

Burson Group Limited

ABN 80 153 199 912

Appendix 4D and Interim Financial Report for the half year ended **31 December 2014**

Lodged with the ASX under Listing Rule 4.2A

Burson Group Limited ABN 80 153 199 912

Half year ended: 31 December 2014 ("H1 FY2015")
(Previous corresponding period: Half year ended 31 December 2013 ("H1 FY2014"))

Results for Announcement to the Market

Statutory Result Summary

		\$'000	%		H1 FY2015 Actual \$'000
Revenue from ordinary activities	Up	16,338	9.7%	to	185,008
Profit from ordinary activities after tax attributable to members	Up	8,940	465.4%	to	10,861
Net profit after tax attributable to the members of Burson Group Limited	Up	8,940	465.4%	to	10,861

Revenue for the half year to 31 December 2014 increased by 9.7% compared to the corresponding period last year, with same store sales increasing by 4.3%. Burson's statutory profit after income tax increased by \$8.9M due to the impact of higher sales and the non-recurring write-off of unamortised borrowing costs in H1 FY2014. Additionally finance costs were lower in H1 FY2015 compared to H1 FY2014 due to the lower debt levels since the IPO in April 2014.

Net debt at 31 December 2014 was \$56.1M representing a leverage ratio of 1.47X (Net debt: EBITDA)

Pro-forma Result Summary

A summary of the result for H1 FY2015 compared to the pro-forma result for H1 FY2014 (as contained in the April 2014 IPO prospectus) is as follows;

		\$'000	%		H1 FY2015 Actual \$'000
Pro-forma revenue from ordinary activities	Up	16,338	9.7%	to	185,008
Pro-forma profit from ordinary activities after tax attributable to members	Up	1,361	14.3%	to	10,861
Pro-forma net profit after tax attributable to the members of Burson Group Limited	Up	1,361	14.3%	to	10,861
Earnings per share ¹ (cents)	Up	0.83	14.3%	to	6.64

For further explanation of the figures above refer to the ASX/Media Announcement for the half year ended 31 December 2014 and the accompanying Directors Report. A reconciliation of the statutory profit to the pro-forma profit for H1 FY2014 is contained in the Directors Report.

¹ Both current and prior period earnings per share are based on 163.6M shares on issue as at 31 December 2014.

Dividends / distributions

The dividends below were paid to shareholders of Burson;

	Amount per security ¹	Franked amount per security
2013 dividend paid – July 2013 (paid prior to ASX listing)	\$1.35	\$1.35
2014 pre-IPO dividend paid – April 2014 (paid prior to ASX listing)	\$0.44	\$0.44
2015 interim dividend (declared after balance date but not yet paid)	\$0.04	\$0.04

Record date for determining entitlements to the dividend 19 March 2015

Date dividend payable 9 April 2015

Other information required by Listing Rule 4.2A

Other information requiring disclosure to comply with Listing Rule 4.2A is contained in the 31 December 2014 Interim Financial Report (which includes the Directors' report).

¹ Based on the number of securities at the time the dividend was declared.

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This interim 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 2014, the IPO Prospectus dated 7 April 2014 and any public announcements made by Burson Group Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Directors' report

Your Directors present their report on the consolidated entity (referred to hereafter as “Burson” or “the Group”) consisting of Burson Group Limited (the “Company”) and the entities it controlled at the end of, or during, the financial half year ending 31 December 2014 (“H1 FY2015”).

1. DIRECTORS

The following persons were Directors of the Company at any time during H1 FY2015, or since the end of H1 FY2015 up to the date of this report:

Robert McEniry	Independent, Non-Executive Chairman
Darryl Abotomey	Managing Director and Chief Executive Officer
Andrew Harrison	Independent, Non-Executive Director
Therese Ryan	Independent, Non-Executive Director

2. REVIEW OF OPERATIONS

Burson’s revenue for the half year to 31 December 2014 was \$185.0M, up 9.7% on the corresponding period last year. Same store sales contributed 4.3% of the increase with the balance of the increase due to new stores to the Burson network in both FY2014 and H1 FY2015. The automotive aftermarket parts market has been steady and Burson’s store network has performed well with continued focus on individual store performance.

5 new stores were opened in H1 FY2015 consisting of 4 acquisitions and 1 greenfield development. The new stores are located in Queensland (3) and NSW (2).

Gross margin percent excluding freight (GM%) was consistent with H1 FY14 as a competitive market environment has restrained GM% growth. As recorded in the statutory accounts, GM% including freight expense was 0.1% lower due to higher freight costs as a result of the increased sales base located outside of Victoria where the Distribution Centre is located. Due to a lower Australian dollar Burson began to see some supplier price increases towards the end of the H1 FY2015 period, with a number of suppliers also flagging price increases in early calendar year 2015. As is usual practice, Burson passed supplier price increases onto customers at the effective date of the increase. Burson also processed an additional cost recovery price increase in January 2015.

The statutory net profit of the Group for the half year to 31 December 2014 after providing for income tax amounted to \$10.9 million (H1 FY2014: \$1.9 million). The net profit of the Group compared to the H1 FY2014 pro-forma net profit after tax increased by 14.3%. The differences between H1 FY2014 statutory and H1 FY2014 pro-forma results all relate to Burson becoming an ASX listed public company.

A reconciliation between the statutory and pro-forma NPAT is as follows:

	H1FY2015	H1FY2014
Statutory NPAT	10.9	1.9
Public company costs	-	(0.5)
IPO related remuneration adjustment	-	(0.1)
IPO transaction costs expensed	-	0.1
Net finance cost adjustment	-	11.5
Tax effect	-	(3.3)
Pro-forma NPAT	10.9	9.5

No dividends were paid during H1 FY2015. On 11 February 2015 the directors declared a dividend of 4.0 cents per share fully franked. The dividend will be paid on 9 April 2015 to shareholders registered as of 19 March 2015. The Board reiterates a full year FY2015 dividend target ratio of 65% of FY2015 NPAT consistent with the April 2014 IPO prospectus.

3. OUTLOOK

Burson remains focussed on the continual improvement of its existing store network, as well as growing the number of stores through greenfield developments and acquisitions. Burson is well placed to achieve a target of 124 stores by June 2015. Burson is continuing to assess its options to enter the WA market and expects to enter the state this financial year. A distribution centre in Brisbane is in the process of being established. Burson is also rolling out a program to upgrade its store showrooms that will assist in growing its walk in customer sales.

The results for the 6 months to December 2014 are consistent with Burson achieving its full year FY2015 NPAT forecast of \$21.9M as contained in the 2014 IPO prospectus.

4. AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 7.

5. ROUNDING OF AMOUNTS

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts. In accordance with that Class Order amounts in the Directors' Report and Financial Report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of the Directors.

On behalf of the Directors,



Robert McEniry
Chairman

Melbourne
11 February 2015



Darryl Abotomey
Managing Director and Chief Executive Officer



Auditor's Independence Declaration

As lead auditor for the review of Burson Group Limited for the half-year ended 31 December 2014, 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 Burson Group Limited and the entities it controlled during the period.

A handwritten signature in black ink that reads 'Daniel Rosenberg'. The signature is written in a cursive, flowing style with a long horizontal tail extending to the right.

Daniel Rosenberg
Partner
PricewaterhouseCoopers

Melbourne
11 February 2015

Consolidated statement of comprehensive income

For the half year ended 31 December 2014

		Consolidated	
	Notes	31 Dec 2014 \$'000	31 Dec 2013 \$'000
Revenue from continuing operations	2	185,008	168,670
Costs of goods sold		(109,242)	(99,366)
Employee benefits expense		(37,206)	(33,674)
Occupancy expenses		(5,913)	(5,503)
Freight to customer expenses		(1,998)	(2,006)
Other expenses		(10,835)	(9,753)
Acquisition expenses		-	(88)
Depreciation and amortisation expense	3	(2,482)	(2,103)
Finance costs	3	(1,816)	(13,429)
Profit before income tax		15,516	2,748
Income tax expense	4(a)	(4,655)	(827)
Profit for the half year attributable to the Owners of Burson Group Limited		10,861	1,921
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Changes in the fair value of cash flow hedges		-	285
Other comprehensive income for the half year, net of tax		-	285
Total comprehensive income for the half year attributable to the Owners of Burson Group Limited		10,861	2,206

Earnings per share for profit attributable to the ordinary equity holders of the Company:

		Cents	Cents
Basic earnings per share	12	6.64	2.28
Diluted earnings per share	12	6.61	2.28

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

Consolidated statement of financial position

As at 31 December 2014

	Notes	Consolidated	
		31 Dec 2014 \$'000	30 Jun 2014 \$'000
Assets			
Current assets			
Cash and cash equivalents		8,927	10,863
Trade and other receivables		30,226	32,433
Inventories		73,612	69,125
Total current assets		112,765	112,421
Non-current assets			
Property, plant and equipment	5	19,671	19,401
Deferred tax assets		10,626	10,778
Intangible assets	6	99,380	97,417
Other non-current assets		275	311
Total non-current assets		129,952	127,907
Total assets		242,717	240,328
Liabilities			
Current liabilities			
Trade and other payables		53,603	57,426
Current tax liabilities		3,135	64
Provisions	7	11,230	10,368
Total current liabilities		67,968	67,858
Non-current liabilities			
Borrowings	8	64,462	73,342
Derivative financial instruments		-	-
Provisions	9	2,258	2,167
Total non-current liabilities		66,720	75,509
Total liabilities		134,688	143,367
Net assets		108,029	96,961
Equity			
Contributed equity	10	180,775	180,775
Other reserves	11(a)	263	56
Retained earnings/(accumulated losses)	11(b)	(73,009)	(83,870)
Total equity		108,029	96,961

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

For the half year ended 31 December 2014

Consolidated	Notes	Attributable to owners of Burson Group Limited			
		Contributed equity \$'000	Reserves \$'000	Retained earnings/ (accumulated losses) \$'000	Total equity \$'000
Balance at 1 July 2013		40,085	(1,094)	9,284	48,275
Profit for the period		-	-	1,921	1,921
Other comprehensive income		-	285	-	285
Total comprehensive income for the period		-	285	1,921	2,206
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs and tax		1,062	-	-	1,062
Dividends and distributions provided for or paid		-	-	(57,089)	(57,089)
Share based payments		-	-	-	-
Balance at 31 December 2013		41,147	(809)	(45,884)	(5,546)
Balance at 1 July 2014		180,775	56	(83,870)	96,961
Profit for the period		-	-	10,861	10,861
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		-	-	10,861	10,861
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs and tax		-	-	-	-
Dividends and distributions provided for or paid		-	-	-	-
Share based payments	11(a)(i)	-	207	-	207
Balance at 31 December 2014		180,775	263	(73,009)	108,029

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 31 December 2014

	Notes	Consolidated	
		31 Dec 2014 \$'000	31 Dec 2013 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		205,937	186,284
Payments to suppliers and employees (inclusive of GST)		(190,174)	(168,311)
		15,763	17,973
Borrowing costs		(1,625)	(4,086)
Income taxes paid		(1,331)	(2,075)
Net cash inflow from operating activities		12,807	11,812
Cash flows from investing activities			
Payments to acquire businesses (net of cash acquired)	17(b)	(2,982)	(5,950)
Payments for property, plant and equipment and software		(2,992)	(4,395)
Proceeds from sale of property, plant and equipment		231	219
Net cash outflow from investing activities		(5,743)	(10,126)
Cash flows from financing activities			
Proceeds from issues of ordinary shares		-	1,112
Payments for share buyback		-	(50)
Dividends paid		-	(57,089)
Net repayment of borrowings		(9,000)	(3,450)
Net cash outflow from financing activities		(9,000)	(59,477)
Net decrease in cash and cash equivalents		(1,936)	(57,791)
Cash and cash equivalents at the beginning of the financial year		10,863	60,992
Cash and cash equivalents at end of half year		8,927	3,201

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

Notes to the consolidated financial statements

1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Burson Group Limited and its subsidiaries.

(a) Basis of preparation

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2014 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Burson is a “for profit” entity for the purpose of preparing interim financial statements.

This condensed consolidated interim 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 2014 and any public announcements made by Burson Group 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.

(b) New and amended standards adopted by Burson

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.

(c) Impact of standards issued but not yet applied by the entity

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2017 but is available for early adoption. When adopted, the standard will affect the group’s accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss. In the current reporting period, the group has recognised no such gains/losses in other comprehensive income.

There will be no 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 de-recognition rules have been transferred from AASB 139 *Financial Instruments: Recognition and Measurement* and have not been changed.

The new hedging rules align hedge accounting more closely with the group’s risk management practices. As a general rule, it will be easier to apply hedge accounting going forward. The new standard also introduces expanded disclosure requirements and changes in presentation.

The group has not yet assessed how its own hedging arrangements would be affected by the new rules, and it has not yet decided whether to adopt any parts of AASB 9 early. In order to apply the new hedging rules, the group would have to adopt AASB 9 and the consequential amendments to AASB 7 and AASB 139 in their entirety.

(d) Critical accounting estimates

The preparation of this interim financial report requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to this interim financial report, are disclosed in the annual report for the year ended 30 June 2014.

(e) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the senior management personnel. Burson has only one operating business segment. Refer to note 19 for further information.

2 Revenue

	Notes	Consolidated	
		31 Dec 2014 \$'000	31 Dec 2013 \$'000
From continuing operations			
Sales revenue			
Sale of goods		185,008	168,670

3 Expenses

Profit/(loss) before income tax includes the following specific expenses:

Depreciation and amortisation expense:

Plant and equipment and software		1,398	1,143
Motor vehicles		1,048	924
Make good provision		36	36
Total depreciation and amortisation		2,482	2,103

Finance costs:

Interest and finance charges paid/payable		1,816	8,661
Borrowing costs accelerated amortisation as a result of refinancing of debt facilities		-	4,768
		1,816	13,429

Net loss on disposal of property, plant and equipment

Rental expense relating to operating leases - minimum lease payments

	44	38
	5,425	5,058

4 Income tax

(a) Income tax expense

Current tax		4,367	2,742
Deferred tax		288	(1,889)
Under / (over) provision in prior years		-	(26)
	4(b)	4,655	827

The entire income tax expense relates to profit from continuing operations.

(b) Numerical reconciliation of income tax expense to prima facie tax payable

Profit from ordinary activities before income tax expense		15,516	2,748
Income tax calculated at 30% (2013: 30%)		4,655	824
Tax effect of amounts that are not deductible/(taxable) in calculating income tax:			
Entertainment		-	3
Acquisition costs		-	25
Other		-	1
		-	29
Income tax adjusted for permanent differences:			
Under / (over) provision in prior year		-	(26)
Income tax expense attributable to profit from ordinary activities		4,655	827

5 Non-current assets - Property, plant and equipment

Consolidated	Plant and equipment \$'000	Motor vehicles \$'000	Total \$'000
Cost or fair value			
At 1 July 2013	18,394	10,747	29,141
Additions	4,063	3,428	7,491
Acquisition of business	389	-	389
Disposals	(478)	(1,096)	(1,574)
At 30 June 2014	22,368	13,079	35,447
Additions	1,046	1,679	2,725
Acquisition of business	77	-	77
Disposals	(100)	(936)	(1,036)
At 31 December 2014	23,391	13,822	37,213
Depreciation and impairment			
At 1 July 2013	(9,252)	(4,014)	(13,266)
Depreciation charge for the year	(2,022)	(1,904)	(3,926)
Impairment	-	-	-
Disposals	433	713	1,146
At 30 June 2014	(10,841)	(5,205)	(16,046)
Depreciation charge for the half year	(1,210)	(1,047)	(2,257)
Impairment	-	-	-
Disposals	92	669	761
At 31 December 2014	(11,959)	(5,583)	(17,542)
Net Book value			
At 30 June 2014	11,527	7,874	19,401
At 31 December 2014	11,432	8,239	19,671

6 Non-current assets - Intangible assets

Consolidated	Notes	Computer software \$'000	Goodwill \$'000	Total \$'000
Cost or fair value				
At 1 July 2013		2,090	92,525	94,615
Additions		716	-	716
Acquisition of business		-	3,646	3,646
Disposals		-	-	-
At 30 June 2014		2,806	96,171	98,977
Additions		267	-	267
Acquisition of business		-	1,884	1,884
Disposals		-	-	-
At 31 December 2014		3,073	98,055	101,128
Amortisation and impairment				
At 1 July 2013		(1,200)	-	(1,200)
Amortisation charge for the year		(360)	-	(360)
Impairment		-	-	-
Disposals		-	-	-
At 30 June 2014		(1,560)	-	(1,560)
Amortisation charge for the half year		(188)	-	(188)
Impairment		-	-	-
Disposals		-	-	-
At 31 December 2014		(1,748)	-	(1,748)
Net Book value				
At 30 June 2014		1,246	96,171	97,417
At 31 December 2014		1,325	98,055	99,380

7 Current liabilities – Provisions

	Notes	Consolidated	
		31 Dec 2014 \$'000	30 Jun 2014 \$'000
Employee benefits		11,230	10,368

8 Non-current liabilities - Borrowings

Secured

Bank loans - Westpac		32,500	37,000
Bank loans - ANZ		32,500	37,000
Total secured non-current borrowings		65,000	74,000
Less: unamortised transaction costs capitalised		(538)	(658)
Total non-current borrowings		64,462	73,342

9 Non-current liabilities – provisions

Make good provision		895	897
Employee benefits		1,363	1,270
		2,258	2,167

10 Contributed equity

(a) Share capital

	31 Dec 2014 Shares '000	30 Jun 2014 Shares '000	31 Dec 2014 \$'000	30 Jun 2014 \$'000
Fully paid				
Ordinary Shares	163,586	163,586	180,775	180,775
	163,586	163,586	180,775	180,775

(b) Movements in ordinary share capital

Date	Details	Number of shares '000	\$'000
1 July 2013	Opening balance	42,300	40,085
1 July 2013	Installment for Partly Paid Ordinary Shares	-	1,047
26 July 2013	Buy back of Restricted Management Shares	(50)	(50)
26 September 2013	New Restricted Management Shares issue	50	65
4 February 2014	2 for 1 share split Restricted Management Shares	1,058	-
4 February 2014	2 for 1 share split Ordinary Shares	41,242	-
23 April 2014	Conversion of Restricted Management Shares to non-voting ordinary shares	(2,115)	-
23 April 2014	Non-voting ordinary shares converted	2,115	-
23 April 2014	Conversion of Non Voting Ordinary Shares to Voting Ordinary Shares	(2,115)	-
23 April 2014	Ordinary Shares converted	2,115	-
23 April 2014	Installment for Partly Paid Ordinary Shares	-	1,168
24 April 2014	Issue new shares as part of IPO	78,986	143,615
24 April 2014	Capitalise costs directly related to IPO (net of tax)	-	(5,155)
30 June 2014	Closing balance	163,586	180,775
31 December 2014	Closing balance	163,586	180,775

11 Other reserves and retained earnings/(accumulated losses)

(a) Other reserves

	Consolidated	
	31 Dec 2014 \$'000	30 Jun 2014 \$'000
Share based payment reserve	263	56
Cash flow hedge reserve	-	-
	263	56

(i) Movements:

Cash flow hedge reserve

Opening balance	-	(1,094)
Revaluation	-	70
Tax associated with cash flow hedges	-	(21)
Cancellation of hedge released to profit and loss	-	1,045
Closing balance	-	-

Share based payments reserve

Opening balance	56	-
Share based payment expense	162	47
Tax associated with share schemes	45	9
Closing balance	263	56

(ii) Nature and purpose of reserves

Cash flow hedges reserve: is used to record gains/losses on the revaluation of the hedging instruments that are recognised directly in equity.

Share based payments reserve: is used to hold the amortised fair value of unexercised performance rights.

(b) Retained earnings/(accumulated losses)

Movements in retained earnings/(accumulated losses) were as follows:

Opening balance	(83,870)	9,283
Net profit/(loss) for the period	10,861	1,160
Dividends paid	-	(94,313)
Closing balance	(73,009)	(83,870)

12 Earnings per share (EPS)

All shares are fully paid and have been included in both the Basic EPS and the Diluted EPS.

	31 Dec 2014 cents per share	31 Dec 2013 cents per share
Basic EPS	6.64	2.28
Diluted EPS	6.61	2.28

Basic EPS amounts are calculated by dividing the profit for the half year attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the half year.

Diluted EPS amounts are calculated by dividing the profit attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the half year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

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

	31 Dec 2014 Number	31 Dec 2013 number ¹
Weighted average number of shares used as the denominator in calculating basic EPS	163,585,666	84,217,380
Weighted average number of Options	697,766	-
Weighted average number of shares used as the denominator in calculating diluted EPS	164,283,432	84,217,380

(b) Reconciliation of earnings used in calculating EPS

	31 Dec 2014 \$'000	31 Dec 2013 \$'000
Earnings used in calculating basic EPS	10,861	1,920
Earnings used in calculating diluted EPS	10,861	1,920

13 Dividends

	Payment date	Amount per share	Franked amount per share	Total dividend \$'000
2014				
2013 dividend (paid prior to ASX listing)	1 July 2013	\$1.35	\$1.35	57,089
2014 dividend (paid prior to ASX listing)	23 April 2014	\$0.44	\$0.44	37,224
				94,313

(a) Franked dividends

The franked portions of the dividends recommended on or after 31 December 2014 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the period ending 30 June 2015.

	Consolidated	
	31 Dec 2014 \$'000	30 June 2014 \$'000
Franking credits available for subsequent reporting periods based on a tax rate of 30% (2013: 30%)	4,537	135

The above amounts represent the balance of the franking account as at the end of the reporting period, adjusted for:

- (a) franking credits that will arise from the payment of the amount of the provision for income tax,
- (b) franking debits that will arise from the payment of dividends recognised as a liability at the end of the reporting period, and
- (c) franking credits that will arise from the receipt of dividends recognised as receivables at the end of the reporting period.

14 Fair Value measurements

The only financial assets or financial liabilities carried at fair value are forward foreign exchange contracts.

(a) Foreign exchange contracts

The directors consider the foreign exchange contracts 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 and liabilities, either directly (as prices) or indirectly (derived from prices). There have been no transfers between levels 1, 2 and 3 for recurring fair value measurements during the half year.

¹ The weighted average number of shares for 31 Dec 2013 has been adjusted for a 2 for 1 share split performed during the second half of the year ended 30 June 2014.

As at 31 December 2014 Burson had various foreign exchange contracts in place to be settled subsequent to the end of the financial period. Burson is committed to pay A\$820,207 and receive US\$681,720 at various dates subsequent to 31 December 2014. At the 30 June 2014 there were no foreign exchange contracts in place.

The fair value these foreign exchange contracts is \$16,000 determined using forward exchange rates at the balance sheet date.

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

15 Contingencies

(a) Guarantees

As part of the syndicated debt facility Burson has guarantees to the value of \$1,704,393 (30 June 2014: \$1,457,000)

(b) Contingent liabilities

Burson had no contingent liabilities at 31 December 2014 (30 June 2014: nil).

16 Commitments

(a) Capital commitments

There are no further capital commitments outstanding as at the 31 December 2014 other than what is already disclosed in previous notes.

17 Business combination

(a) Summary of acquisitions

During the current financial half year the parent entity acquired the assets of the following entities:

31 Dec 2014

Cheapa Auto (Aug 2014)
Walkers Auto One (Sep 2014)
Powerhouse Auto Spares (Sep 2014)
Mick & Marks Auto Spares(Sep 2014)

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

	Consolidated 31 Dec 2014 \$'000
Purchase consideration (refer to note (b) below):	
Cash paid	2,985
Total purchase consideration	2,985

The assets and liabilities recognised as a result of the acquisitions are as follows:

	Fair value 31 Dec 2014 \$'000
Cash	3
Inventories	1,155
Plant and equipment	77
Deferred tax asset	58
Provision for employee benefits	(192)
Net identifiable assets acquired	1,101
Add: goodwill	1,884
Net assets acquired	2,985

Goodwill in relation to these acquisitions is related to the anticipated future profitability of their contribution to Burson's total business. As the acquired businesses have become an integral part of Burson's operations and their net impact is assessed as part of Burson's single cash generating unit performance, and as such disclosing this on a standalone basis is not meaningful.

(b) Purchase consideration - cash outflow

	Consolidated 31 Dec 2014 \$'000
Outflow of cash to acquire businesses, net of cash acquired	
Cash consideration	2,985
Less: balances acquired	
Cash	(3)
Outflow of cash - investing activities	2,982

(c) Acquisition-related costs

Acquisition-related costs of \$nil (31 December 2014: \$nil) are included in other expenses in profit and loss and in operating cash flows in the consolidated statement of cash flows.

18 Events occurring after the reporting period

No matter or circumstance has occurred subsequent to half year end that has significantly affected, or may significantly affect, the operations of Burson, the results of those operations or the state of affairs of Burson or economic entity in subsequent financial years.

19 Segment information

Burson operates within one reportable segment (the sale and distribution of motor vehicle parts and accessories). Total revenues of \$185,008,000 (31 December 2013: \$168,670,000) all relate to the sale and distribution of motor vehicle parts and accessories in the Company's country of domicile (Australia), in this single reportable segment. The Company is not reliant on any single customer.

For financial statements in respect of the reporting segment refer to the Consolidated Statement of Financial Position (page 9) and the Consolidated Statement of Comprehensive Income (page 8).

20 Net tangible asset backing

	31 Dec 2014 cents per share	30 June 2014 cents per share
Net tangible asset backing per share	0.053	(0.003)

A large proportion of the Group's assets are intangible in nature, consisting of goodwill relating to businesses acquired, and software. These assets are excluded from the calculation of net tangible assets per security.

Net assets per share at 31 December 2014 was \$0.660 (30 June 2014: \$0.593) cents per share.

Directors' declaration

In the Directors' opinion:

- a) the financial statements, comprising; the consolidated statement of comprehensive income; consolidated statement of financial position; consolidated statement of changes in equity; consolidated statement of cash flows; and accompanying notes, 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 31 December 2014 and of its performance for the half-year ended on that date; and
- b) there are reasonable grounds to believe that Burson Group Limited will be able to pay its debts as and when they become due and payable; and

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

On behalf of the Board of Burson Group Limited,



Robert McEniry
Chairman

Melbourne
11 February 2015



Independent auditor's review report to the members of Burson Group Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Burson Group Limited (the Company), which comprises the statement of financial position as at 31 December 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for Burson Group 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 (including the Australian Accounting Interpretations) 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 financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 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 Burson Group 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*.



Independent auditor's review report to the members of Burson Group Limited (continued)

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 Burson Group Limited is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date;
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

PricewaterhouseCoopers

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

Daniel Rosenberg
Partner

Melbourne
11 February 2015

Corporate information

Directors

Robert McEniry (Independent, Non-Executive Chairman)
Darryl Abotomey (Managing Director and Chief Executive Officer)
Andrew Harrison (Independent, Non-Executive Director)
Therese Ryan (Independent, Non-Executive Director)

Company Secretary

Gregory Fox

Registered office

61 Gower Street
Preston VIC 3072
AUSTRALIA

Share registry

Computershare Investor Services Pty Ltd
452 Johnston Street
ABBOTSFORD VIC 3067
Ph: +61 3 9415 4000

Auditor

PricewaterhouseCoopers
Freshwater Place
2 Southbank Boulevard
SOUTHBANK VIC 3006

Stock exchange listing

Burson Group Limited shares are listed on the Australian Securities Exchange
(ASX: BAP)

Website

www.burson.com.au