IPD GROUP LIMITED

ACN 111 178 351

HALF YEAR FINANCIAL REPORT

for the half year ended 31 December 2022

www.ipdgroup.com.au

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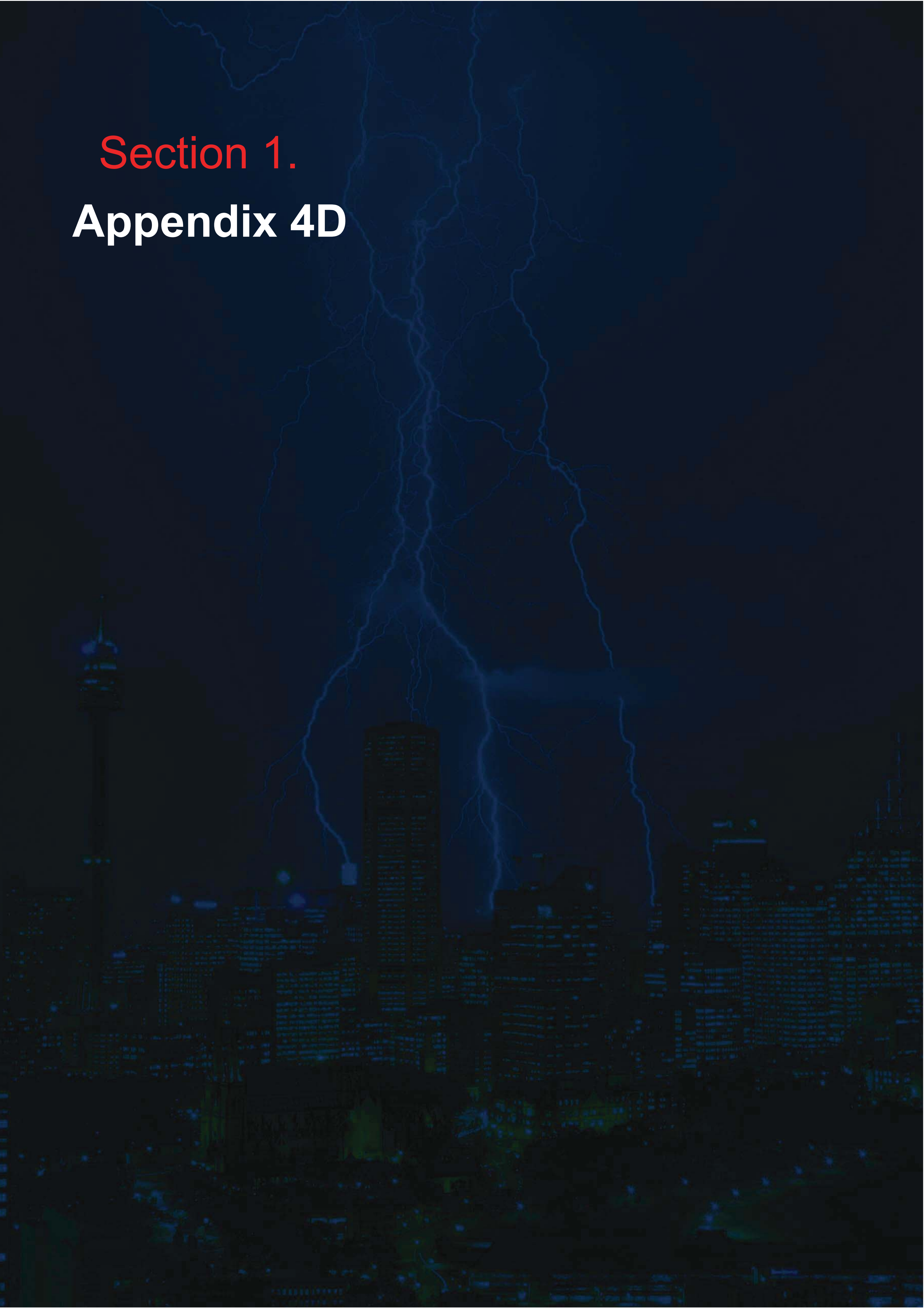
Appendix 4D



APPENDIX 4D

Company details

Name of entity	**IPD GROUP LIMITED**
ACN	111 178 351
Current reporting period	Half year ended 31 December 2022
Previous corresponding reporting period	Half year ended 31 December 2021

Additional disclosure requirements and supporting information for the Appendix 4D are contained within IPD Group Limited's Half Year Financial Report for the half year ended 31 December 2022. This Appendix should be read in conjunction with the full report.

This announcement was approved by the Board of Directors for release on 24 February 2023.

Results for announcement to market

		Movement %		Half year to 31 December 2022 $million	Half year to 31 December 2021 $million
Revenue from ordinary activities	up	35.7%	To	110.9	81.7
EBITDA before IPO costs	up	28.8%	to	13.4	10.4
Depreciation and Amortisation				(1.9)	(1.8)
EBIT before IPO costs	up	33.7%	to	11.5	8.6
Net interest costs				(0.1)	(0.2)
Profit before tax and IPO costs	up	35.7%	To	11.4	8.4
Income Tax				(3.4)	(2.4)
NPAT from ordinary activities, before IPO costs net of tax	up	33.3%	to	8.0	6.0
IPO costs net of tax				-	(1.2)
NPAT from ordinary activities after IPO costs attributable to owners of IPD Group Limited	up	66.7%	to	8.0	4.8
Earnings per share (cents per share) [1]	up	34.8%	to	9.3	6.9

[1] Weighted average number of ordinary shares used in the calculation of earnings per share of 86,326,215 (31 December 2021: 68,846,052)

IPD Group Ltd recorded a statutory after-tax profit of $8,022,000 during the half year to 31 December 2022 (31 December 2021: $4,759,000).

On 24 February 2023, the Directors declared an interim dividend of 4.6 cents per share fully franked with an ex-dividend date of 23 March 2023, record date of 24 March 2023 and payable on 06 April 2023.

On 3rd October 2022, IPD Group paid the 2022 financial year end dividend of 3.7 cents per share fully franked.

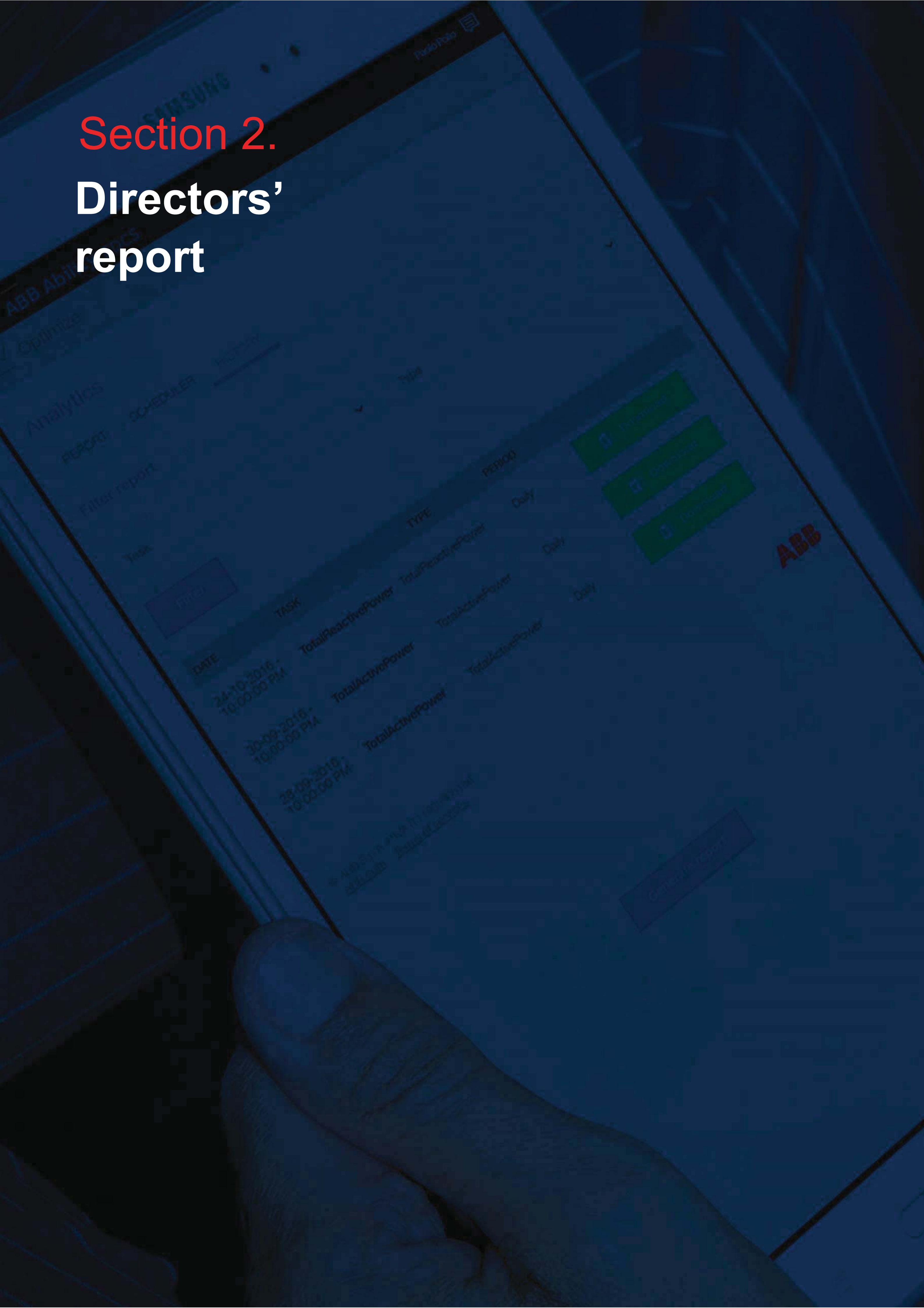
Further information on the 'Review of operations' is detailed in the Directors' report which is part of the Interim Report.

Net Tangible Assets

	31 December 2022	31 December 2021
Net tangible assets per share (cents per share)	63.3	51.1
Diluted net tangible assets per share (cents per share)	62.8	51.0

Section 2.

Directors' report



DIRECTORS' REPORT

The Directors present their report in compliance with the provisions of the Corporations Act 2001 on the consolidated entity (referred to hereafter as the "Group") consisting of IPD Group Ltd ("IPD Group" or the "Company") and the entities it controlled at the end of, or during, the half year ended 31 December 2022.

DIRECTORS

Directors of IPD Group Ltd during and since the end of financial half year unless otherwise stated below are:

David Rafter – Independent non-executive Chairman

Andrew Moffat – Independent non-executive Director

Michael Sainsbury – Executive Director

Mohamed Yoosuff – Executive Director

COMPANY SECRETARY

Euh (David) Wang (resigned 19 August 2022 as joint company secretary)

Michael Austin (resigned 1 December 2022 as company secretary)

Ms Marika White and Ms Jade Cook (joint secretaries appointed 1 December 2022)

CORPORATE GOVERNANCE

The Board of Directors and management of IPD Group recognise the importance of, and are committed to, achieving high corporate governance standards. Our key Corporate Governance materials including policies, code of conduct and Board and Board Committee Charters, can be found in the Corporate Governance section of our website within the Investor Relation section.

In accordance with the 4th edition of the ASX Corporate Governance Council's Principles and Recommendations, the Company's Corporate Governance Statement, as approved by the Board, is published and available on the IPD Group website at https://ipdgroup.com.au/investors/corporate-governance/

PRINCIPAL ACTIVITIES

The Group is a national distributor and service provider to the Australian electrical market. The Group consists of two core divisions:

- the distribution of products for quality global electrical infrastructure brands such as ABB, Elsteel, Emerson & Red Lion; and
- the provision of services, including installation and commissioning, calibration and testing, maintenance and repairs and refurbishment

Products division:

The Group's core focus in the products division is the sale of electrical infrastructure products to customers including switchboard manufacturers, electrical wholesalers, electrical contractors, power utilities, OEMs and system integrators. Within the division there are five key categories of products:

- Power distribution;
- Industrial and motor control;
- Automation and industrial communication;
- Power monitoring; and
- Electric vehicle solutions

In addition to selling products, the Group provides a range of value-added services, including custom assembly, sourcing, engineering design, technical compliance, procurement, transport, storage, regulatory management, technical support, packaging, labelling, inventory management and delivery.

Services division:

Within the Group's services division there are four categories of services:

- Installation and commissioning;
- Calibration and testing;
- Maintenance and repairs; and
- Refurbishment and other.

DIRECTORS' REPORT (CONT'D)

REVIEW OF OPERATIONS

Underlying NPAT bridge entries	Half year to 31 December 2022 $million	Half year to 31 December 2021 $million
NPAT Statutory	8.0	4.8
IPO listing costs	-	1.6
Less tax effect of IPO listing costs	-	(0.4)
NPAT from ordinary activities, before IPO costs net of tax	**8.0**	**6.0**

The IPD Group Board of Directors are pleased to advise a record half-year performance for the six months ended 31 December 2022.

In the first half of FY23, sales revenue of $110.9 million was up 35.7% on the prior corresponding period. This growth reflects the Group's increased market positioning through an enhanced product portfolio, value-added service offering and strategic sales channel focus. The business continues to gather momentum and gain market share as we successfully execute our growth strategy. Our customers have returned to normal operating capacity as COVID-19 related restrictions are lifted resulting in increased customer activity and orders.

Operating expenses as a percentage of revenue reduced by 0.6% on the underlying prior corresponding period (excluding IPO costs). This reduction reflects the strength of our operating model and the organisational transformation over the half year ended 31 December 2022. On 1 July 2022, the employees and operations of Control Logic Pty Ltd and High Technology Control Pty Ltd were integrated into IPD Group Limited to enable the streamlining of customer and supplier transactions, improve service levels with expanded customer service and technical support teams, create process efficiencies, improve capital management and establish a uniform sales structure targeting dedicated sales channels.

In line with our strategy, we continue to recruit business development managers, to create pull-through demand by driving specification of IPD solutions through key influencers and identify significant opportunities early in the project life cycle.

The Electrical Vehicle charging market as a substantial opportunity for IPD. The skills required to be a successful end to end solution provider to the EV market is a natural extension of our existing skills. We are building a significant team to service this large and emerging industry-wide opportunity for the Group.

Inventory increased by $9.5 million on the prior corresponding period. Some components with long lead times, ordered during the period of global supply chain disruption, were delivered on time by suppliers causing a one-off increase in inventory. Investment into inventory was also required to support revenue growth as it remains critical to continue our customer service commitment by maintaining best in class dispatch and delivery to our customers.

To continue servicing our revenue growth, on the 1st of January 2023 a new long-term lease commenced for a second NSW warehouse at Eastern Creek. The 4,000sqm site is now fully operational. Initially a portion of the new facility is being sublet, allowing for measured future expansion.

As at 31 December 2022, the Group has $68.5 million of net assets on its balance sheet. The Group was not materially impacted by the RBA increases to the Australian cash rate target during the half year to December 2022 as the Group continues to have no borrowings and $21.3 million in net cash on the balance sheet and is well capitalised to execute on its strategic priorities.

On 3rd October 2022, IPD Group paid the 2022 financial year end dividend of 3.7 cents per share fully franked.

On 24 February 2023, the Directors declared an interim dividend of 4.6 cents per share fully franked with an ex-dividend date of 23 March 2023, record date of 24 March 2023 and payable on 06 April 2023.

Outlook

The operating environment for the business remains buoyant. The Addelec Power Services business which was affected by COVID-19 related shutdowns is experiencing a significant improvement with a pipeline of large upcoming projects. COVID-19 related issues such as long supply lead times, uncertain deliveries by overseas factories, expensive overseas freight and site shutdowns are returning to normal in most cases.

Trading performance for January and February, the first two months of the 2H FY23, has been strong.

The effect of the recent interest rate increases is minimal on IPD business as our exposure to the residential building sector is small and the group has a net cash position with no borrowings.

The outlook for the business remains positive.

DIRECTORS' REPORT (CONT'D)

SUBSEQUENT EVENTS

A long-term lease for additional warehousing commenced 1 Jan 2023.

Effective 1 Jan 2023 Mohamed Yoosuff was appointed Director of Strategic Development and remains on the Board as an executive director. Mr Jason Boschetti was appointed Chief Financial Officer (CFO) for IPD Group Effective 1 Jan 2023.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

INDEMNIFICATION OF OFFICERS AND AUDITORS

During the financial period, the Group paid a premium in respect of a contract insuring Directors of the Group, the Group secretary, and all executive officers of the Group and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Group has not otherwise, during or since the end of the financial period, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 10 of the half year financial report.

DIRECTORS' REPORT (CONT'D)

ROUNDING OFF OF AMOUNTS

The Company is a company of the kind referred to in the Class order 2016/191 - *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, dated 24 March 2016, and in accordance with that Class Order amounts in the Directors' report and the half year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

This Directors' report is signed in accordance with a resolution of Directors made pursuant to s306 (3) (a) of the Corporations Act 2001.

On behalf of the Directors

David Rafter
Director
Sydney, 24 February 2023

Michael Sainsbury
Director
Sydney, 24 February 2023

Section 3.

Independent reports

IPD Group Ltd

Auditors Independence Declaration under Section 307C of the Corporations Act 2001

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2022, there have been:

a) no contraventions of the auditor independence requirements as set out in 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 IPD Group Ltd and the entities it controlled during the period.

PKF

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SCOTT TOBUTT
PARTNER

24 FEBRUARY 2023
SYDNEY, NSW

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF IPD GROUP LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of IPD Group Ltd (the consolidated entity), which comprises the condensed consolidated statement of financial position as at 31 December 2022, and the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes, and the directors' declaration.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of IPD Group Limited is not in accordance with the Corporations Act 2001 including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2022, and of its financial performance for the half-year ended on that date; and

(b) complying with the Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Independence

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity (ASRE 2410). Our responsibilities are further described in the Auditor's responsibilities for the review of the half-year financial report section of our report. We are independent of the consolidated entity in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' Responsibility for the Half-Year Financial Report

The directors of the consolidated entity are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the Corporations Regulations 2001 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.

PKF (NS) Audit & Assurance Limited Partnership
ABN 91 850 861 839

Liability limited by a scheme approved
under Professional Standards Legislation

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Auditor's Responsibility for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and its performance for the half year ended on that date, and complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of IPD Group Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PKF

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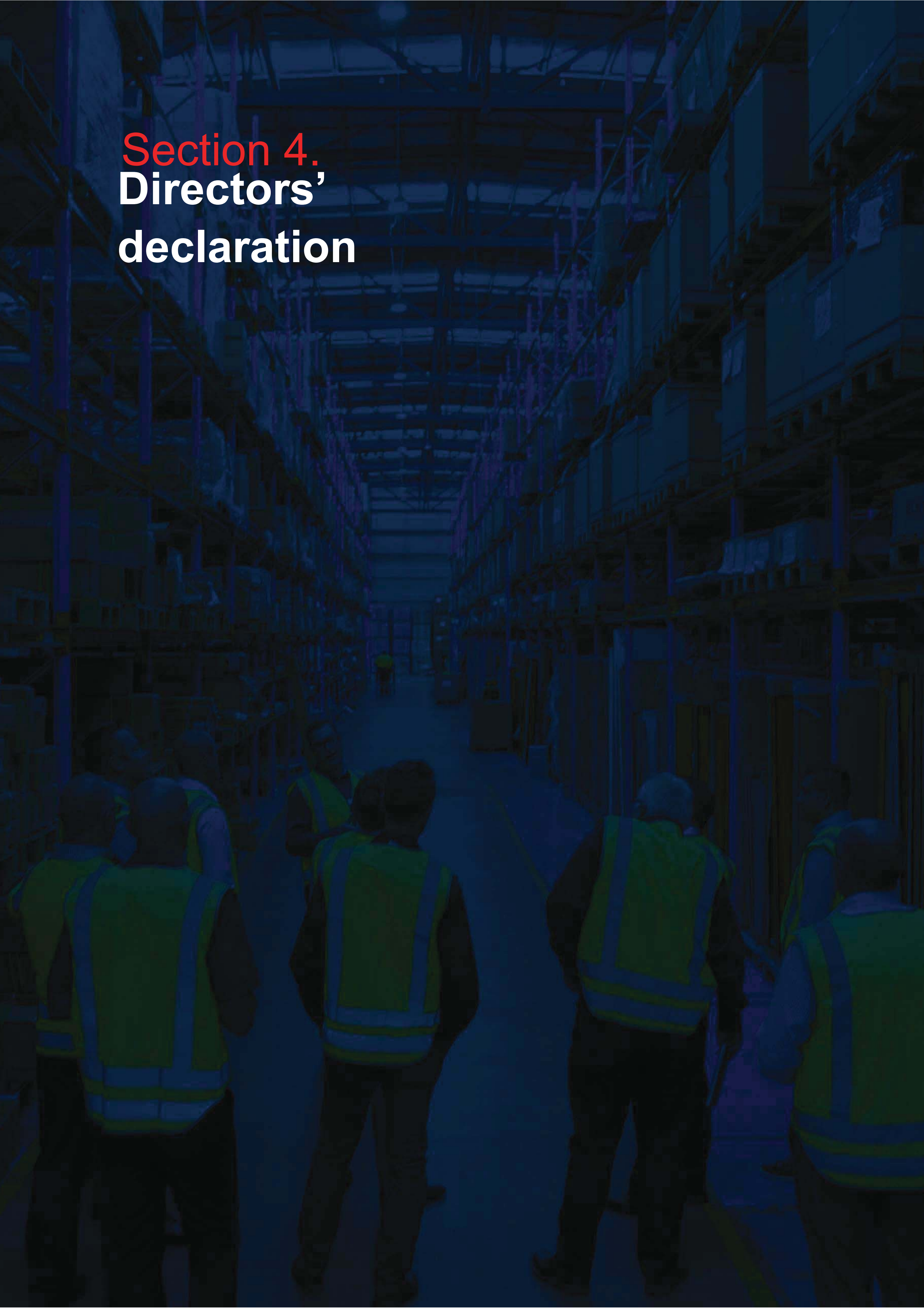
SCOTT TOBUTT
PARTNER

24 FEBRUARY 2023
SYDNEY, NSW

Section 4.
Directors' declaration



DIRECTORS' DECLARATION

In the directors' opinion:

a) the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

b) the attached financial statements also comply with International Financial Reporting Standards: and

c) the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the financial half-year ended on that date; and

d) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

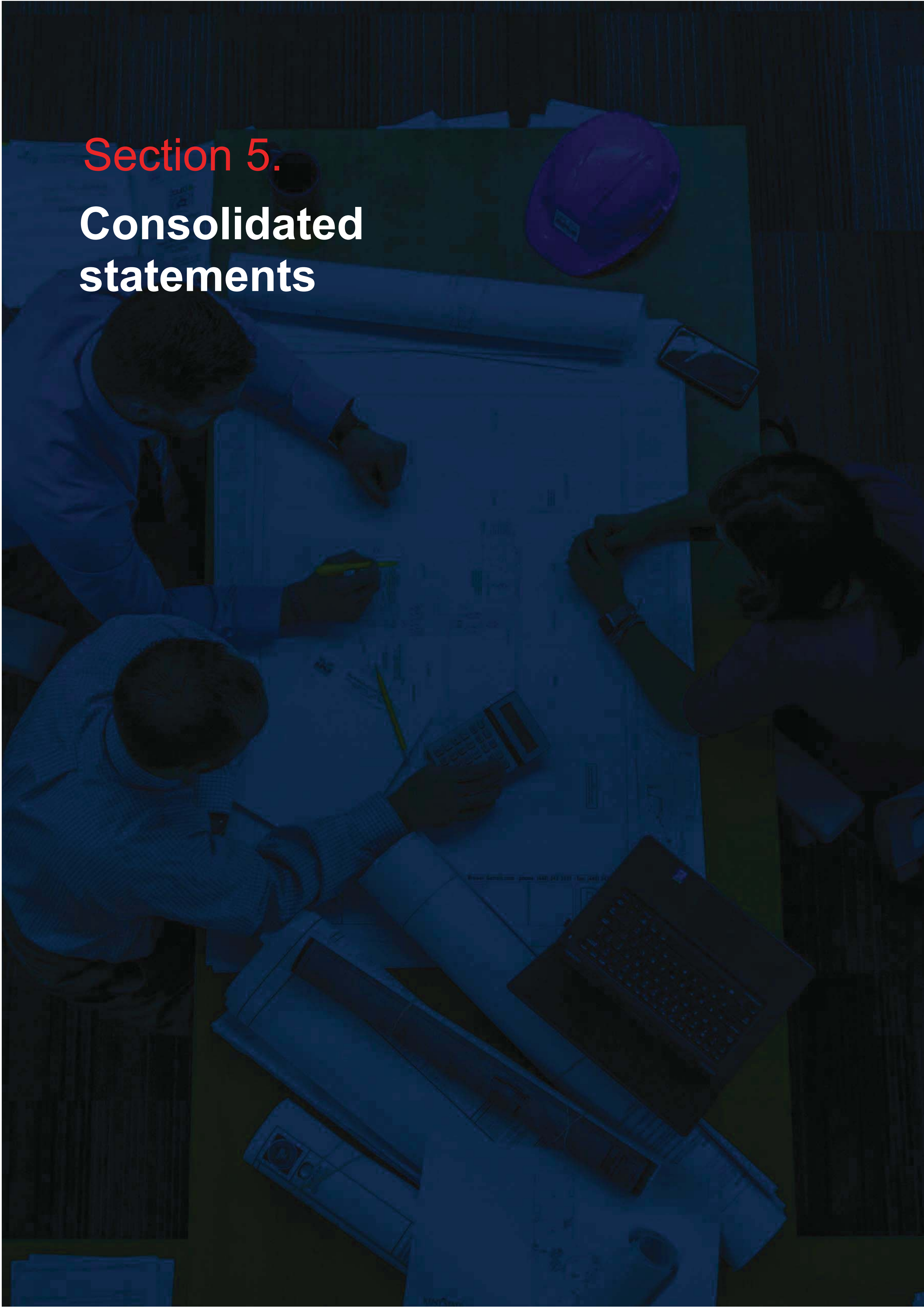
On behalf of the Directors

David Rafter
Director
Sydney, 24 February 2023

Michael Sainsbury
Director
Sydney, 24 February 2023

Section 5.

Consolidated statements



CONSOLIDATED STATEMENT OF PROFIT OR LOSS
for the half year ended 31 December 2022

	Note	Half year to 31 December 2022 $'000	Half year to 31 December 2021 $'000
Revenue from ordinary activities		110,874	81,743
Materials and consumables used		(69,189)	(50,413)
Other Income		86	484
Employee benefits expense		(21,313)	(16,075)
Freight and delivery expenses		(2,828)	(1,916)
Depreciation and amortisation expenses		(1,852)	(1,820)
Occupancy costs		(611)	(515)
Finance costs		(197)	(329)
Other expenses		(3,526)	(2,806)
IPO expense		-	(1,593)
Profit before income tax		11,444	6,760
Income tax expense		(3,422)	(2,001)
Profit after income tax expense for the period	6	**8,022**	**4,759**
Earnings per share			
Basic earnings per share (cents per share)	6	9.3	6.9
Diluted earnings per share (cents per share)	6	9.3	6.9

The consolidated statement of profit or loss should be read in conjunction with the Notes to the financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the half year ended 31 December 2022

	Note	Half year to 31 December 2022 $'000	Half year to 31 December 2021 $'000
Profit/(Loss) after income tax for the period	6	**8,022**	**4,759**
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		5	10
Other comprehensive income for the period, net of tax		31	45
Total comprehensive income for the period attributable to the owners of IPD Group Ltd		**8,058**	**4,814**

The consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the Notes to the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
for the half year ended 31 December 2022

	Note	31 December 2022 $'000	30 June 2022 $'000
Current assets			
Cash and cash equivalents		21,258	25,401
Trade and other receivables		43,468	37,604
Inventories		42,433	32,908
Other assets		1,593	1,108
Total current assets		**108,752**	**97,021**
Non-current assets			
Right of use assets	8	9,883	11,126
Property, plant and equipment		3,763	3,354
Intangible assets	9	10,459	10,459
Deferred tax assets		3,339	2,891
Total non-current assets		**27,444**	**27,830**
Total assets		**136,196**	**124,851**
Current liabilities			
Trade and other payables		47,982	40,382
Current tax liabilities		1,556	1,638
Lease liability	8	1,540	2,388
Provisions		5,989	6,261
Total current liabilities		**57,067**	**50,669**
Non-current liabilities			
Lease liability	8	9,796	10,174
Provisions		422	341
Deferred tax liabilities		404	235
Total non-current liabilities		**10,622**	**10,750**
Total liabilities		**67,689**	**61,419**
Net assets		**68,507**	**63,432**
Equity			
Issued capital	7	31,580	31,488
Reserves		54	(69)
Retained earnings		36,873	32,013
Total equity		**68,507**	**63,432**

The consolidated statement of financial position should be read in conjunction with the Notes to the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the half year ended 31 December 2022

	Issued capital $'000	Retained Earnings $'000	Reserves $'000	Total $'000
Balance at 30 June 2021	**8,920**	**30,186**	**86**	**39,192**
Profit for the period	-	4,759	-	4,759
Other comprehensive income for the period (net of tax)	-	45	10	55
Total comprehensive income	**-**	**4,804**	**10**	**4,814**
Dividends paid	-	(9,309)	-	(9,309)
Share-based payments expense	-	-	(104)	(104)
Share issue	22,568	-	-	22,568
Balance at 31 December 2021	**31,488**	**25,681**	**(8)**	**57,161**
Balance at 30 June 2022	**31,488**	**32,013**	**(69)**	**63,432**
Profit for the period	-	8,022	-	8,022
Other comprehensive income for the period (net of tax)	-	31	5	36
Total comprehensive income	**-**	**8,053**	**5**	**8,058**
Dividends paid (note 5)	-	(3,193)	-	(3,193)
Share-based payments expense	-	-	118	118
Share issue	92	-	-	92
Balance at 31 December 2022	**31,580**	**36,873**	**54**	**68,507**

The consolidated statement of changes in equity should be read in conjunction with the Notes to the financial statements.

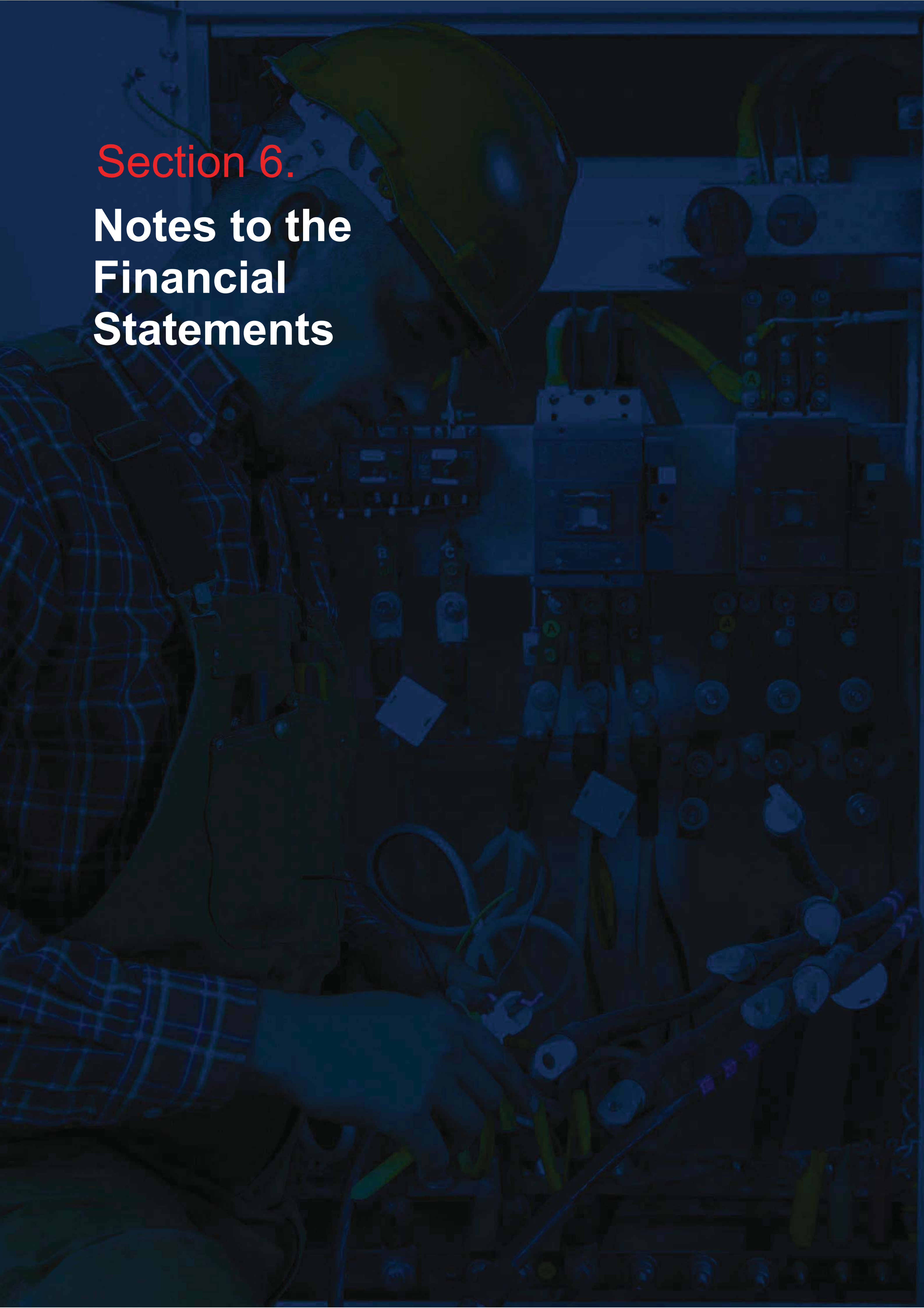
CONSOLIDATED STATEMENT OF CASH FLOWS
for the half year ended 31 December 2022

	Note	Half year to 31 December 2022 $'000	Half year to 31 December 2021 $'000
Cash flows from operating activities			
Receipts from customers		116,097	83,789
Payments to suppliers and employees		(110,838)	(78,264)
Finance costs		(196)	(329)
Income taxes paid		(3,782)	(2,109)
Net cash generated by operating activities		**1,281**	**3,087**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		24	20
Payment for property, plant and equipment		(1,036)	(913)
Acquisition of Subsidiary, net of cash acquired		-	(1,983)
Net cash used in investing activities		**(1,012)**	**(2,876)**
Cash flows from financing activities			
Repayment of lease liabilities		(1,220)	(1,233)
Dividends paid		(3,193)	(9,309)
Proceeds from the issue of shares	7	-	20,000
Share issue transaction costs		-	(2,475)
Net cash (used in)/ generated by financing activities		**(4,413)**	**6,983**
Net increase/(decrease) in cash and cash equivalents		(4,144)	7,194
Cash and cash equivalents at the beginning of the financial period		25,401	12,592
Effects of exchange rate changes on cash		1	-
Cash and cash equivalents at the end of the financial period		**21,258**	**19,786**

The consolidated statement of cash flows should be read in conjunction with the Notes to the financial statements.

Section 6.

Notes to the Financial Statements



NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

General Information

These general-purpose financial statements for the interim half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

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 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.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis for consolidation

The consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost.

Intragroup assets, liabilities, equity, income, expenses and cashflows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements.

Appropriate adjustments have been made to a controlled entity's financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity. All controlled entities have a June financial year end.

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the parent has control. Control is established when the parent is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

(b) Business combinations

Business combinations are accounted for by applying the acquisition method which requires an acquiring entity to be identified in all cases. The acquisition date under this method is the date that the acquiring entity obtains control over the acquired entity.

The fair value of identifiable assets and liabilities acquired are recognised in the consolidated financial statements at the acquisition date.

Goodwill or a gain on bargain purchase may arise on the acquisition date, this is calculated by comparing the consideration transferred and the amount of non-controlling interest in the acquiree with the fair value of the net identifiable assets acquired. Where consideration is greater than the net assets acquired, the excess is recorded as goodwill. Where the net assets acquired are greater than the consideration, the measurement basis of the net assets are reassessed and then a gain from bargain purchase recognised in profit or loss.

All acquisition-related costs are recognised as expenses in the periods in which the costs are incurred except for costs to issue debt or equity securities.

Any contingent consideration which forms part of the combination is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity then it is not remeasured and the settlement is accounted for within equity. Otherwise subsequent changes in the value of the contingent consideration liability are measured through profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Revenue and other income

Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Group expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Group have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

Specific revenue streams

The revenue recognition policies for the principal revenue streams of the Group are:

Sale of goods

Sale goods consists of industrial electrical products, including engineered solutions, direct to the "end user" customer and to the electrical wholesale markets. Revenue is recognised when our performance obligations have been satisfied, which is upon delivery of the goods.

Rendering of services

Rendering of services relates to the testing, calibration and repair of electrical testing and measurement equipment.

Revenue is recognised when the control of the promised goods and services is passed to the customer, typically upon performance or delivery of such goods and services. Accordingly, for the revenue streams described above, revenue is recognised at the point in time as the goods are delivered and services are performed.

Revenue is measured based on the consideration to which the company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties.

Other income

Other income is recognised on an accruals basis when the Group is entitled to it.

Government grants are not recognised until there is reasonable assurance the Group will comply with the conditions attaching to them and that the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

(d) Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

(e) Income Tax

The tax expense recognised in the statement of profit or loss and other comprehensive income comprises current income tax expense plus deferred tax expense.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Income Tax (cont'd)

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax is provided on temporary differences which are determined by comparing the carrying amounts of tax bases of assets and liabilities to the carrying amounts in the consolidated financial statements.

Deferred tax is not provided for the following:

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).
- Taxable temporary differences arising on the initial recognition of goodwill.
- Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

Tax consolidation

IPD Group Limited ("the Group") and its 100% owned Australian subsidiaries are part of a tax consolidated group. As a result, members of the group have entered into a tax sharing arrangement in order to allocate income tax expense to the wholly-owned subsidiaries on a pro-rata basis. In addition, the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax obligations. At the balance date, the possibility of default is remote. The head entity of the tax consolidation is the Group.

The Group has recognised the current tax liability of the tax consolidated group.

Members of the tax consolidated group are part of a tax funding agreement. The tax funding agreement provides for the allocation of current and deferred taxes to members of the tax consolidated group in accordance with their taxable income for the year. The allocation of taxes under the tax funding agreement is recognised as an increase/decrease in the subsidiaries' intercompany accounts with the head entity. The Group has applied the group allocation approach to determine the appropriate amount of current and deferred tax to allocate to each member of the tax consolidated group.

(f) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

(g) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost of inventory is determined using the weighted average costs basis and is net of any rebates and discounts received. Net realisable value is estimated using the most reliable evidence available at the reporting date and inventory is written down through an obsolescence provision if necessary.

(i) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment.

Land and buildings

Land and buildings are measured using the cost model.

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Group, commencing when the asset is ready for use.

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

The estimated useful lives used for each class of depreciable asset are shown below:

Fixed asset class	**Useful life**
Plant and Equipment	3 - 10 years
Furniture, Fixtures and Fittings	4 - 10 years
Motor Vehicles	4 - 5 years
Leasehold improvements	Over the period of the lease

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(j) Right of use assets

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received. The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

(k) Financial instruments

Financial instruments are recognised initially on the date that the Group becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Financial Instruments (cont'd)

Classification

On initial recognition, the Group classifies and measures its financial assets at amortised cost

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:
- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:
- financial assets measured at amortised cost

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment and including forward looking information.

The Group uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Group uses the presumption that a financial asset is in default when:
- the other party is unlikely to pay its credit obligations to the Group in full, without recourse to the Group to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Group in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables and contract assets

Impairment of trade receivables and contract assets have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Group has determined the probability of non-payment of the receivable and contract asset and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Group renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Financial Instruments (cont'd)

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Financial liabilities

The Group measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Group comprise trade payables, bank and other loans and lease liabilities.

(l) Impairment of non financial assets

At the end of each reporting period the Group determines whether there is an evidence of an impairment indicator for non-financial assets.

Where an indicator exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

(m) Intangible assets

Goodwill

Goodwill is carried at cost less accumulated impairment losses. Goodwill is calculated as the excess of the sum of:
i) the consideration transferred;
ii) any non-controlling interest; and
iii) the acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of net identifiable assets acquired in a business combination.

Under the 'full goodwill method', the fair values of the non-controlling interests are determined using valuation techniques which make the maximum use of market information where available.

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is not amortised but is tested for impairment annually and is allocated to the Group's cash generating units or groups of cash generating units, which represent the lowest level at which goodwill is monitored but where such level is not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold.

Changes in the ownership interests in a subsidiary are accounted for as equity transactions and do not affect the carrying values of goodwill.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Bank overdrafts also form part of cash equivalents for the purpose of the statement of cash flows and are presented within current liabilities on the statement of financial position.

(o) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

(p) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

(q) Leases

At inception of a contract, the Group assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Group has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

Lessee accounting

The non-lease components included in the lease agreement have been separated and are recognised as an expense as incurred.

At the lease commencement, the Group recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Group believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Group's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Group's assessment of lease term.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Leases (cont'd)

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Exceptions to lease accounting

The Group has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Group recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

(r) Employee benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

(s) Warranty provisions

Warranty provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured at the present value of management's best estimate of the outflow required to settle the obligation at the end of the reporting period. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the unwinding of the discount is taken to finance costs in the statement of profit or loss and other comprehensive income.

(t) Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(u) Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the Group.

(v) Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of the Group, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(w) Share based payments

The Company has established the EIP to assist in the motivation, reward and retention of senior management and other IPD employees from time to time. The EIP is designed to align the interests of senior management and other employees with the interests of Shareholders by providing an opportunity for employees to receive equity interests in the Company subject to the satisfaction of certain performance conditions. IPD may offer additional incentive schemes to the management and employees over time.

(x) Foreign currency transactions and balances

Transaction and balances

Foreign currency transactions are recorded at the spot rate on the date of the transaction.

At the end of the reporting period:

- Foreign currency monetary items are translated using the closing rate;
- Non-monetary items that are measured at historical cost are translated using the exchange rate at the date of the transaction; and
- Non-monetary items that are measured at fair value are translated using the rate at the date when fair value was determined.

Translation of Foreign Subsidiaries

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition or in prior reporting periods are recognised through profit or loss, except where they relate to an item of other comprehensive income or whether they are deferred in equity as qualifying hedges.

Foreign subsidiary transactions and balances are translated at the closing rate at the end of each reporting period. Exchange differences arising on translating monetary items at rates different from those at which they were translated on initial recognition or in prior reporting periods are recognised in equity.

(y) Adoption of new and revised accounting standards

The Group has adopted all standards which became effective for the first time at 30 June 2021, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Group.

(z) Rounding of amounts

The Company is a company of the kind referred to in the Class order 2016/191 - *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, dated 24 March 2016, and in accordance with that Class Order amounts in the Directors' report and the half year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions
The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Revenue from contracts with customers involving sale of goods
When recognising revenue in relation to the sale of goods to customers, the key performance obligation of the consolidated entity is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

Determination of variable consideration
Judgement is exercised in estimating variable consideration which is determined having regard to past experience with respect to the goods returned to the consolidated entity where the customer maintains a right of return pursuant to the customer contract or where goods or services have a variable component. Revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised under the contract will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Allowance for expected credit losses
The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, the impact of the Coronavirus (COVID-19) pandemic, impact of interest rate movements and forward-looking information that is available. The allowance for expected credit losses is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

Net realisable value of inventories
The provision for impairment of inventories assessment requires a degree of estimation and judgement. The realisable value is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect the recoverable amount of inventory.

Estimation of useful lives of assets
The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Goodwill and other indefinite life intangible assets
The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONT'D)

Income tax
The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Lease term
The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate
Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Employee benefits provision
As discussed in note 2, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Warranty provision
In determining the level of provision required for warranties the consolidated entity has made judgements in respect of the expected performance of the products, the number of customers who will actually claim under the warranty and how often, and the costs of fulfilling the conditions of the warranty. The provision is based on estimates made from historical warranty data associated with similar products and services.

Business combinations
As discussed in note 2, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

4. SEGMENT INFORMATION

Operating segments are reported in a manner which is consistent with the internal reporting provided to the chief operating decision makers. The chief operating decision makers have been identified as the Board of Directors for the Group.

The internal reports reviewed by the Board, which are used to make strategic decisions, are separated into the Group's key market segments Products division and Services Division:

Secondary operating segments have been defined as:

- Products division – core focus in the products division is the sale of electrical infrastructure products to customers including switchboard manufacturers, electrical wholesalers, electrical contractors, power utilities, OEMs and system integrators
- Services Division – provision of services, including installation and commissioning, calibration and testing, maintenance and repairs and refurbishment

The accounting policies of the reportable secondary segments are the same as Group's accounting policies.

Half year ended 31 December 2022	**Products division $'000**	**Services division $'000**	**Total $'000**
Revenue from external customers	101,951	8,923	110,874
Other revenue / income	85	1	86
Total revenue from ordinary activities	**102,036**	**8,924**	**110,960**
Earnings before Interest, Tax, Depreciation and Amortisation	**12,884**	**507**	**13,391**
Depreciation and amortisation expense			1,852
Interest expense			95
Profit before income tax			**11,444**
Income Tax			3,422
Net profit after income tax			**8,022**

Half year ended 31 December 2021	**Products division $'000**	**Services division $'000**	**Total $'000**
Revenue from external customers	72,771	8,972	**81,743**
Other revenue / income	15	469	**484**
Total revenue from ordinary activities	**72,786**	**9,441**	**82,227**
Earnings before Interest, Tax, Depreciation and Amortisation	**8,085**	**742**	**8,827**
Depreciation and amortisation expense			1,820
Interest expense			247
Profit before income tax			**6,760**
Income Tax			2,001
Net profit after income tax			**4,759**

The Group's assets were not split by reportable secondary operating segment as the chief operating decision makers do not utilise this information for the purposes of resource allocation and assessment of segment performance.

5. DIVIDENDS

On 3rd October 2022, the IPD Group paid the 2022 financial year end dividend of $3,193,000 which was equivalent to 3.7 cents per share fully franked.

On 24 February 2023, the Directors declared an interim dividend of 4.6 cents per share fully franked with an ex-dividend date of 23 March 2023, record date of 24 March 2023 and payable on 06 April 2023

6. EARNINGS PER SHARE

	Half year to 31 December 2022 Cents per share	Half year to 31 December 2021 Cents per share
Basic earnings per share	9.3	6.9
Diluted earnings per share	9.3	6.9

Reconciliation of earnings used in calculating earnings per share

	Half year to 31 December 2022 $'000	Half year to 31 December 2021 $'000
Net profit	8,022	4,759

Reconciliation of shares used in calculating earnings per share

	Half year to 31 December 2022 No.	Half year to 31 December 2021 No.
Opening and closing balance of shares for the period	86,285,762	65,785,816
Shares issued	80,036	20,499,946
Closing balance of shares for the period	86,365,798	86,285,762
Weighted average number of ordinary shares used in the calculation of basic earnings per share	**86,326,215**	**68,846,052**
Shares deemed to be issued for no consideration in respect of:		
Employee performance Rights	674,742	240,110
Closing number of shares deemed to be issued for the period	87,040,540	86,525,872
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	**86,553,843**	**68,915,214**

7. ISSUED CAPITAL

	31 December 2022 $	30 June 2022 $
86,365,798 fully paid ordinary shares (2022: 86,285,762)	31,487,944	31,487,944

Date	Details	$	Number of Shares
1 July 2022	**Opening balance**	**31,487,944**	**86,285,762**
	Movement:		
30 September 22	FY22 Performance Rights – Shares Issued	91,764	80,036
31 December 2022	**Closing Balance**	**31,579,708**	**86,365,798**

8. LEASES

Right-of-use assets

	Buildings $'000	Motor Vehicles $'000	Total $'000
Year ended 31 December 2022			
Balance at beginning of year	11,074	52	11,126
Additions to right-of-use assets	-	-	-
Reductions in right-of-use assets due to changes in lease liability	(8)		(8)
Depreciation charge	(1,205)	(30)	(1,235)
Balance at end of year	**9,861**	**22**	**9,883**
Year ended 31 December 2021			
Balance at beginning of year	13,027	164	13,191
Additions to right-of-use assets	958		958
Reductions in right-of-use assets due to changes in lease liability	(453)		(453)
Depreciation charge	(1,149)	(79)	(1,228)
Balance at end of year	**12,383**	**85**	**12,468**

Lease liabilities

	< 1 year $'000	1 - 5 years $'000	> 5 years $'000	Total undiscounted lease liabilities $'000	Lease liabilities included in this Statement of Financial Position $'000
December 2022					
Lease liabilities	2,883	8,042	1,696	12,570	11,336
December 2021					
Lease liabilities	2,439	8,065	3,366	15,407	13,870

9. INTANGIBLE ASSETS

	31 December 2022 $'000	30 June 2022 $'000
Goodwill at cost	10,459	10,459

10. EVENTS AFTER THE REPORTING DATE

A long term lease for additional warehousing commenced 1 Jan 2023.

Effective 1 Jan 2023 Mohamed Yoosuff was appointed Director of Strategic Development and remains on the Board as an executive director. Mr Jason Boschetti was appointed Chief Financial Officer (CFO) for IPD Group Effective 1 Jan 2023.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.