

21 February 2018

Company Announcements Office
Australian Securities Exchange Limited
Level 6, 20 Bridge Street
Sydney NSW 2000

By electronic lodgment

Total Pages: 35 (including covering letter)

Dear Sir / Madam

HALF-YEAR FINANCIAL REPORT

In accordance with the Listing Rules, following are the Half-Year Report Appendix 4D and the Half-Year Financial Report at 31 December 2017.

Yours faithfully



Warren Coatsworth
Company Secretary

Appendix 4D - Half-Year Report

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

ABN 46 142 003 469

FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

RESULTS FOR ANNOUNCEMENT TO THE MARKET

REPORTED				\$m
Revenue from ordinary activities				
From continuing operations	up	31.39%	to	1,397.2
From discontinued operations	down	20.64%	to	189.9
Net profit from ordinary activities after tax attributable to members	up	>100%	to	167.9
Net profit for period attributable to members	up	>100%	to	167.9

UNDERLYING				\$m
Revenue from ordinary activities				
From continuing operations	up	31.39%	to	1,397.2
From discontinued operations	down	20.64%	to	189.9
Net profit before net finance expense and tax				
From continuing operations	up	41.55%	to	223.5
From discontinued operations	down	3.91%	to	17.2
Net profit from ordinary activities after tax attributable to members excluding significant items	up	64.24%	to	169.5
Net profit for period attributable to members excluding significant items	up	64.24%	to	169.5

DIVIDENDS		
	Amount per security	Franked amount per security
Ordinary shares		
Interim	21 cents	21 cents
Record date for determining entitlements to the dividend		5.00pm on 27 March 2018
Date the interim dividend is payable		20 April 2018
Transferable Extendable Listed Yield Shares (TELYS4)	Franked	Franked
Interim (paid 30 November 2017)	2.3180	2.3180

Payments of TELYS4 dividends are in accordance with the prospectus.

NET TANGIBLE ASSET BACKING

Net tangible asset backing per ordinary share: \$2.00 (December 2016: \$4.74).

This has been calculated by dividing the net assets attributable to equity holders of the Company (reduced for the carrying value of TELYS4 preference shares) less intangible assets by the number of ordinary shares at 31 December 2017.

COMMENTARY ON RESULTS

Detailed commentary on the results for the period is contained in the press release dated 21 February 2018 accompanying this Report. This Report should be read in conjunction with the 2017 Annual Report and any public announcements made by the Company in accordance with the continuous disclosure requirements arising under the Corporations Act 2001 and ASX Listing Rules.

ENTITIES OVER WHICH CONTROL, JOINT CONTROL OR SIGNIFICANT INFLUENCE WAS GAINED OR LOST DURING THE PERIOD

Acquisition of Coates Hire

On 25 October 2017, the Company completed the acquisition of the remaining 53.3 per cent of Coates Group Holdings Pty Limited. Refer to Note 18: Business combination for further detail.

Disposal of WesTrac China

The sale of entities comprising the Group's WesTrac China operating segment to Lei Shing Hong Machinery Limited was completed on 31 October 2017. Refer to Note 19: Disposal of business for further detail.

Appendix 4D - Half-Year Report

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

ABN 46 142 003 469

FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

RESULTS FOR ANNOUNCEMENT TO THE MARKET UNDERLYING TRADING PERFORMANCE

	Underlying trading performance ^(a)			Less: Significant items ^(b)			Statutory results (as reported)		
	Cont. \$m	Discont. \$m	Total \$m	Cont. \$m	Discont. \$m	Total \$m	Cont. \$m	Discont. \$m	Total \$m
Half-year ended 31 December 2017									
Revenue	1,397.2	189.9	1,587.1	-	-	-	1,397.2	189.9	1,587.1
Other income	35.6	2.3	37.9	(4.0)	-	(4.0)	39.6	2.3	41.9
Share of results from equity accounted investees	73.2	-	73.2	(3.0)	-	(3.0)	76.2	-	76.2
Revaluation of equity interest on acquisition of Coates Hire	-	-	-	(14.5)	-	(14.5)	14.5	-	14.5
Loss on sale of WesTrac China	-	-	-	5.3	-	5.3	(5.3)	-	(5.3)
Recycling of FCTR on sale of WesTrac China	-	-	-	(79.9)	-	(79.9)	79.9	-	79.9
Impairment of equity accounted investees	-	-	-	91.3	-	91.3	(91.3)	-	(91.3)
Expenses excluding depreciation and amortisation	(1,238.2)	(174.2)	(1,412.4)	7.0	-	7.0	(1,245.2)	(174.2)	(1,419.4)
Profit before depreciation, amortisation, net finance expense and tax	267.8	18.0	285.8	2.2	-	2.2	265.6	18.0	283.6
Depreciation and amortisation	(44.3)	(0.8)	(45.1)	-	-	-	(44.3)	(0.8)	(45.1)
Profit before net finance expense and income tax	223.5	17.2	240.7	2.2	-	2.2	221.3	17.2	238.5
Net finance expense	(47.3)	(2.1)	(49.4)	-	-	-	(47.3)	(2.1)	(49.4)
Profit before income tax	176.2	15.1	191.3	2.2	-	2.2	174.0	15.1	189.1
Income tax expense	(16.4)	(4.7)	(21.1)	(0.6)	-	(0.6)	(15.8)	(4.7)	(20.5)
Profit for the period	159.8	10.4	170.2	1.6	-	1.6	158.2	10.4	168.6
Profit for the period attributable to:									
Equity holders of the Company	159.1	10.4	169.5	1.6	-	1.6	157.5	10.4	167.9
Non-controlling interest	0.7	-	0.7	-	-	-	0.7	-	0.7
Profit for the period	159.8	10.4	170.2	1.6	-	1.6	158.2	10.4	168.6

	Underlying trading performance ^(a)			Less: Significant items ^(b)			Statutory results (as reported)		
	Cont. \$m	Discont. \$m	Total \$m	Cont. \$m	Discont. \$m	Total \$m	Cont. \$m	Discont. \$m	Total \$m
Half-year ended 31 December 2016									
Revenue	1,063.4	239.3	1,302.7	-	-	-	1,063.4	239.3	1,302.7
Other income	29.8	2.9	32.7	(2.8)	-	(2.8)	32.6	2.9	35.5
Share of results from equity accounted investees	69.2	-	69.2	9.9	-	9.9	59.3	-	59.3
Impairment of equity accounted investees	-	-	-	139.6	-	139.6	(139.6)	-	(139.6)
Expenses excluding depreciation and amortisation	(990.3)	(222.5)	(1,212.8)	7.3	(0.9)	6.4	(997.6)	(221.6)	(1,219.2)
Profit before depreciation, amortisation, net finance expense and tax	172.1	19.7	191.8	154.0	(0.9)	153.1	18.1	20.6	38.7
Depreciation and amortisation	(14.2)	(1.8)	(16.0)	-	-	-	(14.2)	(1.8)	(16.0)
Profit before net finance expense and income tax	157.9	17.9	175.8	154.0	(0.9)	153.1	3.9	18.8	22.7
Net finance expense	(41.1)	(1.6)	(42.7)	(4.7)	-	(4.7)	(36.4)	(1.6)	(38.0)
Profit before income tax	116.8	16.3	133.1	149.3	(0.9)	148.4	(32.5)	17.2	(15.3)
Income tax expense	(28.5)	(0.6)	(29.1)	(3.7)	0.3	(3.4)	(24.8)	(0.9)	(25.7)
Profit for the period	88.3	15.7	104.0	145.6	(0.6)	145.0	(57.3)	16.3	(41.0)
Profit for the period attributable to:									
Equity holders of the Company	87.4	15.8	103.2	145.6	(0.6)	145.0	(58.2)	16.4	(41.8)
Non-controlling interest	0.9	(0.1)	0.8	-	-	-	0.9	(0.1)	0.8
Profit for the period	88.3	15.7	104.0	145.6	(0.6)	145.0	(57.3)	16.3	(41.0)

(a) Underlying trading performance is comprised of reported results less significant items. This is separately disclosed and reconciled to statutory performance to assist users in understanding the financial performance of the Group.

(b) Detailed information regarding the composition of significant items is provided in Note 3: Significant items.

Refer to Consolidated Statement of Profit or Loss and Other Comprehensive Income for information on individual reported components above.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Note	Dec 17 \$m	Dec 16 \$m
CONTINUING OPERATIONS			
Revenue	4	1,397.2	1,063.4
OTHER INCOME			
Dividend income		17.3	17.3
Gain on sale of investments		-	0.5
Other		22.3	14.8
Total other income		39.6	32.6
Share of results from equity accounted investees	8	76.2	59.3
Revaluation of equity interest on acquisition of Coates Hire		14.5	-
Loss on sale of WesTrac China		(5.3)	-
Recycling of foreign currency translation reserve on sale of WesTrac China		79.9	-
Impairment of equity accounted investee	8	(91.3)	(139.6)
Expenses excluding depreciation and amortisation	4	(1,245.2)	(997.6)
Profit before depreciation and amortisation, net finance expense and income tax		265.6	18.1
Depreciation and amortisation		(44.3)	(14.2)
Profit before net finance expense and income tax		221.3	3.9
Finance income	5	3.1	7.1
Finance expense	5	(50.4)	(43.5)
Net finance expense		(47.3)	(36.4)
Profit/(loss) before income tax		174.0	(32.5)
Income tax expense	6	(15.8)	(24.8)
Profit for the period from continuing operations		158.2	(57.3)
Profit for the period from discontinued operations	19	10.4	16.3
Profit/(loss) for the period		168.6	(41.0)
Profit/(loss) for the period attributable to:			
Equity holders of the Company		167.9	(41.8)
Non-controlling interest		0.7	0.8
Profit/(loss) for the period		168.6	(41.0)
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss			
Net change in fair value of financial assets at fair value through other comprehensive income		(50.9)	(34.0)
Income tax relating to items that will not be reclassified subsequently to profit or loss	6	(5.7)	12.1
Total items that will not be reclassified subsequently to profit or loss		(56.6)	(21.9)
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges: effective portion of changes in fair value		0.6	(75.8)
Foreign currency differences for foreign operations		(93.5)	4.6
Income tax relating to items that may be reclassified subsequently to profit or loss	6	0.2	9.2
Total items that may be reclassified subsequently to profit or loss		(92.7)	(62.0)
Total comprehensive income for the period		19.3	(124.9)
Total comprehensive income for the period attributable to:			
Equity holders of the Company		18.6	(125.7)
Non-controlling interest		0.7	0.8
Total comprehensive income for the period		19.3	(124.9)
EARNINGS PER SHARE (EPS)			
		\$	\$
From continuing and discontinued operations			
Basic earnings per share	7	0.52	(0.19)
Diluted earnings per share	7	0.52	(0.19)
From continuing operations			
Basic earnings per share	7	0.49	(0.25)
Diluted earnings per share	7	0.49	(0.25)

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to the financial statements.

Consolidated Statement of Financial Position

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
AS AT 31 DECEMBER 2017

	Note	Dec 17 \$m	Jun 17 \$m
CURRENT ASSETS			
Cash and cash equivalents		350.7	172.5
Trade and other receivables		526.7	336.5
Inventories		693.2	654.7
Other financial assets		2.2	-
Current tax assets		1.3	-
Other current assets		44.7	14.0
Derivative financial instruments	14	5.4	0.3
Assets held for sale		2.8	731.4
Total current assets		1,627.0	1,909.4
NON-CURRENT ASSETS			
Other receivables		5.0	4.9
Investments accounted for using the equity method	8	906.2	1,136.5
Other financial assets		542.8	598.8
Property, plant and equipment		826.4	159.9
Producing and development assets	9	213.1	213.9
Exploration and evaluation assets	10	218.2	222.2
Intangible assets		1,684.8	456.7
Deferred tax assets		0.2	0.2
Derivative financial instruments	14	122.4	133.5
Total non-current assets		4,519.1	2,926.6
Total assets		6,146.1	4,836.0
CURRENT LIABILITIES			
Trade and other payables		400.8	288.6
Interest bearing loans and borrowings	12	119.7	40.7
Deferred income		75.3	88.5
Current tax liability		-	0.6
Provisions		59.8	40.0
Employee benefits		65.4	37.8
Derivative financial instruments	14	12.5	2.4
Liabilities held for sale		-	188.0
Total current liabilities		733.5	686.6
NON-CURRENT LIABILITIES			
Other payables		1.9	0.9
Interest bearing loans and borrowings	12	2,251.0	1,439.9
Deferred tax liabilities		245.3	122.6
Deferred income		11.3	11.8
Provisions		65.0	64.1
Employee benefits		18.2	12.8
Derivative financial instruments	14	63.9	72.1
Total non-current liabilities		2,656.6	1,724.2
Total liabilities		3,390.1	2,410.8
Net assets		2,756.0	2,425.2
EQUITY			
Contributed equity	15	2,858.6	2,472.9
Reserves		(798.8)	(647.7)
Retained earnings		685.3	588.0
Total equity attributable to equity holders of the Company		2,745.1	2,413.2
Non-controlling interest		10.9	12.0
Total equity		2,756.0	2,425.2

The consolidated statement of financial position is to be read in conjunction with the notes to the financial statements.

Consolidated Statement of Changes in Equity

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

HALF-YEAR ENDED 31 DECEMBER 2017	Note	Contributed equity \$m	Reserves \$m	Retained earnings \$m	Total \$m	Non-controlling interest \$m	Total equity \$m
Balance as at 1 July 2017		2,472.9	(647.7)	588.0	2,413.2	12.0	2,425.2
Profit for the period		-	-	167.9	167.9	0.7	168.6
Net change in fair value of financial assets measured at fair value through other comprehensive income		-	(50.9)	-	(50.9)	-	(50.9)
Cash flow hedges: effective portion of changes in fair value		-	0.6	-	0.6	-	0.6
Foreign currency differences for foreign operations		-	(92.5)	-	(92.5)	(1.0)	(93.5)
Income tax on items of other comprehensive income		-	(5.5)	-	(5.5)	-	(5.5)
Total comprehensive income for the period		-	(148.3)	167.9	19.6	(0.3)	19.3
Transactions with owners recognised directly in equity							
Ordinary dividends paid	16	-	-	(59.1)	(59.1)	(0.8)	(59.9)
TELYS4 dividends paid	16	-	-	(11.5)	(11.5)	-	(11.5)
Shares issued	15	385.4	-	-	385.4	-	385.4
Shares bought back on-market		(0.7)	-	-	(0.7)	-	(0.7)
Shares vested and transferred to employees		1.0	(1.0)	-	-	-	-
Share based payments		-	(1.8)	-	(1.8)	-	(1.8)
Total distributions to owners		385.7	(2.8)	(70.6)	312.3	(0.8)	311.5
Total movement in equity for the period		385.7	(151.1)	97.3	331.9	(1.1)	330.8
Balance as at 31 December 2017		2,858.6	(798.8)	685.3	2,745.1	10.9	2,756.0

HALF-YEAR ENDED 31 DECEMBER 2016

Balance as at 1 July 2016		2,472.7	(466.0)	648.7	2,655.4	11.8	2,667.2
(Loss)/profit for the period		-	-	(41.8)	(41.8)	0.8	(41.0)
Net change in fair value of financial assets measured at fair value through other comprehensive income		-	(34.0)	-	(34.0)	-	(34.0)
Cash flow hedges: effective portion of changes in fair value		-	(75.8)	-	(75.8)	-	(75.8)
Foreign currency differences for foreign operations		-	4.6	-	4.6	-	4.6
Income tax on items of other comprehensive income		-	21.3	-	21.3	-	21.3
Total comprehensive income for the period		-	(83.9)	(41.8)	(125.7)	0.8	(124.9)
Transactions with owners recognised directly in equity							
Ordinary dividends paid	16	-	-	(56.2)	(56.2)	(0.5)	(56.7)
TELYS4 dividends paid	16	-	-	(12.0)	(12.0)	-	(12.0)
Shares vested and transferred to employee		0.2	(0.2)	-	-	-	-
Share based payments		-	0.2	-	0.2	-	0.2
Total distributions to owners		0.2	-	(68.2)	(68.0)	(0.5)	(68.5)
Total movement in equity for the period		0.2	(83.9)	(110.0)	(193.7)	0.3	(193.4)
Balance as at 31 December 2016		2,472.9	(549.9)	538.7	2,461.7	12.1	2,473.8

The consolidated statement of changes in equity is to be read in conjunction with the notes to the financial statements.

Consolidated Cash Flow Statement

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Note	Dec 17 \$m	Dec 16 \$m
CASH FLOWS RELATED TO OPERATING ACTIVITIES			
Receipts from customers		1,698.1	1,372.9
Payments to suppliers and employees		(1,590.4)	(1,329.3)
Dividends and distributions received from equity accounted investees	8	16.8	49.6
Other dividends received		28.4	17.3
Interest and other items of a similar nature received		3.2	2.4
Interest and other costs of finance paid		(42.0)	(44.6)
Income taxes paid		(1.3)	(10.7)
Net operating cash flows	11	112.8	57.6
CASH FLOWS RELATED TO INVESTING ACTIVITIES			
Payments for purchases of property, plant and equipment		(34.0)	(14.2)
Proceeds from sale of property, plant and equipment		3.1	3.5
Payments for purchase of intangible assets		(8.6)	(2.3)
Payment for production, development and exploration expenditure		(1.9)	(4.2)
Payments for other investments		(11.5)	(22.0)
Proceeds from sale of other financial assets		16.5	50.4
Proceeds from sale of subsidiary, net of cash disposed		535.4	-
Acquisition of subsidiaries, net of cash acquired and transaction costs	18	(487.4)	-
Acquisition of equity accounted investee		(118.5)	(1.8)
Loans and deposits paid		2.2	-
Net investing cash flows		(104.7)	9.4
CASH FLOWS RELATED TO FINANCING ACTIVITIES			
Ordinary dividends paid	16	(59.1)	(56.2)
TELYS4 dividends paid	16	(11.5)	(12.0)
Dividends paid to non-controlling interests		(0.8)	(0.5)
Proceeds from borrowings		935.7	142.0
Repayment of borrowings		(1,072.8)	(216.9)
Proceeds from issue of shares	15	385.2	-
Net financing cash flows		176.7	(143.6)
Net increase/(decrease) in cash and cash equivalents		184.8	(76.6)
Cash and cash equivalents at beginning of the period		172.5	366.8
Effect of exchange rate changes on cash and cash equivalents		(6.6)	4.7
Cash and cash equivalents at end of the period		350.7	294.9

The consolidated cash flow statement is to be read in conjunction with the notes to the financial statements.

Notes to the Consolidated Financial Statements

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

1. BASIS OF PREPARATION

Seven Group Holdings Limited (the Company) is a for-profit company limited by shares and the shares are publicly traded on the Australian Securities Exchange (ASX). The Company is domiciled in Australia. These consolidated financial statements cover the half-year ended 31 December 2017 (Consolidated Interim Financial Report) and comprise the Company and its subsidiaries (together referred to as the Group), and the Group's interest in equity accounted investees.

The Consolidated Interim Financial Report was authorised for issue in accordance with a resolution of the Directors on 21 February 2018.

The Consolidated Interim Financial Report is a general purpose financial report. It has been prepared in accordance with the *Corporations Act 2001* and with International Accounting Standard IAS 34: *Interim Financial Reporting*. International Financial Reporting Standards (IFRSs) form the basis of Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB).

The Consolidated Interim Financial Report should be read in conjunction with the 2017 Annual Report and considered with any public announcements made by the Company during the half-year ended 31 December 2017 in accordance with the continuous disclosure obligations of the ASX Listing rules. A copy of the 2017 Annual Report is available from the Company on request or at www.sevengroup.com.au.

The Consolidated Interim Financial Report does not include all of the notes of the type normally included in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as a full annual financial report.

The Consolidated Interim Financial Report is presented in Australian Dollars, which is the functional currency of the Group and is prepared on the historical cost basis except for the following items:

- financial instruments that are measured at amortised cost or fair value through other comprehensive income;
- derivative financial instruments that are measured at fair value through profit or loss; and
- liabilities for cash-settled share based payments are measured at fair value through profit or loss.

The Company is of a kind referred to in ASIC Instrument 2016/191 and in accordance with that Instrument, amounts in the Directors' Report and the half-year Financial Report are rounded off to the nearest whole number of million of dollars and one place of decimals representing hundreds of thousands of dollars unless otherwise stated.

(A) ACCOUNTING POLICIES

The Consolidated Interim Financial Report has been prepared using accounting policies that are consistent with those that were applied by the Group and disclosed in the 2017 Annual Report.

A number of new standards, amendment to standards and interpretations are effective for future reporting periods. These standards have not been applied in preparing this Consolidated Interim Financial Report.

Notes to the Consolidated Financial Statements

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

1. BASIS OF PREPARATION (CONTINUED)

(B) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires that management make estimates, judgements and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

Revisions to estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In preparing this Consolidated Interim Financial Report, the significant judgements made by management in applying the Group's accounting policies and key sources of estimation and uncertainty were the same as those applied to the consolidated financial statements as at, and for the year ended, 30 June 2017. Specifically, the following critical estimates and judgements reconsidered in this reporting period were:

- Revenue recognition - maintenance and repair contracts
- Income tax
- Control, joint control or significant influence over equity accounted investees
- Impairment of investments accounted for using the equity method
- Dependency on key suppliers
- Impairment of intangible assets
- Producing and development assets
- Exploration and evaluation assets
- Restoration provisions.

Notes to the Consolidated Financial Statements

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

2. OPERATING SEGMENTS

RECOGNITION AND MEASUREMENT

Identification of reportable segments

The accounting policies used by the Group in reporting segments internally are the same as those described in the 2017 Annual Report.

The Group has identified its operating segments based on the internal reports that are reviewed and used by the executive management team (the chief operating decision maker) in assessing performance and in determining the allocation of resources. The operating segments are identified by management based on the manner in which products are sold, the nature of services provided and country of origin.

WesTrac Australia WesTrac Australia is the authorised Caterpillar dealer (including Bucyrus/Expanded Mining Products) in Western Australia, New South Wales and the Australian Capital Territory, providing heavy equipment sales and support to customers.

AllightSykes AllightSykes represents the Group's operations in the manufacture, assembly, sales and support of lighting towers, FG Wilson power generation and dewatering equipment as well as distribution of Perkins engines.

Coates Hire Coates Hire is Australia's largest equipment hire company and provides a full range of general and specialist equipment to a wide variety of markets including engineering, building construction and maintenance, mining and resources, manufacturing, government and events. In the prior period, Coates Hire segment represented the Group's equity accounted investment in Coates Hire.

Media investments Media investments relates to investments in listed and unlisted media organisations, including but not limited to Seven West Media Limited.

Energy Energy relates to the Group's 11.2 per cent working interest in the Bivins Ranch area in Texas USA, wholly-owned interest in SGH Energy Pty Limited and the Group's equity accounted investment in Beach Energy Limited (Beach Energy).

Other investments Other investments incorporates other listed investments and property.

The Group's operations comprising the WesTrac China segment were disposed of during the period. Accordingly, the segment information reported does not include any amounts for the discontinued operations. Refer to Note 19: Disposal of business for further detail.

The Group is domiciled in Australia and operates predominantly in two countries: Australia and the United States of America. The Group's operations in China were disposed of during the period.

Segment revenues are allocated based on the country in which the customer is located. The Energy segment includes revenue derived from the United States of America.

Segment non-current assets are allocated to countries based on where the assets are located.

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SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

2. OPERATING SEGMENTS (CONTINUED)

	WesTrac Australia ^(a)		Coates Hire		AllightSykes ^(a)		Media investments ^(b)		Energy		Other investments		Continuing operations Total	
	Dec 17	Dec 16	Dec 17	Dec 16	Dec 17	Dec 16	Dec 17	Dec 16	Dec 17	Dec 16	Dec 17	Dec 16	Dec 17	Dec 16
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Segment revenue														
Sales to external customers	1,193.9	1,026.3	156.6	-	40.3	33.3	-	-	2.4	2.3	4.0	1.5	1,397.2	1,063.4
Segment result														
Segment earnings before interest, income tax, depreciation and amortisation (EBITDA) ^(c)	115.5	87.4	68.6	12.6	2.1	(0.6)	51.9	39.2	22.5	18.0	18.2	19.1	278.8	175.7
Depreciation and amortisation	(14.4)	(12.3)	(28.1)	-	(0.7)	(0.9)	-	-	(0.9)	(0.8)	(0.1)	(0.1)	(44.2)	(14.1)
Segment earnings before interest and tax (EBIT)^(d)	101.1	75.1	40.5	12.6	1.4	(1.5)	51.9	39.2	21.6	17.2	18.1	19.0	234.6	161.6
Other segment information														
Share of results of equity accounted investees included in segment EBIT (excluding significant items) ^(e)	(0.6)	0.2	11.4	11.8	-	-	40.0	38.5	22.6	18.5	(0.2)	0.2	73.2	69.2
Impairment of assets recognised in profit or loss	-	-	-	-	-	-	(91.3)	(139.6)	(5.6)	-	-	-	(96.9)	(139.6)
Capital expenditure	(20.6)	(14.3)	(22.0)	-	-	(0.4)	-	-	(1.9)	(4.2)	-	-	(44.5)	(18.9)
	Dec 17	Jun 17	Dec 17	Jun 17	Dec 17	Jun 17	Dec 17	Jun 17	Dec 17	Jun 17	Dec 17	Jun 17	Dec 17	Jun 17
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Balance sheet														
Investments accounted for using the equity method	29.0	29.6	-	300.2	-	-	381.0	443.2	468.0	335.1	28.2	28.4	906.2	1,136.5
Other segment assets	1,602.4	1,555.6	2,091.2	-	58.2	37.1	106.8	112.4	432.0	436.3	465.0	515.8	4,755.6	2,657.2
Segment assets	1,631.4	1,585.2	2,091.2	300.2	58.2	37.1	487.8	555.6	900.0	771.4	493.2	544.2	5,661.8	3,793.7
Segment liabilities	(408.5)	(397.1)	(152.0)	-	(19.6)	(13.5)	-	-	(61.8)	(59.0)	(17.7)	(18.0)	(659.6)	(487.6)

(a) WesTrac Australia and AllightSykes' segment results above have been reduced in relation to the elimination of sales to Coates Hire due to the Group's interest in Coates Hire.

(b) Media investments comprise investments accounted for using the equity method and financial assets fair valued through other comprehensive income.

(c) Segment EBITDA comprises profit before depreciation and amortisation, net finance expense, income tax and significant items.

(d) Segment EBIT comprises profit before net finance expense, income tax and significant items.

(e) Segment EBITDA, EBIT and share of results of equity accounted investees excludes the share of results from equity accounted investees attributable to significant items.

Refer to Note 3: Significant Items for further details on significant items.

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2. OPERATING SEGMENTS (CONTINUED)

ANALYSIS BY GEOGRAPHICAL AREA

	Segment revenue		Non-current assets ^(a)	
	Dec 17	Dec 16	Dec 17	Jun 17
	\$m	\$m	\$m	\$m
Australia	1,393.4	1,060.3	2,846.6	955.8
United States of America	3.8	3.1	100.9	101.8
Total by geographical segment	1,397.2	1,063.4	2,947.5	1,057.6

(a) Non-current assets other than financial instruments and deferred tax assets. There are no employment benefit assets and rights arising under insurance contracts.

SEGMENT RECONCILIATIONS

	Dec 17	Dec 16
Reconciliation of segment EBIT to profit/(loss) before income tax per consolidated statement of profit or loss	\$m	\$m
Segment earnings before interest and tax (EBIT)	234.6	161.6
Corporate operating costs	(11.1)	(3.7)
Transaction costs incurred	(1.3)	-
Significant items in other income	-	2.3
Loss on disposal of derivative financial instruments	-	(2.5)
Revaluation of equity interest on acquisition of Coates Hire	14.5	-
Loss on sale of WesTrac China	(5.3)	-
Recycling of foreign currency translation reserve on sale of WesTrac China	79.9	-
Gain on sale of investments and equity accounted investees	-	0.5
Share of results from equity accounted investees attributable to significant items	3.0	(9.9)
Impairment of equity accounted investee	(91.3)	(139.6)
Fair value movement of derivatives	4.0	(0.1)
Impairment of non-current assets	(5.6)	-
Restructuring and redundancy costs	(0.1)	(4.7)
Net finance expense	(47.3)	(36.4)
Profit/(loss) before income tax per consolidated statement of profit or loss	174.0	(32.5)

	Dec 17	Jun 17
Reconciliation of segment operating assets to total assets per consolidated statement of financial position	\$m	\$m
Segment operating assets	5,661.8	3,793.7
Corporate cash holdings	350.7	172.5
Current tax assets	1.3	-
Deferred tax assets	0.2	0.2
Derivative financial instruments (assets)	127.8	133.8
Assets held at corporate level	4.3	4.4
Assets held for sale - discontinued operations	-	731.4
Total assets per consolidated statement of financial position	6,146.1	4,836.0

	Dec 17	Jun 17
Reconciliation of segment operating liabilities to total liabilities per consolidated statement of financial position	\$m	\$m
Segment operating liabilities	(659.6)	(487.6)
Interest bearing loans and borrowings - current	(119.7)	(40.7)
Interest bearing loans and borrowings - non-current	(2,251.0)	(1,439.9)
Current tax liability	-	(0.6)
Deferred tax liabilities	(245.3)	(122.6)
Derivative financial instruments (liabilities)	(76.4)	(74.5)
Liabilities held at corporate level	(38.1)	(56.9)
Liabilities held for sale - discontinued operations (WesTrac China)	-	(188.0)
Total liabilities per consolidated statement of financial position	(3,390.1)	(2,410.8)

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SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
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3. SIGNIFICANT ITEMS

Profit/(loss) before income tax includes the following income and expenses for which disclosure is relevant in explaining the underlying financial performance of the Group.

	Dec 17 \$m	Dec 16 \$m
CONTINUING OPERATIONS		
Gain on sale of investments	-	0.5
Revaluation of equity interest on acquisition of Coates Hire	14.5	-
Loss on sale of WesTrac China	(5.3)	-
Recycling of foreign currency translation reserve on sale of WesTrac China	79.9	-
Impairment of equity accounted investee	(91.3)	(139.6)
Share of results from equity accounted investees attributable to significant items	3.0	(9.9)
Impairment of non-current asset	(5.6)	-
Loss on disposal of derivative financial instruments	-	(2.5)
Fair value movement of derivatives	4.0	(0.1)
Restructuring and redundancy costs	(0.1)	(4.7)
Transaction costs incurred	(1.3)	-
Significant items in other income	-	2.3
Significant items in finance income	-	4.7
Total significant items before income tax	(2.2)	(149.3)
Income tax benefit on significant items	0.6	3.4
Total significant items - continuing operations	(1.6)	(145.9)
DISCONTINUED OPERATIONS		
Fair value movement of derivative financial instruments	-	0.9
Total significant items - discontinued operations	-	0.9

Revaluation of equity interest on acquisition of Coates Hire relates to the difference between the fair value and carrying value of the Group's investment in Coates Hire on acquisition date.

Loss on sale of WesTrac China relates to the loss recognised on the sale of entities comprising the Group's WesTrac China operating segment to Lei Shing Hong Machinery Limited. Refer to Note 19: Disposal of Business.

Recycling of foreign currency translation reserve on sale of WesTrac China relates to amounts released to the profit or loss from the foreign currency translation reserve following the disposal of the Group's WesTrac China operating segment.

Impairment of equity accounted investee relates to the impairment of the Group's investment in the ordinary equity of Seven West Media Limited.

Impairment of non-current asset relates to the impairment of the Group's Echuca Shoals WA-377P exploration permit.

Transaction costs incurred relate to transaction costs incurred in acquiring and disposing of entities during the period.

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SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
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4. REVENUE AND EXPENDITURE

	Dec 17 \$m	Dec 16 \$m
CONTINUING OPERATIONS		
REVENUE		
Revenue from product sales	350.6	259.3
Revenue from product support	885.0	800.3
Revenue from hire of equipment	155.2	-
Revenue from sale of oil, gas and condensate	2.4	2.3
Other revenue	4.0	1.5
Total revenue	1,397.2	1,063.4
EXPENDITURE EXCLUDING DEPRECIATION AND AMORTISATION		
Materials cost of inventory sold and used in product sales and product support	(807.3)	(682.1)
Repairs, maintenance and consumables used on equipment hire	(19.7)	-
Employee benefits	(261.5)	(215.9)
Operating lease rental	(36.0)	(27.3)
Loss on disposal of derivatives	-	(2.5)
Fair value movement of derivatives	-	(0.1)
Impairment of non-current asset	(5.6)	-
Other expenses	(115.1)	(69.7)
Total expenses excluding depreciation and amortisation	(1,245.2)	(997.6)

5. NET FINANCE EXPENSE

	Dec 17 \$m	Dec 16 \$m
CONTINUING OPERATIONS		
FINANCE INCOME		
Interest income on bank deposits	2.6	2.4
Other	0.5	4.7
Total finance income	3.1	7.1
FINANCE EXPENSE		
Interest expense	(45.4)	(39.6)
Borrowing costs	(3.7)	(2.7)
Unwind of discount on provisions	(1.3)	(1.2)
Total finance expense	(50.4)	(43.5)
Net finance expense	(47.3)	(36.4)

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SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
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6. INCOME TAX

	Dec 17 \$m	Dec 16 \$m
CONTINUING OPERATIONS		
INCOME TAX EXPENSE		
Current tax expense	(0.9)	(9.7)
Deferred tax expense	(14.9)	(12.5)
Adjustment for prior periods - non-temporary differences	-	(2.6)
Total income tax expense	(15.8)	(24.8)
RECONCILIATION BETWEEN TAX EXPENSE AND PRE-TAX STATUTORY PROFIT:		
Income tax using the domestic corporation tax rate 30%	(52.0)	9.8
Franked dividends	5.2	13.2
Share of equity accounted investees' net profit	22.9	1.6
Sale of WesTrac China	22.4	-
Non-assessable income	9.0	5.4
Non-deductible expenses	(27.4)	(7.1)
Recognition/(de-recognition) of deferred tax assets	4.1	(45.0)
Under provided in prior years	-	(2.6)
Difference in overseas tax rates	-	(0.1)
Income tax expense	(15.8)	(24.8)
DEFERRED INCOME TAX RECOGNISED DIRECTLY IN EQUITY		
Relating to financial assets at fair value through other comprehensive income	(5.7)	12.1
Relating to cash flow hedge reserve	0.2	9.2
Total deferred income tax recognised directly in equity	(5.5)	21.3

	Dec 17 \$m	Dec 16 \$m
DISCONTINUED OPERATIONS		
INCOME TAX EXPENSE		
Current tax expense	-	(1.0)
Deferred tax expense	(4.7)	0.1
Total income tax expense	(4.7)	(0.9)
RECONCILIATION BETWEEN TAX EXPENSE AND PRE-TAX STATUTORY PROFIT:		
Income tax using the domestic corporation tax rate 30%	(4.7)	(5.2)
Non-deductible expenses	-	4.6
Difference in overseas tax rates	-	(0.3)
Income tax expense	(4.7)	(0.9)

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7. EARNINGS PER SHARE

Profit or loss attributable to ordinary shareholders is stated after allocation of the portion of profit or loss attributable to holders of TELYS4.

	Dec 17	Dec 16
	\$	\$
STATUTORY EARNINGS PER SHARE		
Basic		
From continuing operations	0.49	(0.25)
From discontinued operations	0.03	0.06
Total basic earnings per share	0.52	(0.19)
Diluted		
From continuing operations	0.49	(0.25)
From discontinued operations	0.03	0.06
Total diluted earnings per share	0.52	(0.19)

	6 months to Dec 17	6 months to Dec 16
	\$m	\$m
EARNINGS RECONCILIATION BY CATEGORY OF SHARE		
Ordinary shares	156.3	(53.8)
TELYS4	11.6	12.0
Net profit attributable to equity holders of the Company	167.9	(41.8)

	Dec 17 million	Dec 16 million
WEIGHTED AVERAGE NUMBER OF SHARES		
Ordinary shares for basic earnings per share		
Issued shares as at 1 July	281.2	281.6
- Shares issued	35.3	-
Issued shares as at 31 December	316.5	281.6
Weighted average number of shares (basic) at 31 December^(a)	299.3	281.6
Effect of share options on issue - ordinary shares	0.7	-
Weighted average number of shares (diluted) at 31 December	300.0	281.6

(a) The weighted average number of shares used to calculate underlying earnings per share is the same as the weighted average number of shares used to calculate statutory earnings per share.

There were 0.7 million options that were exercisable, dilutive or anti-dilutive at December 2017 (December 16: nil).

Notes to the Consolidated Financial Statements

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
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7. EARNINGS PER SHARE (CONTINUED)

	Dec 17 \$	Dec 16 \$
UNDERLYING EARNINGS PER SHARE FROM CONTINUING OPERATIONS		
Basic		
From continuing operations	0.49	0.27
From discontinued operations	0.03	0.05
Total basic earnings per share	0.52	0.32
Diluted		
From continuing operations	0.49	0.27
From discontinued operations	0.03	0.05
Total diluted earnings per share	0.52	0.32

Underlying earnings per share from continuing and discontinued operations is a non-IFRS measure and is calculated as follows:

	Dec 17 \$m	Dec 16 \$m
UNDERLYING EARNINGS RECONCILIATION BY CATEGORY OF SHARE		
Net profit/(loss) attributable to equity holders of the Company	167.9	(41.8)
Add: significant items (refer Note 3)	1.6	145.0
Underlying net profit attributable to equity holders of the Company	169.5	103.2
Underlying earnings allocated to category of share:		
Ordinary shares	157.9	91.2
TELYS4	11.6	12.0
Net underlying profit attributable to equity holders of the Company	169.5	103.2

8. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Dec 17 \$m	Jun 17 \$m
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD		
Investments in associates		
Beach Energy Limited	468.0	335.1
Seven West Media Limited	380.5	442.4
Individually immaterial associates	29.9	32.6
Investments in joint ventures		
Coates Group Holdings Pty Limited	-	300.2
Individually immaterial joint ventures	27.8	26.2
Total investments accounted for using the equity method	906.2	1,136.5

Notes to the Consolidated Financial Statements

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
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8. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

BEACH ENERGY LIMITED

On 24 October 2017, the Group's investment in Beach Energy Limited (Beach Energy) increased from 22.7 per cent to 25.6 per cent following participation in and sub-underwriting of Beach Energy's institutional and retail equity issue. The Group has the ability to significantly influence, but not control or jointly control, the financial and operating decisions of Beach Energy through its investment and board representation and accordingly has classified its investment as an associate.

SEVEN WEST MEDIA LIMITED

The Group has classified its investment in Seven West Media as an associate as the Group, through its 41.0 per cent (2017: 41.0 per cent) ownership interest and equivalent voting rights has the ability to significantly influence, but not control or jointly control the financial and operating policy decisions of Seven West Media. Given the 41.0 per cent ownership interest, management continue to assess that the Group has significant influence, but not control, over Seven West Media. This reflects the conclusion that significant uncertainty exists in determining whether the Group's Key Management Personnel exerts de facto control over the significant operational decisions of Seven West Media given the historical level non-SGH related vote participation at AGMs and its majority independent board (the Group only has 3 out of 10 directors). The Group does not control Seven West Media and is therefore not required to consolidate Seven West Media at 31 December 2017.

Detailed in the table below are the Group's associates and joint ventures as at 31 December 2017. The country of incorporation is also their principal place of business.

Investee	Principal activities	Country of incorporation	Balance date	Ownership interest	
				Dec 17	Jun 17
ASSOCIATES					
Beach Energy Limited ^(a)	Oil and gas exploration, development, production	Australia	30 Jun	25.6%	22.7%
Energy Power Systems Australia Pty Ltd	Distribution and rental of CAT engine products	Australia	30 Jun	40.0%	40.0%
Impulse Screen Media Pty Limited	Technology	Australia	30 Jun	40.0%	28.0%
iSeekplant Pty Limited	Online services	Australia	30 Jun	22.8%	22.8%
Mo's Mobiles Pty Limited	Mobile phone retailer	Australia	30 Jun	25.0%	25.0%
Premier Capital Developments Pty Limited	Property management	Australia	30 Jun	25.0%	25.0%
Revy Investments Pty Limited ^(b)	Property management	Australia	30 Jun	-	25.0%
Revy Investments Trust ^(b)	Property management	Australia	30 Jun	-	25.0%
Seven West Media Limited	Media	Australia	30 Jun	41.0%	41.0%
JOINT VENTURES					
Coates Group Holdings Pty Limited ^(c)	Rental services	Australia	30 Jun	-	46.5%
Flagship Property Holdings Pty Limited	Property management	Australia	31 Dec	47.3%	47.3%
Kings Square Pty Ltd	Property development	Australia	30 Jun	50.0%	50.0%
Kings Square No. 4 Unit Trust	Property development	Australia	30 Jun	50.0%	50.0%

(a) On 24 October 2017, the Group's interest in Beach Energy increased to 25.6 per cent following participation in and sub-underwriting of Beach Energy's institutional and retail equity issue.

(b) This entity was deregistered on 23 August 2017.

(c) On 25 October 2017, the Group acquired the remaining 53.3 per cent of Coates Hire and as a result now consolidates Coates Hire.

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8. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

	Dec 17 \$m	Dec 16 \$m
SHARE OF INVESTEEES' NET PROFIT		
Investments in associates:		
Beach Energy Limited	23.0	28.8
Seven West Media Limited	41.1	5.4
Individually immaterial associates	(3.4)	19.2
Investments in joint ventures:		
Coates Group Holdings Pty Limited	14.0	5.9
Individually immaterial joint ventures	1.5	-
Share of results from equity accounted investees	76.2	59.3

The Group received cash dividends and distributions of \$16.8 million from its investments in equity accounted investees during the half-year ended 31 December 2017 (December 2016: \$49.6 million).

	Beach Energy		Seven West Media	
	Dec 17 \$m	Jun 17 \$m	Dec 17 \$m	Jun 17 \$m
MARKET VALUES OF LISTED INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD				
Book value	468.0	335.1	380.5	442.4
Market value	716.5	244.9	380.5	442.4

An impairment charge of \$91.3 million (December 2016: \$139.6 million) relating to the Group's investment in Seven West Media was recognised in impairment of equity accounted investees in profit or loss during the period.

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9. PRODUCING AND DEVELOPMENT ASSETS

	Dec 17 \$m	Jun 17 \$m
PRODUCING AND DEVELOPMENT ASSETS		
At cost	229.5	229.6
Accumulated depreciation	(16.4)	(15.7)
Total producing and development assets	213.1	213.9

Producing and development assets comprise the Group's operating interests in oil and gas assets located in the United States of America and Australia.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

As at 31 December 2017, the Group performed an impairment review of its producing and development assets in accordance with *AASB 136: Impairment of Assets*. An impairment indicator for the Group's Longtom development asset was present at 31 December 2017 given the resource is not currently in production. Accordingly, the recoverable amount of Longtom was calculated based on the fair value less costs of disposal using a discounted cash flow method (DCF).

The recoverable amount valuation is based on the expected production profile of reserves and resources and various estimates and assumptions. Cash flow projections utilised for fair value less costs of disposal reflect the expected production profile of resources and cover a period to December 2039. The post tax discount rate applied was 9.3 per cent (June 2017: 9.9 per cent). As Longtom's recoverable amount exceeded its carrying value, no impairment expense was recognised at 31 December 2017.

10. EXPLORATION AND EVALUATION ASSETS

	Dec 17 \$m	Jun 17 \$m
EXPLORATION AND EVALUATION ASSETS		
At cost	218.2	222.2
Total exploration and evaluation assets	218.2	222.2

Exploration and evaluation assets are located in Australia.

The Group continues to work with Shell as Operator and fellow Crux AC/RL9 joint venture partners in conducting the necessary technical feasibility studies, as well as evaluating commercialisation and development options for the Crux AC/RL9 asset. With the renewal of the Retention Lease for a further five years from February 2018, there are no facts or circumstances indicating an impairment of the asset under *AASB 6: Exploration for and Evaluation of Mineral Resources* at 31 December 2017.

Capitalised costs of \$5.6 million relating to the Group's Echuca Shoals WA-377P exploration permit were impaired during the period due to the ongoing technical and economic studies that have not yet concluded the viability for further investment.

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11. NOTES TO THE CASH FLOW STATEMENT

	Dec 17 \$m	Dec 16 \$m
Reconciliation of profit/(loss) for the period to net cash flows related to operating activities		
Profit/(loss) after tax	168.6	(41.0)
Profit from discontinued operations	(10.4)	-
Income tax expense	15.8	25.7
Income taxes paid	(1.3)	(10.7)
Depreciation and amortisation:		
Property, plant and equipment	41.6	14.6
Producing and development assets	0.9	0.8
Intangible assets	1.8	0.6
Capitalised borrowing costs amortised	2.0	1.1
Share of results from equity accounted investees	(76.2)	(59.3)
Dividends received from equity accounted investees	16.8	49.6
(Gain)/loss on sale of property, plant and equipment	(0.6)	1.8
Gain on sale of investments and derivative financial instruments	-	(0.5)
Loss on sale of investments and derivative financial instruments	-	2.5
Fair value movement of derivatives	(4.0)	(0.8)
Revaluation of equity interest on acquisition of Coates Hire	(14.5)	-
Loss on sale of WesTrac China	5.3	-
Recycling of foreign currency translation reserve on sale of WesTrac China	(79.9)	-
Transaction costs incurred	1.3	-
Impairment of equity accounted investee	91.3	139.6
Impairment of non current asset	5.6	-
Other	5.1	5.5
Movement in:		
Trade and other receivables	(1.0)	(4.5)
Inventories	(32.6)	(28.8)
Other assets	(26.2)	(17.2)
Trade and other payables/deferred income	(8.4)	(21.3)
Provisions	11.8	(0.1)
Net operating cash flows	112.8	57.6

12. INTEREST BEARING LOANS AND BORROWINGS

	Dec 17 \$m	Jun 17 \$m
CURRENT		
Interest bearing liabilities	0.3	0.6
Non-interest bearing liabilities	40.0	40.0
Fixed term US dollar notes	70.5	-
Finance lease liabilities	8.9	0.1
	119.7	40.7
NON-CURRENT		
Interest bearing liabilities	1,698.0	816.0
Fixed term US dollar notes	548.8	627.3
Less: capitalised borrowing costs net of accumulated amortisation	(2.6)	(3.6)
Finance lease liabilities	6.8	0.2
	2,251.0	1,439.9

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SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
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12. INTEREST BEARING LOANS AND BORROWINGS (CONTINUED)

The current interest bearing liabilities of \$79.7 million (June 2017: \$0.6 million) comprise a US\$55.0 million tranche of US dollar notes which matures in August 2018 and \$9.2 million of hire purchase and finance lease facilities and other working capital facilities. In addition, \$40.0 million of non-interest bearing liabilities mature in February 2018. \$502.5 million of the Group's debt is secured.

At 31 December 2017, the Group had available undrawn borrowing facilities of \$418.9 million (June 2017: \$810.0 million) and also had access to unutilised short dated lines of credit totalling \$7.3 million (June 2017: \$4.2 million).

13. FINANCIAL INSTRUMENTS

OVERVIEW

Measurement of fair values

The Group has an established control framework with respect to the measurement of fair values. Significant valuation matters are reported to the Group Audit & Risk Committee.

The Group uses various methods in estimating the fair value of a financial instrument. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 Fair value is calculated using quoted prices in active markets.
- Level 2 Fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (as prices) or indirectly (derived from prices).
- Level 3 Fair value is estimated using inputs for the asset or liability that are not based on observable market data.

Management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Quoted market price represents the fair value determined based on quoted prices on active markets as at the reporting date without any deduction for transaction costs. The fair value of listed equity securities are based on quoted market prices. For financial instruments not quoted in active markets, the Group uses valuation techniques such as present value techniques, comparison to similar instruments for which market observable prices exist and other relevant models used by market participants. These valuation techniques use both observable and unobservable market inputs. Financial instruments that use valuation techniques with only observable market inputs or unobservable inputs that are not significant to the overall valuation include interest rate swaps and foreign exchange contracts not traded on a recognised exchange.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Financial instruments, carried at fair value, as well as the methods used to estimate the fair value are summarised on the following page.

Notes to the Consolidated Financial Statements

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

13. FINANCIAL INSTRUMENTS (CONTINUED)

	Note	Level in fair value hierarchy	Dec 17 Carrying amount \$m	Dec 17 Fair value \$m	Jun 17 Carrying amount \$m	Jun 17 Fair value \$m
Financial assets measured at fair value						
Listed equity securities (excluding derivatives)		1	436.4	436.4	502.2	502.2
Unlisted equity securities		3	106.4	106.4	96.6	96.6
Forward foreign exchange contracts - used for hedging	14	2	1.0	1.0	0.3	0.3
Cross currency swap - used for hedging	14	2	121.6	121.6	132.2	132.2
Interest rate swaps - used for hedging	14	2	0.8	0.8	-	-
Equity derivatives	14	2	4.4	4.4	1.3	1.3
			670.6	670.6	732.6	732.6
Financial assets not measured at fair value						
Cash and cash equivalents		-	350.7	350.7	172.5	172.5
Trade and other receivables		-	531.7	531.7	341.4	341.4
			882.4	882.4	513.9	513.9
Financial liabilities measured at fair value						
Forward foreign exchange contracts - used for hedging	14	2	33.6	33.6	25.0	25.0
Cross currency swap - used for hedging	14	2	41.7	41.7	48.6	48.6
Equity derivatives	14	2	1.1	1.1	0.9	0.9
			76.4	76.4	74.5	74.5
Financial liabilities not measured at fair value						
Trade and other payables (excluding accruals)		-	264.9	264.9	156.6	156.6
Fixed term US dollar notes	12	2	619.3	698.5	627.3	740.5
Other borrowings	12	2	1,751.4	1,746.1	853.3	853.3
			2,635.6	2,709.5	1,637.2	1,750.4

There have been no transfers between different levels in the fair value hierarchy during the period.

Notes to the Consolidated Financial Statements

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

14. DERIVATIVE FINANCIAL INSTRUMENTS

	Dec 17 \$m	Jun 17 \$m
CURRENT ASSETS		
Forward foreign exchange contracts - cash flow hedges	1.0	0.3
Other derivatives	4.4	-
	5.4	0.3
NON-CURRENT ASSETS		
Cross currency swaps - cash flow hedges	121.6	132.2
Other derivatives - cash flow hedges	0.8	1.3
	122.4	133.5
CURRENT LIABILITIES		
Forward foreign exchange contracts - cash flow hedges	(11.4)	(1.5)
Other derivatives	(1.1)	(0.9)
	(12.5)	(2.4)
NON-CURRENT LIABILITIES		
Forward foreign exchange contracts and cross currency swaps - cash flow hedges	(20.3)	(23.5)
Cross currency interest rate swaps - fair value adjustment	(41.7)	(48.6)
Other derivatives	(1.9)	-
	(63.9)	(72.1)
Net derivative financial instruments	51.4	59.3

The Group is a party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in interest rates, foreign exchange rates and equity prices in accordance with the Group's financial risk management policies.

Interest rate swaps

The Group's policy is to hedge a portion of its interest bearing liabilities from exposure to changes in interest rates.

The gain or loss from remeasuring the hedging instruments to fair value is deferred in equity in the hedge reserve and reclassified into profit or loss when the hedged interest expense is recognised. To the extent that the hedge is ineffective or undesignated, the fair value movement is recognised in profit or loss.

Forward foreign exchange contracts

The Group has entered into forward foreign currency exchange contracts to hedge the US Dollar (USD) denominated debt in conjunction with cross currency swaps. The Group has obligations to repay the principal amount of USD denominated debt and interest thereon. 100 per cent of USD denominated debt and coupon obligations are hedged with foreign exchange derivatives.

The Group from time to time also enters into forward foreign exchange contracts to hedge certain known trading commitments predominantly denominated in USD. The terms of these commitments are generally shorter than one year.

Cross currency swaps

The Group has obligations to repay the principal and interest relating to USD denominated debt. The Group enters into cross currency swap contracts to hedge these obligations.

Equity derivatives

The Group enters into equity derivatives from time to time to hedge the value of listed investments or to gain exposure to certain market sectors.

Notes to the Consolidated Financial Statements

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

15. CAPITAL

	Dec 17 \$m	Jun 17 \$m
SHARE CAPITAL		
316,485,208 ordinary shares, fully paid (June 2017: 281,240,870)	2,431.4	2,046.0
4,963,640 TELYS4 preference shares, fully paid (June 2017: 4,963,640)	427.2	427.2
64,959 treasury shares, fully paid (June 2017: 44,720)	-	(0.3)
Balance at end of the period	2,858.6	2,472.9
MOVEMENTS IN ORDINARY SHARES		
Balance at beginning of the period	2,046.0	2,046.0
Shares issued under equity raise - October 2017 - (35.0 million shares)	385.4	-
Balance at end of the period	2,431.4	2,046.0

In July 2017, the Company issued 0.2 million shares for nil consideration to satisfy employee share scheme obligations. An additional 0.1 million shares were acquired on market at a cost of \$0.7 million.

During the period, the Company conducted an equity raising (equity raise) via a fully-underwritten placement of ordinary shares to institutions and sophisticated investors (Placement) and a non-underwritten Share Purchase Plan (SPP) to eligible retail shareholders. Gross proceeds of \$392.0 million were received from the equity raise, with \$375.0 million from the Placement and \$17.0 million from the SPP. The shares are fully paid and rank equally with existing ordinary shares.

The Company does not have authorised share capital or par value in respect of its shares. All issued shares are fully paid. The Company's on-market TELS4 share buy-back concluded on 17 August 2017 with no shares bought back during the period.

16. DIVIDENDS

	Date of payment	Franked / unfranked	Amount per share \$	Total \$m
DIVIDENDS PAID				
Ordinary shares				
Final dividend in respect of 2017 year	6 Oct 17	Franked	0.21	59.1
Transferable Extendable Listed Yield Shares (TELYS4)				
Dividend	30 Nov 17	Franked	2.3180	11.5
Total dividends paid				70.6
Ordinary shares				
Final dividend in respect of 2016 year	7 Oct 16	Franked	0.20	56.2
Transferable Extendable Listed Yield Shares (TELYS4)				
Dividend	30 Nov 16	Franked	2.4093	12.0
Total dividends paid				68.2

SUBSEQUENT EVENT

Current period interim dividend on ordinary shares proposed but not provided

Ordinary shares

Interim dividend in respect of 2018 year	20 Apr 18	Franked	0.21	66.5
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The current TELYS4 Dividend Rate for the period 30 November 2017 to 30 May 2018 is 4.6655 per cent per annum, fully franked.

Notes to the Consolidated Financial Statements

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

17. CONTROLLED ENTITIES

	Notes	Country of incorporation	OWNERSHIP INTEREST	
			Dec 17 %	Jun 17 %
PARENT ENTITY				
Seven Group Holdings Limited	(a)	Australia		
SUBSIDIARIES				
All Hire Pty Limited	(b)	Australia	100	-
Allight Holdings Pty Limited	(a)	Australia	100	100
AllightSykes New Zealand Limited		New Zealand	100	100
AllightPrimax FZCO		UAE	100	100
AllightSykes Pty Limited	(a)	Australia	100	100
AllightSykes SA (Proprietary) Limited		South Africa	100	100
Allplant Services Pty Limited	(b)	Australia	100	-
Australian Highway Plant Services Pty Limited	(b)	Australia	100	-
C7 Pty Limited	(a)	Australia	100	100
Coates Fleet Pty Limited	(b)	Australia	100	-
Coates Group Holdings Pty Limited	(b)	Australia	100	-
Coates Group Pty Limited	(b)	Australia	100	-
Coates Hire Access SPV Pty Limited	(b)	Australia	100	-
Coates Hire Holdco SPV Pty Limited	(b)	Australia	100	-
Coates Hire Limited	(b)	Australia	100	-
Coates Hire (NZ) Limited	(b)	New Zealand	100	-
Coates Hire Operations Pty Limited	(b)	Australia	100	-
Coates Hire Overseas Investments Pty Limited	(b)	Australia	100	-
Coates Hire Traffic Solutions Pty Limited	(b)	Australia	100	-
Direct Target Access Pty Limited	(a)	Australia	100	100
DWB (NH) Pty Limited	(b)	Australia	100	-
FGW Pacific Pty Limited		Australia	100	100
Industrial Investment Holdings Pty Limited		Australia	100	100
Kimlin Holdings Pty Limited		Australia	100	100
Liaoning WesTrac Machinery Equipment Limited	(c)	China	-	100
Manooka Holdings Pty Limited	(a)	Australia	100	100
Miltonstar Pty Limited	(a)	Australia	100	100
Mining Equipment Spares Pty Limited		Australia	100	100
Nahi Pty Limited	(b)	Australia	100	-
National Hire Equipment Pty Limited	(b)	Australia	100	-
National Hire Facilitation Pty Limited	(a)	Australia	100	100
National Hire Finance Pty Limited	(b)	Australia	100	-
National Hire Group Limited	(a)	Australia	100	100
National Hire Operations Pty Limited	(b)	Australia	100	-
National Hire Properties Pty Limited	(b)	Australia	100	-
National Hire Trading Pty Limited	(b)	Australia	100	-
Ned Finco Pty Limited	(b)	Australia	100	-
Network Investment Holdings Pty Limited	(a)	Australia	100	100
Point Pty Limited	(a)	Australia	100	100
Primax USA Inc		USA	100	100
Priority People Solutions Pty Limited		Australia	100	100
PT AllightSykes		Indonesia	100	100
PT Coates Hire Indonesia	(b)	Indonesia	100	-
PT Coates Services Indonesia	(b)	Indonesia	100	-
Pump Rentals Pty Limited	(a)	Australia	100	100
Realtime Reporters Pty Limited		Australia	100	100
Seven Broadcast Properties Trust		Australia	100	100

Notes to the Consolidated Financial Statements

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

17. CONTROLLED ENTITIES (CONTINUED)

	Notes	Country of incorporation	OWNERSHIP INTEREST	
			Dec 17 %	Jun 17 %
Seven Custodians Pty Limited	(a)	Australia	100	100
Seven Entertainment Pty Limited		Australia	100	100
Seven Media Group Pty Limited	(a)	Australia	100	100
Seven (National) Pty Limited	(a)	Australia	100	100
Seven Network International Limited	(a)	Australia	100	100
Seven Network Investments Pty Limited	(a)	Australia	100	100
Seven Network Limited	(a)	Australia	100	100
Seven Network Nominees Pty Limited	(a)	Australia	100	100
Seven Network (United States) Inc		USA	100	100
Seven Resources Pty Limited	(a)	Australia	100	100
Seven (WAN) Pty Limited		Australia	100	100
SGH Communications Pty Limited		Australia	100	100
SGH Energy Aust. Pty Limited		Australia	100	100
SGH Energy Corporate Pty Ltd		Australia	100	100
SGH Energy (No 1) Pty Limited		Australia	100	100
SGH Energy (No 2) Pty Limited		Australia	100	100
SGH Energy NTP66 Pty Ltd		Australia	100	100
SGH Energy NV Pty Ltd		Australia	100	100
SGH Energy Pty Ltd		Australia	100	100
SGH Energy Services Pty Ltd		Australia	100	100
SGH Energy VICP54 Pty Ltd		Australia	100	100
SGH Energy VICP56 Pty Ltd		Australia	100	100
SGH Energy WA Pty Ltd		Australia	100	100
SGH Energy WA377P Pty Ltd		Australia	100	100
SGH Productions Pty Limited	(a)	Australia	100	100
Sitech (Beijing) Engineering Technology Development Company Limited	(c)	China	-	51
Sitech Solutions Pty Limited		Australia	51	51
Sitech (WA) Pty Limited		Australia	51	51
SMG Executives Pty Limited		Australia	100	100
SMG FINCO Pty Limited	(a)	Australia	100	100
SNZ Pty Limited	(a)	Australia	100	100
Specialised Investments Pty Limited		Australia	100	100
Sykes Fleet Services Pty Limited		Australia	100	100
Sykes Group Pty Limited	(a)	Australia	100	100
Tallglen Pty Limited	(a)	Australia	100	100
Tianjin WesTrac Machinery Equipment Limited	(c)	China	-	100
Tru Blu Hire Australia Pty Limited	(b)	Australia	100	-
Weishan (Beijing) Machinery Equipment Limited	(c)	China	-	100
WesTrac (Beijing) Machinery Equipment Limited	(c)	China	-	100
WesTrac China Limited	(c)	Hong Kong	-	100
WesTrac (China) Machinery Equipment Limited	(c)	China	-	100
WesTrac Holdings Pty Limited	(a)	Australia	100	100
WesTrac Hong Kong Limited	(c)	Hong Kong	-	100
WesTrac Machinery Distribution Pty Limited		Australia	100	100
WesTrac Pty Limited		Australia	100	100

(a) Pursuant to ASIC Corporations (Wholly-Owned Companies) Instrument 2016/785 these controlled entities are relieved from the Corporations Act 2001 requirements for the preparation, audit and lodgement of financial reports.

(b) This company was acquired as part of the Coates Hire acquisition. Refer to Note 18: Business Combination for further detail.

(c) This company was disposed of as part of the WesTrac China disposal group. Refer to Note 19: Disposal of Business for further detail.

Notes to the Consolidated Financial Statements

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

18. BUSINESS COMBINATION

Coates Hire acquisition

On 20 September 2017, the Company announced the acquisition of the remaining 53.3 per cent of Coates Group Holdings Pty Ltd (Coates Hire), Australia's leading equipment hire company.

The transaction was completed on 25 October 2017 (acquisition date), moving SGH to full ownership of Coates Hire. The acquisition continues SGH's focus on becoming the leading operator of industrial services businesses in Australia and driving efficient capital allocation across its portfolio.

As the acquisition represented a step-acquisition, the Group's existing 46.7 per cent equity accounted interest was first revalued to its fair value of \$323.5 million at 25 October 2017 consistent with AASB 3 Business Combinations. The difference between the fair value and carrying value of the Group's investment in Coates Hire on acquisition date of \$14.5 million has been recognised as a gain on revaluation in the consolidated income statement.

Coates Hire has contributed revenue of \$156.6 million and a net profit after tax of \$12.9 million for the period. Had the transaction taken place on 1 July 2017, Coates Hire would have contributed revenue of \$476.5 million and a net profit after tax of \$42.9 million.

Details of the purchase consideration, the net assets and the allocation of identifiable intangibles are provisional and have not been finalised.

Goodwill on acquisition of \$1,049.9 million represents the benefit of increased exposure to Australia's growing East Coast infrastructure activity as well as synergies to be generated through the Group's existing industrial services businesses.

Acquisition costs of \$1.0 million relating to the transaction have been incurred in the current period and are included in other expenses in the consolidated income statement.

	\$m
Consideration	
Cash paid	507.7
Non-share equity interests acquired	9.1
Cash acquired	(21.4)
Fair value of existing equity accounted interest	323.5
Total consideration	818.9
Identifiable assets acquired and liabilities assumed	
Trade and other receivables	189.5
Inventories	5.9
Other current assets	14.1
Property, plant and equipment	675.7
Identifiable intangible assets	131.9
Trade and other payables	(107.9)
Net deferred tax liabilities	(61.9)
Interest bearing loans and borrowings	(1,033.6)
Derivative financial instruments	(2.8)
Provisions	(41.9)
Provisional fair value of identifiable net liabilities assumed	(231.0)
Goodwill on acquisition	
Total consideration transferred for accounting purposes at fair value	818.9
Less: provisional fair value of identifiable net liabilities assumed	231.0
Goodwill on acquisition	1,049.9

Notes to the Consolidated Financial Statements

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

19. DISPOSAL OF BUSINESS

Sale of WesTrac China

The sale of entities comprising the Group's WesTrac China operating segment to Lei Shing Hong Machinery Limited was completed on 31 October 2017.

A net gain on sale of \$74.3 million, comprising \$5.3 million loss on sale of discontinued operations, transaction costs of \$0.3 million and \$79.9 million for amounts reclassified from foreign currency translation has been recognised in the consolidated income statement.

	Dec 17	Dec 16
	\$m	\$m
Profit for the period from discontinued operations		
Revenue	189.9	239.3
Other income	2.3	2.9
Fair value movement of derivatives	-	0.9
Expenses excluding depreciation and amortisation	(174.2)	(222.5)
Profit before depreciation, amortisation, net finance expense and income tax	18.0	20.6
Depreciation and amortisation	(0.8)	(1.8)
Profit before net finance expense and income tax	17.2	18.8
Net finance expense	(2.1)	(1.6)
Profit before income tax	15.1	17.2
Income tax expense	(4.7)	(0.9)
Profit for the period from discontinued operations	10.4	16.3
Profit for the period from discontinued operations attributable to:		
Equity holders of the Company	10.4	16.4
Non-controlling interest	-	(0.1)
Profit for the period from discontinued operations	10.4	16.3
	Dec 17	Dec 16
	\$m	\$m
Cash flows from discontinued operations		
Net cash outflows from operating activities	(43.1)	(25.5)
Net cash outflows from investing activities	(1.7)	(1.8)
Net cash inflows/(outflows) from financing activities	5.7	(0.1)
Net cash outflows	(39.1)	(27.4)

Notes to the Consolidated Financial Statements

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

20. EVENTS SUBSEQUENT TO BALANCE DATE

Other than as outlined below, there has not arisen in the interval between 31 December 2017 and the date of this Report any event that would have had a material effect on the Consolidated Interim Financial Report as at 31 December 2017.

Movement in share prices of listed investments

Subsequent to period end, there has been movement in the share prices of listed investments and as a result, the value of the Group's investments have varied from what is presented in this interim financial report. The market value of listed investments at 20 February 2018 compared to their market value at 31 December 2017 is outlined below.

	Market value	
	20 Feb 18	31 Dec 17
	\$m	\$m
Listed equity securities	408.4	436.3
Listed investments accounted for using the equity method	1,160.4	1,097.0
Total listed investments	1,568.8	1,533.3

21. RELATED PARTY TRANSACTIONS

Arrangements with related parties continue to be in place. For details of these arrangements refer to the Remuneration Report and Note 33 of the 2017 Annual Report. There has not been any substantial related party transactions during the period.

Directors' Report

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

The Directors of Seven Group Holdings Limited (the Company) are pleased to present their report together with the consolidated financial statements, comprising the Company and its subsidiaries (the Group), for the half-year ended 31 December 2017 and the review report thereon.

DIRECTORS

The Directors of Seven Group Holdings Limited at any time during or since the end of the half-year are:

NAME	PERIOD OF DIRECTORSHIP
EXECUTIVE	
Kerry Matthew Stokes AC (Executive Chairman)	Director and Executive Chairman since April 2010
Ryan Kerry Stokes (Managing Director & Chief Executive Officer)	Director since February 2010 and Managing Director & Chief Executive Officer since July 2015
Bruce Ian McWilliam (Commercial Director)	Director since April 2010
NON-EXECUTIVE	
Annabelle Chaplain	Director since November 2015
Terry James Davis	Director since June 2010
Christopher John Mackay	Director since June 2010
David Ian McEvoy	Director since May 2015
Warwick Leslie Smith AM	Director since September 2014
Richard Anders Uechtritz	Director since June 2010

REVIEW OF RESULTS AND OPERATIONS

A review of operations and of the results of those operations is attached and forms part of this Report.

LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

The lead auditor's independence declaration is set out on page 31 and forms part of the Directors' Report for the half-year ended 31 December 2017.

ROUNDING OFF

The Company is of a kind referred to in ASIC Instrument 2016/191 and in accordance with that Instrument, amounts in the Directors' Report and the half-year Financial Report are rounded off to the nearest whole number of million of dollars and one place of decimals representing hundreds of thousands of dollars unless otherwise stated.

Signed in accordance with a resolution of the Directors



KM Stokes AC
Executive Chairman

Sydney, 21 February 2018

The Board of Directors
Seven Group Holdings Limited
38-42 Pirrama Road
Pyrmont NSW 2009

21 February 2018

Dear Board Members

Seven Group Holdings Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Seven Group Holdings Limited.

As lead audit partner for the review of the financial statements of Seven Group Holdings Limited for the half-year ended 31 December 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

JL Gorton

JL Gorton
Partner
Chartered Accountant

Directors' Declaration

SEVEN GROUP HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

In the opinion of the Directors of Seven Group Holdings Limited (the Company):

1. the consolidated financial statements and notes set out on pages 3 to 29 are 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 2017 and of its 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; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.



KM Stokes AC
Executive Chairman

Sydney, 21 February 2018

Independent Auditor's Review Report to the Members of Seven Group Holdings Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Seven Group Holdings Limited (the "Company"), which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, selected explanatory notes, and the directors' declaration. The consolidated Group comprises the Company (Seven Group Holdings Limited) and the companies it controlled at the half-year's end or from time to time during the financial period.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated Group's financial position as at 31 December 2017 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 Seven Group Holdings Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of Seven Group Holdings Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Seven Group Holdings Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its 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*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

JL Gorton

JL Gorton
Partner
Chartered Accountants
Sydney, 21 February 2018