

## **Consolidated 1H FY2016 total pro forma sales<sup>1</sup> up 40% to A\$144.9 million with pro forma EBITDA<sup>1</sup> of A\$13.9 million**

Sydney, Australia – SurfStitch Group Limited (ASX: SRF) today reported 1H FY2016 pro forma sales<sup>1</sup> of A\$144.9 million, representing a 40% increase versus prior year 1H FY2015<sup>2</sup>. The Group's content strategy enhanced the strong double digit revenue growth in all regions. Over the same period, the Group reported an increase of 140bps in pro forma gross profit margin<sup>1</sup> increasing from 46.9% in 1H FY2015 to 48.3% in 1H FY2016 reflecting the positive impacts of content initiatives on the Group's margins. While integration costs related to rebranding and acquisitions, including the recent acquisitions of Garage Entertainment & Production and Surf Hardware International, continued in 1H FY2016, the Group delivered A\$13.9 million in pro forma EBITDA<sup>1</sup> and net profit after tax of A\$5.7m.

SurfStitch Group reported statutory results for the period of 01 July 2015 to 31 December 2015. During this period, the Consolidated SurfStitch Group reported A\$144.9m in revenue, A\$3.3 million in profit before tax, and A\$1.0 million in net profit after tax from continuing operations. The statutory results were impacted by acquisition share-based payments and other transaction and capital raise fees.

In order to provide a comprehensive view of the consolidated business and to provide visibility into continuing operations, pro forma adjustments have been taken to the periods of 1 July 2015 to 31 December 2015 and 1 July 2014 to 31 December 2014. Pro forma adjustments to the 1H FY2015 statutory accounts include the assumption that SurfStitch, Surfdome, SWELL, Magicseaweed and Stab were acquired as at 1 July 2014 with their earnings included in all periods shown. Pro forma adjustments to the 1H FY2016 statutory accounts include acquisition fair value inventory step up, one-time non-recurring expenses relating to acquisition and capital raise fees and acquisition share-based payments.

### **FINANCIAL RESULTS**

Today's announcement reflects the economic benefits of scale throughout the Group and the Group's accelerated initiatives around content. As the largest action sports market, North America is the core focus on content implementation with the Group's global rebranding under SWELL.

<sup>1</sup> Includes 51 days of Garage Entertainment & Production contribution and 27 days of SHI contribution. Included in the 1H FY2016 numbers is A\$4m and A\$2m of revenue contribution from these businesses, respectively. Pro forma gross profit includes an adjustment for the fair value inventory step-up from the SHI acquisition (\$200k). EBITDA, EBIT, PBT and NPAT exclude capital raise fees, acquisition transaction costs and acquisition share-based payments. EBITDA is calculated as Statutory EBIT plus D&A plus acquisition share-based payments and the fair value inventory step-up from the SHI acquisition (\$200k).

<sup>2</sup> Represents reported pro forma 1H FY2015 results. Assumes SurfStitch, Surfdome, SWELL, Magicseaweed and Stab acquired as at 1 July 2014 and are included in all periods shown; Excludes IPO listing, capital raise and acquisition fees

Pro forma Consolidated Results			
(A\$ in millions)	1H FY2015 <sup>3</sup>	1H FY2016 <sup>4</sup>	% growth
Revenue	\$103.6	\$144.9	40%
Gross Profit	\$48.6	\$69.9	44%
Opex (ex D&A)	(\$45.6)	(\$56.0)	+528bps
Pro forma EBITDA	\$3.0	\$13.9	363%
EBIT	\$0.1	\$7.9	5,268%
PBT	\$0.3	\$8.1	2,861%
NPAT	\$0.3	\$5.7	1,996%
Basic EPS	\$0.00	\$0.03	n/a
Net cash	\$36.1	\$61.2	70%

“Our objective is to accelerate our revenue growth across the Group and enhance profitability through scale” said Justin Cameron, SurfStitch Group’s CEO. “With that objective in mind, we’ve made meaningful investments that are enabling us to create a unique digital ecosystem that engages with our core community at every stage of their action sports lifestyle. We continue to bring all platforms together to achieve the full benefits of our strategic acquisitions and branding strategy. In doing so, we have executed on significant strategic milestones that further align us to our objective:

- ✓ Acquisition of Garage Entertainment and Production which produces and digitally distributes premium action and extreme sports long form films and TV content
- ✓ Acquisition of SHI, a global designer, marketer and distributor of innovative and high performance water board sports products and accessories
- ✓ Launched successful new content initiatives
- ✓ Continued progress on global SWELL rebranding, which remains on schedule

With the foundation in place, we turn towards the next phase of growth – investment in our internal content network. Equipped with the ability to create the various forms of content that resonate with our community (subscription video on demand, edgy digital publications, user generated community and utility applications) we will be leveraging our position and accelerating investment in generating content through our platforms.”

## SALES

Total sales grew by 40% for the half year FY2016 to A\$144.9 million.

<sup>3</sup> Represents reported pro forma 1H FY2015 results. Assumes SurfStitch, Surfdome, SWELL, Magicseaweed and Stab acquired as at 1 July 2014 and are included in all periods shown; Excludes IPO listing, capital raise and acquisition fees.

<sup>4</sup> Includes 51 days of Garage Entertainment & Production contribution and 27 days of SHI contribution. Included in the 1H FY2016 numbers is A\$4m and A\$2m of revenue contribution from these businesses, respectively. Pro forma gross profit includes an adjustment for the fair value inventory step-up from the SHI acquisition (\$200k). EBITDA, EBIT, PBT and NPAT exclude capital raise fees, acquisition transaction costs and acquisition share-based payments. EBITDA is calculated as Statutory EBIT plus D&A plus acquisition share-based payments and the fair value inventory step-up from the SHI acquisition (\$200k).

Growth for the SurfStitch Group accelerated in all regions as the Group successfully leveraged content across all platforms. In particular, North America has been a strategic focus for targeted content initiatives aimed at delivering growth and ROI. As a result, North American sales grew by 63%.

Both Europe and Asia Pacific continued their high double digit growth trajectory, benefiting from select content initiatives and continued momentum of expansion into new markets. Europe grew by 39%, benefitting from expansion in greater Europe and Asia-Pacific grew by 32%, with Asia growth continuing to accelerate.

Pro forma Sales and Gross Profit Financial Highlights by Region				
(A\$ in millions)	Consolidated Group	North American Operations	European Operations	Asia-Pacific Operations
1H FY2016 sales <sup>5</sup>	\$144.9	\$24.1	\$65.0	\$55.8
1H FY2016 sales growth <sup>6</sup>	40%	63%	39%	32%
Gross profit margin <sup>5</sup>	48.3%	55.3%	45.6%	48.3%
Margin improvement <sup>6</sup>	140bps	1,444bps	(83bps)	(112bps)

## GROSS PROFIT MARGIN

The Group's enhanced content strategy, syndication, and focus on hard good products delivered 140bps improvement in gross profit margin for 1H FY2016. As the primary region of focus, North America saw the greatest impact of this strategy. Asia-Pacific and Europe's margins are expected to increase over time as greater content investment is made for those regions.

## OPERATING EXPENSES

In 1H FY2016, the Group gained greater revenue scale and continued to recognise cost rationalisations from integration and consolidation. As a result, operating costs to sales improved 393bps (Exhibit B).

Labour costs for 1H FY2016 decreased as ratio of sales by 163bps vs 1H FY2015. Improved labour efficiencies across Group functions was the primary driver.

Marketing investment continued its disciplined approach, shifting a greater portion of spend towards content from our internal platforms and focusing on high yield channels and the removal of redundant strategies.

Consolidation towards one technology platform is generating positive benefits with costs as a percent of sales decreasing by 61bps.

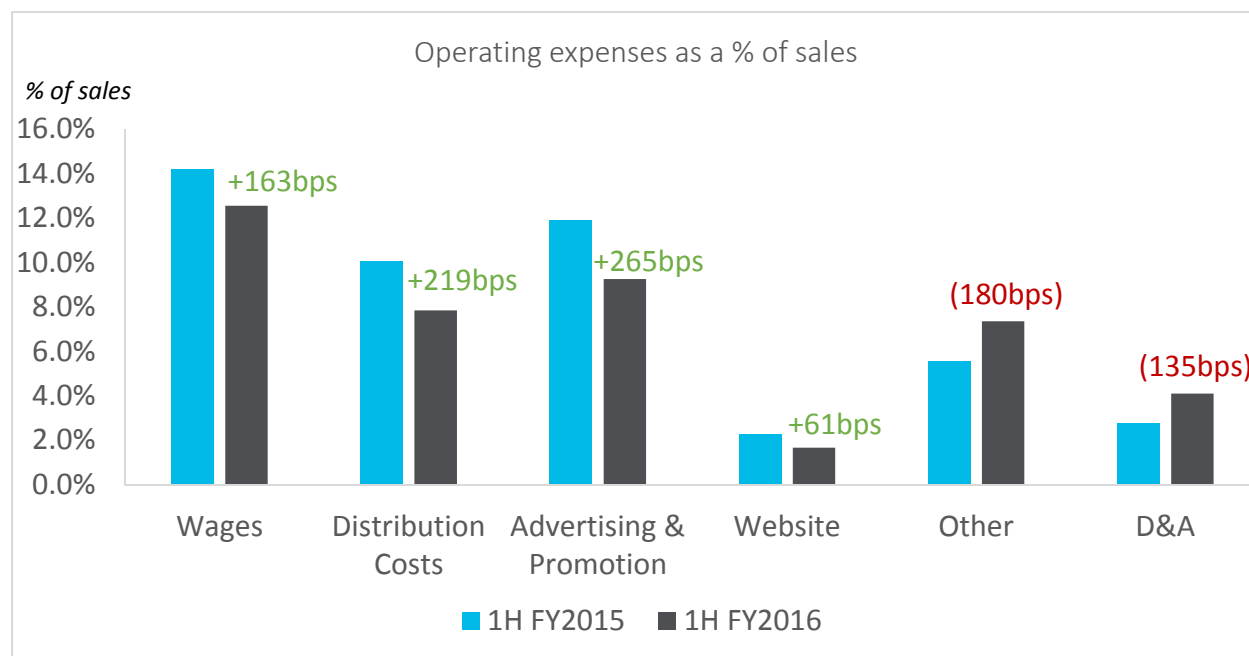
<sup>5</sup> Includes 51 days of Garage Entertainment & Production contribution and 27 days of SHI contribution. Included in the 1H FY2016 numbers is A\$4m and A\$2m of revenue contribution from these businesses, respectively. Pro forma gross profit includes an adjustment for the fair value inventory step-up from the SHI acquisition (\$200k).

<sup>6</sup> 1H FY16 as compared to reported pro forma 1H FY2015 results. 1H FY2015 assumes SurfStitch, Surfdome, SWELL, Magicseaweed and Stab acquired as at 1 July 2014 and are included in all periods shown; Excludes IPO listing, capital raise and acquisition fees

In Australia, the SurfStitch Group relocated to a larger warehouse which provides for 100% more capacity. In time, the warehouse will generate delivery and labour savings from improved delivery lead-time and extended cut-off times. Through the SHI acquisition the SurfStitch Group inherited new warehouses in Europe, Japan and the US.

As we grow our business and brands, our amortization will increase.

## EXHIBIT B – Operating expenses as a % of sales



## NET FINANCE

There is no debt at the SurfStitch Group or subsidiary levels. The interest income gained from proceeds of the capital raise and strong cash balance sheet position, had a positive impact to net financing in 1H FY2016 that will continue into 2H FY2016.

## CASH GENERATION AND WORKING CAPITAL

The broadly neutral cash flow from operations plus transaction costs less capex of A\$1.4m was delivered despite significant working capital investment to drive continued top line growth improvements and inventory lead-times of vertical product through our hard goods strategy with our recent acquisition of Surf Hardware International.

## CAPITAL EXPENDITURE

Capital expenditure for the Group was A\$1.5m for 1H FY2016, predominantly invested in core IT and warehousing solutions. In anticipation of growth and capacity requirements to support it, the SurfStitch Group has made significant capital investments in IT platforms, including capital expenditures to build-out the IT infrastructure to accommodate the entire Group on one integrated API-lead platform. The technology is expected to offer customers an enhanced and market leading e-commerce experience

across all of our websites and across all types of devices. We also continue to drive to increase the range of devices we publish on.

## STRONG BALANCE SHEET

The SurfStitch Group has no debt at the Group or subsidiary levels and is in a net cash position of A\$61m as of 31 December 2015.

## FX IMPACT

The SurfStitch Group is a global business with operations in the USA, Japan, Europe and Australia. While our business model serves as a natural FX hedge allowing us to price at the regional level and minimise impact to costs by sourcing the most effectively, we report in Australian dollars but also earn revenues in US dollars, Euros, Japanese yen and British pounds.

FX rate to Australian Dollars		
Region	1H FY2015	1H FY2016
USD:AUD	1.1547x	1.3710x
GBP:AUD	1.8427x	2.0801x
EUR: AUD	1.4493x	1.5038x

## FY16 STRATEGY

Mr. Cameron commented “At our full year results and again following our announcements of SHI and Garage Entertainment and Production we reiterated to the market the importance of content in delivering long-term sustainable and profitable growth. Pressures in e-commerce and proliferation of online shopping are forcing retailers to compete on price if they have no other differentiating factor to capture an audience. At the same time, media companies have been looking for new ways to monetise their already captive audience in the face of decreasing marketing spend on traditional forms of advertising. Companies like Netflix and Amazon have found success in monetising their audience by offering exclusive products and offerings to participating members. Both companies have invested very heavily in content in order to capture this audience and have effectively created a virtuous cycle: invest in exclusive content, charge customers to gain access to that content, and once engaged give them additional benefits that secure their loyalty.”

Anticipating the emerging trends in both e-commerce and media, SurfStitch Group has been actively creating a global destination for customers, suppliers and partners. The increased investment in content in the next 6-12 months will benefit margins in the next 12-18 months. Importantly, the investment in large content investment projects can be re-purposed across the entire global user base and in doing so potentially de-risk inventory holding positions by promoting the e-commerce platform –encouraging sell through and limiting stock recourse.

The SurfStitch Group will be offering its own unique SWELL branded program. Members will gain access to:

- Exclusive unlimited, instant movie and short form action sports steaming with an emphasis on exclusive content (in key markets)

- Exclusive product bundle shipped with offer
- Exclusive e-commerce benefits
- Unlimited premium surf and snow forecasting and photo uploads
- Exclusive global travel benefits

The SurfStitch Group intends to monetise the program by charging an annual subscription. Members will also continue to purchase video/exclusive TV seasons and action sports apparel and hardgoods on SWELL, and by participating in the program will be incentivised to purchase more frequently. The captive community is expected to create additional monetisation opportunities via content network JVs and 3<sup>rd</sup> party advertising on the SWELL network.

The SWELL program, combined with the margin benefits of other content investments, is expected to drive stronger and more consistent margin performance for the Group.

“We have witnessed firsthand in North America and through select content initiatives in Asia-Pacific and Europe that our content strategy can deliver improved margins, de-risking opportunities and create a loyal community base. Naturally, we want to expose our entire e-commerce platform to those benefits and leverage the full capabilities of our content platforms. As a result we will be increasingly investing into our existing content platforms, focusing on long term ROI targets of 20-25%. Our evolving margin profile will see upfront investments over the next 6-12 months that will benefit margins in the next 12-18 months. We have the flexibility to fine tune our investment based on expected return metrics for each project,” noted Mr. Cameron.

The content investment will focus on short-form and long-form production, syndication, and social opportunities generated by Garage, Magicseaweed and Stab Magazine. The productions will provide opportunities to gain exclusive rights through JVs with cinematographers / photographers.

SurfStitch Group will also be investing in staff to support the growing demand on the content network. “We are committed to our content strategy and will be relocating the founders of Stab and Magicseaweed to North America where key management structures are being built,” Mr. Cameron commented.

The global SWELL platform launch will coincide with the content investment, ensuring that both the e-commerce and content networks have meaningful capacity benefits.

## FY16 GUIDANCE

Strong double digit revenue growth is expected to continue with strong gross profit margins. SurfStitch Group will pursue demonstrated opportunities around accelerated content investment. Given the pace of change and long term opportunities presented to the business, Management and the Board believe it is no longer prudent to focus on a defined EBITDA range. Instead, EBITDA growth will be flexed based on investment around the Global content strategy.

Additional opportunities for growth exist through acquisitions to support the Group’s strategy however focus remains on internal content investment.

No dividends are currently planned. Cash will continue to be reinvested in growth opportunities.

## Analyst and Investor briefing:

A briefing will be held for analysts and investors today at 10:30am (AEDT time). This briefing will be webcast live at: <http://webcast.openbriefing.com/2662/>. Viewers will need to register their name, email and company to access the webcast. An archive webcast of the briefing will be available afterwards at: <https://www.surfstitchgroup.com/investors/>

*All numbers outside of Statutory numbers are unaudited. The Statutory numbers are audited financials. The financial information includes non-IFRS information which has not been specifically audited in accordance with Australian Accounting Standards. This release may contain "forward-looking statements". Forward-looking statements can generally be identified by the use of words such as "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "believe", "continue", "objectives", "outlook", "guidance" and similar expressions. Indications of plans, strategies and objectives of management, sales and financial performance are also forward-looking statements. Forward-looking statements are not guarantees of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of SurfStitch Group. Actual results, performance or achievements may vary materially from any forward-looking statements. Readers are cautioned not to place undue reliance on forward-looking statements, which are current only as at the date of this release. SurfStitch assumes no obligation to update such information.*

## SurfStitch Group Resources

For more information on the SurfStitch Group, please visit:

- Investor Centre: <https://www.surfstitchgroup.com/investors/>
- SurfStitch Group Website: <https://www.surfstitchgroup.com/>
- SWELL Website: <http://www.swell.com/>
- SurfStitch Website: <http://www.surfstitch.com/>
- Surfdome Website: <https://www.surfdome.com/>
- Magicseaweed Website: <http://magicseaweed.com/>
- Stab Magazine Website: <http://www.stabmag.com/>
- Garage Entertainment Website: <http://www.garageentertainment.com.au/>
- Surf Hardware International Website: <http://www.surfhardware.com/>
- FCS Website: <http://www.surffcs.com/>
- Gorilla Website: <http://www.gorillasurf.com/>
- Hydro Website: <http://www.hydrosportz.com/>
- Softech Website: <http://www.softechsoftboards.com/>

## Media and Investor Relations

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## About SurfStitch Group

SurfStitch Group is an industry leading online global action sports and youth culture network. SurfStitch Group has evolved from a pure-play online action sports retailer to become a destination for customers to connect with everything action sports related. Together, SurfStitch Group's websites serve a unique customer



community of over 6 million, representing a digital ecosystem capable of capturing and influencing all points of the surf and action sports lifestyle cycle.

SurfStitch Group's global retail business is now home to over 50,000 styles from over 600 of the world's leading and unique action sports and street fashion brands, including SurfStitch Group's vertical line of hard goods under the brands: FCS, Gorilla, Hydro and Softech.

SurfStitch Group's media businesses consist of:

- **Magicseaweed** – Magicseaweed is the world's leading user generated surf content network and surf forecaster.
- **Stab** – As the leading surf content player, Stab represents a platform for athletes to engage consumers, for brands to inspire consumers with new and exclusive products, for users to engage in video and social environments, and broader events and industry updates.
- **Garage Entertainment and Production** – Garage Entertainment and Production produces and digitally distributes premium action and extreme sports long form films and TV content through SVOD and linear channels.
- **'The Lens'** – 'The Lens' is SurfStitch.com's content publishing platform created for customers to engage in and experience everything action sports and youth lifestyle related.

Headquartered in Sydney, Australia, the SurfStitch Group has regional office locations in Australia, the UK, the USA, France and Japan. The Company's ordinary shares trade on the Australian Securities Exchange (ASX) under the ticker SRF.



**TABLE 1: PRO FORMA PROFIT OR LOSS STATEMENT FOR THE PERIOD 1 JULY TO 31 DECEMBER**

A\$ in millions	1H FY2015 <sup>7</sup>	1H FY2016 <sup>8</sup>
Revenue	\$103.6	\$144.9
COGS	(55.1)	(75.0)
<b>Gross profit</b>	<b>\$48.6</b>	<b>\$69.9</b>
Opex	(45.6)	(56.0)
<b>EBITDA</b>	<b>\$3.0</b>	<b>\$13.9</b>
Depreciation & Amortisation	(2.9)	(5.9)
<b>EBIT</b>	<b>\$0.1</b>	<b>\$7.9</b>
Interest income	0.1	0.2
<b>Profit before tax</b>	<b>\$0.3</b>	<b>\$8.1</b>
Income tax expense	--	(2.4)
<b>NPAT</b>	<b>\$0.3</b>	<b>\$5.7</b>

<sup>7</sup> Represents reported pro forma 1H FY2015 results. Assumes SurfStitch, Surfdome, SWELL, Magicseaweed and Stab acquired as at 1 July 2014 and are included in all periods shown; Excludes IPO listing, capital raise and acquisition fees

<sup>8</sup> Includes 51 days of Garage Entertainment & Production contribution and 27 days of SHI contribution. Included in the 1H FY2016 numbers is A\$4m and A\$2m of revenue contribution from these businesses, respectively. Pro forma gross profit includes an adjustment for the fair value inventory step-up from the SHI acquisition (\$200k). EBITDA, EBIT, PBT and NPAT exclude capital raise fees, acquisition transaction costs and acquisition share-based payments. EBITDA is calculated as Statutory EBIT plus D&A plus acquisition share-based payments and the fair value inventory step-up from the SHI acquisition (\$200k).

**TABLE 2: STATUTORY CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE  
PERIOD 1 JULY TO 31 DECEMBER**

Continuing operations (A\$ in millions)	31 December 2015	31 December 2014 Restated
Revenue	\$144.9	\$11.4
COGS	(75.2)	(7.0)
<b>Gross Profit</b>	<b>\$69.7</b>	<b>\$4.4</b>
Other income	0.0	0.0
Selling & distribution expenses	(54.0)	(4.8)
Administrative expenses	(12.6)	(0.7)
IPO costs	--	(5.7)
<b>Results from operating activities</b>	<b>\$3.2</b>	<b>(\$6.8)</b>
Finance income	0.2	0.0
Finance costs	(0.0)	(0.0)
<b>Net finance income</b>	<b>0.2</b>	<b>0.0</b>
<b>Profit before tax</b>	<b>\$3.3</b>	<b>(\$6.8)</b>
Income tax benefit	(2.4)	1.9
<b>Loss from continuing operations</b>	<b>\$1.0</b>	<b>(\$4.9)</b>

**TABLE 3: STATUTORY CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

A\$ in millions	31 December 2015	31 December 2014 Restated
<b>Assets</b>		
Cash & Cash equivalents	\$61.2	\$40.8
Trade and other receivables	27.2	2.0
Inventories	54.2	43.3
Other assets	3.0	2.5
<b>Total current assets</b>	<b>\$145.6</b>	<b>\$88.6</b>
Deferred tax assets	3.4	0.0
Property, plant & equipment	5.2	3.3
Intangible assets & goodwill	109.9	83.6
<b>Total assets</b>	<b>\$264.1</b>	<b>\$175.5</b>
<b>Liabilities</b>		
Trade & other payables	52.4	36.3
Employee benefits	1.9	1.5
Provisions	10.1	3.3
Deferred income	0.8	0.7
<b>Total current liabilities</b>	<b>\$65.2</b>	<b>\$41.8</b>
Noncurrent liabilities	0.6	0.3
<b>Total liabilities</b>	<b>\$65.8</b>	<b>\$42.0</b>
<b>Equity</b>		
Share capital	307.7	248.3
Reserves	(59.1)	(64.3)
Retained earnings	(50.2)	(50.6)
<b>Total equity</b>	<b>\$198.3</b>	<b>\$133.5</b>

**TABLE 4: STATUTORY CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE  
PERIOD 1 JULY TO 31 DECEMBER**

A\$ in millions	31 December 2015	31 December 2014 Restated
<b>Cash flows from operating activities</b>		
Cash receipts from customers	\$139.7	\$11.2
Cash paid to suppliers and employees	(137.3)	(11.8)
Cash from / (used in) operating activities	<b>\$2.3</b>	<b>(\$0.6)</b>
Interest paid	(0.0)	(0.0)
<b>Net cash from operating activities</b>	<b>\$2.3</b>	<b>\$0.6</b>
<b>Cash flows from investing activities</b>		
Interest received	0.2	0.0
Acquisition of subs, net of cash acquired	(26.1)	(42.8)
Acquisition of PP&E, net of disposals	(1.5)	(0.0)
Acq. of intangible assets, net of disposals	(3.2)	(0.1)
<b>Total cash used in investing activities</b>	<b>(\$30.6)</b>	<b>(\$43.0)</b>
<b>Cash flows from financing activities</b>		
Proceeds from share capital	50.0	83.2
Trxn costs from issue of share capital	(1.4)	(3.5)
<b>Total cash used in financing activities</b>	<b>\$48.6</b>	<b>\$79.7</b>
<b>Net inc/(dec) in cash &amp; cash equivalents</b>	<b>20.4</b>	<b>36.1</b>
Cash and cash equivalents at 30 June 2015	40.8	--
Effect of FX rate fluctuations on cash held	--	(0.0)
<b>Cash &amp; cash equivalents at 31 Dec. 2015</b>	<b>\$61.2</b>	<b>\$36.1</b>

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SurfStitchGroup

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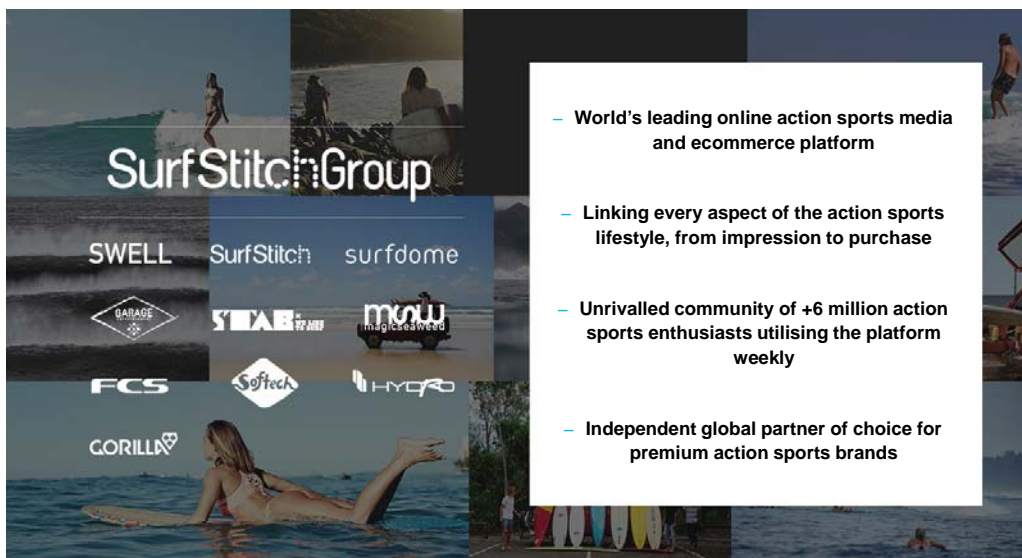
1H FY2016 FULL YEAR RESULTS

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# 1.0 COMPANY OVERVIEW

*Justin Cameron - CEO*

## WORLD'S LEADING ONLINE ACTION SPORTS MEDIA AND ECOMMERCE PLATFORM



SurfStitchGroup

- World's leading online action sports media and ecommerce platform
- Linking every aspect of the action sports lifestyle, from impression to purchase
- Unrivalled community of +6 million action sports enthusiasts utilising the platform weekly
- Independent global partner of choice for premium action sports brands



## 2.0 FINANCIAL REVIEW



### 1H FY2016 FINANCIAL HIGHLIGHTS

#### 1H FY2016 pro forma financial highlights

- **Continued strong double digit revenue growth accelerated through new content strategy**
  - Revenue A\$144.9m (+40%)
    - North America: A\$24.1m (+63%)
    - Asia-Pac: A\$55.8m (+32%)
    - Europe: A\$65.0m (+39%)
  - Content strategy also contributing to gross profit margin expansion (+140bps)
  - Pro forma EBITDA of A\$13.9m and NPAT of A\$5.7m benefiting from scale and evolving content initiatives
- **Executed on significant milestones 1H FY2016**
  - ✓ Completed capital raise and acquisitions of SHI & Garage
  - ✓ Launched successful new content initiatives
  - ✓ Global SWELL rebranding on schedule
- **SurfStitch Group reported statutory results of A\$144.9m revenue, A\$3.2m EBIT and A\$1.0 million of NPAT from continuing operations**
  - Statutory net profit from continuing operations impacted by acquisition share-based payments and other acquisition related expenses

#### Pro forma consolidated sales (A\$m)

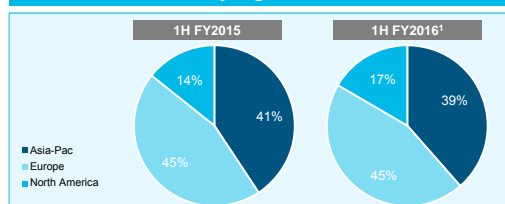
	1H FY15 <sup>1</sup>	1H FY16 <sup>2</sup>	Change
Revenue	\$103.6	\$144.9	40%
Gross profit	\$48.6	\$69.9	44%
GP margin	46.9%	48.3%	+140bps
Pro forma EBITDA	\$3.0	\$13.9	363%
Profit before Tax	\$0.3	\$8.1	3,861%
NPAT	\$0.3	\$5.7	1,996%
Basic earnings per share	\$0.00	\$0.03	na
Cash & equivalents	\$36.1	\$61.2	70%

<sup>1</sup> Represents reported pro forma 1H FY2015 results. Assumes SurfStitch, Surfdomo, SWELL, Magicseaweed and Stab acquired as at 1 July 2014 and are included in all periods shown; Excludes IPO listing, capital raise and acquisition fees; <sup>2</sup> Includes 51 days of Garage Entertainment & Production contribution and 27 days of SHI contribution. Included in the 1H FY2016 numbers is A\$4m and A\$2m of revenue contribution from these businesses, respectively. Pro forma gross profit includes an adjustment for the fair value inventory step-up from the SHI acquisition (\$200k). EBITDA, EBIT, PBT and NPAT exclude capital raise fees, acquisition transaction costs and acquisition share-based payments. EBITDA is calculated as Statutory EBIT plus D&A plus acquisition share-based payments and the fair value inventory step-up from the SHI acquisition (\$200k).

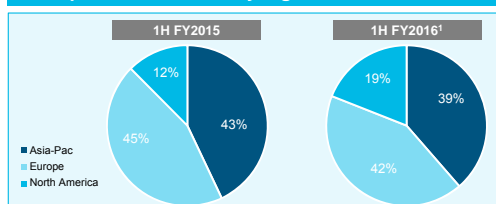
## KEY FINANCIALS BY REGION

A\$m				
1H FY2016 <sup>1</sup>	North America	Europe	Asia-Pac	Group total
Revenue	\$24.1	\$65.0	\$55.8	\$144.9
Growth yoy <sup>2</sup>	63%	39%	32%	40%
Gross profit	\$13.3	\$29.6	\$27.0	\$69.9
Gross profit margin	55.3%	45.6%	48.3%	48.3%
Margin improvement <sup>2</sup>	1,444bps	(83bps)	(112bps)	140bps

Revenue contribution by region



Gross profit contribution by region



<sup>1</sup> Includes 51 days of Garage Entertainment & Production contribution and 27 days of SHI contribution. Included in the 1H FY2016 numbers is A\$m and A\$m of revenue contribution from these businesses, respectively. Pro forma gross profit includes an adjustment for the fair value inventory step-up from the SHI acquisition (\$200k).

<sup>2</sup> 1H FY16 as compared to reported pro forma 1H FY2015 results. 1H FY2015 assumes SurfStitch, Surfdomo, SWELL, Magicseaweed and Stab acquired as at 1 July 2014 and are included in all periods shown; Excludes IPO listing, capital raise and acquisition fees

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## CONSOLIDATED PRO FORMA HISTORICAL PROFIT OR LOSS STATEMENT

Consolidated pro forma historical profit or loss statement				Commentary
A\$m	1H FY2015 <sup>1</sup>	1H FY2016 <sup>2</sup>	% chg	
Revenue	\$103.6	\$144.9	40%	Content strategy accelerating growth
COGS	(55.1)	(75.0)	(27%)	Improved margin profile from content strategy
Gross profit	\$48.6	\$69.9	44%	
Distribution expenses	(10.4)	(11.4)	(9%)	Operating expenses as a % of revenue positively impacted by improved cost rationalization through the Group
Administrative expenses	(36.1)	(44.5)	(19%)	
Net other income	0.9	(0.2)	(117%)	
Pro forma EBITDA	\$3.0	\$13.9	363%	EBITDA leverage
Depreciation and amortisation	(2.9)	(5.9)	(52%)	Increased brand amortisation
EBIT	\$0.1	\$7.9	5,268%	
Interest income / (expense)	0.1	0.2	79%	
Profit before tax	\$0.3	\$8.1	2,861%	Taxes impacted by acquisition share-based pmnts. and other acquisition related expenses
Income tax expense	-	(2.4)	n/a	
NPAT	\$0.3	\$5.7	1,996%	

<sup>1</sup> Represents reported pro forma 1H FY2015 results. Assumes SurfStitch, Surfdomo, SWELL, Magicseaweed and Stab acquired as at 1 July 2014 and are included in all periods shown; Excludes IPO listing, capital raise and acquisition fees

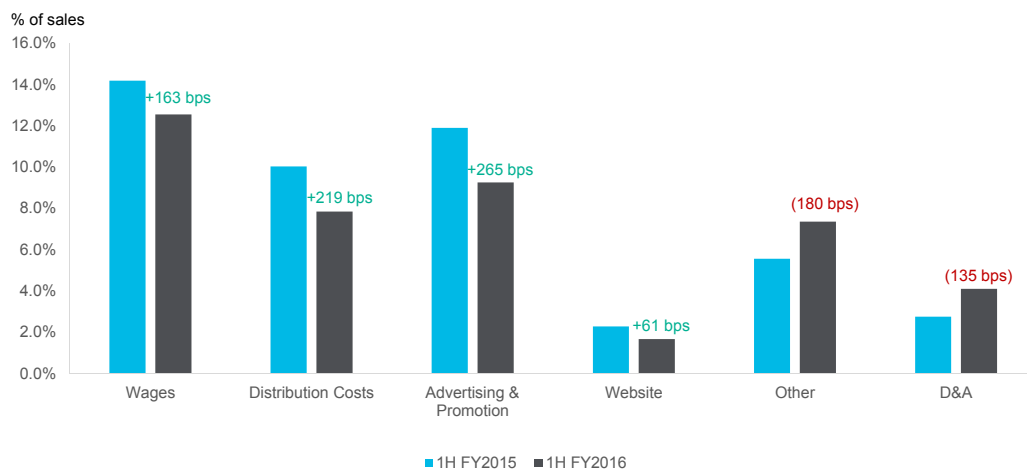
<sup>2</sup> Includes 51 days of Garage Entertainment & Production contribution and 27 days of SHI contribution. Included in the 1H FY2016 numbers is A\$m and A\$m of revenue contribution from these businesses, respectively. Pro forma gross profit includes an adjustment for the fair value inventory step-up from the SHI acquisition (\$200k). EBITDA, EBIT, PBT and NPAT exclude capital raise fees, acquisition transaction costs and acquisition share-based payments. EBITDA is calculated as Statutory EBIT plus D&A plus acquisition share-based payments and the fair value inventory step-up from the SHI acquisition (\$200k).

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## +393BPS IMPROVEMENT IN OPERATING COSTS TO SALES RATIO

+393bps improvement in operating costs to sales ratio following cost rationalization and revenue scale benefits

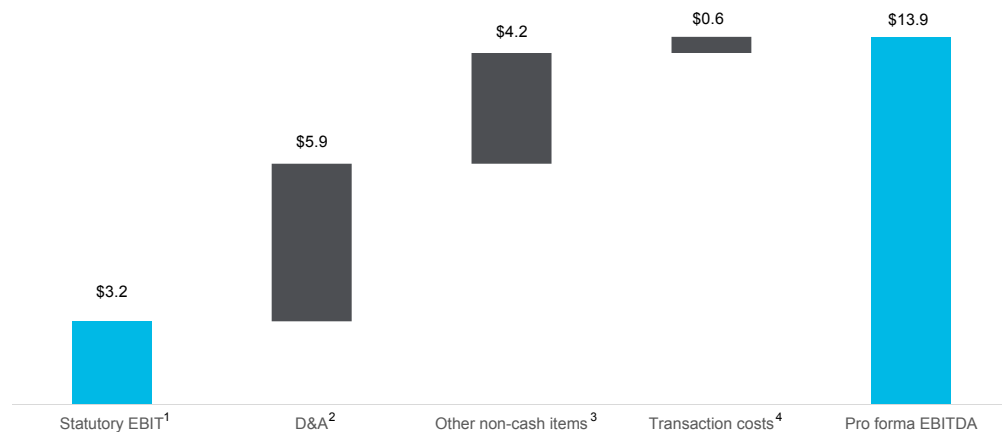


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## STATUTORY TO PRO FORMA EBITDA BRIDGE

1H FY2016 pro forma EBITDA (A\$m)



<sup>1</sup> Includes 51 days of Garage Entertainment & Production contribution and 27 days of SHI contribution. Included in the 1H FY2016 numbers is A\$4m and A\$2m of revenue contribution from these businesses, respectively.

<sup>2</sup> Following an external third-party valuation of the SurfStitch.com, Surfdome and SWELL assets (purchase price allocation), their intangible asset values increased, resulting in a higher D&A for the period.

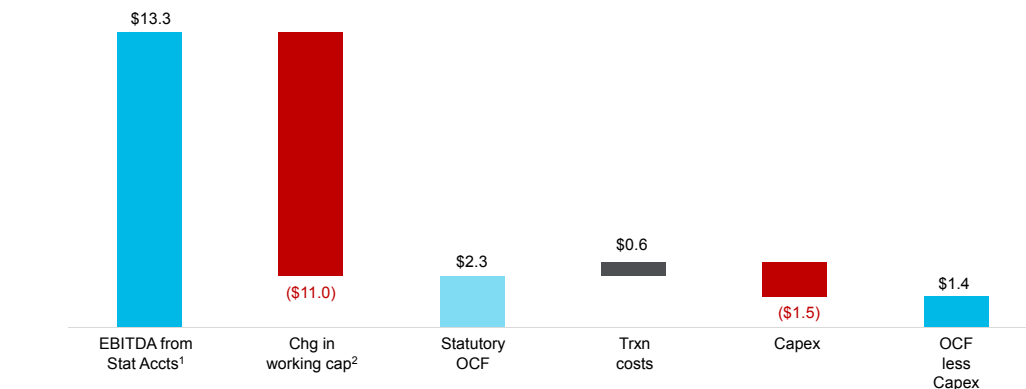
<sup>3</sup> Includes acquisition share-based payment and the fair value inventory step-up from the SHI acquisition (\$200k).

<sup>4</sup> Exclude capital raise fees, acquisition transaction costs

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## OPERATING CASH FLOW LESS CAPEX

### 1H FY2016 Operating cash flow less Capex (A\$m)



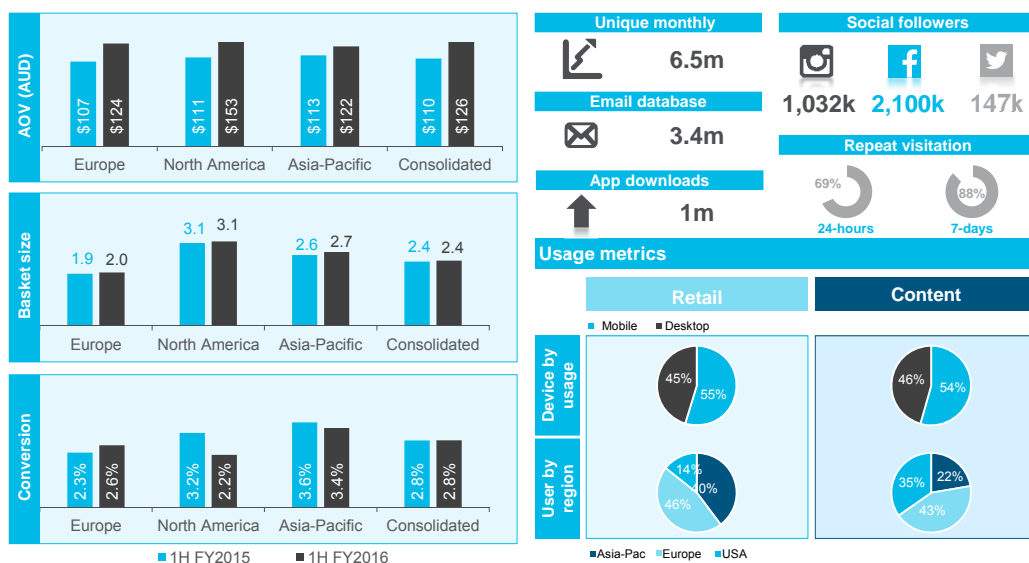
Note: Includes 51 days of Garage Entertainment & Production contribution and 27 days of SHI contribution. Included in the 1H FY2016 numbers is A\$4m and A\$2m of revenue contribution from these businesses, respectively.

<sup>1</sup> EBITDA is calculated as Statutory EBIT plus D&A plus acquisition share-based payments and the fair value inventory step-up from the SHI acquisition (\$200k).

<sup>2</sup> Includes change in working capital, change in other assets, other cash expenses/income not in EBITDA

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## KEY CUSTOMER METRICS TRENDING POSITIVELY



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## 3.0 STRATEGIC REVIEW

### INVESTMENT IN CONTENT – EVOLUTION OF ECOMMERCE

#### Consumer demographic behavioural changes

##### Material shift in consumer purchasing behaviour and online interaction

- 60% + of content consumption now on mobile devices
- Social media / short / long form content now the key trend for influencing purchasing behaviour
- Requiring richer and more personalised experience

#### Content strategy

- Investing in key assets and capabilities
- Investment in production (long form and short form)
- Enhanced Social/ Athlete engagement
- Unique and exclusive combined content/commerce proposition

#### Monetising content

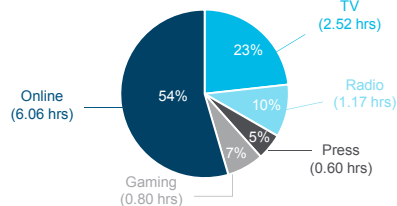
- Through ecommerce - Increased basket size, purchase frequency, AOV
- Opportunities for direct syndication of content through other networks/ platforms

Source: Global web index. "Digital vs Traditional Media Consumption," Q3 2015

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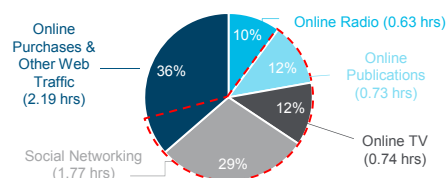
#### Media Consumption Behaviours in 2015

Time typically devoted to the following each day



#### Online Behaviour in 2015

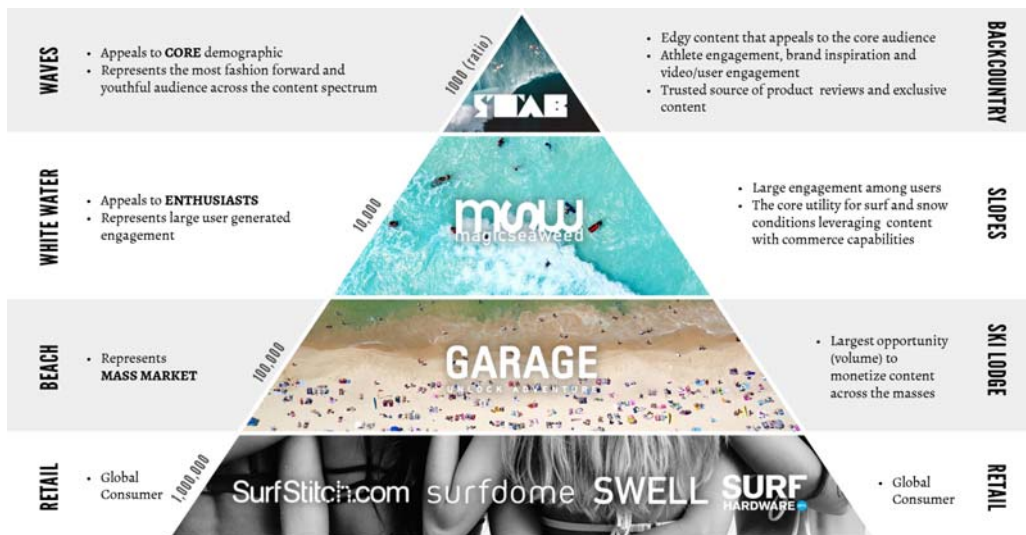
Time typically devoted to the following each day



SurfStitch Group core capability **6.06 hours total online time**



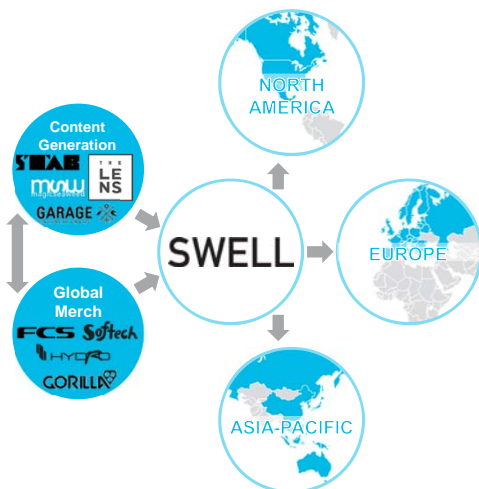
## SURFSTITCH GROUP STRUCTURE



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## STRATEGIC SHIFT TO A SINGLE ECOMMERCE BRAND

Curating a global platform to engage and connect with brands, athletes and action sports enthusiasts



- One global website with multi-language / multi-currency capabilities
- Products span surf, skate, street and snow across apparel, accessories, footwear and hard goods
- 6 million + action sports enthusiasts
- Sell to >130 countries with infrastructure in Australia, UK and USA
- Multi-jurisdiction sale and supply capabilities provide efficiencies and competitive advantages

Globally aligned technology, logistics, inventory platform and corporate functions

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## THE ECONOMIC BENEFITS OF COMBINING MEDIA AND ECOMMERCE

	Pureplay Ecommerce	Content / Publishing Network	Global Action Sports Network
Consumer	Leveraging digital content and social required to offset declining effectiveness of traditional paid search	Significant consumer shift to digital, SVOD and social	ROI improvement from increased purchasing behavior + reduced external advertising spend
Gross Profit	Ecommerce traditionally generates 45%-55% Gross Profit margins	Content traditionally generates 70%+ Gross Profit margins	Content + e-commerce combination to drive stronger and more consistent margin performance
Inventory	Working capital requirements	Limited inventory risk around investment in content given Global user base	Working capital benefits through improved sell through and limited stock recourse
ROI	Margins limited by manufacturing and price point management	Content delivers stronger margins through Group network effect	Combination drives stronger ROI across Group

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## MONETISING CONTENT & E-COMMERCE:

	amazon Prime	SWELL
Capturing the Audience	<ul style="list-style-type: none"> <li>✓ Unlimited, instant movie &amp; television streaming with an emphasis on exclusive content (in key markets)</li> <li>✓ Free two-day shipping</li> <li>✓ Unlimited music streaming</li> <li>✓ Unlimited Photo uploads</li> <li>✓ Early access to deals</li> <li>✓ Free e-books</li> </ul>	<ul style="list-style-type: none"> <li>✓ Unlimited, instant movie &amp; short form action sports streaming with an emphasis on exclusive content (in key markets)</li> <li>✓ Exclusive product bundle shipped with offer</li> <li>✓ Exclusive e-commerce benefits</li> <li>✓ Exclusive content through digital publications</li> <li>✓ Unlimited premium surf and snow forecasting and photo uploads</li> <li>✓ Exclusive Global Travel benefits</li> </ul>
Monetisation	<ul style="list-style-type: none"> <li>- Annual subscription USD\$99</li> <li>- Television episode / season purchase</li> <li>- Movie rentals</li> <li>- E-commerce on Amazon platform</li> <li>- 3<sup>rd</sup> Party advertising on network</li> </ul>	<ul style="list-style-type: none"> <li>- Annual subscription USD\$TBA</li> <li>- Video / Exclusive TV season purchase</li> <li>- E-commerce on SWELL Global platform</li> <li>- Content network JV's</li> <li>- 3<sup>rd</sup> Party advertising on network</li> </ul>
Key Stats	<ul style="list-style-type: none"> <li> 80m prime subscribers (40% of total customers)</li> <li> 73% of Prime customers shop 3+ times per month</li> <li> 49% of Prime members spend \$800+ annually vs 12% not Prime</li> </ul>	<ul style="list-style-type: none"> <li> 3.4m+ current ecommerce subscribers (6m+ engaged through content and ecommerce combined)</li> <li> Targeting 20% of base over next 12 months</li> </ul>

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## MONETISING CONTENT AND COMMERCE: LEVERAGING PLATFORMS

Conversion is 700bps higher among Stab/MSW consumers that go onto the commerce sites

3%

Rest

10%

Core (Stab / MSW)

AOV is 50% higher among Stab/MSW consumers that go onto the commerce sites

A\$120

Rest

A\$180

Core (Stab / MSW)

Annual purchase frequency is 50% higher among Stab/MSW consumers that go onto the commerce sites

3.2

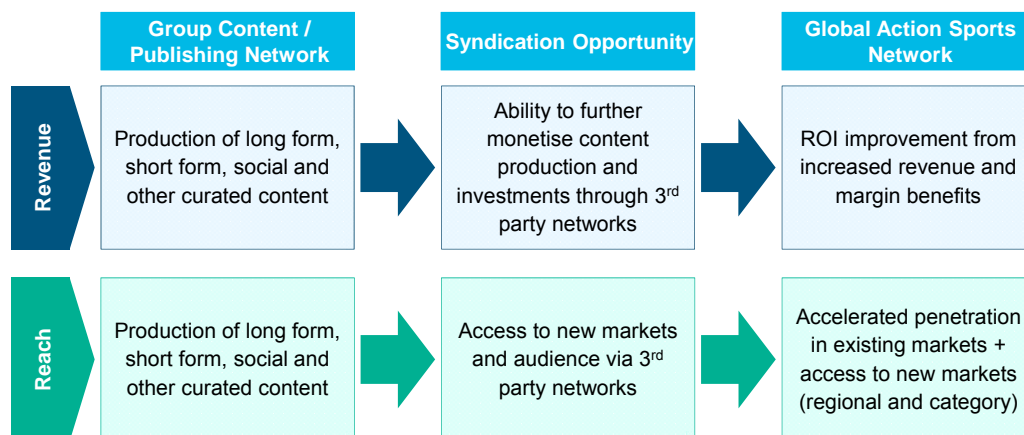
Rest

5.0

Core (Stab / MSW)


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## + CONTENT SYNDICATION BENEFITS



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## WINTER SESSIONS WITH MAGICSEAWEED CASE STUDY

Overview	Economic Benefits	Investment Summary
<ul style="list-style-type: none"> <li><b>The Challenge:</b> The search for the single wildest winter session, documented in up to 90 seconds. Must be shot above 35 degrees north. Partnered with Monster Energy</li> <li><b>The Execution:</b> Unique user generated content leveraged across global platforms and databases for viral sharing and brand engagement</li> <li><b>The Stats:</b> <ul style="list-style-type: none"> <li>6k+ original and unique video edits</li> <li>950k video views</li> <li>1.5m social views and interactions</li> <li>Significant ecomm traffic generation</li> </ul> </li> </ul> 	<ul style="list-style-type: none"> <li>Revenue <ul style="list-style-type: none"> <li>Ecommerce</li> <li>Advertising revenue</li> <li>Content syndication</li> </ul> </li> <li>Cost savings <ul style="list-style-type: none"> <li>External advertising</li> <li>Search engine marketing</li> <li>Affiliates</li> <li>Inventory benefits</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Production costs <ul style="list-style-type: none"> <li>Short form</li> <li>Long form</li> </ul> </li> <li>Marketing co-investment with Monster Energy</li> <li>Athletes</li> </ul>
	~USD\$420,000	~USD\$300,000
	ROI: 40%	

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## STAB IN THE DARK: CASE STUDY

Overview	Economic Benefits	Investment Summary
<ul style="list-style-type: none"> <li><b>The Project:</b> Collaborate with Hurley (Nike) on the launch of their Julian Wilson Phantom Boardshort</li> <li><b>The Execution:</b> Series of content videos and digital publications to capture the audience's attention (enter Julian Wilson attired in his Phantom boardshort testing unmarked surf boards to determine the best surfboard shaper in the world)</li> <li><b>The Engagement:</b> <ul style="list-style-type: none"> <li>Over 100k video views</li> <li>Over 1.5m likes on Facebook across the video series</li> <li>Featured on Hurley, Nike, Stab and SWELL</li> <li>Driving strong sales of exclusive boardshort and surfboards</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Revenue <ul style="list-style-type: none"> <li>Ecommerce</li> <li>Advertising revenue</li> <li>Content syndication</li> </ul> </li> <li>Cost savings <ul style="list-style-type: none"> <li>External advertising</li> <li>Search engine marketing</li> <li>Affiliates</li> <li>Inventory benefits</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Production costs <ul style="list-style-type: none"> <li>Short form</li> <li>Long form</li> </ul> </li> <li>Marketing co-investment</li> </ul>
	~USD\$1.5m to \$2.0m <sup>1</sup>	~USD\$0.75m
	100% - 167% <sup>1</sup>	
	<sup>1</sup> Including lifetime value of new customer acquisitions	

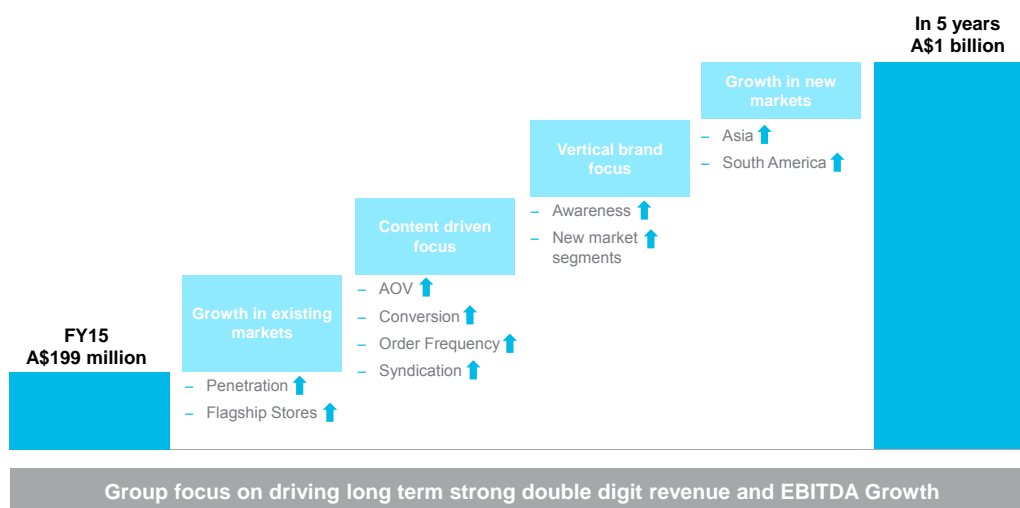
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## INVESTMENT IN CONTENT – EVOLUTION OF ECOMMERCE

<b>Acceleration of investment in content</b>	<ul style="list-style-type: none"> <li>– Strong ROI guidelines mirroring previous and current Group investments</li> <li>– Focus on long term content with minimum ROI of 20%-25%</li> <li>– Evolving margin profile, upfront investments over next 6-12 months benefitting margins in next 12-18 months as full scale benefits emerge</li> <li>– Investment flexible based on return metrics above</li> </ul>
<b>Investment focus</b>	<ul style="list-style-type: none"> <li>– Production : Both short form and long form (Garage, Magicseaweed and Stab Magazine)</li> <li>– Exclusive content rights through JV's with cinematographers/ photographers/ production houses</li> <li>– Investment in staff – Key management structures being built in North America with Stab founder and Magicseaweed founder relocating</li> </ul>
<b>Scale and Capacity</b>	<ul style="list-style-type: none"> <li>– Global SWELL platform launch to coincide with content investment</li> <li>– Garage, Stab and Magicseaweed content networks with meaningful capacity benefits</li> </ul>

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## PATHWAY FOR A\$1 BILLION IN REVENUE



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## FY2016 OUTLOOK

### FY16 guidance

- Strong double digit revenue growth to continue, with strong gross profit margins
- Pursue demonstrated opportunities around accelerated content investment, with a specific 20-25% ROI focus
  - Given the pace of change and long term opportunities presented to the business, Management and the Board believe it is no longer prudent to focus on a defined EBITDA range
  - Instead, EBITDA growth will be flexed based on investment around the Global content strategy
- Additional opportunities for growth exists through acquisitions to support the Group's strategy however focus remains on content investment
- No dividend currently planned. Cash will continue to be reinvested in growth opportunities

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## 4.0 APPENDIX



## ECOMMERCE GLOBAL REACH WITH BALANCED GEOGRAPHICAL MIX AND LOCAL EXPERTISE



### GLOBAL OPERATIONS...

- Ship to over 130 countries, next day
- 1 order processed every 3 seconds
- 3 strategically located logistics centres in major action sports markets to maximise delivery speed and customer service
  - Australia, UK, USA
- Capacity for growth across all logistics centres
- 6 local offices
  - Australia (Gold Coast, Sydney)
  - UK (London, Devon)
  - USA - California (Irvine, Venice Beach)
- Cross regional and cross seasonal fulfillment to maximise gross profit and sales by fulfilling orders where it is most economic to do so

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### ...WITH LOCAL PRESENCE

- 7 local language websites (English, German, Spanish, French and Portuguese)
- 18 currencies
- Local payments
- Dedicated couriers in selected markets to fulfill specific local needs and minimise costs
- Next-day, Saturday and Sunday delivery in different markets
- All local hubs equipped with local sourcing, digital production and distribution capabilities in order to:
  - Optimise cost structure
  - Efficiently handle returns (locally, including cross region sales)
  - Minimises impact of FX on product cost and distribution cost while still pricing at local rates

**GARAGE**  
ENTERTAINMENT

## ENTERTAINMENT & PRODUCTION

The screenshot shows the Garage Entertainment website interface. At the top, there is a navigation bar with links for MOVIES, TV, COLLECTIONS, STORE, and BLOG, along with a search bar and buttons for GET GARAGE and LOGIN. The main banner features a large image of a mountain and a wave, with the text "THE WORLD'S NUMBER ONE ADVENTURE CHANNEL" and "WITH NEW FILMS & TV SHOWS ADDED WEEKLY". Below the banner, it says "STREAM UNLIMITED TV SHOWS & MOVIES" and "THE WORLD'S NUMBER ONE ACTION ADVENTURE SPORTS CHANNEL". At the bottom, there are icons for a desktop, laptop, tablet, and smartphone, and a button that says "START YOUR FREE TRIAL".

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## GARAGE ENTERTAINMENT & PRODUCTION



### Company Overview

Overview	<ul style="list-style-type: none"> <li>Produces and digitally distributes premium action and extreme sports films (short and long form) and TV content</li> <li>Distributes through proprietary digital platform &amp; dedicated channels across Pay TV, Telco's and devices manufactured by Sony &amp; Samsung</li> <li>Largest library of action sports on the web with dedicated TV channels (over 3,000 titles)</li> </ul>
Revenue model	<ul style="list-style-type: none"> <li>SVOD membership and one-time rentals</li> <li>Library distribution to third parties</li> <li>Advertising revenue</li> <li>Branded content creation and partnerships</li> <li>Production (Live events, Film &amp; TV)</li> </ul>
Other	<ul style="list-style-type: none"> <li>Headquarters in Sydney, Australia</li> </ul>

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### Award winning TV & Film



Highest grossing Australian documentary of all time

Top 5 in iTunes charts in 17 countries



3 seasons of 10 x 26 minute TV episodes commissioned by Fox Sports & Channel 9

AACTA Award for Best Director and Best Cinematography in a documentary

### Key Partnerships



Significant partnership synergies (endemic & non-endemic)

### Key Demographics



## STAB MAGAZINE

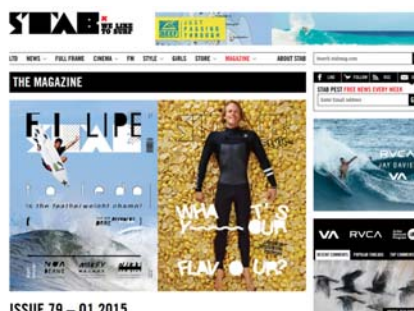


### Company overview

Overview	<ul style="list-style-type: none"> <li>Stab is the world's leading online surf publishing network</li> <li>Founded in Sydney in 2004, Stab began as a print style and surf magazine before its transition to dominate the digital domain</li> </ul>
Brand strategy	<ul style="list-style-type: none"> <li>Stab leverages athletes and brands' stories providing credibility and a loyal following of surf enthusiasts</li> <li>Works with brands to help launch new products via marketing campaigns</li> <li>Links core media stories to SWELL e-commerce monetising activities for brands</li> </ul>
User engagement	<ul style="list-style-type: none"> <li>Dedicated following in North America and Australasia</li> <li>Europe represents a significant growth opportunity</li> <li>Over 1mm unique monthly users</li> </ul>
Trusted source	<ul style="list-style-type: none"> <li>Trusted source of product reviews and exclusive content which drives user engagement</li> <li>Leverages the relationships built with brands, athletes and consumers to become a social media hub in surf</li> </ul>

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### Stab Magazine front page



ISSUE 79 - Q1 2015

### Strong cross-promotional opportunities



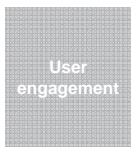
## MAGICSEAWEED



### Company overview



- Founded in 2002 and headquartered in the UK, MSW owns a proprietary long range surf forecasting model
- Users are able to receive live information on wind and ocean buoy, direct beach reports and view HD web cams
- Significant user generated content with over 650mm photo and feature views



- Over 1mm app downloads and over 2mm unique users monthly log onto the site
- 500mm photo views, 150mm feature views and over 3,000 new submissions each week
- Used by surfers and water enthusiasts in over 200 countries



- Largest library of surf content on the web
- Forecasting and live reporting of over 4,000 beaches across the globe



- 'Pro experience' gives users 15 days of surf forecasts (up from 7 days for free users), additional charts, advanced tools and improved mobile app functionality

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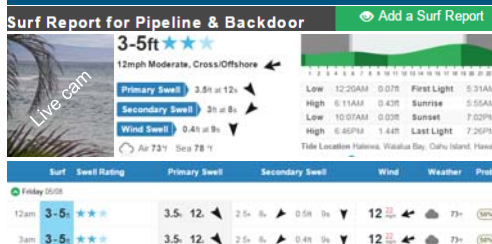
### Community engagement

Welcome to the world's greatest collection of surf photos, uploaded by you.

Browse or vote on the web's biggest collections of surfing photos. All photos are submitted by magicseaweed users, just like you, you can [upload yours](#) or browse the latest pics by date, region, break or photographer.



### Webcams and surf forecasts around the world



## SURF HARDWARE INTERNATIONAL



### Company overview

- SHI is the leading global designer, marketer and distributor of innovative and high performance water board sports products and accessories under the brands: FCS, Gorilla, Hydro and Softech
- In its established markets, SHI has a leading ~55% market share of total retail fins sales and ~40% market share of total plug sales, with strong adoption from top tier manufacturers and retailers
- Operates in the U.S., Australia, France and Japan, and has longstanding distributor relationships in other markets
- History of innovation with significant intellectual property and brand equity

#### FCS



- Flagship 'performance brand'
- Produces premium fin control systems for water board sports (surf, longboard, SUP, kitesurfing) together with the market leading range of board sports accessories
- Category leading brand renowned for the invention of its market leading detachable surfboard fin systems (FCS I and FCS II)
- 9 of the top 10 rated male surfers and 8 of the top 10 female surfers ride the FCS II system

#### Gorilla



- Lifestyle oriented surf brand
- Produces functional traction pads, grips, leashes, fins, board covers apparel and other surf accessories
- Brand image and target market focused primarily on the youth surf culture, music, fashion and arts, in addition to catering to core surfers
- Growth strategy focused on range expansion to include new product categories

#### Hydro



- Swim fin and bodyboard brand
- Produces functional body boards and swim propulsion fins, catering to a broad audience of ocean enthusiasts
- Products designed to enhance water flow and increase hydrodynamic performance
- Renowned for its innovative V-Rail swim technology, allowing for faster trajectory through the water

#### Softech



- Leading global softboard brand
- Produces premium quality softboards for the surf specialty market, catering for all skill levels
- Developed the first hand shaped softboard, and the first mesh bottom softboard
- Signature softboard series developed and endorsed by WSL World Champion Tom Carroll for advanced level surfers

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## STATUTORY CONSOLIDATED STATEMENT OF PROFIT OR LOSS

### Statutory profit or loss for the period July 1 through December 31

Continuing operations (A\$m)	31 December 2015	31 December 2014 Restated
Revenue	\$144.9	\$11.4
COGS	(75.2)	(7.0)
<b>Gross Profit</b>	<b>\$69.7</b>	<b>\$4.4</b>
Other income	0.0	0.0
Selling and distribution expenses	(54.0)	(4.8)
Administrative expenses	(12.6)	(0.7)
IPO costs	--	(5.7)
<b>Results from operating activities</b>	<b>\$3.2</b>	<b>(\$6.8)</b>
Finance income	0.2	0.0
Finance costs	(0.0)	(0.0)
<b>Net finance income</b>	<b>0.2</b>	<b>0.0</b>
<b>Profit before tax</b>	<b>\$3.3</b>	<b>(\$6.8)</b>
Income tax expense	(2.4)	1.9
<b>Profit from continuing operations</b>	<b>\$1.0</b>	<b>(\$4.9)</b>

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## STATUTORY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### Statutory financial position

A\$m	31 December 2015	31 December 2014 Restated
<b>Assets</b>		
Cash and cash equivalents	\$61.2	\$40.8
Trade and other receivables	27.2	2.0
Inventories	54.2	43.3
Other current assets	3.0	2.5
<b>Total current assets</b>	<b>\$145.6</b>	<b>\$88.6</b>
Deferred tax assets	3.4	0.0
Property, plant and equipment	5.2	3.3
Intangible assets and goodwill	109.9	83.6
<b>Total non current assets</b>	<b>\$118.5</b>	<b>\$86.9</b>
<b>Total assets</b>	<b>\$264.1</b>	<b>\$175.5</b>
<b>Liabilities</b>		
Trade and other payables	52.4	36.3
Employee benefits	1.9	1.5
Provisions	10.1	3.3
Deferred income	0.8	0.7
<b>Total current liabilities</b>	<b>\$65.2</b>	<b>\$41.8</b>
Long term liabilities	0.6	0.3
<b>Total liabilities</b>	<b>\$65.8</b>	<b>\$42.0</b>
<b>Net assets</b>	<b>\$198.3</b>	<b>\$133.5</b>
<b>Equity</b>		
Share capital	307.7	248.3
Reserves	(59.1)	(64.3)
Retained Earnings	(50.2)	(50.6)
<b>Total equity</b>	<b>\$198.3</b>	<b>\$133.5</b>

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## STATUTORY CONSOLIDATED STATEMENT OF CASH FLOW

### Statutory cash flow for the period July 1 through December 31

A\$m	31 December 2015	31 December 2014 Restated
<b>Cash flows from operating activities</b>		
Cash generated from/(used in) operating activities	\$2.3	(\$0.6)
Interest paid	(0.0)	(0.0)
<b>Net cash from operating activities</b>	<b>\$2.3</b>	<b>(\$0.6)</b>
<b>Cash flows from investing activities</b>		
Interest received	0.2	0.0
Acquisition of subsidiary, net of cash acquired	(26.1)	(42.8)
Acquisition of property, plant and equipment, net of disposals	(1.5)	(0.0)
Acquisition of intangible assets, net of disposals	(3.2)	(0.1)
<b>Total cash used in investing activities</b>	<b>(\$30.6)</b>	<b>(\$43.0)</b>
<b>Cash flows from financing activities</b>		
Proceeds from share capital	50.0	83.2
Transaction costs related to the issue of share capital	(1.4)	(3.5)
<b>Total cash used in financing activities</b>	<b>\$48.6</b>	<b>\$79.7</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>\$20.4</b>	<b>\$36.1</b>
Cash and cash equivalents at June 30, 2015	40.8	--
Effect of exchange rate fluctuations on cash held	--	(0.0)
<b>Cash and cash equivalents at 31 December 2015</b>	<b>\$61.2</b>	<b>\$36.1</b>

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