MYER HOLDINGS LIMITED

ABN 14 119 085 602

APPENDIX 4D

HALF-YEAR FINANCIAL REPORT

ASX Listing Rule 4.2A.3

Current reporting period:	**26 weeks ended 28 January 2017**
Previous corresponding period:	26 weeks ended 23 January 2016

Results for announcement to the market				**$A'000**
Total sales value from ordinary activities	down	(0.6%)	to	1,784,581
Profit attributable to members of Myer Holdings Limited	up	5.3%	to	62,837

Dividends	**Amount per security**	**Franked amount per security**
Current reporting period		
2017 interim dividend (payable 4 May 2017)	3.0 cents	3.0 cents
2016 final dividend	3.0 cents	3.0 cents
Previous corresponding period		
2016 interim dividend (paid 5 May 2016)	2.0 cents	2.0 cents
2015 final dividend	Nil	Nil
Record date for determining entitlements to the interim dividend		27 March 2017

Commentary on results for the period

For an explanation of the results refer to the ASX and media release.

Net tangible assets per ordinary security	**28 January 2017**	**23 January 2016**
Net tangible assets per ordinary security	$0.28	$0.25

This report is based on the Half-Year Financial Report for the half-year ended 28 January 2017, which has been reviewed by PricewaterhouseCoopers. Additional Appendix 4D disclosures can be found in the attached Half-Year Financial Report, which contains the Directors' Report, the Directors' Declaration and the consolidated financial statements for the half-year ended 28 January 2017.

This information should be read in conjunction with the 2016 Annual Financial Report and public announcements made in the period by Myer Holdings Limited, in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and ASX Listing Rules.

HALF-YEAR FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 28 JANUARY 2017

Myer Holdings Limited

ABN 14 119 085 602

CONTENTS

DIRECTORS' REPORT

Your directors present their report on the consolidated entity consisting of Myer Holdings Limited (the Company) and the entities it controlled (collectively referred to as the Group) at the end of, or during, the half-year ended 28 January 2017.

DIRECTORS

The following persons were directors of the Company during the half-year and up to the date of this Directors' Report:

Director	**Position**
Paul McClintock AO	Chairman and independent non-executive director
Richard Umbers	Chief Executive Officer and Managing Director
Anne Brennan	Independent non-executive director
Ian Cornell	Independent non-executive director
Chris Froggatt	Independent non-executive director
Bob Thorn	Independent non-executive director
David Whittle	Independent non-executive director
JoAnne Stephenson	Independent non-executive director (Appointed on 28 November 2016)

REVIEW OF OPERATIONS

A review of the operations of the Group during the half-year and the results of these operations are contained in Myer's ASX and media release for the period accompanying this report.

AUDITORS' INDEPENDENCE DECLARATION

The auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 3.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the half-year financial report. Amounts in the half-year financial report have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

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

Paul McClintock, AO
Chairman
Melbourne
15 March 2017

pwc

Auditor's Independence Declaration

As lead auditor for the review of Myer Holdings Limited for the half-year ended 28 January 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 Myer Holdings Limited and the entities it controlled during the period.

Jason Perry
Partner
PricewaterhouseCoopers

Melbourne
15 March 2017

PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

CONSOLIDATED INCOME STATEMENT

for the half-year ended 28 January 2017

	Notes	Half-Year 2017 26 weeks $'000	 2016 26 weeks $'000
Total sales value		**1,784,581**	1,794,784
Concession sales		**(386,216)**	(309,686)
Sale of goods		**1,398,365**	1,485,098
Sales revenue deferred under customer loyalty program		**(21,793)**	(24,788)
Revenue from sale of goods		**1,376,572**	1,460,310
Other operating revenue		**97,599**	81,666
Cost of goods sold		**(791,426)**	(847,895)
Operating gross profit		**682,745**	694,081
Other income		**-**	1,241
Selling expenses		**(424,102)**	(429,677)
Administration expenses		**(161,464)**	(171,748)
Share of net profit/(loss) of equity-accounted associate	2	**(625)**	(139)
Dilution of investment in equity-accounted associate	2	**(1,338)**	-
Earnings before interest and tax		**95,216**	93,758
Finance revenue		**100**	405
Finance costs		**(5,633)**	(8,919)
Net finance costs		**(5,533)**	(8,514)
Profit before income tax		**89,683**	85,244
Income tax expense		**(26,846)**	(25,573)
Profit for the period attributable to owners of Myer Holdings Limited		**62,837**	59,671

Earnings per share attributable to the ordinary equity holders of the company:	**Cents**	**Cents**
Basic earnings per share	**7.7**	7.9
Diluted earnings per share	**7.6**	7.8

The above consolidated income statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the half-year ended 28 January 2017

	Half-Year	
	2017	2016
	26 weeks	26 weeks
	$'000	$'000
Profit for the period	**62,837**	59,671
Other comprehensive income		
Items that may be reclassified to profit or loss:		
Cash flow hedges	**5,929**	(4,521)
Exchange differences on translation of foreign operations	**(116)**	(536)
Other comprehensive income for the period, net of tax	**5,813**	(5,057)
Total comprehensive income for the period attributable to owners of Myer Holdings Limited	**68,650**	54,614

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED BALANCE SHEET

as at 28 January 2017

	Notes	**28 January 2017 $'000**	30 July 2016 $'000	23 January 2016 $'000
ASSETS				
Current assets				
Cash and cash equivalents		**105,877**	45,207	140,014
Trade and other receivables and prepayments		**35,645**	37,883	29,026
Inventories		**403,113**	396,297	408,134
Derivative financial instruments	3	**411**	351	7,549
Total current assets		**545,046**	479,738	584,723
Non-current assets				
Property, plant and equipment		**456,016**	445,379	456,434
Intangible assets		**901,087**	904,171	906,271
Deferred tax assets		**25,817**	27,056	18,848
Derivative financial instruments	3	**90**	80	-
Investment in associate	2	**7,240**	9,203	9,684
Other non-current assets		**2,228**	2,271	2,420
Total non-current assets		**1,392,478**	1,388,160	1,393,657
Total assets		**1,937,524**	1,867,898	1,978,380
LIABILITIES				
Current liabilities				
Trade and other payables		**475,382**	400,590	502,170
Provisions		**87,745**	94,228	75,530
Deferred income		**11,767**	10,812	7,571
Current tax liabilities		**14,016**	7,033	19,269
Derivative financial instruments	3	**3,260**	7,127	58
Other liabilities		**587**	795	587
Total current liabilities		**592,757**	520,585	605,185
Non-current liabilities				
Borrowings		**97,820**	147,273	146,673
Provisions		**15,183**	19,754	18,283
Deferred income		**78,732**	69,702	71,695
Derivative financial instruments	3	**161**	2,819	3,465
Total non-current liabilities		**191,896**	239,548	240,116
Total liabilities		**784,653**	760,133	845,301
Net assets		**1,152,871**	1,107,765	1,133,079
EQUITY				
Contributed equity	4	**739,329**	739,338	739,295
Retained earnings		**417,682**	379,483	395,037
Reserves		**(4,140)**	(11,056)	(1,253)
Total equity		**1,152,871**	1,107,765	1,133,079

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the half-year ended 28 January 2017

	Notes	Contributed equity $'000	Retained earnings $'000	Reserves $'000	Total $'000
Balance as at 25 July 2015		524,755	335,366	2,895	863,016
Net profit for the period		-	59,671	-	59,671
Other comprehensive income		-	-	(5,057)	(5,057)
Total comprehensive income for the period		-	59,671	(5,057)	54,614
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs		214,540	-	-	214,540
Employee share schemes		-	-	909	909
		214,540	-	909	215,449
Balance as at 23 January 2016		739,295	395,037	(1,253)	1,133,079
Balance as at 30 July 2016		739,338	379,483	(11,056)	1,107,765
Net profit for the period		**-**	**62,837**	**-**	**62,837**
Other comprehensive income		**-**	**-**	**5,813**	**5,813**
Total comprehensive income for the period		**-**	**62,837**	**5,813**	**68,650**
Transactions with owners in their capacity as owners:					
Acquisition of treasury shares	4	**(196)**	**-**	**-**	**(196)**
Issue of treasury shares to employees	4	**187**	**-**	**-**	**187**
Dividends paid	5	**-**	**(24,638)**	**-**	**(24,638)**
Employee share schemes		**-**	**-**	**1,103**	**1,103**
		(9)	**(24,638)**	**1,103**	**(23,544)**
Balance as at 28 January 2017		**739,329**	**417,682**	**(4,140)**	**1,152,871**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

for the half-year ended 28 January 2017

	Notes	Half-Year 2017 26 weeks $'000	2016 26 weeks $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**1,639,998**	1,714,447
Payments to suppliers and employees (inclusive of goods and services tax)		**(1,421,894)**	(1,503,810)
		218,104	210,637
Other income		**-**	1,241
Interest paid		**(5,238)**	(9,318)
Tax paid		**(18,579)**	(5,433)
Net cash inflow from operating activities		**194,287**	197,127
Cash flows from investing activities			
Payments for property, plant and equipment		**(57,169)**	(18,308)
Net investment in associate		**(747)**	(7,966)
Payments for intangible assets		**(9,530)**	(2,197)
Lease incentives and contributions received		**8,437**	691
Interest received		**207**	428
Net cash outflow from investing activities		**(58,802)**	(27,352)
Cash flows from financing activities			
Repayment of borrowings, net of transaction costs		**(50,000)**	(295,053)
Dividends paid to equity holders of the parent	5	**(24,638)**	-
Payment for acquisition of treasury shares	4	**(196)**	-
Proceeds from the issue of shares, net of transaction costs	4	**-**	211,950
Other		**19**	19
Net cash outflow from financing activities		**(74,815)**	(83,084)
Net increase/(decrease) in cash and cash equivalents		**60,670**	86,691
Cash and cash equivalents at the beginning of the period		**45,207**	53,323
Cash and cash equivalents at end of the period		**105,877**	140,014

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

1 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Chief Executive Officer that are used to make strategic decisions about the allocation of resources.

The Chief Executive Officer considers the business based on total store and product portfolio, and has identified that the Group operates in Australia in the department store retail segment.

The Group also undertakes activities outside the department store retail business through its subsidiary sass & bide. On the basis that this aspect of the business represents less than 10% of the total Group's operations and has similar economic characteristics to the department store retail business, it has not been disclosed as a separate reporting segment.

Seasonality of operations

The financial performance of the Group is subject to seasonal fluctuations in sales volumes, and as such revenue and profit is historically weighted in favour of the first half of the financial year, driven by the Christmas trading period.

2 EQUITY ACCOUNTED INVESTMENT

On 28 September 2015, the Company acquired a 25% interest in an associate entity, Australia Pty Limited (Australia). Australia is an entity domiciled in Australia and holds the franchise rights to TOPSHOP TOPMAN in Australia. The Group is the exclusive Australian department store for TOPSHOP TOPMAN, with concessions rolled out to a number of Myer department stores. The Group accounts for its investment in associates using the equity accounting method.

The carrying value of the equity accounted investment as at 28 January 2017 is $7.2 million (30 July 2016: $9.2 million) as a result of a share issue by Australia that the Group elected not to participate in, resulting in a $1.3m loss on dilution of investment. On 30 November 2016, the Company's interest in the equity accounted investment decreased from 25% to 20%.

The Group's share of Australia's net loss for the half-year ended 28 January 2017 recognised as part of the equity accounted investment is $0.6 million (2016 $0.1 million).

3 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

AASB 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);

(b) inputs other than quoted prices included within level 1 that are observable for the asset or liabilities either directly (as prices) or indirectly (derived from prices) (level 2); and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

As at 28 January 2017 and 30 July 2016, the Group held the following classes of financial instruments measured at fair value:

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
At 28 January 2017				
Assets				
Derivatives used for hedging	**-**	**501**	**-**	**501**
Total assets	**-**	**501**	**-**	**501**
Liabilities				
Derivatives used for hedging	**-**	**3,421**	**-**	**3,421**
Total liabilities	**-**	**3,421**	**-**	**3,421**
At 30 July 2016				
Assets				
Derivatives used for hedging	-	431	-	431
Total assets	-	431	-	431
Liabilities				
Derivatives used for hedging	-	9,946	-	9,946
Total liabilities	-	9,946	-	9,946

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. These instruments comprise of derivative financial instruments (interest rate swaps and forward exchange contracts) and are included in level 2. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the end of the reporting period.

During the half-year ended 28 January 2017, there have been no transfers between Level 1, 2 and 3 fair value measurements.

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

4 CONTRIBUTED EQUITY

	28 January 2017 Number of shares	30 July 2016 Number of shares	**28 January 2017 $'000**	30 July 2016 $'000
Opening balance	**821,278,815**	585,689,551	**779,963**	564,258
Shares issued under Entitlement Offer, net of transaction costs [1]	**-**	234,661,660	**-**	214,583
Shares issued to Myer Equity Plans Trust at market value	**-**	927,604	**-**	1,122
	821,278,815	821,278,815	**779,963**	779,963
Treasury shares				
Opening balance	**(4,200)**	(4,200)	**(40,625)**	(39,503)
Shares issued to Myer Equity Plans Trust at market value	**-**	(927,604)	**-**	(1,122)
Shares acquired by Myer Equity Plans Trust on market at $1.31	**(150,000)**	-	**(196)**	-
Shares issued under short term incentive plan	**114,617**	-	**150**	-
Shares issued for performance rights granted	**28,355**	927,604	**37**	-
Closing balance of Treasury shares	**(11,228)**	(4,200)	**(40,634)**	(40,625)
Closing balance	**821,267,587**	821,274,615	**739,329**	739,338

1. During September 2015, the Group completed a fully underwritten accelerated pro rata non-renounceable Entitlement Offer resulting in the issue of 234,661,660 new shares at $0.94 per share. The entitlement offer raised $221m less transaction costs (net of tax) of $6m.

5 DIVIDENDS

	Half-Year 2017 26 weeks $'000	2016 26 weeks $'000
(a) Ordinary shares		
Final fully franked dividend for the period ending 30 July 2016 of 3.0 cents (25 July 2015: nil) per fully paid share paid 10 November 2016.	**24,638**	-
(b) Dividends not recognised at the end of the half-year		
Since the end of the half-year, the directors have recommended the payment of an interim dividend of 3.0 cents per fully paid ordinary share (23 January 2016: 2.0 cents) fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 4 May 2017, but not recognised as a liability at the end of the half-year, is:	**24,638**	16,426

6 CONTINGENCIES

On 23 December 2016, legal proceedings were served against Myer Pty Ltd by Perpetual Limited and Bridgehead Pty Ltd, the landlords of the Myer Chadstone store. The proceedings are in relation to alleged unpaid outgoings under the lease provisions of the Myer Chadstone store for the period FY01 to FY16 totalling $19.14m plus GST, interest and costs. The Group believes the claim has no proper basis, denies any liability under it and will vigorously defend it. Given this, no provision has been recognised at 28 January 2017 in respect of this matter.

7 SUBSEQUENT EVENTS

Support office onerous lease

In March 2017, the Group entered into an agreement to hand back surplus space in the support office. A portion of this space was provided for as part of the onerous lease provision recorded in FY15, with further excess space subsequently identified due to ongoing restructuring completed. Subsequent to 28 January 2017, the Group will recognise net costs of $12m as a result of an increase to the support office onerous lease provision, impairment of assets and the write-back of straight-line rent provision and deferred income. This will be separately disclosed as an individually significant item in subsequent financial statements.

Dividends on the Company's ordinary shares

Subsequent to 28 January 2017, the directors have determined to pay an interim dividend of 3.0 cents per fully paid ordinary share, fully franked at the 30% corporate tax rate, payable on 4 May 2017. The financial effect of the interim dividend has not been recognised in the interim financial statements for the half-year ending 28 January 2017 and will be recognised in subsequent financial statements.

8 BASIS OF PREPARATION OF HALF-YEAR REPORT

The consolidated interim financial report for the half-year ended 28 January 2017 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001* .

This consolidated interim financial report does not include all the information and disclosures normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 July 2016 and any public announcements made by Myer Holdings Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* .

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period and the adoption of new and amended standards as set out below:

(i) New and amended standards adopted by the Group
A number of new or amended standards became applicable for the current reporting period. However, the group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

(ii) New standards and interpretations not yet adopted
Certain new accounting standards and interpretations have been published that are not mandatory for this interim reporting period. The Group's assessment of the impact of these new standards and interpretations, that were considered relevant for the consolidated entity, are listed below:

- AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The standard is not applicable until 1 January 2018.

There will be no material impact on the Group’s accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The Group also does not have any available for sale financial assets. The Group has not yet assessed how its hedging arrangements would be affected by the new rules; however, it does not expect the impact to be material. Increased disclosures may be required in the financial statements.

- AASB 15 *Revenue from Contracts with Customers* is a new revenue recognition standard that's core principle is that revenue must be recognised when the control of goods or services are transferred to the customer, at the transaction price. The standard is not applicable until 1 January 2018 and the Group does not expect the standard to have a significant impact.

- AASB 16 *Leases* was issued in February 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the Group’s operating leases. The Group has not yet determined to what extent its operating lease 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. Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under AASB 16. The standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

DIRECTORS' DECLARATION

In the directors' opinion:

(a) the financial statements and notes set out on pages 4 to 11 are in accordance with the *Corporations Act 2001* , including:

(i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

(ii) giving a true and fair view of the consolidated entity's financial position as at 28 January 2017 and of its performance for the half-year ended on that date, and

(b) there are reasonable grounds to believe that the Company 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.

Paul McClintock, AO
Chairman
Melbourne
15 March 2017

Independent auditor's review report to the members of Myer Holdings Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Myer Holdings Limited (the company), which comprises the consolidated balance sheet as at 28 January 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 Myer Holdings Limited (the consolidated entity). The consolidated entity comprises the company and the entities it controlled during that 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 the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that 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, 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 28 January 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Myer Holdings Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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 Myer Holdings Limited is not in accordance with the *Corporations Act 2001* including:

1. giving a true and fair view of the consolidated entity's financial position as at 28 January 2017 and of its performance for the half-year ended on that date;

2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

Jason Perry
Partner

Melbourne
15 March 2017