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 27 January 2018**
Previous corresponding period:	26 weeks ended 28 January 2017

Results for announcement to the market				**$A'000**
Total sales from ordinary activities	down	(3.6%)	to	1,719,650
Profit/(loss) attributable to members of Myer Holdings Limited	down	(857.9%)	to	(476,219)

Dividends	**Amount per security**	**Franked amount per security**
Current reporting period		
2018 interim dividend	Nil	Nil
2017 final dividend	2.0 cents	2.0 cents
Previous corresponding period		
2017 interim dividend (paid 4 May 2017)	3.0 cents	3.0 cents
2016 final dividend	3.0 cents	3.0 cents
Record date for determining entitlements to the interim dividend		Not applicable

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	**27 January 2018**	**28 January 2017**
Net tangible assets per ordinary security	$0.21	$0.28

This report is based on the Half-Year Financial Report for the half-year ended 27 January 2018, 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 27 January 2018.

This information should be read in conjunction with the 2017 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 27 JANUARY 2018

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 27 January 2018.

DIRECTORS

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

Director	Position
Garry Hounsell	Executive Chairman (Appointed on 14 February 2018)
	Chairman and independent non-executive director (Appointed on 24 November 2017)
	Deputy Chairman and independent non-executive director (Appointed on 20 September 2017)
Paul McClintock AO	Chairman and independent non-executive director (Retired on 24 November 2017)
Richard Umbers	Chief Executive Officer and Managing Director (Retired on 14 February 2018)
Anne Brennan	Independent non-executive director (Retired on 24 November 2017)
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
Julie Ann Morrison	Non-executive director (Appointed on 17 October 2017)

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 Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and, except where otherwise stated, amounts in the consolidated financial statements have been rounded off to the nearest thousand dollars, or in certain cases, to the nearest dollar.

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

Garry Hounsell
Executive Chairman
Melbourne
20 March 2018

JoAnne Stephenson
Independent non-executive director
Melbourne
20 March 2018

Auditor's Independence Declaration

As lead auditor for the review of Myer Holdings Limited for the half-year ended 27 January 2018, 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
20 March 2018

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 27 January 2018

	Notes	Half-Year 2018 26 weeks $'000	2017 26 weeks $'000
Total sales		**1,719,650**	1,784,581
Concession sales		**(360,100)**	(386,216)
Sale of goods		**1,359,550**	1,398,365
Sales revenue deferred under customer loyalty program		**(21,005)**	(21,793)
Revenue from sale of goods		**1,338,545**	1,376,572
Other operating revenue		**88,477**	97,599
Cost of goods sold		**(781,653)**	(791,426)
Operating gross profit		**645,369**	682,745
Selling expenses		**(424,312)**	(424,102)
Administration expenses		**(159,049)**	(161,464)
Share of net profit/(loss) of equity-accounted associate		**-**	(625)
Dilution of investment in equity-accounted associate		**-**	(1,338)
Restructuring, store exit costs and impairment of assets	2	**(538,230)**	-
Earnings/(loss) before interest and tax		**(476,222)**	95,216
Finance revenue		**177**	100
Finance costs		**(4,906)**	(5,633)
Net finance costs		**(4,729)**	(5,533)
Profit/(loss) before income tax		**(480,951)**	89,683
Income tax benefit/(expense)		**4,732**	(26,846)
Profit/(loss) for the period attributable to owners of Myer Holdings Limited		**(476,219)**	62,837
Earnings/(loss) per share attributable to the ordinary equity holders of the company:		**Cents**	**Cents**
Basic earnings per share		**(58.0)**	7.7
Diluted earnings per share		**(57.8)**	7.6

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the half-year ended 27 January 2018

	Half-Year	
	2018	2017
	26 weeks	26 weeks
	$'000	$'000
Profit/(loss) for the period	**(476,219)**	62,837
Other comprehensive income/(loss)		
Items that may be reclassified to profit or loss:		
Cash flow hedges	**(33)**	5,929
Exchange differences on translation of foreign operations	**80**	(116)
Other comprehensive income/(loss) for the period, net of tax	**47**	5,813
Total comprehensive income/(loss) for the period attributable to owners of Myer Holdings Limited	**(476,172)**	68,650

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

CONSOLIDATED BALANCE SHEET

as at 27 January 2018

	Notes	**27 January 2018 $'000**	29 July 2017 $'000	28 January 2017 $'000
ASSETS				
Current assets				
Cash and cash equivalents		**78,914**	30,591	105,877
Trade and other receivables and prepayments		**40,560**	27,602	35,645
Inventories		**372,038**	372,374	403,113
Derivative financial instruments	5	**94**	-	411
Total current assets		**491,606**	430,567	545,046
Non-current assets				
Property, plant and equipment		**452,557**	460,211	456,016
Intangible assets	3	**468,023**	985,657	1,016,587
Derivative financial instruments	5	**-**	-	90
Investment in associate		**-**	-	7,240
Other non-current assets		**1,976**	2,094	2,228
Total non-current assets		**922,556**	1,447,962	1,482,161
Total assets		**1,414,162**	1,878,529	2,027,207
LIABILITIES				
Current liabilities				
Trade and other payables		**471,614**	379,740	475,382
Provisions		**86,883**	87,295	87,745
Deferred income		**11,630**	9,817	11,767
Derivative financial instruments	5	**8,641**	7,944	3,260
Current tax liabilities		**7,506**	1,627	14,016
Other liabilities		**409**	591	587
Total current liabilities		**586,683**	487,014	592,757
Non-current liabilities				
Borrowings	4	**98,780**	143,367	97,820
Provisions		**12,687**	13,821	15,183
Deferred income		**71,416**	75,927	78,732
Deferred tax liabilities		**63,547**	84,574	89,683
Derivative financial instruments	5	**998**	958	161
Total non-current liabilities		**247,428**	318,647	281,579
Total liabilities		**834,111**	805,661	874,336
Net assets		**580,051**	1,072,868	1,152,871
EQUITY				
Contributed equity	6	**739,020**	739,329	739,329
Retained earnings/(accumulated losses)		**(150,499)**	342,146	417,682
Reserves		**(8,470)**	(8,607)	(4,140)
Total equity		**580,051**	1,072,868	1,152,871

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 27 January 2018

	Notes	Contributed equity $'000	Retained earnings/ (accumulated losses) $'000	Reserves $'000	Total $'000
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		(196)	-	-	(196)
Issue of treasury shares to employees		187	-	-	187
Dividends paid		-	(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

	Notes	Contributed equity $'000	Retained earnings/ (accumulated losses) $'000	Reserves $'000	Total $'000
Balance as at 29 July 2017		739,329	342,146	(8,607)	1,072,868
Net loss for the period		**-**	**(476,219)**	**-**	**(476,219)**
Other comprehensive income/(loss)		**-**	**-**	**47**	**47**
Total comprehensive income/(loss) for the period		**-**	**(476,219)**	**47**	**(476,172)**
Transactions with owners in their capacity as owners:					
Acquisition of treasury shares	6	**(309)**	**-**	**-**	**(309)**
Dividends paid	7	**-**	**(16,426)**	**-**	**(16,426)**
Employee share schemes		**-**	**-**	**90**	**90**
		(309)	**(16,426)**	**90**	**(16,645)**
Balance as at 27 January 2018		**739,020**	**(150,499)**	**(8,470)**	**580,051**

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 27 January 2018

	Notes	Half-Year 2018 26 weeks $'000	2017 26 weeks $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**1,576,807**	1,639,998
Payments to suppliers and employees (inclusive of goods and services tax)		**(1,397,056)**	(1,421,894)
		179,751	218,104
Interest paid		**(4,931)**	(5,238)
Tax paid		**(10,416)**	(18,579)
Net cash inflow from operating activities		**164,404**	194,287
Cash flows from investing activities			
Payments for property, plant and equipment		**(38,502)**	(57,169)
Net investment in associate		**-**	(747)
Payments for intangible assets		**(16,037)**	(9,530)
Lease incentives and contributions received		**-**	8,437
Interest received		**193**	207
Net cash outflow from investing activities		**(54,346)**	(58,802)
Cash flows from financing activities			
Repayment of borrowings, net of transaction costs		**(45,000)**	(50,000)
Dividends paid to equity holders of the parent	7	**(16,426)**	(24,638)
Payment for acquisition of treasury shares	6	**(309)**	(196)
Other		**-**	19
Net cash outflow from financing activities		**(61,735)**	(74,815)
Net increase in cash and cash equivalents		**48,323**	60,670
Cash and cash equivalents at the beginning of the period		**30,591**	45,207
Cash and cash equivalents at end of the period		**78,914**	105,877

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 subsidiaries: sass & bide, Marcs and David Lawrence. On the basis that these subsidiaries represent less than 10% of the total Group's operations and have similar economic characteristics to the department store retail business, they have not been disclosed as separate reporting segments.

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 EXPENSES

Restructuring, store exit costs and impairment of assets

The following individually significant items are included within restructuring, store exit costs and impairment of assets in the consolidated income statement:

	Half-Year	
	2018	2017
	26 weeks	26 weeks
	$'000	$'000
Restructuring and redundancy costs[1]	**6,500**	-
Store exit costs and related asset impairments[2]	**7,244**	-
Impairment of assets[3]	**524,486**	-
	538,230	-
Income tax benefit[4]	**(21,966)**	-
Restructuring, store exit costs and impairment of assets, net of tax	**516,264**	-

1. The Group has completed several restructuring programs during the period resulting in redundancy and other costs being incurred or committed but not yet paid.

2. Store exit costs and related asset impairments includes net costs associated with the announcement of store closures (Colonnades, Belconnen and Hornsby) and space optimisation during or after the end of the period that have been committed to prior to the end of the period.

3. The Group has recognised an impairment of the Myer goodwill and brand name, an impairment of the Mt Gravatt store's plant and equipment assets, and an impairment of Support Office software assets. Refer to note 3 for more information.

4. Income tax benefit includes a $15.1 million benefit relating to the unwind of the deferred tax liability as a result of the impairment of the Myer brand name recognised during the period. Refer to note 3 for more information.

3 IMPAIRMENT OF ASSETS

The goodwill arising on the acquisition of the Myer business amounting to $465.0 million (29 July 2017: $465.0 million) cannot be allocated to the Group's individual cash generating units (CGU's) (the Group's stores), and hence has been allocated to the Myer business. Similarly, brand names which have an indefinite useful life and amounting to $402.8 million (29 July 2017: $402.8 million) have been allocated to the Myer business.

AASB 136 *Impairment of Assets* requires goodwill and intangible assets with an indefinite useful life to be assessed at the end of each reporting period where there is any indication that an asset may be impaired. A review of indicators of impairment using both external and internal sources of information has been undertaken.

As at 27 January 2018, there are indicators of impairment due to the recent changes in market conditions and operating performance of Myer, and the current market capitalisation position. As a result, the recoverable amount of the assets relating to this CGU have been assessed using a value-in-use discounted cash flow model. This model uses cash flow projections based on financial forecasts approved by management covering a five-year period. Cash flows beyond five-year periods are extrapolated using a terminal growth rate.

During the period, the carrying value exceeded the recoverable amount and an impairment charge of $515.3 million has been recognised in respect of goodwill ($465.0 million) and the Myer brand name ($50.3 million). This has been included within restructuring, store exit costs and impairment of assets in the consolidated income statement.

The decrease in the recoverable amount reflects an acceleration of changes to market conditions during the period, with a more challenging and competitive retail market leading to a deterioration in financial performance from previous expectations. As a consequence, this has led to a moderated outlook for the business over the forecast period and has been reflected in management's expectations of future cash flows. The key assumptions used in the model are as follows:

Key assumption	**January 2018**	**July 2017**	**Approach used to determine value**
Discount rate (pre-tax)	14.8%	14.4%	The pre-tax discount rate is sourced from observable market information and is risk-adjusted relative to the risks associated with the net pre-tax cash flows being achieved. The pre-tax discount rate has increased since the previous reporting period.
Terminal growth rate	1.7%	2.5%	This is the weighted average growth rate used to extrapolate cash flows beyond the five-year forecast period. The rate has declined since the previous reporting period to reflect changes in external market expectations.
Average EBITDA margin	5.4%	7.0%	Average annual EBITDA margin over the five-year forecast period, applied to sales forecast consistent with external market forecasts. The average annual EBITDA margin is based on external sources of information, past performance and management's expectations. This assumption incorporates anticipated market conditions, sales channel performance, and management's expectations of margin improvement and future cost saving initiatives.

As the recoverable amount approximates carrying value, any adverse movement in these key assumptions may lead to further impairment. The recoverable amount is based on operating and cashflow performance stabilising, however the timing of cashflow benefits arising from initiatives could be influenced by market conditions. The recoverable amount is highly sensitive to changes in all of the key assumptions. The impact of these changes in key assumptions is shown in the table below and has been calculated in isolation from other changes.

Key assumption	**Sensitivity**	**Impact of Sensitivity**
Discount rate (pre-tax)	+1%	Further impairment of $75 million
Terminal growth rate	-1%	Further impairment of $56 million
Average EBITDA margin	-0.4%	Further impairment of $103 million

Myer will perform annual impairment testing at the end of the financial year. Where there are changes in management forecasts and plans, or market based assumptions, this may cause the carrying values of non-current assets to exceed their recoverable amounts.

As at 27 January 2018, a review of the carrying value of the assets for each Myer store was undertaken and if indicators of impairment are identified, the recoverable amount of these store assets are determined using a value-in-use discounted cash flow model. This model uses cash flow projections based on financial forecasts approved by management. The key assumptions in the model are consistent with those noted above.

Based on this, the Group identified indicators of impairment in respect of the Mt Gravatt store and has recognised an impairment of the store's plant and equipment of $4.2 million.

4 BORROWINGS

(a) Structure of debt

The debt funding of the Group at 27 January 2018 comprised of a revolving cash advance syndicated facility of $420 million, which contains two tranches. This facility was established on 29 October 2009, drawn down on 6 November 2009 and amended and restated on 3 June 2011, 9 July 2013 and 23 June 2015. As at 27 January 2018, the following amounts were drawn:

	27 January 2018 $'000	29 July 2017 $'000
Bank loans	**100,000**	145,000
Less: transaction costs	**(1,220)**	(1,633)
Borrowings	**98,780**	143,367

The terms and conditions of the Group's revolving cash advance facility is as follows:

	Amount	**Term**	**Expiry date**
Revolving cash advance facility - Tranche A	$145 million	4 years	21 August 2019
Revolving cash advance facility - Tranche C	$275 million	4 years	21 August 2019

As the facility is revolving, amounts repaid may be redrawn during their terms.

(b) Security

The revolving cash advance facility in place at 27 January 2018 is unsecured, subject to various representations, undertakings, events of default and review events which are usual for a facility of this nature.

(c) Debt covenants

Under the terms of the revolving cash advance syndicated facility, the Group is required to comply with the following financial covenants:

	Covenant	**27 January 2018 $'000**	29 July 2017 $'000	28 January 2017 $'000
Leverage Ratio	=< 2.50x	**0.13x**	0.58x	(0.03)x
Fixed Charges Cover Ratio	=> 1.5x	**1.65x**	1.79x	1.83x
Minimum Shareholders' Funds	=> $500 million	**580,051**	1,072,868	1,152,871

5 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 liability 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 27 January 2018 and 29 July 2017, 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 27 January 2018				
Assets				
Derivatives used for hedging	**-**	**94**	**-**	**94**
Total assets	**-**	**94**	**-**	**94**
Liabilities				
Derivatives used for hedging	**-**	**9,639**	**-**	**9,639**
Total liabilities	**-**	**9,639**	**-**	**9,639**
At 29 July 2017				
Assets				
Derivatives used for hedging	-	-	-	-
Total assets	-	-	-	-
Liabilities				
Derivatives used for hedging	-	8,902	-	8,902
Total liabilities	-	8,902	-	8,902

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 27 January 2018, 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.

6 CONTRIBUTED EQUITY

	27 January 2018 Number of shares	29 July 2017 Number of shares	**27 January 2018 $'000**	29 July 2017 $'000
Opening balance	**821,278,815**	821,278,815	**779,963**	779,963
Treasury shares				
Opening balance	**(11,228)**	(4,200)	**(40,634)**	(40,625)
Shares acquired by Myer Equity Plans Trust on market at $1.31	**-**	(150,000)	**-**	(196)
Shares acquired by Myer Equity Plans Trust on market at $0.69	**(450,000)**	-	**(309)**	-
Shares issued under short term incentive plan	**-**	114,617	**-**	150
Shares issued for performance rights granted	**459,675**	28,355	**-**	37
Closing balance of Treasury shares	**(1,553)**	(11,228)	**(40,943)**	(40,634)
Closing balance	**821,277,262**	821,267,587	**739,020**	739,329

7 DIVIDENDS

	Half-Year **2018 26 weeks $'000**	2017 26 weeks $'000
(a) Ordinary shares		
Final fully franked dividend for the period ending 29 July 2017 of 2.0 cents (30 July 2016: 3.0 cents) per fully paid share paid 9 November 2017.	**16,426**	24,638
(b) Dividends not recognised at the end of the reporting period		
Since the end of the half-year, the directors have determined that no interim dividend will be payable (28 January 2017: 3.0 cents per fully paid ordinary share fully franked based on tax paid at 30%). The aggregate amount of the proposed dividend expected to be paid after period end, but not recognised as a liability at the end of the period, is:	**-**	24,638

8 CONTINGENCIES

On 23 December 2016, legal proceedings were served against Myer Pty Ltd by Perpetual Limited and Bridgehead Pty Ltd (the Landlord) in relation to the Myer Chadstone store. The Landlord alleged that there was a mutual mistake in the drafting of the variable outgoings provisions in the lease for the Myer Chadstone store or that those provisions had been misinterpreted. The Landlord sought, amongst other things, rectification of the lease and payment of alleged unpaid outgoings in respect of a period between 2000 and 2016 totalling $19.14 million, plus GST, as well as interest and costs. On 29 January 2018, the Supreme Court of Victoria handed down judgement in favour of Myer and dismissed the claims made by the Landlord. On 20 March 2018, the Landlord served Myer with an application for leave to appeal the decision to the Court of Appeal. Consistent with the previous financial year, no provision has been recognised at 27 January 2018 in respect of this matter.

9 SUBSEQUENT EVENTS

Dividends on the Company's ordinary shares
The directors have determined that no interim dividend will be payable for the period ended 27 January 2018.

Leadership Changes
On 14 February 2018, the Group announced that Richard Umbers stepped down from his role as Chief Executive Officer and Managing Director and Garry Hounsell was appointed as Executive Chairman.

10 BASIS OF PREPARATION OF HALF-YEAR REPORT

The consolidated interim financial report for the half-year ended 27 January 2018 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 29 July 2017 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. Certain comparative amounts have been reclassified for consistency with the current period's presentation. The adoption of new and amended standards is set out below:

(i) New and amended standards adopted by the Group
None of the new standards or amendments to standards that are mandatory for the first time for the interim reporting period materially affected any of the amounts recognised in the current period or any prior period and are not likely to significantly affect future periods.

(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 applicable to annual reporting periods beginning on or after 1 January 2018. The Group will apply AASB 9 in the financial year beginning 29 July 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 thats 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 applicable to annual reporting periods beginning on or after 1 January 2018. The Group will apply AASB 15 in the financial year beginning 29 July 2018. The Group does not expect the standard to have a significant impact on total revenue.

- AASB 16 *Leases* was released in February 2016 by the Australian Accounting Standards Board. This standard eliminates the classification between operating and finance leases and introduces a single lessee accounting model. The new model requires the recognition of a leased asset, and its corresponding lease liability, for all leases that have a term of more than 12 months (unless the underlying asset is of low value) and the separate recognition of the depreciation charge on the leased asset from the interest expense on the lease liability. There are also changes in accounting over the life of the lease. This will result in the recognition of a front-loaded pattern of expense for most leases, even when constant annual rentals are paid.
The standard is applicable from 1 January 2019 with early adoption permitted if, and only if, AASB 15 is also early adopted. The Group is in the process of performing an assessment of the impact of the new standard and will provide an estimate of the financial impact once complete.

DIRECTORS' DECLARATION

In the directors' opinion:

(a) the financial statements and notes set out on pages 4 to 13 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 27 January 2018 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.

Garry Hounsell
Executive Chairman
Melbourne
20 March 2018

JoAnne Stephenson
Independent non-executive director
Melbourne
20 March 2018

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 27 January 2018, the consolidated income statement, the 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, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Myer Holdings Limited. 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 27 January 2018 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*.

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

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 27 January 2018 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

Jason Perry
Partner

Melbourne
20 March 2018