</b>  | <b>263,924</b> | <b>6,367</b>     | <b>-</b>                | <b>12,155</b>      | <b>24</b> | <b>282,470</b> |
| Purchase of controlled entities   | 87,668         | 1,271            | -                       | -                  | -         | 88,939         |
| Additions   | -              | 427              | -                       | -                  | -         | 427            |
| Amortisation  | -              | (350)            | -                       | (384)              | (24)      | (758)          |
| Impairment charge   | -              | -                | -                       | -                  | -         | -              |
| Foreign currency translation - cost   | 352            | 92               | -                       | (750)              | -         | (306)          |
| Foreign currency translation - accumulated  | -              | (64)             | -                       | 223                | -         | 159            |
| <b>Net book amount at 15 October 2017</b>   | <b>351,944</b> | <b>7,743</b>     | <b>-</b>                | <b>11,244</b>      | <b>-</b>  | <b>370,931</b> |
| <b>Closing balance at 15 October 2017</b>   |                |                  |                         |                    |           |                |
| Cost  | 380,014        | 11,397           | 11,261                  | 16,337             | 28        | 419,037        |
| Accumulated amortisation (including accumulated impairment losses & foreign currency translation) | (28,070)       | (3,654)          | (11,261)                | (5,093)            | (28)      | (48,106)       |
| <b>Net book amount at 15 October 2017</b>   | <b>351,944</b> | <b>7,743</b>     | <b>-</b>                | <b>11,244</b>      | <b>-</b>  | <b>370,931</b> |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

### E3/ Reserves

|  | Period ended<br>15 October 2017 | Period ended<br>30 April 2017 |
|--|---------------------------------|-------------------------------|
|  | \$000                           | \$000                         |
| Hedging - cash flow hedges                               | (1,673)                         | (2,332)                       |
| Foreign currency translation                             | 7,737                           | 5,495                         |
| Share-based payments                                     | 600                             | 643                           |
| Net investment hedge                                     | (1,470)                         | (386)                         |
|  | 5,194                           | 3,420                         |
| Movements in net investment hedge reserve:               |                                 |                               |
| Opening balance  | (386)                           | -                             |
| Exchange fluctuations arising on net investment in hedge | (1,084)                         | (386)                         |
| Closing balance  | (1,470)                         | (386)                         |

### E4/ Tax

#### a) Income tax expense

|   | Period ended<br>15 October 2017 | Period ended<br>16 October 2016 |
|---|---------------------------------|---------------------------------|
|   | \$000                           | \$000                           |
| <b>Income tax expense</b>   |                                 |                                 |
| Current tax   | 6,938                           | 8,475                           |
| Deferred tax  | 830                             | (750)                           |
| Amounts over provided in prior reporting periods  | (160)                           | (216)                           |
|   | 7,608                           | 7,509                           |
| Income tax expense is attributable to:  |                                 |                                 |
| Profit from continuing operations   | 7,608                           | 7,509                           |
| Aggregate income tax expense  | 7,608                           | 7,509                           |
| <b>Numerical reconciliation of income tax expense to prima facie tax payable</b>          |                                 |                                 |
| Profit from continuing operations before income tax expense                               | 20,349                          | 22,951                          |
| Tax at the Australian tax rate of 30%   | 6,104                           | 6,885                           |
| Tax effect of amounts which are not deductible / (taxable) in calculating taxable income: |                                 |                                 |
| Other non-deductible expenses   | 653                             | 974                             |
| Withholding tax credits not brought to account  | 270                             | 278                             |
| Non-assessable income received  | (392)                           | (412)                           |
| Effect of tax rates in other countries  | 28                              | -                               |
| De-recognition of deferred tax asset  | 1,105                           | -                               |
|   | 7,768                           | 7,725                           |
| Amounts over provided in prior reporting periods  | (160)                           | (216)                           |
| Income tax expense  | 7,608                           | 7,509                           |

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## F/ BASIS OF PREPARATION OF HALF-YEAR REPORT

This condensed consolidated interim financial report comprises the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the period 1 May 2017 to 15 October 2017. This report has been prepared in accordance with Accounting Standard *AASB134 Interim Financial Reporting*.

The financial information has been prepared in accordance with the recognition and measurement requirements of Australian Accounting Standards. The accounting policies adopted in this interim financial report are the same as those applied in the previous financial year and the corresponding interim reporting period. The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to their operations and effective for the current reporting period. This adoption has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported in the current and prior periods.

The directors have determined that the accounting policies adopted and the format in which this financial information is presented are appropriate to meet their information needs.

The financial information provided does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report for the period ended 30 April 2017 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

### Impact of standards issued but not yet applied by the entity

Certain new accounting standards and interpretations have been published that are not mandatory for the half-year reporting period ended 15 October 2017. The Group is currently in the process of assessing the impact of these standards and amendments.

#### ***AASB 9 Financial Instruments (effective from 1 January 2018)***

The new standard simplifies the model for classifying and recognising financial instruments and aligns hedge accounting more closely with common risk management practices. Changes in own credit risk in respect of liabilities designated at fair value through profit or loss shall now be presented within OCI; this change can be adopted early without adopting AASB 9. This new standard will be effective from 1 January 2018.

#### ***AASB 15 Revenue from contracts with customers (effective from 1 January 2018)***

The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118, which covers contracts for goods and services, and AASB 111, which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. At this stage there is not expected to be a significant impact from this accounting standard, however the Group will make a more detailed assessment of the effect over the next twelve months.

#### ***AASB 16 Leases (effective from 1 January 2019)***

AASB 16 will primarily affect the accounting by lessees and will result in the recognition of almost all leases on the balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for almost all lease contracts. The Group has significant non-cancellable operating lease commitments, however the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

### Going concern

The financial report has been prepared on a going concern basis. The Directors are of the opinion that the Group will be able to operate as a going concern having regard to available non-current debt facilities and the Group's internally generated cash resources.

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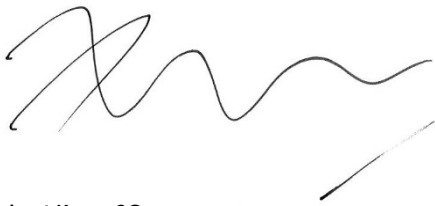
## DIRECTORS' DECLARATION

In the Directors' opinion:

- the financial statements and notes set out on pages 5 to 20 are in accordance with the Corporations Act 2001, including:
  - complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - giving a true and fair view of the consolidated entity's financial position as at 15 October 2017 and of its performance for the half-year ended on that date;
- there are reasonable grounds to believe that Collins Foods Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

This report is made in accordance with a resolution of Directors.



**Robert Kaye SC**  
Chairman

Brisbane  
29 November 2017





## Independent auditor's review report to the members of Collins Foods Limited

### *Report on the Interim Financial Report*

We have reviewed the accompanying interim financial report of Collins Foods Limited (the company), which comprises the consolidated balance sheet as at 15 October 2017, the consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for Collins Foods Limited (the consolidated entity). The consolidated entity comprises the company and the entities it controlled during the half-year.

### *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 for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

### *Auditor's responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian 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, anything has come to our attention that causes us to believe that the financial report is not presented fairly, in all material respects, in accordance with Accounting Standard AASB 134: *Interim Financial Reporting*. As the auditor of Collins Foods Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim 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.

### *Independence*

In conducting our review, we have complied with the independence requirements of the Australian professional accounting bodies.

### *Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Collins Foods Limited, does not present fairly, in all material respects, the financial position of the consolidated entity as at 15 October 2017 and of its financial performance for the half-year ended on that date, in accordance with Accounting Standard AASB 134: *Interim Financial Reporting*.

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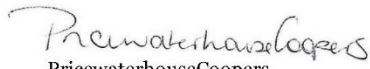
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*Matters relating to the electronic presentation of the reviewed interim financial report*

This review report relates to the interim financial report of the company for the half-year ended 15 October 2017 included on Collins Foods Limited's web site. The company's directors are responsible for the integrity of the Collins Foods Limited web site. We have not been engaged to report on the integrity of this web site. The review report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed interim financial report to confirm the information included in the reviewed interim financial report presented on this web site.

  
PricewaterhouseCoopers

  
Kim Challenor  
Partner

Brisbane  
29 November 2017