Appendix 4D

Half-year financial report

For the half-year ended 31 December 2017

JB Hi-Fi Limited

ACN 093 220 136

This half-year financial report is provided to the Australian Securities Exchange (ASX) under ASX Listing Rule 4.2A.3.

JB Hi-Fi Limited

ACN 093 220 136

Reporting period

Half-year ended 31 December 2017

Comparative period

Half-year ended 31 December 2016

Results for announcement to the market

		Percentage change %		*Amount $m*
Revenue from ordinary activities	up	41.04%	to	3,689.8
Profit from ordinary activities after tax	up	37.40%	to	151.7
Net profit attributable to members of JB Hi-Fi Limited	up	37.40%	to	151.7

Dividend information

	Amount per security	*Franked amount per security*
Final dividend – year ended 30 June 2017	46.0¢	46.0¢
Interim dividend – year ended 30 June 2018	86.0¢	86.0¢

Record date for determining entitlements to the dividend:

• final dividend	25 August 2017
• interim dividend	23 February 2018

Dividend payment date:

• final dividend	8 September 2017
• interim dividend	9 March 2018

Net Tangible Assets Per Security

	31 Dec 2017 $	*31 Dec 2016 $*
Net tangible (liabilities)/assets per security	(0.61)	(1.40)

Other information

This report is based on the consolidated financial statements which have been reviewed by Deloitte.

For a brief explanation of the figures above please refer to the Announcement on the results for the half-year ended 31 December 2017 and the notes to the financial statements.

JB Hi-Fi Limited
ACN 093 220 136

Half-year financial report for the half-year ended 31 December 2017

JB Hi-Fi Limited
Half-year financial report
for the half-year ended 31 December 2017

Contents

This half-year financial report does not include all the notes of the type 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 June 2017 and any public announcements made by JB Hi-Fi Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Directors' report

The directors of JB Hi-Fi Limited ("the Company") submit herewith the half-year financial report of the consolidated entity consisting of the Company and the entities it controlled ("the Group") for the half-year ended 31 December 2017. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The following persons held office as directors of JB Hi-Fi Limited during and since the end of the financial period:

Mr Greg Richards (Chairman)
Mr Stephen Goddard
Ms Beth Laughton
Mr Mark Powell
Ms Wai Tang
Mr Richard Uechtritz
Mr Richard Murray

Review of operations

The Group's net profit attributable to owners of JB Hi-Fi Limited for the half-year was $151.7 million (2016: $110.4 million). A review of the operations of the Group during the half-year and the results of these operations are set out in the Announcement on the results for the half-year ended 31 December 2017.

Auditor's independence declaration

The auditor's independence declaration is included on page 2 of the half-year financial report.

Rounding off of amounts

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

Signed in accordance with a resolution of directors made pursuant to s.306(3) of the Corporations Act 2001.

On behalf of the directors

Richard Murray
Group Chief Executive Officer

Melbourne,
12 February 2018

Deloitte Touche Tohmatsu
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The Board of Directors
JB Hi-Fi Limited
Level 4, Office Tower 2
Chadstone Shopping Centre
1341 Dandenong Road
CHADSTONE VIC 3148

12 February 2018

Dear Board Members

JB Hi-Fi Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of JB Hi-Fi Limited.

As lead audit partner for the review of the financial statements of JB Hi-Fi Limited for the half-year ended 31 December 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Andrew Reid
Partner
Chartered Accountants

Deloitte Touche Tohmatsu
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Independent Auditor's Review Report to the members of JB Hi-Fi Limited

We have reviewed the accompanying half-year financial report of JB Hi-Fi Limited, which comprises the condensed consolidated balance sheet as at 31 December 2017, the condensed consolidated statement of profit or loss, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 5 to 19.

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 gives a true and fair view and 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 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 JB Hi-Fi Limited's financial position as at 31 December 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 JB Hi-Fi 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.

Deloitte.

Auditor's independence declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of JB Hi-Fi Limited, would be in the same terms if provided to the directors as at the date of this auditor's review report.

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 JB Hi-Fi Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and

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

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Andrew Reid
Partner
Chartered Accountants
Melbourne, 12 February 2018

Directors' declaration

The directors declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

(b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

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

On behalf of the Directors

Richard Murray
Group Chief Executive Officer

Melbourne,
12 February 2018

	Notes	Half-year ended **31 December 2017 $m**	31 December 2016 $m
Revenue		**3,689.8**	2,616.2
Cost of sales		**(2,895.9)**	(2,045.1)
Gross Profit		**793.9**	571.1
Other income		**0.6**	1.5
Sales and marketing expenses		**(357.4)**	(249.3)
Occupancy expenses		**(151.2)**	(101.2)
Administration expenses		**(22.8)**	(15.8)
Acquisition transaction and implementation expenses		**-**	(15.3)
Other expenses		**(37.1)**	(24.2)
Finance costs		**(8.3)**	(2.7)
Profit before tax		**217.7**	164.1
Income tax expense		**(66.0)**	(53.7)
Profit for the half-year attributable to Owners of the Company		**151.7**	110.4

		Cents	Cents
Earnings per share			
Basic (cents per share)	3	**132.2**	102.4
Diluted (cents per share)	3	**131.0**	101.4

The above condensed consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

	Half-year ended 31 December 2017 $m	31 December 2016 $m
Profit for the half-year	**151.7**	110.4
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Changes in the fair value of cash flow hedges (net of tax)	**0.5**	1.1
Exchange differences on translation of foreign operations	**(1.5)**	0.5
Other comprehensive income for the half-year (net of tax)	**(1.0)**	1.6
Total comprehensive income for the half-year attributable to Owners of the Company	**150.7**	112.0

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

	Notes	**31 December 2017 $m**	30 June 2017 $m	31 December 2016 $m
ASSETS				
Current assets				
Cash and cash equivalents		**182.7**	72.8	124.5
Trade and other receivables	5	**302.2**	193.6	257.5
Inventories		**986.7**	859.7	898.1
Other current assets		**45.3**	41.4	47.5
Total current assets		**1,516.9**	1,167.5	1,327.6
Non-current assets				
Plant and equipment		**207.2**	208.2	215.7
Intangible assets	6	**1,037.3**	1,037.3	1,052.0
Other non-current assets		**47.7**	46.8	46.5
Total non-current assets		**1,292.2**	1,292.3	1,314.2
Total assets		**2,809.1**	2,459.8	2,641.8
LIABILITIES				
Current liabilities				
Trade and other payables	7	**1,048.4**	644.7	920.5
Deferred revenue		**150.2**	141.8	138.0
Provisions		**82.4**	76.3	76.0
Other current liabilities		**8.0**	9.0	12.7
Current tax liabilities		**28.0**	13.6	42.5
Total current liabilities		**1,317.0**	885.4	1,189.7
Non-current liabilities				
Borrowings	8	**374.2**	558.8	423.4
Deferred revenue		**102.8**	99.6	97.1
Provisions		**11.7**	11.8	11.9
Deferred tax liabilities		**8.4**	16.1	19.7
Other non-current liabilities		**36.3**	34.6	27.2
Total non-current liabilities		**533.4**	720.9	579.3
Total liabilities		**1,850.4**	1,606.3	1,769.0
Net assets		**958.7**	853.5	872.8
EQUITY				
Contributed equity	10	**441.5**	438.7	438.2
Reserves		**36.7**	33.2	32.6
Retained earnings		**480.5**	381.6	402.0
Total equity		**958.7**	853.5	872.8

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

	Notes	Contributed equity $m	Equity-settled benefits reserve $m	Foreign currency translation reserve $m	Hedging reserves $m	Common control reserve $m	Retained earnings $m	Total equity $m
Balance at 1 July 2016		**49.3**	**27.3**	**5.0**	**0.9**	**(6.1)**	**328.3**	**404.7**
Profit for the half-year		-	-	-	-	-	110.4	110.4
Cash flow hedges (net of tax)		-	-	-	1.1	-	-	1.1
Exchange difference on translation of foreign operations		-	-	0.5	-	-	-	0.5
Total comprehensive income for the half-year		**-**	**-**	**0.5**	**1.1**	**-**	**110.4**	**112.0**
Issue of shares under share option plans	10	1.0	-	-	-	-	-	1.0
Share issue costs (net of tax)	10	(6.3)	-	-	-	-	-	(6.3)
Issue of shares under entitlement offer	10	394.2	-	-	-	-	-	394.2
Dividends provided for or paid	4	-	-	-	-	-	(36.7)	(36.7)
Share-based payments - expense		-	3.0	-	-	-	-	3.0
Share-based payments - income tax		-	0.9	-	-	-	-	0.9
Balance at 31 December 2016		**438.2**	**31.2**	**5.5**	**2.0**	**(6.1)**	**402.0**	**872.8**
Balance at 1 July 2017		**438.7**	**34.6**	**4.9**	**(0.2)**	**(6.1)**	**381.6**	**853.5**
Profit for the half-year		-	-	-	-	-	151.7	151.7
Cash flow hedges (net of tax)		-	-	-	0.5	-	-	0.5
Exchange difference on translation of foreign operations		-	-	(1.5)	-	-	-	(1.5)
Total comprehensive income for the half-year		**-**	**-**	**(1.5)**	**0.5**	**-**	**151.7**	**150.7**
Issue of shares under share option plans	10	2.8	-	-	-	-	-	2.8
Dividends provided for or paid	4	-	-	-	-	-	(52.8)	(52.8)
Share-based payments - expense		-	4.0	-	-	-	-	4.0
Share-based payments - income tax		-	0.5	-	-	-	-	0.5
Balance at 31 December 2017		**441.5**	**39.1**	**3.4**	**0.3**	**(6.1)**	**480.5**	**958.7**

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

	Notes	Half-year ended 31 December 2017 $m	31 December 2016 $m
Cash flows from operating activities			
Receipts from customers		**4,036.0**	2,885.7
Payments to suppliers and employees		**(3,594.9)**	(2,575.3)
Interest and bill discounts received		**0.2**	1.4
Interest and other finance costs paid		**(8.7)**	(1.5)
Income taxes paid		**(58.9)**	(34.2)
Net cash inflow from operating activities	9	**373.7**	276.1
Cash flows from investing activities			
Payment for business combination, net of cash acquired		**-**	(846.5)
Payments for plant and equipment		**(30.4)**	(20.1)
Proceeds from sale of plant and equipment		**0.2**	0.1
Net cash (outflow) from investing activities		**(30.2)**	(866.5)
Cash flows from financing activities			
Proceeds from issue of shares	10	**2.8**	395.2
(Repayment)/proceeds of borrowings		**(183.8)**	315.0
Share issue costs		**-**	(9.0)
Dividends paid to owners of the Company	4	**(52.8)**	(36.7)
Payments for debt issue costs		**-**	(1.5)
Net cash (outflow) / inflow from financing activities		**(233.8)**	663.0
Net increase in cash and cash equivalents		**109.7**	72.6
Cash and cash equivalents at the beginning of the half-year		**72.8**	51.9
Effects of exchange rate changes on cash and cash equivalents		**0.2**	-
Cash and cash equivalents at end of the half-year		**182.7**	124.5

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

1 Summary of significant accounting policies

This general purpose financial report for the half-year ended 31 December 2017 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Act 2001. Compliance with AASB134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

This half-year financial report does not include all the notes of the type 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 June 2017 and any public announcements made by JB Hi-Fi Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

(a) Basis of preparation of half-year financial report

The condensed consolidated financial statements have been prepared on the basis of historical costs, except for the revaluation of certain financial instruments to fair value. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2017 annual financial report for the financial year ended 30 June 2017, except for the impact of the adoption of the new and revised accounting policies discussed below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Comparative figures are shown for 31 December 2016 in addition to 30 June 2017 in the balance sheet due to the seasonality of the business and the impact this has on working capital. Other than the adjustments recognised in finalising the accounting for the acquisition of The Good Guys (refer to note 13) there has been no restatement of figures in prior periods.

(b) New accounting standards and interpretations

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period.

New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Group include:

- AASB 2016-1 *Amendments to Australian Accounting Standards - Recognition of Deferred Tax Assets for Unrealised Losses*

- AASB 2016-2 *Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107*

The adoption of the above amending Standards did not have any impact on the disclosures or the amounts recognised in the Group's condensed consolidated financial statements.

As a consequence of an IFRS Interpretation Committee (IFRIC) agenda decision issued in November 2016, the Group has amended its accounting policy to recognise a deferred tax liability on indefinite life intangibles acquired as part of a business combination. The amendment resulted in an increase of $12.9m to goodwill and deferred tax liabilities as at the beginning of the earliest comparative period.

1 Summary of significant accounting policies (continued)

(b) New accounting standards and interpretations (continued)

The effects of the following Standards that are issued but not yet effective are still being determined:

- *AASB 15 Revenue from Contracts with Customers,* and the relevant amending standards (effective 1 January 2018)

  The Group is in the process of completing its assessment of AASB 15. Consistent with the disclosures made at 30 June 2017, the effects of adopting the new standard are not expected to be material.

- AASB 16 *Leases* (effective 1 January 2019)

  The new requirement to recognise a right-of-use asset and a related lease liability is expected to have a significant impact on the amounts recognised in the Group's consolidated financial statements.

  Further to the disclosures made at 30 June 2017, the Group continues to progress its assessment of AASB 16. It is not practicable to provide a reasonable estimate of the financial effect until the assessment of the potential impact is completed by the Group.

(c) Rounding off of amounts

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

2 Segment information

(a) Description of segments

Management has determined the operating segments based on the reports reviewed by the Group Chief Executive Officer that are used to make strategic and operating decisions.

The Group Chief Executive Officer considers the business primarily from a brand and geographic perspective. On this basis management has identified three reportable segments, JB Hi-Fi Australia ("JB Aust"), JB Hi-Fi New Zealand ("JB NZ") and The Good Guys ("TGG"). The Group Chief Executive Officer monitors the performance of these three segments separately. The Group does not operate under any other brand or in any other geographic segment.

(b) Segment information provided to the Group Chief Executive Officer

The segment information provided to the Group Chief Executive Officer for the reportable segments for the half-year ended 31 December 2017 is as follows:

31 Dec 2017	**JB Aust** $m	**JB NZ** $m	**TGG** $m	**Intersegment eliminations** $m	**Total** $m
Revenue from external customers	2,476.0	114.0	1,099.8	-	3,689.8
EBITDA	204.5	1.4	50.4	-	256.3
Total segment assets	1,427.1	59.0	1,365.5	(42.5)	2,809.1
Total segment liabilities	1,283.9	22.9	586.1	(42.5)	1,850.4

31 Dec 2016	**JB Aust** $m	**JB NZ** $m	**TGG** $m	**Intersegment eliminations** $m	**Total** $m
Revenue from external customers	2,234.2	118.9	263.1	-	2,616.2
EBITDA	170.8	2.5	15.2	-	188.5
Total segment assets	1,279.1	83.8	1,294.3	(15.4)	2,641.8
Total segment liabilities	1,196.5	27.4	560.5	(15.4)	1,769.0

Note that the amounts disclosed for TGG from the prior period are from the date of acquisition on 28 November 2016 until 31 December 2016. Refer to note 12 for further details.

(i) EBITDA

The Group Chief Executive Officer assesses the performance of the operating segments based on a measure of EBITDA. This measurement basis excludes the effects of interest revenue, finance costs, income tax, depreciation, amortisation, impairment and non-operating intercompany charges.

A reconciliation of consolidated EBITDA to operating profit before income tax is provided as follows:

	31 December 2017 **$m**	31 December 2016 $m
EBITDA	**256.3**	188.5
Interest revenue	**0.2**	1.4
Finance costs	**(8.3)**	(2.7)
Depreciation and impairment	**(30.5)**	(23.1)
Profit before income tax	**217.7**	164.1

3 Earnings per share

	31 December 2017 Cents	31 December 2016 Cents
Basic (cents per share)	**132.2**	102.4
Diluted (cents per share)	**131.0**	101.4

(a) Reconciliation of earnings used in calculating earnings per share

	31 December 2017 $m	31 December 2016 $m
Basic earnings per share		
Profit for the half-year attributable to owners of the Company	**151.7**	110.4
Diluted earnings per share		
Profit for the half-year attributable to owners of the Company	**151.7**	110.4

(b) Weighted average number of shares used as the denominator

	31 December 2017 No. m	31 December 2016 No. m
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**114.7**	107.9
Adjustments for calculation of diluted earnings per share:		
Options	**1.1**	1.0
Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted earnings per share	**115.8**	108.9

Details of movements in ordinary shares during the current and prior half-year reporting periods are set out in note 10.

(c) Information concerning the classification of securities

Options

Options granted to employees under the Group's executive and employee share option plans are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The options have not been included in the determination of basic earnings per share.

4 Dividends

	31 December 2017 Cents per share	**31 December 2017** $m	31 December 2016 Cents per share	31 December 2016 $m
Recognised amounts				
Final dividend - previous financial year	**46.0**	**52.8**	37.0	36.7

	31 December 2017 Cents per share	**31 December 2017** $m	31 December 2016 Cents per share	31 December 2016 $m
Unrecognised amounts				
Interim dividend - current financial year	**86.0**	**98.8**	72.0	82.4

In respect of the half-year ended 31 December 2017, the directors have recommended the payment of an interim dividend of 86.0 cents per share. The record date is 23 February 2018.

All dividends declared and subsequently paid by the Company are franked to 100% at the 30% corporate income tax rate.

5 Trade and other receivables

	31 December 2017 $m	30 June 2017 $m	31 December 2016 $m
Trade receivables	**73.3**	54.2	51.3
Allowance for doubtful debts	**(1.1)**	(0.7)	(0.7)
	72.2	53.5	50.6
Non-trade receivables	**230.0**	140.1	206.9
	302.2	193.6	257.5

6 Intangible assets

	Goodwill $m	**Brand names $m**	**Location premiums $m**	**Rights to profit share $m**	**Total $m**
Half-year 31 December 2016					
Opening net book amount	49.5	43.1	2.4	3.5	98.5
Additions - business combination (note 12)	712.2	241.3	-	-	953.5
Closing net book amount	761.7	284.4	2.4	3.5	1,052.0
Half-year 31 December 2017					
Opening net book amount	747.0	284.4	2.4	3.5	1,037.3
Closing net book amount	747.0	284.4	2.4	3.5	1,037.3

7 Trade and other payables

	31 December 2017 $m	30 June 2017 $m	31 December 2016 $m
Trade payables	**934.8**	580.7	833.1
Goods and services tax (GST) payable	**51.1**	24.1	32.4
Other creditors and accruals	**62.5**	39.9	55.0
	1,048.4	644.7	920.5

8 Borrowings

	31 December 2017 $m	30 June 2017 $m	31 December 2016 $m
Unsecured			
Bank loans	**374.2**	558.8	423.4

There have been no changes to the Group's borrowing facilities, the amount drawn at the end of each reporting period varies based on the Group's cash requirements.

In line with the Group's financial risk management policy, the Group has utilised an interest rate swap and interest rate cap over approximately 50% of the Group's borrowings to mitigate the risk of changing interest rates on the variable rate debt held.

9 Reconciliation of profit after income tax to net cash inflow from operating activities

	Half-year ended	
	31 December 2017 $m	31 December 2016 $m
Profit for the half-year	**151.7**	110.4
Depreciation and amortisation	**30.5**	23.1
Non-cash employee benefits expense - share-based payments	**4.0**	3.0
Change in operating assets and liabilities net of effects from acquisition of businesses:		
(Increase) decrease in inventories	**(128.9)**	(94.3)
(Increase) decrease in current receivables	**(109.2)**	(123.3)
(Increase) decrease in other current assets	**(4.7)**	(7.8)
(Decrease) increase in deferred tax liabilities	**(7.7)**	(7.4)
(Decrease) increase in current payables	**413.5**	338.6
(Decrease) increase in current provisions	**6.2**	3.8
(Decrease) increase in other current liabilities	**(0.5)**	0.9
(Decrease) increase in non-current provisions	**(0.1)**	(0.2)
(Decrease) increase in other non-current liabilities	**4.0**	2.3
(Decrease) increase in current tax liabilities	**14.9**	27.0
Net cash inflow from operating activities	**373.7**	276.1

10 Contributed equity

(a) Movements in ordinary share capital

Date	Details	Number of shares	$m
1 July 2016	Opening balance	98,947,309	49.3
	Issue of shares under entitlement offer	15,046,182	394.2
	Share issue costs (net of tax)	-	(6.3)
	Issue of shares under share option and deferred STI plans	372,005	1.0
31 December 2016	Closing balance	114,365,496	438.2
1 July 2017	Opening balance	114,421,403	438.7
	Issue of shares under share option and deferred STI plans	444,964	2.8
31 December 2017	Closing balance	114,866,367	441.5

(b) Share options

During the half-year reporting period, the Company issued 465,837 share options (2016: 333,236) over ordinary shares under its executive and employee share option plan.

11 Fair value measurements

The only financial assets or financial liabilities carried at fair value are interest rate swaps, interest rate caps and foreign currency forward contracts.

All these instruments are considered to be Level 2 financial instruments because, unlike Level 1 financial instruments, their measurement is derived from inputs other than quoted prices that are observable for the assets or liabilities, either directly (as prices) or indirectly (derived from prices).

The fair value of the interest rate swaps and caps at 31 December 2017 was a liability of $0.4m (31 December 2016: $0.1m asset). The interest rate swaps and caps fair value was obtained from third party valuations derived from discounted cash flow forecasts of interest rates from observable yield curves at the end of the reporting period and contract interest rates.

The fair value of the foreign currency forward contracts at 31 December 2017 was a liability of $0.3m (31 December 2016: $0.9m asset). The forward contracts fair value was obtained from third party valuations derived from discounted cash flow forecasts of forward exchange rates at the end of the reporting period and contract exchange rates.

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the half-year. The carrying amount of other financial assets and financial liabilities recorded in the financial statements approximate their fair values.

12 Business combination

(a) Summary of acquisition

There were no acquisitions in the half-year ending 31 December 2017.

During the half-year ending 31 December 2017, the provisional accounting for the acquisition of The Good Guys was finalised.

Details of the purchase consideration, and finalised fair values of the net assets acquired and goodwill at the date of acquisition are as follows:

(i) Assets acquired and liabilities assumed at the date of the acquisition:

	$m
Current assets	
Cash and cash equivalents	23.5
Trade and other receivables	79.7
Inventories	257.0
Other current assets	34.3
Non-current assets	
Plant and equipment	35.2
Brand name	241.3
Other non-current assets	44.8
Current liabilities	
Trade and other payables	(302.2)
Deferred revenue	(86.6)
Provisions	(26.1)
Current tax liabilities	(8.3)
Other current liabilities	(1.8)
Non-current liabilities	
Deferred revenue	(94.7)
Provisions	(5.6)
Deferred tax liability	(34.7)
Other non-current liabilities	(7.9)
Net identifiable assets acquired	147.9

(ii) The goodwill arising on the acquisition was as follows:

	$m
Purchase consideration	**860.1**
Less: value of net assets acquired	**(147.9)**
Goodwill arising on acquisition	**712.2**

13 Comparative balances

In this half-year report, comparative balances have been restated to reflect the finalisation of the accounting for the acquisition of The Good Guys. The following table illustrates the quantum of the fair value adjustments recognised during the half-year and their impact on the prior year comparatives presented in this half-year report.

	30 June 2017 $m	30 June 2017 (Restated) $m	31 December 2016 $m	31 December 2016 (Restated) $m
Condensed consolidated balance sheet (extract)				
Cash and cash equivalents	72.8	72.8	124.5	124.5
Trade and other receivables	196.6	193.6	331.8	257.5
Inventories	859.9	859.7	904.0	898.1
Other current assets	41.4	41.4	46.3	47.5
Plant and equipment	208.2	208.2	215.7	215.7
Deferred tax assets	-	-	36.0	-
Intangible assets	1,026.6	1,037.3	981.5	1,052.0
Other non-current assets	46.8	46.8	45.5	46.5
Total assets	2,452.3	2,459.8	2,685.3	2,641.8
Trade and other payables	647.8	644.7	994.3	920.5
Deferred revenue	141.8	141.8	133.2	138.0
Provisions	75.4	76.3	76.3	76.0
Other current liabilities	9.0	9.0	12.7	12.7
Current tax liabilities	11.8	13.6	40.7	42.5
Non-current borrowings	558.8	558.8	423.4	423.4
Non-current deferred revenue	99.6	99.6	90.0	97.1
Non-current deferred tax liabilities	8.2	16.1	-	19.7
Non-current provisions	11.8	11.8	14.7	11.9
Other non-current liabilities	34.6	34.6	27.2	27.2
Total liabilities	1,598.8	1,606.3	1,812.5	1,769.0
Net assets	853.5	853.5	872.8	872.8
Contributed equity	438.7	438.7	438.2	438.2
Reserves	33.2	33.2	32.6	32.6
Retained earnings	381.6	381.6	402.0	402.0
Total equity	853.5	853.5	872.8	872.8

14 Events occurring after the reporting period

There have been no matters or circumstances occurring subsequent to the end of the half-year, that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.