

# Appendix 4D and Half Year Financial Report

Domain Holdings Australia Limited and Controlled Entities  
for the half year period ended 31 December 2019

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

## Appendix 4D

### Results for Announcement to the Market

Domain Holdings Australia Limited and Controlled Entities  
for the half year period ended 31 December 2019

#### Reported (all comparisons to the half year ended 30 December 2018)

Total revenue	down	15.4%	to	\$157.6m
Net profit from ordinary activities after tax attributable to members	up	112.4%	to	\$19.4m

#### DIVIDENDS

	Amount per security	Franked amount per security
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##### 31 December 2019

Interim dividend (cents)	2.0c	2.0c
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Record date for determining entitlements to the interim dividend 27 February 2020

	Amount per security	Franked amount per security
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##### 30 December 2018

Interim dividend (cents)	2.0c	2.0c
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Record date for determining entitlements to the interim dividend 21 February 2019

#### NET TANGIBLE ASSETS PER SHARE

	31 December 2019	30 December 2018
	\$	\$
Net tangible asset backing per ordinary share <sup>(i)</sup>	<b>(0.45)</b>	(0.37)
Net asset backing per ordinary share	<b>1.99</b>	1.99

(i) Net tangible assets exclude right-of-use assets.

Additional information supporting the Appendix 4D disclosure requirements can be found in the Directors' Report and the Consolidated Financial Statements for the half-year ended 31 December 2019.

## Appendix 4D

### Results for Announcement to the Market

Domain Holdings Australia Limited and Controlled Entities  
for the half year period ended 31 December 2019

	Note	Statutory Results		Significant items (iii)		Trading performance excluding significant items	
		31 Dec 2019	30 Dec 2018	31 Dec 2019	30 Dec 2018	31 Dec 2019	30 Dec 2018
		6 months	6 months	6 months	6 months	6 months	6 months
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total revenue	(i)	157,572	186,319	10,615	2,459	146,957	183,860
Associates/joint ventures net losses		-	(310)	-	-	-	(310)
Expenses		(103,259)	(311,279)	(3,336)	(180,463)	(99,923)	(130,816)
<b>Operating EBITDA</b>		<b>54,313</b>	<b>(125,270)</b>	<b>7,279</b>	<b>(178,004)</b>	<b>47,034</b>	<b>52,734</b>
Depreciation and amortisation		(22,053)	(14,372)	-	-	(22,053)	(14,372)
<b>EBIT</b>		<b>32,260</b>	<b>(139,642)</b>	<b>7,279</b>	<b>(178,004)</b>	<b>24,981</b>	<b>38,362</b>
Net finance costs	(ii)	(2,816)	(4,688)	650	-	(3,466)	(4,688)
<b>Net profit/(loss) before tax</b>		<b>29,444</b>	<b>(144,330)</b>	<b>7,929</b>	<b>(178,004)</b>	<b>21,515</b>	<b>33,674</b>
Income tax (expense)/ benefit		(6,640)	(9,819)	416	484	(7,056)	(10,303)
<b>Net profit/(loss) after tax</b>		<b>22,804</b>	<b>(154,149)</b>	<b>8,345</b>	<b>(177,520)</b>	<b>14,459</b>	<b>23,371</b>
Net profit attributable to non-controlling interest		3,430	2,223	1,909	-	1,521	2,223
Net profit/(loss) attributable to members of the Company		19,374	(156,372)	6,436	(177,520)	12,938	21,148
<b>Earnings per share (cents)</b>		<b>3.32</b>	<b>(26.94)</b>			<b>2.22</b>	<b>3.64</b>

#### Notes:

- (i) Revenue from ordinary activities excluding interest income.
- (ii) Finance costs net of interest income.
- (iii) Significant items are those items of such a nature or size that separate disclosure will assist users to understand the financial statements. Refer to Note 4 for further details.

# Directors' Report

Domain Holdings Australia Limited and Controlled Entities  
for the half year period ended 31 December 2019

The Board of Directors presents its report on the consolidated entity of Domain Holdings Australia Limited ("DHA") and the entities it controlled at the end of, or during, the period ended 31 December 2019, ("the Domain Group"), and the review report thereon.

## Directors

The Directors of the Company at any time during the period ended 31 December 2019 or up to the date of this report are as follows. Directors held office for the entire period unless otherwise stated.

### NICK FALLOON

Non-Executive Chairman

### GREG ELLIS

Independent Non-Executive Director

### GEOFF KLEEMANN

Independent Non-Executive Director

### DIANA EILERT

Independent Non-Executive Director

### PATRICK ALLAWAY

Non-Executive Director  
Resigned 1 February 2020

### GAIL HAMBLY

Non-Executive Director  
Resigned 1 February 2020

### HUGH MARKS

Non-Executive Director  
Appointed 1 February 2020

### LIZZIE YOUNG

Non-Executive Director  
Appointed 1 February 2020

### JASON PELLEGRINO

Managing Director and Chief Executive Officer

## Review of operations

- Net profit attributable to members after tax of \$19.4 million (2019: net loss \$156.4 million).
- Earnings per share of 3.32 cents profit (2019: 26.94 cents loss).
- Revenue of \$158.5 million, down 15% from the prior corresponding period (2019: \$186.6 million).
- EBITDA of \$55.2 million profit (2019: \$125.0 million loss).
- Significant items totalling \$8.3 million gain after tax (2019: \$177.5 million loss) relate to fair value gain on contingent consideration on Review Property and Commercialview, gain on debt refinance, one off restructuring charges and loss on sale of Mapshed.
- Net debt of \$147.9 million, compared with net debt of \$113.2 million at 30 June 2019.
- AASB 16 *Leases* was adopted with effect from 1 July 2019. Refer to Note 1 for further details of the impact of AASB 16 on the half year.

The half year results Investor Presentation and commentary presented by the Domain management team provides a reconciliation of the reported 4D statutory comparative numbers to the more meaningful comparative proforma trading performance excluding significant items.

## Significant changes in the state of affairs

On 27 November 2019, DHA acquired a 100% interest in Bidtracker Holdings Pty Limited and its subsidiaries ("Bidtracker"). Bidtracker is a point of sale platform that digitises and streamlines key steps in the property journey for real estate agents. The total consideration was \$24.4m, \$19.4m of which was cash, \$4.5m being contingent on Bidtracker's future performance and \$0.5m related to the cash effective settlement of the intercompany loan.

## Directors' Report (continued)

Domain Holdings Australia Limited and Controlled Entities  
for the half year period ended 31 December 2019

### Dividends

On 10 September 2019, the Company paid a fully franked dividend of 4.0 cents per ordinary share.

A fully franked dividend of 2.0 cents (2019: 2.0 cents fully franked) has been declared by the Board. Record date for the dividend is 27 February 2020 and the dividend payment date will be 13 March 2020.

### Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report. Amounts contained in the Directors' Report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

### Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 6.

This report is made in accordance with a resolution of the Directors of Domain Holdings Australia Limited.



**Nick Falloon**

Chairman



**Jason Pellegrino**

Managing Director and Chief Executive Officer

**Sydney**

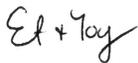
20 February 2020

## Auditor's Independence Declaration to the Directors of Domain Holdings Australia Limited

As lead auditor for the review of the half-year financial report of Domain Holdings Australia Limited for the half year ended 31 December 2019, I declare 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 Domain Holdings Australia Limited and the entities it controlled during the financial period.



Ernst & Young



Christopher George  
Partner  
20 February 2020

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

Domain Holdings Australia Limited and Controlled Entities  
for the half year period ended 31 December 2019

		31 December 2019	30 December 2018
	Note	\$'000	\$'000
Revenue from contracts with customers	2(A)	145,669	182,928
Other revenue and income	2(B)	12,791	3,692
<b>Total revenue and income</b>		<b>158,460</b>	<b>186,620</b>
Share of net losses of associates and joint ventures		-	(310)
Expenses from operations excluding impairment, depreciation, amortisation and finance costs	3(A)	(103,259)	(132,432)
Impairment	4	-	(178,847)
Depreciation and amortisation	3(B)	(22,053)	(14,372)
Finance costs	3(C)	(3,704)	(4,989)
<b>Net profit/(loss) from operations before income tax expense</b>		<b>29,444</b>	<b>(144,330)</b>
Income tax expense		(6,640)	(9,819)
<b>Net profit/(loss) from operations after income tax expense</b>		<b>22,804</b>	<b>(154,149)</b>
Other comprehensive income for the period		-	-
<b>Total comprehensive income/(loss) for the period</b>		<b>22,804</b>	<b>(154,149)</b>
<b>Net profit/(loss) is attributable to:</b>			
Owners of the parent		19,374	(156,372)
Non-controlling interest		3,430	2,223
<b>Total comprehensive income/(loss) is attributable to:</b>			
Owners of the parent		19,374	(156,372)
Non-controlling interest		3,430	2,223
<b>Earnings per share (cents)</b>			
Basic earnings per share (cents)	12	3.32	(26.94)
Diluted earnings per share (cents)	12	3.30	(26.94)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying Notes.

# Consolidated Balance Sheet

Domain Holdings Australia Limited and Controlled Entities  
as at 31 December 2019

	Note	31 December 2019 \$'000	30 June 2019 \$'000
<b>Current assets</b>			
Cash and cash equivalents		14,242	49,315
Trade and other receivables		45,599	46,008
Sublease receivable <sup>(i)</sup>	8	1,073	-
<b>Total current assets</b>		<b>60,914</b>	<b>95,323</b>
<b>Non-current assets</b>			
Intangible assets	7	1,383,557	1,365,227
Property, plant and equipment		13,780	15,874
Right-of-use assets <sup>(i)</sup>	8	39,211	-
Sublease receivable <sup>(i)</sup>	8	5,998	-
<b>Total non-current assets</b>		<b>1,442,546</b>	<b>1,381,101</b>
<b>Total assets</b>		<b>1,503,460</b>	<b>1,476,424</b>
<b>Current liabilities</b>			
Payables - related parties		3,184	1,253
Payables		28,497	23,787
Lease liability <sup>(i)</sup>	8	10,245	-
Provisions		11,285	20,210
Current tax liabilities		1,659	15,842
<b>Total current liabilities</b>		<b>54,870</b>	<b>61,092</b>
<b>Non-current liabilities</b>			
Interest bearing liabilities	9	162,125	162,540
Lease liability <sup>(i)</sup>	8	43,312	-
Provisions		5,412	11,235
Deferred tax liabilities		76,712	78,033
<b>Total non-current liabilities</b>		<b>287,561</b>	<b>251,808</b>
<b>Total liabilities</b>		<b>342,431</b>	<b>312,900</b>
<b>Net assets</b>		<b>1,161,029</b>	<b>1,163,524</b>
<b>Equity</b>			
Contributed equity	10	1,290,323	1,289,658
Reserves		(35,183)	(34,971)
Retained losses		(98,523)	(94,574)
<b>Total parent entity interest</b>		<b>1,156,617</b>	<b>1,160,113</b>
Non-controlling interest		4,412	3,411
<b>Total equity</b>		<b>1,161,029</b>	<b>1,163,524</b>

(i) Balances arise due to the adoption of AASB 16 *Leases* ("AASB 16") from 1 July 2019. The Consolidated Balance Sheet as at 30 June 2019 was not restated upon the initial adoption of AASB 16. Refer to Note 1 for further description of the impact of AASB 16.

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

# Consolidated Statement of Changes in Equity

Domain Holdings Australia Limited and Controlled Entities  
for the half year period ended 31 December 2019

	Reserves			Total reserves \$'000	Retained profits/(losses) \$'000	Non- controlling interest \$'000	Total equity \$'000
	Contributed equity \$'000	Other reserves \$'000	Share- based payment reserve \$'000				
<b>Balance at 30 June 2019</b>	1,289,658	(37,343)	2,372	(34,971)	(94,574)	3,411	1,163,524
Profit for the period	-	-	-	-	19,374	3,430	22,804
Other comprehensive income	-	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	-	-	19,374	3,430	22,804
<b>Transactions with owners in their capacity as owners:</b>							
Dividends paid to shareholders	-	-	-	-	(23,323)	-	(23,323)
Dividends paid or declared to non-controlling interests in subsidiaries	-	-	-	-	-	(4,507)	(4,507)
Non-controlling interest arising on business combination	-	-	-	-	-	(43)	(43)
Transactions with non-controlling interest	-	-	-	-	-	2,121	2,121
Release of employee incentive shares	665	-	(665)	(665)	-	-	-
Share-based payments, net of tax	-	-	453	453	-	-	453
<b>Total transactions with owners</b>	665	-	(212)	(212)	(23,323)	(2,429)	(25,299)
<b>Balance at 31 December 2019</b>	<b>1,290,323</b>	<b>(37,343)</b>	<b>2,160</b>	<b>(35,183)</b>	<b>(98,523)</b>	<b>4,412</b>	<b>1,161,029</b>

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

## Consolidated Statement of Changes in Equity

Domain Holdings Australia Limited and Controlled Entities  
for the half year period ended 31 December 2019

	Reserves			Total reserves \$'000	Retained profits/(losses) \$'000	Non-controlling interest \$'000	Total equity \$'000
	Contributed equity \$'000	Other reserves \$'000	Share-based payment reserve \$'000				
<b>Balance at 24 June 2018</b>	1,283,377	(39,739)	824	(38,915)	78,195	10,795	1,333,452
Effect of adoption of AASB 9 (net of tax)	-	-	-	-	(356)	-	(356)
<b>Restated balance as at 24 June 2018</b>	1,283,377	(39,739)	824	(38,915)	77,839	10,795	1,333,096
(Loss)/profit for the period	-	-	-	-	(156,372)	2,223	(154,149)
Other comprehensive income	-	-	-	-	-	-	-
<b>Total comprehensive (loss)/income for the period</b>	-	-	-	-	(156,372)	2,223	(154,149)
<b>Transactions with owners in their capacity as owners:</b>							
Shares acquired for employee incentive scheme	(521)	-	-	-	-	-	(521)
Dividends paid to shareholders	-	-	-	-	(23,220)	-	(23,220)
Dividends paid or declared to non-controlling interests in subsidiaries	-	-	-	-	-	(3,225)	(3,225)
Non-controlling interest arising on business combination	-	-	-	-	-	325	325
Transactions with non-controlling interest	-	2,396	-	2,396	-	146	2,542
Share-based payments, net of tax	-	-	428	428	-	-	428
<b>Total transactions with owners</b>	(521)	2,396	428	2,824	(23,220)	(2,754)	(23,671)
<b>Balance at 30 December 2018</b>	1,282,856	(37,343)	1,252	(36,091)	(101,753)	10,264	1,155,276

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

# Consolidated Cash Flow Statement

Domain Holdings Australia Limited and Controlled Entities  
for the half year period ended 31 December 2019

		31 December 2019	30 December 2018
	Note	\$'000	\$'000
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		166,094	211,899
Payments to suppliers and employees (inclusive of GST)		(114,643)	(154,003)
Interest received		157	301
Finance costs paid		(3,634)	(3,903)
Net income taxes paid		(22,068)	(9,243)
<b>Net cash inflow from operating activities</b>		<b>25,906</b>	<b>45,051</b>
<b>Cash flows from investing activities</b>			
Payment for purchase of controlled entities (net of cash acquired)	6(A)	(19,170)	(2,656)
Loan to other party		(500)	-
Disposal of controlled entities (net of cash disposed of)		(52)	-
Proceeds from sale of a financial asset		-	103
Payment for property, plant and equipment and software		(10,851)	(11,336)
<b>Net cash outflow from investing activities</b>		<b>(30,573)</b>	<b>(13,889)</b>
<b>Cash flows from financing activities</b>			
Payment for purchase of non-controlling interest in subsidiaries		-	(260)
Proceeds from issue of shares by subsidiary with non-controlling shareholder		2,120	-
Proceeds from borrowings by subsidiary with non-controlling shareholder		185	-
Dividends paid to shareholders	11	(23,323)	(23,220)
Dividends paid to non-controlling interests in subsidiaries		(4,520)	(2,197)
Payment of debt facility fees		(543)	-
Payment of lease liabilities	8	(4,325)	-
<b>Net cash outflow from financing activities</b>		<b>(30,406)</b>	<b>(25,677)</b>
<b>Net (decrease)/increase in cash and cash equivalents held</b>		<b>(35,073)</b>	<b>5,485</b>
Cash and cash equivalents at the beginning of the financial period	9	49,315	60,832
<b>Cash and cash equivalents at end of the financial period</b>	<b>9</b>	<b>14,242</b>	<b>66,317</b>

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

# Notes to the Consolidated Financial Statements

Domain Holdings Australia Limited and Controlled Entities  
for the half year period ended 31 December 2019

## 1. Summary of significant accounting policies

### (A) BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

This interim financial report is for the 6 months from 1 July 2019 to 31 December 2019 (2019: the 27 weeks from 25 June 2018 to 30 December 2018). The Group previously reported results on a 4-4-5 calendar year but transitioned to a 12 month calendar on 1 July 2019 to align the Group's results with the ultimate parent of the Group, Nine Entertainment Co. Holdings Limited. The change in the accounting period does not materially impact the Consolidated Statement of Profit or Loss and Other Comprehensive Income for the comparative period. Reference in this report to 'period' is to the period 1 July 2019 to 31 December 2019 (2019: 25 June 2018 to 30 December 2018), unless otherwise stated. In the current financial year, Domain Holdings Australia Limited will report its half year and annual results on a 6 month and 12 month basis respectively.

The financial report is a general purpose financial report and has been prepared:

- in accordance with the requirements of Accounting Standard AASB 134 *Interim Financial Reporting*; the *Corporations Act 2001* and other authoritative pronouncements of the Australian Accounting Standards Board;
- the financial report also complies with International Accounting Standard 34 *Interim Financial Reporting* (IAS 34);
- on a historical cost basis, except as specifically disclosed.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 30 June 2019.

The accounting policies applied have been consistent for all of the periods presented except for new policies due to the adoption of new accounting standards.

#### (i) New accounting standards, interpretations and amendments adopted by the Group

*AASB 16 Leases* ("AASB 16")

The Group applied AASB 16 for the first time from 1 July 2019. AASB 16 replaces the previous AASB 117 *Leases* standard.

AASB 16 provides a single lease accounting model for identifying and measuring lease arrangements. A contract contains a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group, as lessee is required to recognise a right-of-use asset ("ROU asset") representing its right to use the underlying asset and a lease liability representing the present value of future lease payments.

Lessor accounting under AASB 16 is substantially unchanged from AASB 117.

#### Transition

The Group has applied the modified retrospective transition approach as permitted by AASB 16 which requires no restatement of comparative information. Transition reclassifications and adjustments have therefore been recognised in the opening balance sheet at 1 July 2019. As permitted by AASB 16, the Group has elected to exclude short-term and low value leases. The Group measured the ROU asset for all existing operating leases as equal to the lease liability on transition. Existing lease incentive balances on transition were offset against the new ROU assets.

At transition, the Group recognised ROU assets of \$49.9 million and lease liabilities of \$57.9 million.

In determining the transition adjustment, the Group has applied certain judgements including which contractual arrangements represent a lease, the period over which the lease exists, the variability of future cash flows and the applicable incremental borrowing rate ("IBR") used to calculate the lease liability.

# Notes to the Consolidated Financial Statements

Domain Holdings Australia Limited and Controlled Entities  
for the half year period ended 31 December 2019

## 1. Summary of significant accounting policies (continued)

### Accounting where Group is the lessee

Contract periods are generally fixed and may include multiple extension options. At contract commencement date, where the lease asset is available for use, leases are recognised as a ROU asset with a corresponding lease liability.

#### i. Right-of-use assets

ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. ROU asset costs include an amount equal to the lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. ROU assets are depreciated over the lease term on a straight-line basis and subject to impairment.

#### ii. Lease liabilities

Lease liabilities are measured at amortised cost using the effective interest method calculated as the present value of lease payments over the lease term using the Group's IBR at commencement date if the interest rate implicit in the lease is not readily available. When the lease contains an extension or purchase option that the Group considers reasonably certain to be exercised, the cost of the option is included in the lease payments. Interest expense is recognised under Finance costs as disclosed in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. Lease liabilities are re-measured to reflect changes in future lease payments associated with changes in indices or rates, extension, purchase or termination options, modifications and residual value guarantee payments.

#### iii. Discount rate

In calculating the present value of the lease payments, the Group uses its IBR at the lease commencement date. The Group applied a single discount rate to the portfolio of leases with reasonably similar characteristics. The IBR for lease liabilities was based on reference yield rates derived for the same term as the lease and adjusted for credit risk.

#### iv. Lease term

The term of each lease is based on the original lease term unless management is reasonably certain to exercise options to extend the lease.

#### v. Presentation

In the Consolidated Balance Sheet, the ROU and Sublease receivable assets and Lease liabilities are presented separately from other assets and liabilities.

#### vi. Short-term leases and leases of low-value assets

The Group applies the short-term and low-value lease exemptions and does not recognise ROU assets or lease liabilities on such leases. Instead, lease payments associated with these leases are recognised as an expense on straight-line basis over the lease term.

### Accounting where Group is the lessor

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The classification of the sublease is determined with reference to the ROU asset arising from the head lease.

Where the sublease is treated as a finance lease, the Group derecognises the ROU asset and recognises a Sublease receivable with the difference taken to the Consolidated Statement of Profit or Loss and Other Comprehensive Income as a gain or loss. Sublease receivables are subsequently remeasured if there is a change in the lease term.

The Sublease receivable is remeasured and assessed for impairment at each reporting date in accordance with AASB 9 *Financial Instruments*.

Refer to Note 8 for further AASB 16 related disclosures.

# Notes to the Consolidated Financial Statements

Domain Holdings Australia Limited and Controlled Entities  
for the half year period ended 31 December 2019

## 1. Summary of significant accounting policies (continued)

### **(ii) New accounting standards and accounting standards issued but not yet applied**

There were no new accounting standards and interpretations that have been issued but are not yet effective for the current financial reporting period.

### **(iii) Rounding of amounts**

The amounts contained in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable) where noted (\$'000) under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which this legislative instrument applies.

### **(iv) Currency of presentation**

All amounts are expressed in Australian dollars, which is the consolidated entity's presentation currency. Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report is for the consolidated entity, consisting of Domain Holdings Australia Limited and its controlled entities. Domain Holdings Australia Limited was incorporated in Australia.

## **(B) PRINCIPLES OF CONSOLIDATION**

### **(i) Controlled entities**

Controlled entities are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the Group (refer to Note 6). Intercompany transactions, balances and unrealised gains on transactions between Group entities are eliminated.

### **(ii) Non-controlling interests**

Non-controlling interests in the earnings and equity of controlled entities are shown separately in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Balance Sheet and Consolidated Statement of Changes in Equity, respectively.

## Notes to the Consolidated Financial Statements

Domain Holdings Australia Limited and Controlled Entities  
for the half year period ended 31 December 2019

### 2. Revenues

		31 December 2019 \$'000	30 December 2018 \$'000
	Note		
<b>(A) REVENUE FROM CONTRACTS WITH CUSTOMERS</b>			
Residential		84,474	93,559
Media, Developers and Commercial		24,185	25,800
Agent Services		16,792	15,835
<b>Core Digital</b>		<b>125,451</b>	135,194
Consumer Solutions and Other		2,560	14,916
Print		17,658	32,818
<b>Revenue from contracts with customers</b>		<b>145,669</b>	182,928
<b>(B) OTHER INCOME</b>			
Interest income		238	301
Gains on sale of property, plant and equipment		311	-
Gain on contingent consideration payable and sale of financial asset	4	10,615	2,459
Gain on debt refinance	4	650	-
Rental income		857	882
Other		120	50
<b>Total other income</b>		<b>12,791</b>	3,692
<b>Total revenue and income</b>		<b>158,460</b>	186,620

# Notes to the Consolidated Financial Statements

Domain Holdings Australia Limited and Controlled Entities  
for the half year period ended 31 December 2019

## 3. Expenses

		31 December 2019 \$'000	30 December 2018 \$'000
	Note		
<b>(A) EXPENSES FROM OPERATIONS EXCLUDING IMPAIRMENT, DEPRECIATION, AMORTISATION AND FINANCE COSTS</b>			
Staff and employee related costs		41,486	49,190
Production & distribution costs		14,793	20,305
Promotions		23,881	25,234
Rent and outgoings		1,327	5,292
IT and communication costs		9,979	9,948
Fringe benefits tax, travel and entertainment and employee related costs		3,288	4,065
Loss on sale of controlled entities	4	1,191	-
Restructuring and redundancy charges	4	2,145	1,616
Other		5,169	16,782
<b>Total expenses from operations excluding depreciation, amortisation and finance costs</b>		<b>103,259</b>	<b>132,432</b>
<b>(B) DEPRECIATION AND AMORTISATION</b>			
Depreciation of plant and equipment		1,029	1,221
Depreciation of leasehold buildings		1,173	1,429
Depreciation of right-of-use assets	8	4,002	-
Amortisation of software	7	13,314	9,232
Amortisation of customer relationships & tradenames	7	2,535	2,490
<b>Total depreciation and amortisation</b>		<b>22,053</b>	<b>14,372</b>
<b>(C) FINANCE COSTS</b>			
External parties borrowing costs and unwinding of discount on contingent consideration		2,943	4,989
Finance cost on leases		761	-
<b>Total finance costs</b>		<b>3,704</b>	<b>4,989</b>
<b>(D) OTHER EXPENSE DISCLOSURES</b>			
Operating lease rental expense		436	4,339
Share-based payment expense		435	428

# Notes to the Consolidated Financial Statements

Domain Holdings Australia Limited and Controlled Entities  
for the half year period ended 31 December 2019

## 4. Significant items

The net profit after tax includes the following items whose disclosure is relevant in explaining the financial performance of the consolidated entity. Significant items are those items of such a nature or size that separate disclosure will assist users to understand the financial statements.

	31 December 2019 \$'000	30 December 2018 \$'000
Impairment of goodwill <sup>(i)</sup>	-	(178,847)
Income tax benefit	-	-
<b>Impairment of goodwill, net of tax</b>	<b>-</b>	<b>(178,847)</b>
Restructuring and redundancy charges <sup>(ii)</sup>	<b>(2,145)</b>	(1,616)
Gain on debt refinance <sup>(iii)</sup>	<b>650</b>	-
Income tax benefit	<b>416</b>	484
<b>Restructuring charges, net of tax</b>	<b>(1,079)</b>	<b>(1,132)</b>
Gain on contingent consideration payable and sale of financial asset <sup>(iv)</sup>	<b>10,615</b>	2,459
Loss on sale of controlled entity <sup>(v)</sup>	<b>(1,191)</b>	-
Income tax expense	-	-
<b>Gains on contingent consideration payable and sale of financial asset, net of tax</b>	<b>9,424</b>	<b>2,459</b>
<b>Net gain/(loss) arising from significant items, net of tax</b>	<b>8,345</b>	<b>(177,520)</b>

- (i) An impairment charge of \$178.8 million was recognised in the prior period in respect of the goodwill within the Domain Digital Cash Generating Unit ("CGU"). Whilst digital revenues grew in the period to 30 December 2018, they were impacted by lower listing and auction volumes, particularly in Sydney and Melbourne. Developer revenues were also impacted by lower levels of new development projects, particularly in NSW. As a result of the softening of volumes seen in the period, the group performed a full impairment test on the Domain Digital CGU as at 30 December 2018 and an impairment charge of \$178.8 million was recognised. Refer to Note 7 for additional details.
- (ii) Restructuring charges of \$2.1 million pre-tax largely relate to the implementation of new pricing models and continued restructuring charges relating to the implementation of the new organisational structure. Prior period restructuring charges relate to the implementation of a new organisational structure and additional final costs relating to the separation of the Domain businesses.
- (iii) A gain of \$0.7m was recognised as part of the debt refinance. Refer to Note 9 for details of the new syndicated facility.
- (iv) Gain on contingent consideration payable in December 2019 relates to the release of contingent consideration for Commercialview Tranche 2 and Tranche 3 and Review Property Tranche 3. Prior period gain on contingent consideration related to the changes in fair value of Tranche 2 of the Review Property contingent consideration.
- (v) Loss on sale of controlled entity relates to the sale of Mapshed Pty Ltd during the period.

# Notes to the Consolidated Financial Statements

Domain Holdings Australia Limited and Controlled Entities  
for the half year period ended 31 December 2019

## 5. Segment reporting

### (A) DESCRIPTION OF SEGMENTS

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors, CEO and CFO in assessing performance and in determining the allocation of resources.

Reportable Segment	Products and Services
Core Digital	Digitally focused real estate media and services business - providing residential, commercial and rural property marketing solutions and search tools, plus information for buyers, investors, sellers, renters and agents Australia-wide.
Consumer Solutions and Other	Connecting consumers with services relevant to them at different property lifecycle stages, residential utilities connections, home loans, insurance and trade services.
Print	Real estate newspaper and magazine publishing.
Corporate	Comprises corporate entity results not included in the segments above.

### (B) RESULTS BY OPERATING SEGMENT

The segment information provided to the Board of Directors, CEO and CFO for the reportable segments for the half year ended 31 December 2019 is as follows:

	Segment revenue	Revenue from external customers	Share of losses of associates and joint ventures	Underlying EBITDA
	\$'000	\$'000	\$'000	\$'000
<b>31 December 2019</b>				
Core Digital	125,451	125,451	-	51,492
Consumer Solutions and Other	2,560	2,560	-	(2,098)
Print	17,658	17,657	-	5,146
Corporate	1,288	1,290	-	(7,506)
<b>Total for the Group</b>	<b>146,957</b>	<b>146,958</b>	<b>-</b>	<b>47,034</b>
<b>30 December 2018</b>				
Core Digital	135,194	135,194	(102)	55,900
Consumer Solutions and Other	14,916	14,916	(208)	(4,277)
Print	32,818	32,818	-	9,467
Corporate	932	932	-	(8,356)
<b>Total for the Group</b>	<b>183,860</b>	<b>183,860</b>	<b>(310)</b>	<b>52,734</b>

# Notes to the Consolidated Financial Statements

Domain Holdings Australia Limited and Controlled Entities  
for the half year period ended 31 December 2019

## 5. Segment reporting (continued)

### (C) OTHER SEGMENT INFORMATION

The Board of Directors, CEO and CFO assess the performance of the operating segments based on a measure of underlying EBITDA.

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

	31 December 2019 \$'000	30 December 2018 \$'000
<b>Underlying EBITDA from continuing operations</b>	<b>47,034</b>	52,734
Significant item of revenue before tax	11,265	2,459
Significant item of expense before tax (including significant depreciation and amortisation)	(3,336)	(180,463)
Depreciation and amortisation (excluding significant items)	(22,053)	(14,372)
Interest income	238	301
Finance costs	(3,704)	(4,989)
<b>Reported net gain/(loss) before tax</b>	<b>29,444</b>	(144,330)

A summary of significant items by operating segments is provided for the period ended 31 December 2019 and 30 December 2018.

	Impairment of goodwill \$'000	Restructuring charges \$'000	Gain on contingent consideration \$'000	Loss on sale of controlled entity \$'000	Gain on debt refinance \$'000	Total \$'000
<b>31 December 2019</b>						
Core Digital	-	-	10,615	(1,191)	-	9,424
Corporate	-	(2,145)	-	-	650	(1,495)
<b>Consolidated entity</b>	-	(2,145)	10,615	(1,191)	650	7,929
<b>30 December 2018</b>						
Core Digital	(178,847)	-	2,353	-	-	(176,494)
Corporate	-	(1,616)	106	-	-	(1,510)
<b>Consolidated entity</b>	(178,847)	(1,616)	2,459	-	-	(178,004)

Information provided to the Board of Directors, CEO and CFO in respect of assets and liabilities is presented on a group basis consistent with the Consolidated Financial Statements.

# Notes to the Consolidated Financial Statements

Domain Holdings Australia Limited and Controlled Entities  
for the half year period ended 31 December 2019

## 6. Business combinations, acquisitions, disposals, and investments in controlled entities

### (A) ACQUISITIONS

The Group gained control over the following entities and businesses during the half year:

Entity or business acquired	Principal activity	Date of acquisition	Ownership interest as at 31 December 2019
Bidtracker Group	Point of Sale Platform for real estate agents	27 November 2019	100.0%

The provisionally determined fair values of the identifiable assets and liabilities acquired are detailed below. Balances are provisional as purchase price accounting has not been finalised.

	Provisional fair value recognised on acquisition
	Bidtracker Group
	\$'000
<b>Current assets</b>	
Cash	230
Trade and other receivables	77
<b>Total current assets</b>	<b>307</b>
<b>Non-current assets</b>	
Intangible assets	685
Property, plant and equipment	4
Deferred tax assets	77
<b>Total non-current assets</b>	<b>766</b>
<b>Total assets</b>	<b>1,073</b>
<b>Current liabilities</b>	
Payables	143
Provisions	441
<b>Total current liabilities</b>	<b>584</b>
<b>Total liabilities</b>	<b>584</b>
<b>Total identifiable net assets at fair value</b>	<b>489</b>
Goodwill arising on acquisition	23,925
<b>Total identifiable net assets and goodwill attributable to the Group</b>	<b>24,414</b>
<b>Purchase consideration</b>	
Cash paid	19,400
Cash effective settlement of intercompany loan	503
Contingent consideration	4,511
<b>Total purchase consideration</b>	<b>24,414</b>
<b>Net cash outflow on acquisition</b>	
Cash paid	(19,400)
Cash acquired	230
<b>Net cash outflow</b>	<b>(19,170)</b>

# Notes to the Consolidated Financial Statements

Domain Holdings Australia Limited and Controlled Entities  
for the half year period ended 31 December 2019

## 6. Business combinations, acquisitions, disposals, and investments in controlled entities (continued)

### (A) ACQUISITIONS (CONTINUED)

#### **Bidtracker Holdings Pty Limited**

On 27 November 2019, the Company acquired 100% of the share capital in Bidtracker Holdings Pty Ltd and its subsidiaries ("Bidtracker Group") which operates the business Real Time Agent. The consideration of the acquisition is to be paid in three tranches with two of the three being contingent on the future financial performance of the Real Time Agent business.

The first tranche included payment of \$19.4 million which was settled in cash on 27 November 2019 and \$0.5m cash effective settlement of the intercompany loan. Tranches two and three are due to be settled in September 2020 and 2021 based on the performance against defined targets in FY20 and FY21 respectively. An additional amount between nil and \$15.6 million in cash is payable; the maximum consideration for the transaction across the three tranches is \$35.5 million, the expected consideration for the transaction is \$24.5 million.

The contingent consideration for tranches two and three is recognised as a financial liability on the balance sheet and is measured at fair value through the profit and loss. The contingent consideration is recognised in accordance with AASB 132 *Financial Instruments: Presentation* as a financial liability as there is an obligation to deliver cash consideration, based upon the post acquisition financial performance of the combined business.

Provisional goodwill of \$23.9 million was recognised at the time of acquisition. The goodwill comprises expected synergies arising from the acquisition.

AASB 3 *Business Combinations* allows a measurement period after a business combination to provide the acquirer a reasonable time to obtain the information necessary to identify and measure all of the various components of the business combination as of the acquisition date. The period cannot exceed one year from the acquisition date.

### (B) DISPOSALS OF CONTROLLED ENTITIES

There have been no material disposals during the period.

# Notes to the Consolidated Financial Statements

Domain Holdings Australia Limited and Controlled Entities  
for the half year period ended 31 December 2019

## 7. Intangible assets

	31 December 2019 \$'000	30 June 2019 \$'000
Tradenames	270,517	270,726
Goodwill	1,045,918	1,023,071
Software	22,249	24,589
Software (capital works in progress)	5,329	4,971
Customer relationships	39,544	41,870
<b>Total intangible assets</b>	<b>1,383,557</b>	<b>1,365,227</b>

The movement in intangibles during the period is due to the acquisitions from business combinations (Note 6) and amortisation.

### RECONCILIATIONS

Reconciliations of the carrying amount of each class of intangible assets at the beginning and end of the current financial period are set out below:

	Note	Tradenames \$'000	Goodwill \$'000	Software \$'000	Software (capital works in progress) \$'000	Customer relationships \$'000	Total \$'000
<b>31 December 2019</b>							
Balance at beginning of the financial period		270,726	1,023,071	24,589	4,971	41,870	1,365,227
Additions		-	-	821	9,826	-	10,647
Capitalisations from works in progress		-	-	9,468	(9,468)	-	-
Acquisition through business combinations	6	-	23,925	685	-	-	24,610
Disposal of controlled entities		-	(1,078)	-	-	-	(1,078)
Amortisation	3(B)	(209)	-	(13,314)	-	(2,326)	(15,849)
<b>At 31 December 2019, net of accumulated amortisation and impairment</b>		<b>270,517</b>	<b>1,045,918</b>	<b>22,249</b>	<b>5,329</b>	<b>39,544</b>	<b>1,383,557</b>
<b>At 31 December 2019</b>							
Cost		272,560	1,224,765	84,096	5,329	62,600	1,649,350
Accumulated amortisation and impairment		(2,043)	(178,847)	(61,847)	-	(23,056)	(265,793)
<b>Net carrying amount</b>		<b>270,517</b>	<b>1,045,918</b>	<b>22,249</b>	<b>5,329</b>	<b>39,544</b>	<b>1,383,557</b>

# Notes to the Consolidated Financial Statements

Domain Holdings Australia Limited and Controlled Entities  
for the half year period ended 31 December 2019

## 7. Intangible assets (continued)

### (A) IMPAIRMENT TESTING OF INDEFINITE LIFE INTANGIBLE ASSETS

The Group is required to test for indicators of impairment at each reporting period and perform full impairment testing at least annually. The Domain Digital cash generating unit ("CGU") was the only CGU in the Group with indicators of impairment. The intangible assets allocated to the Domain Digital CGU are as follows:

		Goodwill	Tradenames	Software	Customer relationships	Total
		\$'000	\$'000	\$'000	\$'000	\$'000
<b>31 December 2019</b>						
<b>ALLOCATION TO CGU GROUP</b>	<b>OPERATING SEGMENT</b>					
Domain Digital	Core Digital	979,006	263,371	20,400	28,858	1,291,635
		<b>979,006</b>	<b>263,371</b>	<b>20,400</b>	<b>28,858</b>	<b>1,291,635</b>
		\$'000	\$'000	\$'000	\$'000	\$'000
<b>30 December 2018</b>						
<b>ALLOCATION TO CGU GROUP</b>	<b>OPERATING SEGMENT</b>					
Domain Digital	Core Digital	979,628	261,952	23,851	31,901	1,297,332
<b>Net carrying amount</b>		<b>979,628</b>	<b>261,952</b>	<b>23,851</b>	<b>31,901</b>	<b>1,297,332</b>

The recoverable amount of the CGU is determined based on fair value less costs of disposal, using a discounted cash flow methodology. The cash flow projections are based on the following assumptions:

Assumptions	Domain Digital
Based on Board reviewed forecast	Year 1 cash flows
Revenue growth is in line with digital business industry trends, market maturity and management's expectations of market development.	Year 2 - 10 cash flows
Management forecasts the operating costs based on the current structure of the business and does not reflect any future restructurings or cost saving measures.	
The terminal growth rate is consistent with industry specific forecasts in which the CGU operates.	2.5%
The discount rate reflects current market assessment of the time value of money and the risks specific to the relevant market in which the CGU operates.	10.0%

Each of the above factors is subject to significant judgement about future economic conditions and the ongoing structure of the digital real estate advertising industry.

### Significant estimate: Impact of possible changes in key assumptions

#### Domain Digital

The impairment testing described above and performed in December 2019 did not result in any impairment being recognised. If the post-tax discount rate applied to the cash flow projections of this CGU had been 0.51% higher than management's estimates (10.51% instead of 10.0%), the headroom would reduce to nil. If the forecast EBITDA margin is reduced by 2.79% from the next financial year compared to management's estimate, the headroom would reduce to nil. If the forecast revenue growth is reduced by 1.03% from the next financial year compared to management's estimate, the headroom would reduce to nil. Similarly, if the Group's terminal growth rate is 0.95% lower than management's estimate (1.55% instead of 2.5%) as at 31 December 2019, headroom would reduce to nil.

# Notes to the Consolidated Financial Statements

Domain Holdings Australia Limited and Controlled Entities  
for the half year period ended 31 December 2019

## 8. Leases

Domain adopted AASB 16 on 1 July 2019, resulting in the recognition of ROU assets, Sublease receivable and Lease liabilities. The following table sets out the carrying amounts of these items and the related movements during the period:

	Right-of-use assets \$'000	Sublease receivable \$'000	Lease liabilities \$'000
AASB 16 initial recognition <sup>(i)</sup>	49,924	-	(57,882)
ROU asset to Sublease receivable transfer	(6,711)	7,018	-
Depreciation	(4,002)	-	-
Interest expense/income	-	63	(761)
Payments	-	-	5,086
Receipts	-	(10)	-
<b>As at 31 December 2019</b>	<b>39,211</b>	<b>7,071</b>	<b>(53,557)</b>
<b>Deferred tax (liabilities)/assets</b>	<b>(11,763)</b>	<b>(2,121)</b>	<b>16,067</b>

(i) \$7.9 million of lease incentives remaining, included within Provisions at 30 June 2019, were offset against the ROU assets on transition to AASB 16.

The cash receipts and payments are presented in the following lines of the Consolidated Cash Flow Statement:

	31 December 2019 \$'000	30 December 2018 \$'000
Payment of lease liabilities	(4,325)	-
Lease payments received from finance lease <sup>(i)</sup>	-	-
Finance costs paid <sup>(ii)</sup>	(761)	-
<b>Net cash payments</b>	<b>(5,086)</b>	<b>-</b>

(i) No cash flows have been received in respect of the Sublease receivable as the tenant is still within the rent-free period granted on inception of the lease.

(ii) Included within Finance costs paid in the Consolidated Cash Flow Statement

The following table reconciles the Group's operating lease commitments at 30 June 2019 to the lease liabilities recognised upon transition at 1 July 2019:

	\$'000
<b>Operating lease commitments at 30 June 2019</b>	<b>46,535</b>
Payments related to leases contracted but not commenced	(4,036)
Payments related to outgoings & similar costs	(1,145)
Payments in optional extension periods not included in commitments	21,551
Impact of discounting (incremental borrowing rate of 2.77%)	(5,023)
<b>Lease liability recognised at 1 July 2019</b>	<b>57,882</b>

The following table sets out a maturity analysis of the Sublease receivable, showing the undiscounted lease payments to be received after the reporting date.

	31 December 2019
Within one year	1,073
One to two years	1,327
Two to three years	1,378
Three to four years	1,432
Four to five years	1,451
More than five years	1,008
<b>Total undiscounted lease payments receivable</b>	<b>7,669</b>
Unearned finance income	(598)
<b>Sublease receivable</b>	<b>7,071</b>

# Notes to the Consolidated Financial Statements

Domain Holdings Australia Limited and Controlled Entities  
for the half year period ended 31 December 2019

## 9. Interest bearing liabilities

		31 December 2019 \$'000	30 June 2019 \$'000
	Note		
<b>Non-current interest bearing liabilities - unsecured</b>			
Bank borrowings	(B)	162,125	162,540
<b>Total non-current interest bearing liabilities</b>		<b>162,125</b>	<b>162,540</b>
<b>NET DEBT</b>			
Cash and cash equivalents		(14,242)	(49,315)
Non-current interest bearing liabilities		162,125	162,540
<b>Net debt</b>		<b>147,883</b>	<b>113,225</b>

### (A) FINANCING ARRANGEMENTS

The Group net debt was \$147.9 million as at 31 December 2019 (30 June 2019: net debt \$113.2 million).

The Group has sufficient unused committed facilities and cash at the reporting date to finance any potential current liabilities that may arise.

### (B) BANK BORROWINGS

In November 2019, the Group refinanced its debt entering into a revised \$225.0 million syndicated bank facility (previously: \$250.0 million).

The debt refinance was treated as a non-substantial modification under AASB 9 with a gain of \$0.7m recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income and disclosed as a significant item (Note 4).

Tranche	Current		Previous	
	Commitment	Maturity	Commitment	Maturity
A	\$5 million	22 November 2022	\$10 million	29 October 2020
B	\$120 million	22 November 2022	\$140 million	29 October 2020
C	\$100 million	22 November 2023	\$100 million	29 October 2021

The interest rate for drawings under this facility is the applicable bank bill rate (BBSW) plus the relevant credit margin. At 31 December 2019, the Group had drawn down \$163.0 million (June 2019: \$163.0 million) of the total available facility with \$62.0 million (June 2019: \$87.0 million) unused credit facilities.

### (C) FAIR VALUE MEASUREMENT

The carrying amounts and fair values of the financial liabilities at reporting date are materially the same.

# Notes to the Consolidated Financial Statements

Domain Holdings Australia Limited and Controlled Entities  
for the half year period ended 31 December 2019

## 10. Equity

		2019	2018
		\$'000	\$'000
<b>Ordinary shares</b>			
583,436,215 ordinary shares authorised and fully paid (2018: 580,494,798)	(A)	1,292,679	1,285,877
<b>Unvested employee incentive shares</b>			
632,791 unvested employee incentive shares (2018: 991,217)	(B)	(2,356)	(3,021)
<b>Balance at end of the financial period</b>		<b>1,290,323</b>	<b>1,282,856</b>

### RECONCILIATIONS

Movements for each class of contributed equity, by number of shares and dollar value, are set out below:

	31 December	30 December	31 December	30 December
	2019	2018	2019	2018
	No. of shares	No. of shares	\$'000	\$'000
<b>(A) ORDINARY SHARES</b>				
Balance at beginning of the financial year	583,077,789	580,494,798	1,292,679	1,285,877
Employee incentive shares released <sup>(i)</sup>	358,426	-	-	-
<b>Balance at end of the financial period</b>	<b>583,436,215</b>	<b>580,494,798</b>	<b>1,292,679</b>	<b>1,285,877</b>

(i) On 17 November 2019 358,426 shares vested to employees under the Executive Retention Plan.

	31 December	30 December	31 December	30 December
	2019	2018	2019	2018
	No. of shares	No. of shares	\$'000	\$'000
<b>(B) UNVESTED EMPLOYEE INCENTIVE SHARES</b>				
Balance at beginning of the financial year	(991,217)	(783,126)	(3,021)	(2,500)
Shares acquired <sup>(i)</sup>	-	(208,091)	-	(521)
Release of shares <sup>(ii)</sup>	358,426	-	665	-
<b>Balance at end of the financial period</b>	<b>(632,791)</b>	<b>(991,217)</b>	<b>(2,356)</b>	<b>(3,021)</b>
<b>Total contributed equity</b>	<b>582,803,424</b>	<b>579,503,581</b>	<b>1,290,323</b>	<b>1,282,856</b>

(i) In December 2018, shares were purchased on-market by Domain Holdings Australia Limited to satisfy future share issuances under employee remuneration plans. These shares are being held in trust until vesting of the Executive Service Agreement. Refer to Note 21 of 30 June 2019 Financial Statements for further details.

(ii) On 17 November 2019, 358,426 shares vested to employees under the Executive Retention Plan.

# Notes to the Consolidated Financial Statements

Domain Holdings Australia Limited and Controlled Entities  
for the half year period ended 31 December 2019

## 11. Dividends paid and proposed

	31 December	30 December
	2019	2018
	\$'000	\$'000
<b>(A) ORDINARY SHARES</b>		
Dividend:		
June 2018 dividend: partially franked 4.0 cents - paid 4 September 2018	-	23,220
June 2019 dividend: fully franked 4.0 cents - paid 10 September 2019	<b>23,323</b>	-
<b>Total dividends paid</b>	<b>23,323</b>	23,220

A fully franked dividend of 4.0 cents per share (June 2018: 4.0 cents, partially franked) was paid by the Company. Record date for the dividend was 23 August 2019 and the dividend was paid on 10 September 2019.

### **(B) DIVIDENDS PROPOSED AND NOT RECOGNISED AS A LIABILITY**

Since the reporting date, the Directors have resolved to pay a dividend of 2.0 cents per fully paid ordinary share, 100% franked at the corporate tax rate of 30%. The aggregate amount of the dividend to be paid on 13 March 2020 out of profits, but not recognised as a liability at the end of the period, is expected to be \$11.7 million.

# Notes to the Consolidated Financial Statements

Domain Holdings Australia Limited and Controlled Entities  
for the half year period ended 31 December 2019

## 12. Earnings per share

	31 December 2019	30 December 2018
	¢ per share	¢ per share
Basic earnings/(losses) per share	3.32	(26.94)
Diluted earnings/(losses) per share	3.30	(26.94)
<hr/>		
	31 December 2019	30 December 2018
	\$'000	\$'000
<b>EARNINGS RECONCILIATION - BASIC</b>		
Net profit/(loss) attributable to owners of the parent	19,374	(156,372)
<b>EARNINGS RECONCILIATION - DILUTED</b>		
Net profit/(loss) attributable to owners of the parent	19,374	(156,372)
<hr/>		
	31 December 2019	30 December 2018
	Number	Number
<b>Weighted average number of ordinary shares used in calculating basic EPS <sup>(i)</sup></b>	<b>583,169,343</b>	580,494,798
<b>Weighted average number of ordinary shares used in calculating diluted EPS <sup>(ii)</sup></b>	<b>586,895,750</b>	580,494,798

- (i) The weighted average number of ordinary and diluted shares in the prior period was calculated on the assumption that the sub-division of shares was always in effect.
- (ii) Due to the statutory loss in the comparative period, the impact of certain share based payment scheme shares are excluded because the effect would be antidilutive.

# Notes to the Consolidated Financial Statements

Domain Holdings Australia Limited and Controlled Entities  
for the half year period ended 31 December 2019

## 13. Commitments and contingencies

### **CAPITAL COMMITMENTS**

At 31 December 2019, the Group had capital commitments of \$4,928,135 (30 June 2019: nil) relating to the design and implementation of new financial reporting and billing systems and the Melbourne office fit-out.

# Notes to the Consolidated Financial Statements

Domain Holdings Australia Limited and Controlled Entities  
for the half year period ended 31 December 2019

## 14. Events subsequent to reporting date

There were no events that have occurred after the end of the half year that would materially affect the reported results or would require disclosure in this report.

# Notes to the Consolidated Financial Statements

Domain Holdings Australia Limited and Controlled Entities  
for the half year period ended 31 December 2019

## 15. Related parties and entities

### (A) ULTIMATE PARENT

The ultimate parent of the Group is Nine Entertainment Co. Holdings Limited which is based and listed in Australia.

### (B) CONTROLLED ENTITIES

For a list of the entities acquired during the period refer to Note 6.

### (C) KEY MANAGEMENT PERSONNEL

#### Transactions with Director-related entities

A number of Directors of Domain Holdings Australia Limited also hold directorships with other corporations which provide and receive goods or services to and from the Domain Group in the ordinary course of business on normal terms and conditions. None of these Directors derive any direct any direct personal benefit from the transactions between the Domain Group and these corporations.

Transactions were entered into during the period with the Directors of Domain Holdings Australia Limited and its controlled entities or with Director-related entities, which:

- occurred within a normal employee, customer or supplier relationship on terms and conditions no more favourable than those which it is reasonable to expect would have been adopted if dealing with the Director or Director-related entity at arm's length in the same circumstances;
- do not have the potential to adversely affect decisions about the allocation of scarce resources or discharge the responsibility of the Directors; or
- are minor or domestic in nature.

### (D) TRANSACTIONS WITH RELATED PARTIES

The following transactions occurred with related parties on normal market terms and conditions related to media content and various support services:

	Sales to related parties \$'000	Purchases from related parties \$'000	Amount owed by related parties \$'000	Amount owed to related parties \$'000
<b>Parent Company</b>				
31 December 2019	<b>2,858</b>	<b>(3,030)</b>	<b>52</b>	<b>(3,236)</b>
30 December 2018	3,280	(6,618)	-	(1,028)
<b>Associates &amp; Joint Ventures</b>				
31 December 2019	-	-	-	-
30 December 2018	-	(432)	-	(83)

# Directors' Declaration

Domain Holdings Australia Limited and Controlled Entities  
for the half year period ended 31 December 2019

In accordance with a resolution of the Directors of Domain Holdings Australia Limited (the Company), we state that:

In the opinion of the Directors:

- (a) the financial statements and notes of the consolidated entity set out on pages 7 to 31 are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the financial position as at 31 December 2019 and the performance for the half year ended on that date of the consolidated entity; and
  - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



**Nick Falloon**  
Chairman



**Jason Pellegrino**  
Managing Director and Chief Executive Officer

**Sydney**  
20 February 2020

# Independent Auditor's Review Report to the Members of Domain Holdings Australia Pty Ltd

## Report on the Half-Year Financial Report

### Conclusion

We have reviewed the accompanying half-year financial report of Domain Holdings Australia Pty Ltd (the Company) and its subsidiaries (collectively the Group), which comprises the statement of financial position as at 31 December 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Group's financial position as at 31 December 2019 and of its financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### Directors' Responsibility for the Half-Year Financial Report

The directors of the Group are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with 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, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2019 and its financial 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 the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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



## Independence

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

A handwritten signature in black ink that reads 'EY' in a stylized, cursive font.

Ernst & Young

A handwritten signature in black ink, appearing to be 'C. George', written in a cursive style.

Christopher George  
Partner  
Sydney  
20 February 2020