



COLLINS FOODS LIMITED

ACN 151 420 781 | ABN 13 151 420 781

PO Box 286 Lutwyche QLD 4030
Level 3, KSD1, 485 Kingsford Smith Drive
Hamilton QLD 4007 Australia
T +61 7 3352 0800 | F +61 7 3352 0894

COLLINS FOODS LIMITED
ACN 151 420 781

INTERIM FINANCIAL REPORT

For the reporting period ended 14 October 2018

www.collinsfoods.com



THIS PAGE HAS BEEN LEFT BLANK INTENTIONALLY

CONTENTS

Appendix 4D	1
Directors' Report	2
Auditor's independence declaration	4
Consolidated Income Statement	5
Consolidated Statement of Comprehensive Income	6
Consolidated Balance Sheet	7
Consolidated Statement of Cash Flows	8
Consolidated Statement of Changes in Equity	9
Notes to the Consolidated Financial Statements	10
A/ Financial overview	10
A1/ Segment information	10
A2/ Business combinations	11
A3/ Revenue	13
B/ Dividends	14
C/ Recognised fair value measurements	14
D/ Contributed equity	15
E/ Other information	16
E1/ Property, plant and equipment	16
E2/ Income tax expense	17
F/ Basis of preparation of half-year report	17
F1/ Basis of preparation of half-year report	17
F2/ Changes in accounting policies	18
G/ Subsequent events	22
G1/ Drawdown of financing	22
Directors' Declaration	23
Independent Auditor's Review Report	24

APPENDIX 4D

Half-year Financial Report for the Financial Half-year ended 14 October 2018

Reporting period: 24 weeks to 14 October 2018

Previous corresponding period: 24 weeks to 15 October 2017

Results for announcement to the market

Revenue and net profit

	Percentage Change %	Period ended 14 October 2018	Period ended 15 October 2017
		\$000	\$000
Revenue from ordinary activities	Up 27.6%	410,992	322,138
Profit from ordinary activities after tax attributable to members	Up 69.0%	21,531	12,741
Net profit for the period attributable to members	Up 69.0%	21,531	12,741

Dividends

	Amount per Security	Franked amount per security
Interim dividend for reporting period:	9.0 cents	9.0 cents
• payable 21 December 2018		
The record date for determining entitlements to the interim dividend:		
• 7 December 2018		
Interim dividend for previous corresponding period	8.0 cents	8.0 cents

Net tangible assets per security

	Current Reporting Period	Previous Corresponding Period
Net tangible asset backing per ordinary security	\$(0.88)	\$(0.46)

Details of associates

Joint venture entities and the percentage holding thereof are as follows:

Entity	Percentage Holding
Sizzler Steak Seafood Salad(s) Pte Ltd	50%
Sizzler China Pte Ltd	50%

Brief explanation of the figures reported above

Please refer to the review of operations on page 2.

DIRECTORS' REPORT

Your Directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Collins Foods Limited (the Company) and the entities it controlled at the end of, or during the twenty-four week period ended 14 October 2018, which the Directors consider to be the first half (half-year) of the Group's financial year to 28 April 2019.

Directors

The following persons were Directors of the Company during the half-year or up to the date of this report:

- Robert George Kaye SC;
- Graham Joseph Maxwell;
- Kevin William Joseph Perkins;
- Newman Gerard Manion;
- Bronwyn Kay Morris; and
- Russell Keith Tate.

Operating and financial review

Net profit

The Group reported a statutory net profit attributable to members of \$21.5 million for the half-year. The net result was an increase of \$8.8 million, up 69.0% compared to the statutory net profit \$12.7 million reported in the previous corresponding period. This represents basic earnings per share of 18.48 cents compared to the previous corresponding period basic earnings per share of 11.31 cents.

Underlying net profit was \$21.9 million representing an increase of \$4.5 million (25.9%) compared to the underlying net profit of \$17.4 million reported in the previous corresponding period.

Revenue and Expenses

Revenues for the half-year were \$411.0 million, up 27.6% compared to the previous corresponding period. Revenues in the domestic KFC restaurants segment were \$330.0 million, up 21.9% compared to the previous corresponding period. In the Sizzler restaurants segment, statutory revenues were \$22.2 million, down 7.6% compared to the previous corresponding period.

The change in revenues reported by the operating segments was primarily driven by the differential in restaurant numbers.

The growth in total revenues combined with disciplined business controls resulted in an underlying EBITDA for the half-year of \$53.7 million, up 31.7% compared to the previous corresponding period.

Cash Flow and Balance Sheet

The net cash flow from operations reflected in the statutory statement of cash flows of \$35.8 million is higher than the prior comparable period and continues to be driven by the growth in cash generated by the KFC restaurant segment.

Cash flow from investing activities was a net outflow of \$23.9 million reflecting completion of and payment for the remaining three KFC restaurants in South Australia together with further investment in the existing network. The cash flow from financing activities was a net outflow of \$10.5 million reflecting the Group's dividend payment.

Overall cash and cash equivalents at 14 October 2018 was slightly higher than the prior reporting period.

Total indebtedness (net of capitalised borrowing costs) at 14 October 2018 was \$331.3 million, with undrawn facilities of \$42.4 million within the Revolving Bank Loan and \$36.3 million under the Working Capital Facility Agreement. Debt (excluding borrowing costs and net of cash and cash equivalents) was \$226.2 million.

Dividends

The Directors have declared a fully franked interim dividend of 9.0 cents per share payable on 21 December 2018.

Auditors' Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 (Cth) (the Act) is set out on page 4.

DIRECTORS' REPORT continued

Australian Securities and Investments Commission Order

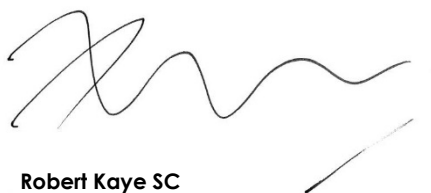
The Australian Securities and Investments Commission Order 11-0958 has granted the Company relief under section 340 of the Act which permits the Company to have a half-year that differs from that prescribed by the Act.

The first half of the year ending 28 April 2019 is the twenty-four week period ended 14 October 2018. The comparative half-year period is the period which commenced on 2 May 2016 and ended on 15 October 2017.

Rounding of amounts

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, issued by the Australian Securities and Investments Commission relating to the 'rounding off' of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

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



Robert Kaye SC
Chairman

Brisbane
28 November 2018

AUDITOR'S INDEPENDENCE DECLARATION



Auditor's Independence Declaration

As lead auditor for the review of Collins Foods Limited for the period 30 April 2018 to 14 October 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 Collins Foods Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'K Challenor', written over the printed name.

Kim Challenor
Partner
PricewaterhouseCoopers

Brisbane
28 November 2018

PricewaterhouseCoopers, ABN 52 780 433 757
480 Queen Street, BRISBANE QLD 4000, GPO Box 150, BRISBANE QLD 4001
T: +61 7 3257 5000, F: +61 7 3257 5999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

CONSOLIDATED INCOME STATEMENT

For the reporting period ended 14 October 2018

	Note	Period ended 14 October 2018	Period ended 15 October 2017
		\$000	\$000
Revenue	A3	410,992	322,138
Cost of sales		(192,792)	(152,595)
Gross profit		218,200	169,543
Selling, marketing and royalty expenses		(84,634)	(65,761)
Occupancy expenses		(32,269)	(26,079)
Restaurant related expenses ⁽¹⁾		(38,792)	(31,942)
Administration expenses ⁽²⁾		(22,642)	(18,652)
Other expenses ⁽³⁾		(3,925)	(2,518)
Other income		511	384
Profit from continuing operations before finance income, finance costs and income tax (EBIT)		36,449	24,975
Finance income		207	200
Finance costs ⁽⁴⁾		(5,246)	(4,985)
Share of net profit of joint ventures accounted for using the equity method		129	159
Profit from continuing operations before income tax		31,539	20,349
Income tax expense	E2	(10,008)	(7,608)
Profit from continuing operations		21,531	12,741
Net profit attributable to members of Collins Foods Limited		21,531	12,741
Basic earnings per share		18.48 cps	11.31 cps
Diluted earnings per share		18.40 cps	11.27 cps
Weighted average basic ordinary shares outstanding		116,494,985	112,670,234
Weighted average diluted ordinary shares outstanding		117,025,879	113,030,625

(1) Restaurant related expenses includes \$429,000 of additional depreciation due to a change in the useful life on specific equipment that is associated with the exit of a product (HY18: \$1,200,000 of costs relating to business restructure).

(2) Administration expenses in the current reporting period include \$48,000 (HY18: \$2,100,000) of costs relating to business acquisitions.

(3) Other expenses in the current reporting period include \$115,000 (HY18: Nil) of costs relating to the provision for an onerous lease.

(4) In the prior reporting period, finance costs includes \$1,000,000 of previous refinance debt extinguishment costs.

The above Consolidated Income Statement should be read in conjunction with the accompanying Notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the reporting period ended 14 October 2018

	Period ended 14 October 2018	Period ended 15 October 2017
	\$000	\$000
Net profit attributable to members of Collins Foods Limited	21,531	12,741
Items that may be reclassified to profit or loss		
Other comprehensive income / (expense):		
Exchange difference upon translation of foreign operations	22	1,158
Cash flow hedges	(69)	942
Income tax relating to components of other comprehensive income	23	(283)
Other comprehensive income / (expense) for the reporting period, net of tax	(24)	1,817
Total comprehensive income for the reporting period	21,507	14,558
Total comprehensive income for the reporting period is attributable to:		
Owners of the parent	21,507	14,558

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying Notes.

CONSOLIDATED BALANCE SHEET

For the reporting period ended 14 October 2018

	Note	14 October 2018	Restated* 28 April 2018
		\$000	\$000
Current assets			
Cash and cash equivalents		62,693	60,450
Receivables		9,211	6,455
Inventories		5,954	5,975
Total current assets		77,858	72,880
Non-current assets			
Property, plant and equipment	E1	167,684	164,929
Intangible assets ⁽¹⁾		446,541	440,460
Deferred tax assets		31,554	30,154
Receivables		332	523
Investments accounted for using the equity method		2,003	1,874
Derivative financial instruments		–	63
Total non-current assets		648,114	638,003
Total assets		725,972	710,883
Current liabilities			
Trade and other payables		77,133	77,132
Current tax liabilities		3,618	1,033
Derivative financial instruments		830	1,216
Provisions		6,489	6,146
Total current liabilities		88,070	85,527
Non-current liabilities			
Borrowings	C	287,674	286,258
Derivative financial instruments		335	–
Deferred tax liabilities		2,526	2,631
Provisions		3,548	3,499
Total non-current liabilities		294,083	292,388
Total liabilities		382,153	377,915
Net assets		343,819	332,968
Equity			
Contributed equity	D	290,498	290,328
Reserves		11,050	10,951
Retained earnings		42,271	31,689
Total equity		343,819	332,968

* Restatement relates to adjustments to provisional values of assets acquired and liabilities assumed for the acquisitions of KFC Australia (refer Note A2(b)) and KFC Netherlands (refer Note A2(c)).

(1) Intangible assets includes \$425,000,000 (FY18: \$417,000,000) of goodwill. Refer to Note A2 for details of the business combinations resulting in the increase in goodwill in the current reporting period.

The above Consolidated Balance Sheet should be read in conjunction with the accompanying Notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the reporting period ended 14 October 2018

	Note	Period ended 14 October 2018	Period ended 15 October 2017
		\$000	\$000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		450,037	353,641
Payments to suppliers and employees (inclusive of GST)		(378,762)	(296,168)
GST paid		(21,355)	(17,509)
Interest received		191	189
Interest and other borrowing costs paid		(5,579)	(3,776)
Income tax paid		(8,752)	(9,206)
Net operating cash flows		35,780	27,171
Cash flows from investing activities			
Payment for acquisition of subsidiary, net of cash acquired (KFC Australia Acquisition)	A2	(7,531)	(18,244)
Deposit for acquisition of subsidiary, net of cash acquired (KFC Australia Acquisition)		–	(2,765)
Payment for acquisition of subsidiary, net of cash acquired (Netherlands KFC Acquisition)		–	(94,190)
Purchase of franchise rights		(20)	(427)
Payments for plant and equipment		(16,322)	(17,104)
Net investing cash flows		(23,873)	(132,730)
Cash flow from financing activities			
Proceeds from borrowings - bank loan facilities		–	42,519
Repayment of borrowings and other obligations		–	(16,000)
Refinance fees paid		–	(1,824)
Proceeds from share entitlement offer	D	–	46,064
Share entitlement offer costs	D	–	(1,827)
Dividends paid	B	(10,486)	(9,596)
Net financing cash flows		(10,486)	59,336
Net increase / (decrease) in cash and cash equivalents		1,421	(46,223)
Cash and cash equivalents at the beginning of the reporting period		60,450	104,751
Effects of exchange rate changes on cash and cash equivalents		822	2,052
Cash and cash equivalents at the end of the reporting period		62,693	60,580

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying Notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the reporting period ended 14 October 2018

	Note	Contributed Equity	Reserves	Retained earnings	Total Equity
		\$000	\$000	\$000	\$000
Balance as at 1 May 2017		245,260	3,420	18,113	266,793
Profit for the reporting period		–	–	12,741	12,741
Other comprehensive income		–	1,817	–	1,817
Total comprehensive income for the reporting period		–	1,817	12,741	14,558
Transactions with owners in their capacity as owners:					
Dividends provided for or paid	B	–	–	(9,596)	(9,596)
Share-based payments		–	240	–	240
Shares issued (net of transaction costs)	D	44,785	–	–	44,785
Performance rights vested	D	283	(283)	–	–
Balance as at 15 October 2017		290,328	5,194	21,258	316,780
2018		\$000	\$000	\$000	\$000
Balance as at 29 April 2018 as originally presented		290,328	10,951	31,689	332,968
Change in accounting policy	F2	–	–	(463)	(463)
Restated total equity at 30 April 2018		290,328	10,951	31,226	332,505
Profit for the reporting period		–	–	21,531	21,531
Other comprehensive income		–	(24)	–	(24)
Total comprehensive income for the reporting period		–	(24)	21,531	21,507
Transactions with owners in their capacity as owners:					
Dividends provided for or paid	B	–	–	(10,486)	(10,486)
Share-based payments		–	293	–	293
Performance rights vested	D	170	(170)	–	–
Balance as at 14 October 2018		290,498	11,050	42,271	343,819

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying Notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

A/ FINANCIAL OVERVIEW

This section provides information that is most relevant to explaining the Group's performance during the year, and where relevant, the accounting policies that have been applied and significant estimates and judgments made.

A1/ Segment information

A2/ Business combinations

A3/ Revenue

A1/ Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing the performance of the operating segments, has been identified as the Managing Director & CEO.

Description of segments

Management has determined the operating segments based on the reports reviewed by the Managing Director & CEO that are used to make strategic decisions. Hence three reportable segments have been identified: KFC Restaurants Australia and Europe (competing in the quick service restaurant market) and Sizzler Restaurants (competing in the full-service restaurant market).

Other includes Shared Services, which performs a number of administrative and management functions for the Group's KFC and Sizzler Restaurants, as well as Taco Bell trading activities. Prior period also includes Snag Stand trading activities. In the last annual report, Shared Services was grouped with Other as it is not considered a reportable operating segment as it does not generate its own revenues and acts as a support function of the Group. This treatment has been applied consistently to the below disclosure.

Segment information provided to the Managing Director & CEO

The following is an analysis of the revenue and results by reportable operating segment for the periods under review:

	KFC Restaurants Australia	Sizzler Restaurants	KFC Restaurants Europe	Other (2)	Total
Period ended 14 October 2018	\$000	\$000	\$000	\$000	\$000
Total segment revenue	330,017	22,209	56,927	1,839	410,992
Underlying EBITDA ⁽¹⁾	56,138	2,132	4,147	(8,752)	53,665
Depreciation, amortisation and impairment	12,575	570	3,165	498	16,808
Finance costs – net	–	–	6	5,033	5,039
Income tax expense					10,008
Period ended 15 October 2017	\$000	\$000	\$000	\$000	\$000
Total segment revenue	270,816	24,040	25,695	1,587	322,138
Underlying EBITDA ⁽¹⁾	45,474	2,312	423	(7,445)	40,764
Depreciation, amortisation and impairment	9,953	620	1,134	537	12,244
Finance costs – net	(2)	–	16	4,771	4,785
Income tax expense					7,608

(1) Refer below for a description and reconciliation of Underlying EBITDA.

(2) Other includes: Shared Services and Taco Bell (HY18: Shared Services, Taco Bell and Snag Stand).

Other segment information

Segment revenue

There are no sales between segments. The revenue from external parties reported to the Board is measured in a manner consistent with that in the Consolidated Income Statement.

Revenue from external customers is derived from the sale of food in KFC, Sizzler and Taco Bell Restaurants.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

A1/ Segment information continued

Underlying EBITDA

The Board assesses the performance of the operating segments based on a measure of Underlying EBITDA. This measurement basis excludes the effects of costs associated with acquisitions (refer to Note A2). Additionally, impairment of property, plant, equipment, franchise rights, brand assets and goodwill are excluded to the extent they are isolated non-recurring events. Net finance costs (including the impact of derivative financial instruments) are not allocated to segments as this type of activity is driven by the central treasury function, which manages the cash position of the Group.

A reconciliation of Underlying EBITDA to profit from continuing operations before income tax is provided as follows:

	Period ended 14 October 2018	Period ended 15 October 2017
	\$000	\$000
Underlying EBITDA	53,665	40,764
Finance costs – net	(5,039)	(4,785)
Performance rights	(293)	(240)
Depreciation	(15,945)	(11,486)
Amortisation	(863)	(758)
Restructure costs	–	(1,200)
Costs of acquisitions expensed	–	(2,105)
Share of net profit of joint ventures accounted for using the equity method	129	159
Other one-off costs	(115)	–
Profit from continuing operations before income tax	31,539	20,349

A2/ Business combinations

KFC Restaurants (Australia) - summary of acquisition

On 26 June 2017, Collins Foods South Pty Ltd, a wholly owned subsidiary of Collins Foods Limited entered into binding agreements to acquire 29 KFC restaurants located in Western Australia, South Australia and Tasmania.

The primary reason for the acquisition was to expand operations in the quick service restaurant market and consolidate the Company's position as the largest KFC franchisee in Australia.

The restaurants were acquired across multiple accounting periods, as outlined below:

(a) CURRENT PERIOD

The acquisition of two restaurants in South Australia on 7 May 2018 and the acquisition of one restaurant in South Australia on 6 August 2018.

Details of the purchase consideration, the net assets acquired and goodwill for current period acquisitions are as follows:

	\$000
Purchase consideration	
Cash paid	7,539

The provisional fair values of the assets and liabilities of the business acquired as at the date of acquisition are as follows:

	Fair value
	\$000
Cash	8
Inventories	40
Property, plant and equipment	1,328
Intangible assets	200
Deferred tax asset, net	328
Trade and other payables	(166)
Net identifiable assets acquired	1,738
Goodwill	5,801
Net assets acquired	7,539

The goodwill is attributable to an established market with opportunities for future expansion.

Acquisition - related costs

The acquisition related costs have been recognised in the 2018 Annual Report, in the Consolidated Income Statement (other expenses) and in operating cash flows in the Consolidated Statement of Cash Flows (payments to suppliers and employees). Refer to Note A2 and I1 in the 2018 Annual Report for further details of the acquisition related costs.

	As at acquisition date
	\$000
Purchase consideration – cash flow	
Cash consideration	7,539
Less balances acquired	8
Outflow of cash - investing activities	7,531

Revenue and profit contribution

The acquired business contributed revenues of \$3.2 million and Underlying EBITDA of \$0.4 million to the Group for the period the stores were owned by Collins Foods Limited, up to 14 October 2018.

If the acquisition had occurred on 30 April 2018, consolidated revenue and consolidated Underlying EBITDA for the reporting period ended 14 October 2018 would have been \$412.2 million and \$53.9 million respectively.

At the time the financial statements were approved and issued, the Group had not yet completed the accounting for the acquisition. In particular, the property, plant and equipment, and any deferred tax balances associated with this, have been determined provisionally as the valuation has not yet been finalised.

(b) PRIOR PERIOD

In the 2018 financial year, 24 restaurants were acquired through business combination. Details of this business combination were disclosed in Note A2 of the Group's 2018 Annual Report.

An additional two restaurants were acquired as an asset purchase and are included in Note F4 of the Group's 2018 Annual Report.

At 29 April 2018, the fair value of some assets and liabilities assumed were recognised on a provisional basis. In the current reporting period, the fair value of assets acquired, and liabilities assumed have been finalised. The amounts which have been altered and the effect on the financial statements has been summarised below:

	Provisional fair value at 29 April 2018	Purchase price adjustment	Fair value at 29 April 2018
	\$000	\$000	\$000
Goodwill arising on acquisition:			
Purchase consideration	99,826	–	99,826
Less: fair value net identifiable assets	(30,595)	1,768	(28,827)
Goodwill on acquisition	69,231	1,768	70,999

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

A2/ Business combinations continued

	Provisional fair value at 29 April 2018	Purchase price adjustment	Fair value at 29 April 2018
	\$000	\$000	\$000
Identifiable assets acquired and liabilities assumed:			
ASSETS			
Cash	82	–	82
Prepaid expenses	115	–	115
Inventories	322	–	322
Property, plant and equipment	26,698	–	26,698
Intangible assets	1,518	–	1,518
Deferred tax asset, net	3,616	(1,768)	1,848
Total assets	32,351	(1,768)	30,583
LIABILITIES			
Trade and other payables	(17)	–	(17)
Provisions	(1,739)	–	(1,739)
Total liabilities	(1,756)	–	(1,756)
Total identifiable net assets acquired recognised at fair value	30,595	(1,768)	28,827

KFC Restaurants (Netherlands) - summary of acquisition

(c) PRIOR PERIOD

On 31 August 2017, Collins Foods Netherlands Limited, a subsidiary of Collins Foods Limited, acquired 16 KFC Restaurants located in the Netherlands from subsidiaries of Yum! Brands Inc. The purchase price was €62.3 million plus franchise fees and adjusted down for employee liabilities accrued prior to completion. The acquisition provides a strategic entry into the KFC Netherlands market which further support the growth platform for Collins Foods' KFC operations outside of Australia.

At 29 April 2018, the fair values of the assets and liabilities of the business acquired were provisionally stated due to the valuation of property, plant and equipment not being finalised. The valuation has now been finalised. The valuation has resulted in an increase in goodwill of \$331,000 and a decrease in property, plant and equipment of \$331,000. All other amounts disclosed at 29 April 2018 are representative of the fair values of the assets and liabilities of the business acquired.

A3/ Revenue

Revenue is recognised when performance obligations under relevant customer contracts are completed. Performance obligations may be completed at a point in time or over time.

In the following table revenue is disaggregated by type and by timing of revenue recognition. No single customer amounts to 10% or more of the consolidated entity's total external revenue.

Note	KFC Restaurants Australia	Sizzler Restaurants	KFC Restaurants Europe	Other	Total
Period ended 14 October 2018 ⁽¹⁾	\$000	\$000	\$000	\$000	\$000
Revenue type:					
Sale of goods	330,017	20,136	56,927	1,839	408,919
Franchise revenue	–	2,073	–	–	2,073
A1	330,017	22,209	56,927	1,839	410,992
Timing of revenue recognition:					
At a point in time	330,017	22,188	56,927	1,839	410,971
Over time	–	21	–	–	21
A1	330,017	22,209	56,927	1,839	410,992

(1) The comparative period has not been included in this disclosure due to the change in accounting policy applied in the current period without the restatement of comparatives (refer Note F2).

B/ DIVIDENDS

	Period ended 14 October 2018	Period ended 15 October 2017
	\$000	\$000
Ordinary shares		
Dividends provided for or paid during the half-year	10,486	9,596
Dividends not recognised at the end of the half-year		
In addition to the above dividends, since the end of the half-year the directors have recommended the payment of an interim dividend of 9.0 cents per fully paid ordinary share (prior half-year: 8.0 cents), fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 21 December 2018 out of retained earnings at 14 October 2018, but not recognised as a liability at the end of the half-year, is \$10,486,049.	10,486	9,317

C/ RECOGNISED FAIR VALUE MEASUREMENTS

This Note provides an update on the judgements and estimates made by the Group in determining the fair values of the financial instruments since the last annual financial report.

Fair value hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified such assets and liabilities into the three levels prescribed under the accounting standards. An explanation of each level is 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 (as prices) or indirectly (derived from prices) (Level 2); and
- **Level 3:** Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

As at the end of the current reporting period and the prior reporting period, the Group has derivative financial instruments which are classified as Level 3 financial instruments. There are no Level 1 or Level 2 financial instruments.

Level 3 financial instruments

The fair values of derivative instruments are determined as the estimated amount that the Group and the Company would receive or pay to terminate the interest rate swap at the end of the reporting period, taking into account the current interest rate.

There were no transfers between the levels of fair value hierarchy in the six months to 14 October 2018. There were also no changes made to any of the valuation techniques applied as of 29 April 2018.

Valuation processes

The finance department of the Group engages a third-party expert valuation firm that performs the valuation of derivative financial instruments that are required to be measured, recognised and disclosed in the financial statements, at fair value. This includes Level 3 fair values. The finance department reports directly to the Group Chief Financial Officer (CFO) and the Audit and Risk Committee (ARC). Discussions of valuation processes and results are held between the CFO, ARC and the finance department at least once every six months, in line with the Group's half-year reporting periods.

The main Level 3 inputs used by the Group are derived and evaluated as follows:

- discount rates for financial assets and financial liabilities are determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

C/ Recognised fair value measurements continued

Changes in Level 2 and Level 3 fair values are analysed at the end of each reporting period during the half-year valuation discussion between the CFO, ARC and the finance department. As part of this discussion the finance department presents a report that explains the reason for the fair value movements.

Disclosed fair values

The Group also has assets and liabilities which are not measured at fair value, but for which fair values are disclosed in the Notes to the Consolidated Financial Statements.

Receivables

Due to the short term nature of the current receivables, their carrying amount is assumed to be the same as their fair value. For the majority of non-current receivables, the fair values are not materially different to their carrying amounts, since the interest on those receivables is close to current market rates.

Trade and other payables

Due to the short term nature of the trade and other payables, their carrying amount is assumed to be the same as their fair value.

Borrowings

The fair value of borrowings is as follows:

	14 October 2018			29 April 2018		
	Carrying amount	Fair value	Discount rate	Carrying amount	Fair value	Discount rate
	\$000	\$000	%	\$000	\$000	%
Bank Loan (net of borrowing costs)	287,674	261,138	5.6%	286,258	261,904	5.6%

The fair value of non-current borrowings is based on discounted cash flows using the rate disclosed in the table above. They are classified as Level 3 values in the fair value hierarchy due to the use of unobservable inputs, including the credit risk of the Group.

D/ CONTRIBUTED EQUITY

Reconciliation of ordinary share capital

The following reconciliation summarises the movements in issued capital during the period. Detailed information on each issue of shares is publicly available via the ASX.

Equity of parent company

Issues of ordinary shares during the half-year	2018 Shares	2017 Shares	2018 Share capital	2017 Share capital
	(thousands)	(thousands)	\$000	\$000
Balance at beginning of the period	116,468	106,251	290,328	245,260
Shares issued during the period	–	10,067	–	46,064
Senior Executive Performance Rights Plan	44	150	170	283
Less capital raising costs ⁽¹⁾	–	–	–	(1,279)
Balance at the end of the period	116,512	116,468	290,498	290,328

(1) Net of tax effect.

E/ OTHER INFORMATION

E1/ Property, plant and equipment

E2/ Income tax expense

E1/ Property, plant and equipment

	Land & buildings	Leasehold improvements	Plant & equipment	Construction in progress	Total
	\$000	\$000	\$000	\$000	\$000
At 1 May 2017					
Cost	3,868	146,726	98,745	7,379	256,718
Accumulated depreciation (including impairment)	(113)	(88,108)	(65,117)	–	(153,338)
Net book amount at 1 May 2017	3,755	58,618	33,628	7,379	103,380
Additions	2	6,263	6,099	30,792	43,156
Transfers	2,882	16,400	9,230	(28,512)	–
Depreciation expense	(28)	(15,801)	(12,478)	–	(28,307)
Impairment charge	–	(75)	(116)	–	(191)
Disposals	–	(47)	(210)	(21)	(278)
Acquisition through controlled entity purchased	–	33,113*	12,460*	–	45,573*
Adjustment to purchase accounting relating to prior period ⁽¹⁾	–	(71)	(153)	–	(224)
Exchange differences	–	1,080	599	141	1,820
Net book amount at 29 April 2018	6,611	99,480*	49,059*	9,779	164,929*
At 29 April 2018					
Cost	6,735	199,096	119,486	9,638	334,955
Accumulated depreciation (including impairment)	(124)	(99,616)	(70,427)	141	(170,026)
Net book amount at 29 April 2018	6,611	99,480*	49,059*	9,779	164,929*
Additions	–	1,187	2,371	14,089	17,647
Transfers	–	6,197	3,177	(9,374)	–
Depreciation expense	(41)	(8,775)	(6,793)	–	(15,609)
Disposals	–	(42)	(143)	–	(185)
Acquisition through controlled entity purchased	–	1,064	264	–	1,328
Exchange differences	–	197	(70)	(553)	(426)
Net book amount at 14 October 2018	6,570	99,308	47,865	13,941	167,684
At 14 October 2018					
Cost	6,699	207,983	125,451	13,941	354,074
Accumulated amortisation (including impairment)	(129)	(108,675)	(77,586)	–	(186,390)
Net book amount at 14 October 2018	6,570	99,308	47,865	13,941	167,684

* These figures are restated. The restatement relates to provisional values of assets acquired and liabilities assumed for the acquisitions of KFC Australia (refer Note A2(b)) and KFC Netherlands (refer Note A2(c)).

(1) This adjustment relates to a change in the provisional fair value at acquisition date for the KFC Germany acquisition completed in FY17.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

E2/ Income tax expense

	Period ended 14 October 2018	Period ended 15 October 2017
	\$000	\$000
Income tax expense		
Current tax	11,232	6,938
Deferred tax	(1,301)	830
Over provided in prior reporting periods	77	(160)
	10,008	7,608
Income tax expense is attributable to:		
Profit from continuing operations	10,008	7,608
Aggregate income tax expense	10,008	7,608
Numerical reconciliation of income tax expense to prima facie tax payable		
Profit from continuing operations before income tax expense	31,539	20,349
Tax at the Australian tax rate of 30%	9,461	6,104
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:		
Other non-deductible expenses	613	653
Withholding tax credits not brought to account	329	270
Non-assessable income received	(436)	(392)
Effect of tax rates in other countries	7	28
Carried forward losses brought to account	(43)	–
De-recognition of deferred tax asset	–	1,105
	9,931	7,768
Amounts (over) / under provided in prior reporting periods	77	(160)
Income tax expense	10,008	7,608

F/ BASIS OF PREPARATION OF HALF-YEAR REPORT

F1/ Basis of preparation of half-year report

F2/ Changes in accounting policies

F1/ Basis of preparation of half-year report

This condensed consolidated interim financial report is for the half-year reporting period 30 April 2018 to 14 October 2018. This report has been prepared in accordance with Accounting Standard AASB134 Interim Financial Reporting and the Corporations Act 2001.

The financial information provided does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report for the period ended 29 April 2018 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted in this interim financial report are the same as those applied in the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards as set out below.

The directors have determined that the accounting policies adopted and the format in which this financial information is presented are appropriate to meet their information needs.

New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period and the Group had to change its accounting policies and make retrospective adjustments as a result of adopting the following standards:

- AASB 9 Financial Instruments; and
- AASB 15 Revenue from Contracts with Customers.

The impact of the adoption of these standards and the new accounting policies are disclosed in Note F2 below. The other standards did not have any impact on the Group's accounting policies and did not require retrospective adjustments.

Impact of standards issued but not yet applied by the entity

Certain new accounting standards and interpretations have been published that are not mandatory for the half-year reporting period ended 14 October 2018 and have not been early adopted by the Group. The Group's assessment of the impact of any new standards and interpretations, that will materially impact the Group, is set out below.

AASB 16 LEASES (EFFECTIVE FROM THE 2020 REPORTING PERIOD ONWARDS)

AASB 16 will primarily affect the accounting by lessees and will result in the recognition of almost all leases on the balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for almost all lease contracts.

As noted in the 2018 Annual Report, the Group currently expects to use the modified retrospective approach. The Group also expects to retain the classification of existing contracts as leases under current accounting standards ('grandfathering') instead of reassessing whether existing contracts are or contain a lease at the date of application of the new standard. The Group does not currently intend to bring short term leases or low value leases on the balance sheet, however applying the practical expedient of short term leases, defined as 12 months or less for the remaining lease term at initial application date, is currently under assessment. Any leases classified as short term or low value will continue to have their costs expensed directly to the income statement.

AASB 16 will result in higher assets and liabilities on the balance sheet. Information on the non-cancellable operating lease commitments of \$279.6 million for the Group's non-cancellable operating lease commitments as defined under AASB 117, the current leasing standard, as at 29 April 2018 is disclosed in Note F1 to the 2018 Annual Report. As defined under AASB 16, the present value of the liabilities for those AASB 117 operating leases, adjusted for any options that the Group is reasonably certain to exercise, and the exclusion of any short-term and low value leases, will be reflected on the balance sheet. The adjustments are due to a number of differences in definition between the two standards. More information on the differences between the two standards is provided on page 80 of the 2018 Annual Report.

The Group is in the process of implementing a lease accounting module on an existing system which will be used for the majority of the Group's leases. Work is currently underway on data collection in preparation for data loading and testing, and the review and amendments of processes. This will continue throughout the second half of the 2019 financial year to prepare the system and processes for go-live on 29 April 2019.

The Group continues to work through forming conclusions on remaining aspects of AASB 16, including whether they will make use of the remaining practical expedients.

Going concern

The financial report has been prepared on a going concern basis. The Directors are of the opinion that the Group will be able to operate as a going concern having regard to available non-current debt facilities and the Group's internally generated cash resources.

F2/ Changes in accounting policies

This Note explains the impact of the adoption of AASB 9 Financial Instruments and AASB 15 Revenue from Contracts with Customers on the Group's financial statements and also discloses the new accounting policies that have been applied from 30 April 2018, where they are different to those applied in prior periods. The adoption of Interpretation 22 Foreign Currency Transactions and Advance Considerations and other minor changes to AASBs applicable for the 2019 reporting period did not have a significant impact on the Group's financial statements.

The impact on total equity attributable to the members of Collins Foods Limited as at 30 April 2018 of the adoption of AASB 9 and AASB 15 is as follows:

	\$'000
Total equity as at 29 April 2018	332,968
Adjustment to retained earnings due to adoption of AASB 15	(463)
Restated total equity as at 30 April 2018	332,505

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

F2/ Changes in accounting policies continued

AASB 9 FINANCIAL INSTRUMENTS - ACCOUNTING POLICY APPLIED FROM 30 APRIL 2018

Financial assets

CLASSIFICATION AND MEASUREMENT

The Group classifies its financial assets into the following categories: those to be measured subsequently at fair value (either through other comprehensive income (FVOCI) or through profit or loss (FVPL)) and those to be held at amortised cost. Further detail on each classification is outlined below.

Classification depends on the business model for managing the financial assets and the contractual terms of the cash flows. Management determines the classification of financial assets at initial recognition. The Group's policy with regard to financial risk management is set out in Note C1 of the 2018 Annual Report. Generally, the Group does not acquire financial assets for the purpose of selling in the short term. The Group's business model is primarily that of 'Hold to collect' (where assets are held in order to collect contractual cash flows). When the Group enters into derivative contracts, these transactions are designed to reduce exposures relating to assets and liabilities, firm commitments or anticipated transactions.

Financial assets held at amortised cost

This classification applies to debt instruments which are held under a hold to collect business model and which have cash flows that meet the 'Solely payments of principal and interest' (SPPI) criteria.

At initial recognition, trade receivables that do not have a significant financing component, are recognised at their transaction price. Other financial assets are initially recognised at fair value plus related transaction costs; they are subsequently measured at amortised cost using the effective interest method. Any gain or loss on de-recognition or modification of a financial asset held at amortised cost is recognised in the income statement.

Financial assets held at fair value through other comprehensive income (FVOCI)

This classification applies to the following financial assets:

- Debt instruments that are held under a business model where they are held for the collection of contractual cash flows and also for sale ('Collect and sell') and which have cash flows that meet the SPPI criteria.

All movements in the fair value of these financial assets are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue (including transaction costs by applying the effective interest method), gains or losses arising on derecognition and foreign exchange gains and losses which are recognised in the income statement. When the financial asset is derecognised, the cumulative fair value gain or loss previously recognised in other comprehensive income is reclassified to the income statement.

- Equity investments where the Group has irrevocably elected to present fair value gains and losses on revaluation in other comprehensive income. The election can be made for each individual investment however it is not applicable to equity investments held for trading.

Fair value gains or losses on revaluation of such equity investments, including any foreign exchange component, are recognised in other comprehensive income. When the equity investment is derecognised, there is no reclassification of fair value gains or losses previously recognised in other comprehensive income to the income statement. Dividends are recognised in the income statement when the right to receive payment is established.

Financial assets held at fair value through profit or loss (FVPL)

This classification applies to the following financial assets, and in all cases, transactions costs are immediately expensed to the income statement:

- Debt instruments that do not meet the criteria of amortised cost or fair value through other comprehensive income.
Subsequent fair value gains or losses are taken to the income statement.
- Equity Investments which are held for trading or where the FVOCI election has not been applied.
All fair value gains or losses and related dividend income are recognised in the income statement.
- Derivatives which are not designated as a hedging instrument.
All subsequent fair value gains or losses are recognised in the income statement.

Financial liabilities

Borrowings and other financial liabilities (including trade payables but excluding derivative liabilities) are recognised initially at fair value, net of transaction costs incurred, and are subsequently measured at amortised cost.

Impairment of financial assets

A forward looking expected credit loss (ECL) review is required for; debt instruments measured at amortised cost or held at fair value through other comprehensive income; loan commitments and financial guarantees not measured at fair value through profit or loss; lease receivables and trade receivables that give rise to an unconditional right to consideration.

As permitted by AASB 9, the Group applies the 'simplified approach' to trade receivable balances and the 'general approach' to all other financial assets. The general approach incorporates a review for any significant increase in counterparty credit risk since inception. The ECL reviews include assumptions about the risk of default and expected loss rates.

Derivative financial instruments

The Group enters into derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including interest rate swaps.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Hedge accounting

The Group designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in fair value hedges, cash flow hedges, or hedges of net investments in foreign operations as appropriate. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the hedge effectiveness requirements prescribed in AASB 9.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria. This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated under the heading of foreign currency translation reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Gains and losses on the hedging instrument relating to the effective portion of the hedge accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal or partial disposal of the foreign operation.

IMPACT OF TRANSITION TO AASB 9 FINANCIAL INSTRUMENTS AS AT 30 APRIL 2018

The Group adopted AASB 9 Financial Instruments on 30 April 2018, which resulted in changes in accounting policies. Amounts recognised in the financial statements as at this date did not require any material adjustments on application of the new accounting policies. The standard replaced the provisions of AASB 139 that relate to the recognition, classification and measurement of financial assets and financial liabilities; de-recognition of financial instruments; impairment of financial assets; and hedge accounting. The new accounting policies relating to financial instruments are set out in the section prior to this.

For transition, the Group has elected to apply the limited exemption in AASB 9 relating to the classification, measurement and impairment requirements for financial assets and accordingly has not restated comparative periods.

The Group applies the new forward looking expected credit loss model required by AASB 9, using the simplified approach for its trade receivables portfolio review and the general approach for all other financial assets as required by the standard. There was an insignificant impact on transition to AASB 9 on the Group's opening balances as at 30 April 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

F2/ Changes in accounting policies continued

Classification and measurement of financial assets

On 30 April 2018, the Group assessed the classification of its financial assets on the basis of the contractual terms of their cash flows and the business model by which they are managed. All of the Group's financial assets were previously classified as loans and receivables or held to maturity and were reclassified to held at amortised cost on transition date.

Derivatives and hedging activities

The Group's risk management strategies and associated hedge documentation have been aligned with the requirements of AASB 9 and existing hedging relationships under AASB 139 have been treated as continuing hedges.

Impairment of financial assets

The Group implemented the new forward looking expected credit loss model which is required for certain financial instruments. The simplified approach was used for the trade receivables portfolio, being the Group's only financial assets other than cash and cash equivalents on transition. There was an insignificant impact on application of the expected credit loss model.

AASB 15 REVENUE FROM CONTRACTS WITH CUSTOMERS - ACCOUNTING POLICY APPLIED FROM 30 APRIL 2018

Sale of goods

The Group operates a number of quick service and casual dining restaurants. The revenue from the sale of food and beverages from these restaurants is recognised when the Group sells a product to the customer. Payment of the transaction price is due immediately when the customer purchases the foods and beverages.

Franchise revenue

The Sizzler segment of the Group is the franchisor of the Sizzler brand in various regions including Australia and Asia. Franchise agreements are entered into where the Group allocates the right to external parties to use the Sizzler name and associated intellectual property. These contracts run for a 20-year period, with a right to renewal for an additional 20 years.

Franchise agreements entitle the Group to two streams of revenue:

- **franchise fees:** revenue relating to franchise fees is recognised over time. The transaction price allocated to these services is recognised as a contract liability at the time of the commencement of the contract and is released on a straight-line basis over the period of the contract, and
- **sales-based royalties:** revenue relating to sales-based royalties is recognised as the subsequent sale occurs.

ACCOUNTING FOR COSTS TO FULFIL A CONTRACT

Costs that relate directly to a contract with customers, generate resources used in satisfying the contract and are expected to be recovered are capitalised as costs to fulfil a contract. The asset is amortised at a pattern consistent with the recognition of the associated revenue.

Other income

Interest income is recognised on a time proportion basis using the effective interest method and traineeship income is recognised as revenue when the right to receive payment has been established.

Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

IMPACT OF TRANSITION TO AASB 15 REVENUE FROM CONTRACTS WITH CUSTOMERS

AASB 15 replaces AASB 118 Revenue. The core principle of AASB 15 is that an entity recognises revenue related to the transfer of promised goods or services when control of the goods or services passes to the customer. The amount of revenue recognised should reflect the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Group has adopted the modified transitional approach to implementation and the new standard has therefore been applied only to contracts that remain in force at 30 April 2018. A transition adjustment has been recognised in retained earnings on transition at 30 April 2018 without adjustment of comparatives.

The impact on the Group's retained earnings as at 30 April 2018 is as follows:

	2018
	\$000
Retained earnings	31,689
Recognition of contract liability for franchise fee revenue ⁽¹⁾	(546)
Adjustment in recognition of withholding taxes ⁽²⁾	83
Adjustment to retained earnings for adoption of AASB 15	(463)
Opening retained earnings 30 April 2018	31,226

The transition adjustments relate to:

- (1) Franchise revenue whereby franchise fee revenue was recognised fully at the commencement of each franchise agreement under AASB 118. Under AASB 15, franchise fee revenue is recognised on a straight-line basis over the term of the contract. This adjustment is based on all contracts that remained in force as at transition date, 30 April 2018. The change in accounting has no impact on the commercial arrangement or current or future cash flows.
- (2) The recognition of withholding taxes directly related to the transactions at point 1 above, was adjusted to be recognised at the same pattern of recognition of the associated revenue and expense.

G/ SUBSEQUENT EVENTS

G1/ Drawdown of financing

G1/ Drawdown of financing

On 31 October 2018, the Group drew down \$5.6 million (€3.5 million) of its existing Working Capital Facility to finance a portion of Europe's upcoming capital and operational expenditure. The amount is repayable by 31 October 2020.

Further information on the Group's Working Capital Facility can be found in Note B2 of the 2018 Annual Report.

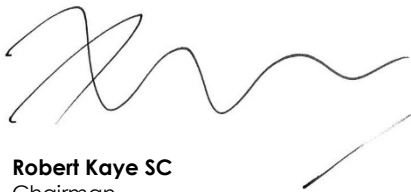
DIRECTORS' DECLARATION

In the Directors' opinion:

- the financial statements and notes set out on pages 5 to 22 are in accordance with the Corporations Act 2001, including:
 - complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - giving a true and fair view of the consolidated entity's financial position as at 14 October 2018 and of its performance for the half-year ended on that date;
- there are reasonable grounds to believe that Collins Foods Limited 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.

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



Robert Kaye SC
Chairman

Brisbane
28 November 2018



Independent auditor's review report to the members of Collins Foods Limited

Report on the Interim Financial Report

We have reviewed the accompanying interim financial report of Collins Foods Limited (the Company), which comprises the consolidated balance sheet as at 14 October 2018, the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and consolidated income statement for the half-year ended on that date, selected other explanatory notes and the directors' declaration for Collins Foods Limited. The Group comprises the Company and the entities it controlled during that half-year.

Directors' responsibility for the interim financial report

The directors of the Company are responsible for the preparation of the interim 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 interim 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 interim 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 interim financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 14 October 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 Collins Foods Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Collins Foods Limited is not in accordance with the *Corporations Act 2001* including:

PricewaterhouseCoopers, ABN 52 780 433 757
480 Queen Street, BRISBANE QLD 4000, GPO Box 150, BRISBANE QLD 4001
T: +61 7 3257 5000, F: +61 7 3257 5999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

INDEPENDENT AUDITOR'S REVIEW REPORT continued



1. giving a true and fair view of the Group's financial position as at 14 October 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*.

Matters relating to the electronic presentation of the reviewed interim financial report

This review report relates to the interim financial report of the Company for the half-year ended 14 October 2018 included on Collins Foods Limited's web site. The Company's directors are responsible for the integrity of the Collins Foods Limited web site. We have not been engaged to report on the integrity of this web site. The review report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed interim financial report to confirm the information included in the reviewed interim financial report presented on this web site.


PricewaterhouseCoopers


Kim Challenor
Partner

Brisbane
28 November 2018