

Appendix 4D

Dick Smith Holdings Limited

ACN 166 237 841

Half-year financial report

For the 26 weeks ended 28 December 2014

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

Dick Smith Holdings Limited

ACN 166 237 841

Reporting period: 26 week period ended 28 December 2014

Comparative period: 26 week period ended 29 December 2013

Results for announcement to the market

		<u>Percentage change %</u>		<u>Amount \$m</u>
Revenue from ordinary activities	up	8.9%	to	693.8
Profit from ordinary activities after tax	up	611.9%	to	25.2
Net profit attributable to members of the parent entity	up	611.9%	to	25.2

Dividend information

	<u>Amount per security</u>	<u>Franked amount per security</u>
Final dividend - year end 29 June 2014*	8.0¢	8.0¢
Interim dividend - year end 28 June 2015	7.0¢	7.0¢

* Period relates to 7 months from date of listing on 4 December 2013 to 29 June 2014

Record date for determining entitlements to the dividend:

Final dividend	5 September 2014
Interim dividend	12 March 2015

Dividend payment date:

Final dividend	21 October 2014
Interim dividend	30 April 2015

Net tangible assets per security

	<u>28 Dec 2014</u>	<u>29 Dec 2013</u>
Net tangible assets per share	\$0.76	\$0.61

Other information

This report is based on the condensed consolidated financial statements which have been reviewed by Deloitte Touche Tohmatsu. The review report is included the attached interim financial report.

For the brief explanation of the figures above please refer to the Announcements on the results for the half-year ended 28 December 2014 and the notes to the financial statements.

Dick Smith Holdings Limited

ACN 166 237 841

Half-year financial report

For the 26 weeks ended 28 December 2014

Dick Smith Holdings Limited

Contents

	Page
Directors' report	1
Auditor's independence declaration	3
Independent auditor's review report	4
Directors' declaration	6
Condensed consolidated financial statements	
Condensed consolidated statement of profit or loss and other comprehensive income	7
Condensed consolidated statement of financial position	8
Condensed consolidated statement of changes in equity	9
Condensed consolidated statement of cash flows	10
Notes to the condensed consolidated financial statements	11

Dick Smith Holdings Limited

Directors' Report

The Directors of Dick Smith Holdings Limited ('the Company') submit herewith the half-year financial report of the Group for the 26 weeks ended 28 December 2014. The Group consists of the Company and the entities it controlled at the period end and from time to time during the period. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

Information about the Directors and office holders

The names and particulars of the Directors and office holders of the Company during or since the end of the period are:

Name	Position	Date appointed
Mr Phillip Cave AM	Chairman	25 October 2013
Mr Nick Abboud	Managing Director and CEO	25 October 2013
Mr William Wavish	Non-Executive Director	25 October 2013
Ms Lorna Raine	Non-Executive Director	25 October 2013
Mr Robert Ishak	Non-Executive Director	25 October 2013
Mr Michael Potts	Company Secretary	25 October 2013 to 12 August 2014
	Finance Director and CFO	12 August 2014
Mr Robert Murray	Non-Executive Director	12 August 2014
Mr David Cooke	Company Secretary	12 August 2014

Principal activities

The Group's principal activity in the course of the period was that of retailing consumer electronic products in Australia and New Zealand.

Operating and financial review

The Group's net profit attributable to owners of Dick Smith Holdings Limited for the half-year was \$25,204 thousand (2014 : Loss of \$4,924 thousand). 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 28 December 2014.

Comparative information

On 4 December 2013 the Company undertook a corporate reorganisation process through which Dick Smith Holdings Limited (incorporated 25 October 2013) (the Company) acquired Dick Smith Sub-Holdings Pty Limited, and commenced trading on the Australian Securities Exchange (ASX). The transaction has been accounted for as a reverse acquisition and therefore the results of the Company continued to be reported in a manner consistent with that recorded by Dick Smith Sub-Holdings Pty Limited.

The comparative information for this half-year financial report represents the 26 weeks ended 29 December 2013 including the financial results for the consolidated group under Dick Smith Holdings Limited for the period 4 December 2013 to 29 December 2013, and the consolidated group under Dick Smith Sub-holdings Pty Limited for the period 1 July 2013 to 4 December 2013.

Auditor's independence declaration

The auditor's independence declaration is included on page 3 of the financial report.

Subsequent events

On 16 February 2015, the Directors declared an interim dividend for the 26 weeks ended 28 December 2014, as set out in Note 10. Other than outlined above, there has not been any matter or circumstance occurring subsequent to the end of the period that has significantly affected, or may significantly affect, the operations of the company, the results of those operations, or the state of affairs of the company in future periods.

Dick Smith Holdings Limited

Directors' Report (continued)

Rounding off of amounts

The company is a company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the Directors' Report and the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

On behalf of the Directors

A handwritten signature in black ink, appearing to read 'P. J. Cave'.

Phillip J Cave AM
Chairman
Sydney, 16 February 2015

The Board of Directors
Dick Smith Holdings Limited
2 Davidson Avenue
CHULLORA NSW 2114

16 February 2015

Dear Directors,

Dick Smith Holdings 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 Dick Smith Holdings Limited.

As lead audit partner for the review of the half-year financial report of Dick Smith Holdings Limited for the 26 weeks ended 28 December 2014, 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 faithfully



DELOITTE TOUCHE TOHMATSU



David White
Partner
Chartered Accountants

Independent Auditor's Review Report to the Members of Dick Smith Holdings Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Dick Smith Holdings Limited, which comprises the condensed consolidated statement of financial position as at 28 December 2014, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the 26 weeks then ended, selected explanatory notes 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 6 to 21.

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 Dick Smith Holdings Limited's financial position as at 28 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 Dick Smith 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.

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 Dick Smith Holdings Limited, would be in the same terms if given to the directors as at the time 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 Dick Smith Holdings 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 28 December 2014 and of its performance for the 26 weeks then ended; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



DELOITTE TOUCHE TOHMATSU



David White
Partner
Chartered Accountants
Sydney, 16 February 2015

Dick Smith Holdings Limited

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 Group.

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



Phillip J Cave AM
Chairman
Sydney, 16 February 2015

Dick Smith Holdings Limited

Condensed consolidated statement of profit or loss and other comprehensive income

	Note	26 weeks ended 28 December 2014 \$'000	26 weeks ended 29 December 2013 \$'000
Revenue	2	693,800	637,009
Cost of sales		(522,100)	(476,090)
Gross profit		171,700	160,919
Other income	2	537	486
Marketing and selling costs		(58,536)	(70,737)
Occupancy and rental expenses		(45,954)	(38,336)
Administration costs		(28,733)	(22,411)
Finance costs		(1,545)	(712)
Other expenses	2(c)	(1,271)	(21,583)
Profit before income tax expense		36,198	7,626
Income tax expense		(10,994)	(12,550)
Net profit/(loss) for the period		25,204	(4,924)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		1,809	3,779
Net fair value gain/(loss) on hedging instruments		3,517	(2,697)
Other comprehensive income, net of tax		5,326	1,082
Total comprehensive income/(loss) for the period		30,530	(3,842)
Earnings per share			
Basic	6	\$0.11	(\$0.02)
Diluted	6	\$0.11	(\$0.02)

Notes to the condensed consolidated financial statements are included on pages 11 to 21.

Dick Smith Holdings Limited

Condensed consolidated statement of financial position

	Note	As at 28 December 2014 \$'000	As at 29 June 2014 \$'000
Current assets			
Cash and cash equivalents		17,930	29,944
Trade and other receivables		79,590	46,688
Inventories		335,843	253,814
Financial assets		4,997	-
Other current assets		6,310	5,460
Total current assets		444,670	335,906
Non-current assets			
Plant and equipment		86,745	78,764
Deferred tax assets		28,734	36,501
Total non-current assets		115,479	115,265
Total assets		560,149	451,171
Current liabilities			
Trade and other payables		337,916	247,691
Provisions		12,625	13,643
Financial liabilities		-	1,304
Current tax liabilities		3,679	11
Lease liabilities		1,059	1,368
Deferred income		2,987	2,790
Total current liabilities		358,266	266,807
Non-current liabilities			
Provisions		8,384	7,332
Lease liabilities		14,444	10,092
Total non-current liabilities		22,828	17,424
Total liabilities		381,094	284,231
Net assets		179,055	166,940
Equity			
Issued capital	4	346,111	346,111
Reserves	5	(333,355)	(339,187)
Retained earnings		166,299	160,016
Total equity		179,055	166,940

Notes to the condensed consolidated financial statements are included on pages 11 to 21.

Dick Smith Holdings Limited

Condensed consolidated statement of changes in equity

	Note	Issued capital \$'000	Retained earnings \$'000	Acquisition reserve \$'000	Employee Share reserve \$'000	Foreign exchange translation reserve \$'000	Cash flow hedge reserve \$'000	Share option reserve \$'000	Total \$'000
Balance at 29 June 2014		346,111	160,016	(351,111)	5,694	6,320	(410)	320	166,940
Profit for the period		-	25,204	-	-	-	-	-	25,204
Other comprehensive income		-	-	-	-	1,809	3,517	-	5,326
Total comprehensive income for the period		-	25,204	-	-	1,809	3,517	-	30,530
Payments of dividends		-	(18,921)	-	-	-	-	-	(18,921)
<i>Transactions with owners in their capacity as owners:</i>									
Recognition of equity settled share based payments	5(iii)	-	-	-	-	-	-	506	506
Balance at 28 December 2014		346,111	166,299	(351,111)	5,694	8,129	3,107	826	179,055

	Note	Issued capital \$'000	Retained earnings \$'000	Acquisition reserve \$'000	Employee Share reserve \$'000	Foreign exchange translation reserve \$'000	Cash flow hedge reserve \$'000	Share option reserve \$'000	Total \$'000
Balance at 30 June 2013		10,000	140,190	-	-	2,798	3,496	3	156,487
Loss for the period		-	(4,924)	-	-	-	-	-	(4,924)
Other comprehensive income		-	-	-	-	3,779	(2,697)	-	1,082
Total comprehensive loss for the period		-	(4,924)	-	-	3,779	(2,697)	-	(3,842)

Transactions with owners in their capacity as owners:

Issue of shares	4	346,111	-	-	-	-	-	-	346,111
Recognition of equity settled share based payments	5(iii)	-	-	-	5,694	-	-	(3)	5,691
Recognition of corporate reorganisation	5(v)	(10,000)	-	(351,111)	-	-	-	-	(361,111)
Balance at 29 December 2013		346,111	135,266	(351,111)	5,694	6,577	799	-	143,336

Notes to the condensed consolidated financial statements are included on pages 11 to 21.

Dick Smith Holdings Limited

Condensed consolidated statement of cash flows

	Note	26 weeks ended 28 December 2014 \$'000	26 weeks ended 29 December 2013 \$'000
Cash flows from operating activities			
Receipts from customers		734,601	685,104
Payments to suppliers and employees		(711,340)	(612,630)
Interest and other costs of finance paid		(1,545)	(712)
Interest received		63	584
Net cash provided by operating activities	7	21,779	72,346
Cash flows from investing activities			
Payments for plant and equipment		(14,934)	(15,553)
Payment for acquisition of business, net of cash acquired		-	(24,000)
Net cash used in investing activities		(14,934)	(39,553)
Cash flows from financing activities			
Proceeds from issue of shares		-	343,611
Payment in relation to corporate reorganisation		-	(358,611)
Dividends paid to owners of the company		(18,921)	-
Proceeds from borrowings		47,056	3,955
Repayment of borrowings		(47,056)	(3,955)
Net cash used in by financing activities		(18,921)	(15,000)
Net (decrease)/increase in cash and cash equivalents		(12,076)	17,793
Effects of exchange rate changes on cash and cash equivalents		62	854
Cash and cash equivalents at the beginning of the period		29,944	46,538
Cash and cash equivalents at the end of the period		17,930	65,185

Notes to the condensed consolidated financial statements are included on pages 11 to 21.

Dick Smith Holdings Limited

Notes to the condensed consolidated financial statements

1. Summary of significant accounting policies

The financial report of Dick Smith Holdings Limited for the 26 weeks ended 28 December 2014 was authorised for issue in accordance with a resolution of the Directors on 16 February 2015. Dick Smith Holdings Limited (the "Company") is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

(a) Basis of preparation

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial report.

The half-year financial report should be read in conjunction with the annual financial report of Dick Smith Holdings Limited for the year ended 29 June 2014. See Note 8 for further information regarding the corporate reorganisation of the Group that occurred in the prior comparative period.

It is also recommended that the half-year financial report be considered together with any public announcements made by Dick Smith Holdings Limited and its controlled entities during the 26 weeks ended 28 December 2014 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

The half-year financial report has been prepared in accordance with the requirements of the *Corporations Act 2001* and Accounting Standard AASB 134 "Interim Financial Reporting". The financial report has been prepared on a historical cost basis, except for derivative financial instruments which have been measured at fair value.

The half-year financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated under the option available to the Group under ASIC Class Order 98/100. The consolidated group is an entity to which the class order applies.

(b) Summary of significant accounting policies

These condensed consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements of Dick Smith Holdings Limited for the year ended 29 June 2014, except for the adoption of amending standards mandatory for annual periods beginning on or after 30 June 2014. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Adoption of new and amending Standards

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

- AASB 1031 'Materiality' (2013);
- AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities';
- AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non Financial Assets';
- AASB 2013-9 'Amendments to Australian Accounting Standards' – Part B: 'Materiality';
- AASB 2014-1 'Amendments to Australian Accounting Standards'
 - Part A: 'Annual Improvements 2010-2012 and 2011-2013 Cycles'
 - Part C: 'Materiality'

Notes to the condensed consolidated financial statements

1. Summary of significant accounting policies (continued)

Impact of the application of AASB 1031 'Materiality' (2013)

The revised AASB 1031 is an interim standard that cross-references to other Standards and the Framework for the Preparation and Presentation of Financial Statements (issued December 2013) that contain guidance on materiality. The AASB is progressively removing references to AASB1031 in all Standards and Interpretations, and once all these references have been removed, AASB 1031 will be withdrawn. The adoption of AASB 1031 does not have any material impact on the disclosures or the amounts recognised in the Group's condensed consolidated financial statements.

Impact of the application of AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'

The Group has applied the amendments to AASB 132 for the first time in the current year. The amendments to AASB 132 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

The amendments have been applied retrospectively. The Group has assessed whether certain of its financial assets and financial liabilities qualify for offset based on the criteria set out in the amendments and concluded that the application of the amendments does not have any material impact on the amounts recognised in the Group's condensed consolidated financial statements.

Impact of the application of AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets'

The Group has applied the amendments to AASB 136 for the first time in the current year. The amendments to AASB 136 remove the requirement to disclose the recoverable amount of a cash generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by AASB 13 'Fair Value Measurements'.

The application of these amendments does not have any material impact on the disclosures in the Group's condensed consolidated financial statements.

Impact of the application of AASB 2013-9 'Amendments to Australian Accounting Standards' – Part B: 'Materiality'

This amending standard makes amendments to particular Australian Accounting Standards to delete references to AASB 1031, at the same time it makes various editorial corrections to Australian Accounting Standards as well. The adoption of amending standard does not have any material impact on the disclosures or the amounts recognised in the Group's condensed consolidated financial statements.

Impact of the application of AASB 2014-1 'Amendments to Australian Accounting Standards' Part A: 'Annual Improvements 2010-2012 and 2011-2013 Cycle'

The Annual Improvements 2010-2012 Cycle include a number of amendments to various AASBs, which are summarised below. The amendments to AASB 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to AASB 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

Notes to the condensed consolidated financial statements

1. Summary of significant accounting policies (continued)

Impact of the application of AASB 2014-1 'Amendments to Australian Accounting Standards'

Part A: 'Annual Improvements 2010-2012 and 2011-2013 Cycle' (continued)

The amendments to AASB 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of AASB 9 or AASB 139 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to AASB 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to the basis for conclusions of AASB 13 clarify that the issue of AASB 13 and consequential amendments to AASB 139 and AASB 9 did not remove the ability to measure short term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial. As the amendments do not contain any effective date, they are considered to be immediately effective.

Part C – 'Materiality'

This amending standard makes amendments to particular Australian Accounting Standards to delete their references to AASB 1031, which historically has been referenced in each Australian Accounting Standard.

The adoption of amending standard does not have any material impact on the disclosures or the amounts recognised in the Group's condensed consolidated financial statements.

Dick Smith Holdings Limited

Notes to the condensed consolidated financial statements

2. Profit before income tax

Profit before income tax includes the following items of income and expense:

	26 weeks ended 28 December 2014 \$'000	26 weeks ended 29 December 2013 \$'000
(a) Revenue and other income		
Revenue from the sale of goods	693,800	637,009
Other income		
Insurance Settlement	450	-
Interest income	63	474
Realised foreign exchange gain	24	12
	<u>537</u>	<u>486</u>
Total revenue and other income	<u>694,337</u>	<u>637,495</u>
(b) Expenses		
Depreciation and impairment of plant and equipment	<u>7,026</u>	<u>5,515</u>
Employee benefits expense		
Post-employment benefits	1,493	1,754
Equity-settled share-based payments	506	4,408
Other employee benefits	<u>60,694</u>	<u>66,304</u>
Total employee benefits expense	<u>62,693</u>	<u>72,466</u>
(c) Other expenses		
Costs associated with initial public offering	-	20,889
Other expenses	<u>1,271</u>	<u>694</u>
Total other expenses	<u>1,271</u>	<u>21,583</u>

Dick Smith Holdings Limited

Notes to the condensed consolidated financial statements

3. Segment information

The Group's principal activity is that of operating consumer electronics retail stores throughout Australia and New Zealand. There are two reportable segments where the chief operating decision maker receives information for the purposes of resource allocation and assessment of segment performance. These are: Dick Smith Australia and Dick Smith New Zealand. These reportable segments both operate similar business in the two principal geographical areas: Australia (country domicile) and New Zealand.

Segment information for the 26 weeks ended 28 December 2014

	Dick Smith Australia \$'000	Dick Smith New Zealand \$'000	Unallocated \$'000	Total \$'000
Total revenue	606,101	87,699	-	693,800
EBITDA	42,188	2,518	-	44,706
Net profit for the period	24,252	952	-	25,204
Capital expenditure	13,653	1,281	-	14,934

Segment assets and liabilities as at 28 December 2014

Assets	491,735	68,414	-	560,149
Liabilities	(344,614)	(36,480)	-	(381,094)

Segment information for the 26 weeks ended 29 December 2013

	Dick Smith Australia \$'000	Dick Smith New Zealand \$'000	Unallocated ⁽ⁱ⁾ \$'000	Total \$'000
Total revenue	540,315	96,694	-	637,009
EBITDA	31,172	5,199	(22,992)	13,379
Net profit/(loss) for the period	10,920	250	(16,094)	(4,924)
Capital expenditure	14,852	688	13	15,553

Segment assets and liabilities as at 29 June 2014

Assets	392,765	58,406	-	451,171
Liabilities	(274,244)	(9,987)	-	(284,231)

(i) Unallocated items for the 26 weeks ended 29 December 2013 relate to the IPO costs in relation to Dick Smith Holdings Limited.

No single customer contributed 5% or more to the Group's revenue for the 26 weeks ended 28 December 2014 or 29 December 2013.

Dick Smith Holdings Limited

Notes to the condensed consolidated financial statements

4. Issued capital

	28 December 2014 \$'000	29 December 2013 \$'000
236,511,364 fully paid ordinary shares (2013: 236,511,364 fully paid ordinary shares)	346,111	346,111
Movement in issued capital		
Opening balance	346,111	10,000
236,511,364 fully paid ordinary shares issued on 4 December 2013	-	346,111
Corporate reorganisation adjustment (i)	-	(10,000)
	346,111	346,111

(i) In accordance with the corporate reorganisation policy described in Note 2, issued capital recognised represents the equity of the legal subsidiary, Dick Smith Sub-holdings Pty Limited in the period before the corporate reorganisation. Subsequent to the corporate reorganisation, issued capital represents the issued capital of the legal acquirer, Dick Smith Holdings Limited.

In the period ended 29 December 2013, an adjustment was recognised at the date of the corporate reorganisation to adjust the number and value of issued capital corresponding to the issued capital of Dick Smith Sub-holdings Pty Limited. See Note 8 for further information regarding the corporate reorganisation.

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the company does not have a limited amount of authorised capital and issued shares do not have a par value. Fully paid ordinary shares carry one vote per share and carry the right to dividends.

5. Reserves

	28 December 2014 \$'000	29 December 2013 \$'000
Cash flow hedge reserve (i)	3,107	799
Foreign exchange translation reserve (ii)	8,129	6,577
Share option reserve (iii)	826	-
Employee share reserve (iv)	5,694	5,694
Acquisition reserve (v)	(351,111)	(351,111)
	(333,355)	(338,041)

(i) Cash flow hedge reserve

	28 December 2014 \$'000	29 December 2013 \$'000
Opening balance	(410)	3,496
Net movement in fair value of hedged instruments	4,848	(3,312)
Deferred tax	(1,331)	615
	3,107	799

The cash flow hedge reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments are recognised and accumulated under the heading of cash flow hedging reserve will be included as a basis adjustment to the non-financial hedged item, being purchases of inventories denominated in foreign currencies.

Dick Smith Holdings Limited

Notes to the condensed consolidated financial statements

5. Reserves (continued)

(ii) Foreign exchange translation reserve

	28 December 2014 \$'000	29 December 2013 \$'000
Opening balance	6,320	2,798
Exchange differences relating to translation of foreign operations	1,809	3,779
	8,129	6,577

Exchange differences relating to the translation of the results and nets assets of the Group's foreign operations from their functional currencies to the Group's presentation currency are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve.

(iii) Share option reserve

	28 December 2014 \$'000	29 December 2013 \$'000
Opening balance	320	3
Recognition of share based payments expense	506	3,586
Amounts received and receivable on exercise of share options/rights	-	1,283
Amount reclassified to profit and loss on cancellation of options/rights	-	(118)
Exercised options/rights transferred to employee share reserve	-	(4,754)
	826	-

The above equity-settled employee benefits reserve relates to share options/rights granted by the company to its employees under its employee share option/right plan. Items included in equity-settled employee benefits reserve will not be reclassified subsequently to profit or loss.

The following options were on issues to employees:

	Options granted	Grant date	Ex price	Share price at grant date	Fair value at grant date	Options exercised	Options cancelled ^(a)
Series 1 (LTIP share option)	7,682,980	09 Dec 2013	\$2.20	\$2.30	\$3,181,906	-	2,182,620
Series 1 (LTIP share right)	48,609	09 Dec 2013	\$2.20	\$2.30	\$93,004	-	5,401
Series 2 (LTIP share option)	7,817,306	01 July 2014	\$1.95	\$1.95	\$2,737,442	-	324,396
	15,548,895				\$6,012,352	-	2,512,417

(a) Certain options were cancelled due to the resignation of employees prior to the vesting date.

Dick Smith Holdings Limited

Notes to the condensed consolidated financial statements

5. Reserves (continued)

(iv) Employee share reserve

	28 December 2014 \$'000	29 December 2013 \$'000
Opening balance	5,694	-
Shares issued under Employee Award Offer (a)	-	940
Transfers from share option reserve (b)	-	4,754
	5,694	5,694

(a) As part of the listing on the Australian Securities Exchange, the Company granted 427,500 shares to employees for no consideration, which were recognised in profit and loss at their fair value at grant date of \$2.20 per share on 4 December 2013.

(b) Employee share options which were exercised during the prior half-year have been transferred into the employee share reserve. See Note 5 (iii) for details.

(v) Acquisition reserve

	28 December 2014 \$'000	29 December 2013 \$'000
Opening balance	(351,111)	-
Proceeds from issue of shares in legal acquirer	-	(343,611)
Return of capital to shareholders of accounting acquirer	-	(15,000)
Equity retained by shareholders of accounting acquirer	-	(2,500)
Adjustment to share capital of accounting acquirer	-	10,000
	(351,111)	(351,111)

6. Earnings per share

	26 weeks ended 28 December 2014	26 weeks ended 29 December 2013
Basic earnings per share	\$0.11	(\$0.02)
Diluted earnings per share	\$0.11	(\$0.02)
Net profit/(loss) after tax	\$'000 25,204	(4,924)
Weighted average number of shares used in the calculation of:		
- Basic earnings per share	No. of shares 236,511,364	236,511,364
- Diluted earnings per share	No. of shares 237,182,010	236,511,364

Weighted average number of ordinary shares outstanding during the current and comparative period has been calculated using:

- (i) the number of ordinary shares outstanding from the beginning of the current period to the acquisition date computed on the basis of the weighted average number of ordinary shares of Dick Smith Sub-holdings Pty Limited (accounting acquirer) outstanding during the period multiplied by the exchange ratio established in the reorganisation agreement; and
- (ii) the number of ordinary shares outstanding from the acquisition date to the end of the period being the actual number of ordinary shares of Dick Smith Holdings Limited (the accounting acquiree) outstanding during that period.

Dick Smith Holdings Limited

Notes to the condensed consolidated financial statements

7. Cash and cash equivalents

Reconciliation of profit/(loss) for the period to net cash flows from operating activities

	26 weeks ended 28 December 2014 \$000	26 weeks ended 29 December 2013 \$000
Net profit/(loss) for the period after tax	25,204	(4,924)
Depreciation and amortisation of non-current assets	7,026	5,515
Loss on fixed assets written off	387	-
Other non-cash movements	(136)	(1,463)
Movement in working capital:		
Increase in trade and other receivables	(29,115)	(17,158)
Increase in inventories	(81,238)	(70,225)
(Increase)/Decrease in other current assets	(5,906)	9,581
Decrease in deferred tax assets	7,916	11,063
Increase in current tax liabilities	3,668	-
Increase in current payables, net of deferred consideration payable	86,831	134,532
Increase in current provisions	7,664	8,378
Decrease in other current liabilities	(1,574)	(358)
Increase/(Decrease) in non-current provisions	1,052	(2,595)
Net cash generated by operating activities	21,779	72,346

8. Corporate reorganisation

On 4 December 2013 the shareholders of the Company and Dick Smith Sub-holdings Pty Limited undertook a corporate reorganisation process, through which Dick Smith Holdings Limited acquired Dick Smith Sub-holdings Pty Limited. This corporate reorganisation is classified as a common controlled transaction under AASB 3 "Business Combinations", and is therefore not considered a business combination under this Standard.

As such, the corporate reorganisation has been treated in a similar fashion to a reverse acquisition, with Dick Smith Sub-holdings Pty Limited as the accounting acquirer and Dick Smith Holdings Limited as the accounting acquiree. No fair value adjustments are recognised on the acquisition and the financial report represents a continuation of Dick Smith Sub-holdings Pty Limited.

Accordingly, this half-year financial report represents the 26 weeks ended 28 December 2014 for the financial results of the consolidated group under Dick Smith Holdings Limited. The comparative information presented in the financial report represents the 26 weeks ended 29 December 2013 including the financial results for the consolidated group under Dick Smith Holdings Limited for the period 4 December 2013 to 29 December 2013, and the consolidated group under Dick Smith Sub-holdings Pty Limited for the period 1 July 2013 to 29 December 2013.

The equity structure in the consolidated financial statements, including the number and type of equity instruments issued at the date of the acquisition reflects the equity structure of Dick Smith Holdings Limited. An acquisition reserve is recognised to record the difference between the amount paid to acquire Dick Smith Sub-holdings Pty Limited and the share capital of Dick Smith Sub-holdings Pty Limited.

Dick Smith Holdings Limited

Notes to the condensed consolidated financial statements

9. Subsequent events

On 16 February 2015, the Directors declared an interim dividend for the 26 weeks ended 28 December 2014, as set out in Note 10. Other than outlined above, there has not been any matter or circumstance occurring subsequent to the end of the period that has significantly affected, or may significantly affect, the operations of the company, the results of those operations, or the state of affairs of the company in future periods.

10. Dividends

	26 weeks ended 28 December 2014 \$000	26 weeks ended 29 December 2013 \$000
(a) Recognised amounts		
Final dividend for the year ended 29 June 2014 of 8.0 cents per share:		
Franked to 100% at 30%	18,921	-
(b) Dividends not recognised at the end of the period		
Interim dividend for the half-year ended 28 December 2014 of 7.0 cents per share:		
Franked to 100% at 30%	16,556	-

The record date for the interim dividend is 12 March 2015, with a payment date of 30 April 2015.

11. Related party transactions

There are no significant related party transactions for the 26 weeks ended 28 December 2014.

In the prior comparative period ended 26 weeks ended 29 December 2013, there was a \$15,000,000 capital return payment made to Anchorage Capital Partners as described in Note 5(v).

Other related party transactions include the salaries and other benefits paid to Directors and other key management personnel. These are in the ordinary course of business and not separately disclosed in the half-year financial report.

12. Fair value of financial instruments

The fair value of foreign exchange contracts is determined using a generally accepted pricing model based on discounted cash flow analysis using assumptions supported by observing market rates.

Except as disclosed below, the Directors consider that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the consolidated financial statements approximate their fair values.

The following table represents financial assets and liabilities that were measured and recognised at fair value:

	As at 28 December 2014 \$'000	As at 29 June 2014 \$'000
Derivative assets that qualify as effective under hedge accounting rules		
Cash flow hedges	4,997	(1,304)

Dick Smith Holdings Limited

Notes to the condensed consolidated financial statements

12. Fair value of financial instruments (continued)

Fair value hierarchy

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no transfers between levels during the period.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
As at 28 December 2014				
Financial assets carried at fair value				
Foreign exchange contracts	-	4,997	-	4,997
As at 29 June 2014				
Financial assets carried at fair value				
Foreign exchange contracts	-	(1,304)	-	(1,304)

For financial instruments not quoted in active markets, the Group uses valuation techniques such as present value, comparison to similar instruments for which market observable prices exist and other relevant models used by market participants. These valuation techniques use both observable and unobservable market inputs.

Foreign exchange contracts are financial instruments that use valuation techniques with only observable market inputs and are included in Level 2 above. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

The Group does not have any Level 1 or Level 3 financial instruments.

End of financial report