ANNUAL REPORT 2017

BEYOND INTERNATIONAL

BEYOND


Love It Or List It Australia

CONTENTS

2017

BEYOND INTERNATIONAL
ANNUAL REPORT

CHAIRMAN'S REPORT

On behalf of the Directors of Beyond International Limited (ASX code: BYI) I am pleased to have this opportunity to comment on some of the major changes that are effecting our businesses and we expect these matters to increase and accelerate in the next 2-3 years.

Mr. Mikael Borglund deals in detail with the 2016-17 Financial Year operating and financial results for each Division during 2017-18 in the Managing Director's Report which follows. He also discusses the 2018 outlook for each Division.

The financial impact of the conversion to consignment sales in Beyond Home Entertainment generated a one off loss of $8,182,000 to 30th June 2017 compared with an EBIT of $1,526,000 to 30th June, 2016, a reversal of $9,708,000 that overwhelmed the financial results of the other three divisions.

This change in trading terms was completed in May 2017 and Beyond Home Entertainment is budgeted to be profitable in the 2017-18 financial year. The change to consignment sales affected all major DVD distributors and reflects the radical but expected changes in consumer retail business models in Australia and New Zealand.

This change was partly a reaction by major retail chains to online sales growth and the entry of large international online retailers into the Australian market. At the same time the total physical DVD market in Australia declined by 17% in the year to 30th June 2017 and this decline is expected to continue as the national broadband infrastructure improves.

Also in 2017, the content production initiatives detailed in the 2016 Annual Report have progressed and new productions were completed and delivered by Beyond Screen Production (in association with Grace), 7Beyond and the new internal Beyond Fiction unit. In addition, Beyond Productions and Beyond Entertainment continued to build their production slates and will increase their production volume in 2017-18.

One major difference to previous production structures is the disruption in the world media markets caused by the video-on-demand streaming services reaching critical mass in major markets. These platforms and content commissioners have radically different business models to traditional over the air broadcasters.

The business models for commissioning original content for streaming services such as Netflix, Amazon, Facebook and Apple have resulted in changes to the order pattern and duration of content produced from that required by traditional free to air formats.

Beyond's production strategy has focused on retaining the distribution rights and copyright to the content that it produces with both free to air and SVOD platforms. By retaining rights the terms of trade with the commissioning platform often require the producers to fund most of the cost of production until delivery of the program. This significantly increases the working capital that producers require to fund production. We expect this cash requirement which will primarily be funded by external self-liquidating debt to accelerate for Beyond over the next 2-3 years as we expand production for this growing sector.

Beyond has also initiated an independent review of its international business structure and practices. This is partly in response to the BREXIT referendum and the U.K's future access to the EU free market and sales to EU broadcasters. It seems likely that the Dublin Office will be expanded to improve its capacity to deal directly with the EU and operations in other locations may also require changes in response to actual or expected legislation or regulatory changes.

Apart from these legal and regulatory changes, the amount of technological and business model change in the media sector that Beyond operates in is significant and accelerating. However, Beyond has adapted to these changes and is actively working with these emerging content distribution platforms.

At the same time, the opportunities for new content production for emerging platforms, Ultra High Definition and Virtual Reality content projects in major world markets, and international tv distribution, is growing rapidly with broadband availability and increased content consumption on portable devices.

Beyond has initiated investments in Music production and exploitation, music publishing and Merchandising that are also expected to be new potential growth activities. In this context, the Directors expect to commit all surplus cash from operations during the next 1-2 years to re-invest in the core business, to fund its growth and the working capital consequences of growth. They do not expect to raise additional share capital during this time.

For and on behalf of the Board of Directors,

Ian Ingram
Chairman

BEYOND INTERNATIONAL LIMITED TEN YEAR RESULTS

	EBIT $000'S	NET PROFIT $000'S	EPS (CENTS PER SHARE)	NTA PER SHARE	TOTAL EQUITY $000'S	DIVIDENDS (CENTS PER SHARE)
2008	7,483	4,992	8.36	40.77	26,739	5.00
2009	5,047	4,280	7.28	40.23	27,483	5.00
2010	6,205	4,939	8.40	40.55	28,903	6.00
2011	8,178	5,099	8.67	43.09	29,896	6.00
2012	10,190	8,463	14.39	46.36	34,768	6.00
2013	10,841	9,273	15.12	56.92	40,593	7.00
2014	8,837	7,975	13.00	62.48	44,158	9.00
2015	5,964	5,885	9.59	62.19	44,009	10.00
2016	5,553	5,317	8.67	61.37	43,326	10.00
2017	(8,195)	(7,469)	(12.18)	44.37	32,085	2.00

Richmond – 2017 AFL Premiers

FINANCIAL PERFORMANCE FOR THE 12 MONTH PERIOD TO 30TH JUNE 2017

- Operating revenue decreased by 15% to $86,312,000;
- EBIT before non-recurring adjustments for the period of $1,819,000;
- Net loss after tax and before outside equity interests of $7,337,000;
- Cash flows from operating activities increased by 14.8% to $5,887,000 from $5,127,000;
- After allowing for investments and dividends, cash before borrowings decreased by $4,505,000.
- A $6,000,000 bill facility was negotiated to fund tax rebates. The facility was drawn to $5,744,000 as at 30 June 2017.
- Cash at bank as at 30 June 2017 was $7,645,000, an increase of $1,266,000.

	JUNE 2017 $ 000'S	JUNE 2016 $ 000'S	VARIANCE $ $ 000'S	VARIANCE %
Operating Revenue	86,312	101,638	(15,326)	(15.1%)
Expense	(94,507)	(96,085)	1,578	(1.6%)
EBIT	**(8,195)**	**5,553**	**(13,748)**	**NMF**
Net Interest Income	(139)	51	(190)	NMF
Profit/(Loss) Before Tax	**(8,334)**	**5,604**	**(13,938)**	**NMF**
Tax Benefit/(Expense)	997	(287)	1,284	(447.4%)
Profit/(Loss) After Tax	**(7,337)**	**5,317**	**(12,654)**	**NMF**
Minority Interests	(132)	-	(132)	-
Profit/(Loss) After Tax attributable to members	**(7,469)**	**5,317**	**(12,786)**	**NMF**
EPS (cents per share)	**(12.18)**	**8.67**	**(20.8)**	**NMF**
Dividends per Share (cents)	**2.00**	**10.00**	**(8.0)**	**(80.0%)**
NTA (cents per share)	**44.37**	**61.37**	**(17.0)**	**(27.7%)**

My Lottery Dream Home

REVIEW OF OPERATIONS BY SEGMENT FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2017

	JUNE 2017 $ 000'S	JUNE 2016 $ 000'S	VARIANCE $ $ 000'S	VARIANCE %
REVENUE				
Productions & Copyright	50,971	38,371	12,600	32.8%
Home Entertainment	2,113	24,894	(22,782)	(91.5%)
Distribution	21,877	25,843	(3,966)	(15.3%)
Digital Marketing	10,549	12,470	(1,921)	(15.4%)
Other Revenue	803	60	742	NMF
Total Revenue	**86,312**	**101,638**	**(15,326)**	**(15.1%)**
OPERATING EBIT				
Productions & Copyright	7,566	9,964	(2,398)	(24.1%)
Home Entertainment	429	1,526	(1,097)	(71.9%)
Distribution	845	2,020	(1,175)	(58.2%)
Digital Marketing	(722)	(292)	(430)	NMF
Corporate	(5,702)	(6,079)	377	6.2%
7Beyond Joint Venture	(55)	(404)	349	86.4%
Foreign Exchange Gain / (Loss)	(542)	(494)	(48)	(9.7%)
Operating EBIT	**1,819**	**6,241**	**(4,422)**	**(70.9%)**
Non Operating Items				
Productions & Copyright	-	(91)	91	100.0%
Home Entertainment	(8,611)	-	(8,611)	-
Distribution	(373)	(350)	(23)	(6.6%)
Digital Marketing	(607)	-	(607)	-
Corporate	(423)	(247)	(176)	(71.3%)
EBIT	**(8,195)**	**5,553**	**(13,748)**	**NMF**

NMF – Not a meaningful figure

1. TELEVISION PRODUCTIONS AND COPYRIGHT SEGMENT

Segment revenue increased by $12,600,000 or 32.8% to $50,971,000 compared to the prior year. In the financial year ended 30 June 2017, the Company experienced an increase in the number of projects in production. During the 2017 financial year, 137 hours of television commenced production, including 60 hours commissioned by US broadcasters. In addition, the Company was involved in a further $20.3m of production in relation to Beat Bugs and Motown animation projects during the 2017 financial year. The revenues and costs relating to these projects are not recognised in the Company's accounts.

The segment EBIT of $7,566,000 was 24.1% lower than the $9,964,000 reported in the 2016 financial year. The decline in EBIT was due to lower copyright revenues which declined by $2,202,000 to $4,301,000 compared to FY2016.

Broadcast commissions from USA based platforms produced during the period include returning series *Deadly Women* series 11, and season 11 of *MythBusters* with new hosts. New titles commissioned for production include *RMD Garage*, *Teen Spirit*, a third season of *My Lottery Dream Home*, and *Six Second Pranks* for 7Beyond. A second season of the animation series Beat Bugs was also commenced as was the first season of the provisionally titled *Motown Magic*, an animated children's series for Netflix and Seven Network, with Beyond only recognising production fees paid to it as revenue. The first season of *Beat Bugs* and *The White Rabbit Project* were delivered to Netflix during the financial year.

Australian program commissions during the period included season 10 and 11 of *Selling Houses Australia*, *Love It Or List It Australia*, a new drama for the ABC, *Pulse*, *Nippers*, the *2017 Santos Tour Down Under* and *A Team Of Champions*.

The strategic focus for the coming 12 months includes:

- targeting buyers who value our ability to co-produce;
- strengthening relationships with "new media" outlets, including SVOD and social platforms;
- capitalizing on strong relationships with existing clients and within our proven genre strengths; and
- early adoption of new technology to gain market leadership and reputation. This includes the production of Ultra High Definition (4k) content as well as Virtual Reality content to augment linear content production.

2. HOME ENTERTAINMENT SEGMENT (BHE)

Revenue has been impacted by a move to consignment trading and comparisons to the prior financial year are not meaningful.

Excluding the transition to consignment and other non-recurring expenditure, the underlying result for BHE in the fiscal 2017 period was revenue of $15,250,000 (2016: $24,894,000) and EBIT of $429,000.

In fiscal year 2017, BHE reached agreement with a number of customers to adopt consignment based trading terms. The impact of this change on BHE's operations in the period, was to buy-back all inventory previously sold to those customers. BHE terms of trade are now on a consignment basis with all significant customers and aligned with the trading terms of the majority of the distributors in the home entertainment industry. Under a consignment trading agreement, goods are supplied to the wholesale customer 'no charge' with revenues being recorded upon sale of those goods to the retail customer. At the completion of the transaction the standard wholesale price is remitted to BHE.

As a consequence of the transition to consignment trading terms, BHE recorded a loss of $8,182,000 in the fiscal 2017 year compared to EBIT of $1,526,000 in the 2016 year.

The total physical DVD market contracted 17% for the twelve-months ending 30 June 2017 as a segment of the home entertainment market transitions to subscription and streaming television services.

With the transition to consignment fully completed, BHE is placed to return to profitability in the 2018 fiscal year. To complement our existing portfolio of content, BHE in fiscal 2018 will launch the following event programming: -

- Blue Murder: Killer Cop - a two-part Australian mini-series based on the portrayal of Australia's most notorious former detective, Roger Rogerson;
- Pokémon the Movie 20: I Choose You!;
- Secret Daughter Season 2 - an Australian drama television series set to screen on the Seven Network in 2017 starring Jessica Mauboy; and
- The 2017 AFL and NRL Grand Finals.

3. DISTRIBUTION TV AND FILM SEGMENT

Revenue reduced by $3,966,000 or 15.3% to $21,877,000 compared to the corresponding 2016 period. Period EBIT before impairment charges declined 58% to $845,000 compared to $2,020,000 in the corresponding 2016 period.

Lower EBIT was a result of the reduction in sales offset by a reduction in overheads of 6.4%. The reduction in overheads was partly a result of a stronger Australian dollar against the Pounds Sterling. This is relevant as 45% of the segment costs are denominated in Pounds Sterling as the largest divisional office and staff are located in London.

The non-operating adjustment of $373,000 relates to impairment of various titles held for distribution that are unlikely to achieve sufficient future sales to support their carrying value.

Third party programs are primarily sourced from independent producers in the US, UK and Canada. Product focus continues to be factual series, documentaries, family and children's programs as there is a steady demand for these genres from broadcasters throughout the world. With the proliferation of media platforms – both over the air, cable and on the web – channels are becoming increasingly focused on specific audience demographics when acquiring content.

During the year significant sales for third party producers were achieved for existing franchises of *Highway Thru Hell* and *Love It or List It*, *Chasing Monsters* and *Game of Homes*. *MythBusters* and *Deadly Women* from Beyond Productions while delivering strong sales during the current financial year, sales were lower than those achieved in 2016 due to the production schedules of those series.

The share of revenue by third party produced programmes continues to rise with a large volume of new episodes of existing series; third party revenue is now at 70% - a 6 point rise on 2016.

Traditional cable broadcasters are still strong worldwide and this combined with the growth of Video on Demand (OTT) platforms will have a positive impact on revenues in this division in the future.

There are now fewer medium sized independent producers/distributors active in the international market than at any time in the past 20 years – and this is an advantage to the medium sized entities in attracting new product and customers as these companies offer an alternative to the dominance of the handful of large entities that dominate the international content business.

New releases planned for the 2018 financial year include *Beat Bugs*, a continuing expansion of the *Love It Or List It* franchise, new series of *Highway Thru Hell* and *Heavy Rescue: 401*, *Escobar's World*, a documentary on the infamous drug lord with interviews with his son Juan Pablo Escobar and the return of the *MythBusters* franchise after a short hiatus.

4. DIGITAL MARKETING SEGMENT (BEYONDD)

Full year revenues for BeyondD were $10,549,000, 15.4% down on last year's total of $12,470,000.

The operating result for the 12 months was a loss before restructuring and impairment charges of $722,000 against an operating loss of $292,000 for the corresponding period last year. After adjusting for impairment and restructuring costs, the division reported a loss of $1,329,000.

The FIRST business unit had a consistent flow of digital production revenues from key clients in Australia and New Zealand. Both the Australian and New Zealand search operations refocused their search engine optimisation offerings around content outreach as well as continuing to improve the conversion rate optimization offering. This enabled the business to secure new clients as well as retain existing clients who otherwise may have been nearing the end of their relationship with the business. The result was that the FIRST business unit contributed $1.5 million to Beyond D's management overheads, a result that is $0.3m lower than the 2016 performance in a very competitive space.

The lead generation and performance media business unit of BeyondD (3Di) had a very difficult year and the division was closed at the end of the 2017 financial year. The division reported a loss before impairment charges of $885k. Total non-recurring expenditure of $607k was taken up in the 2017 financial year. This included impairment charges relating to intellectual property of $444k and redundancy payments of $163k.

BeyondD is refocusing the business on Analytics and conversion led consulting. Additionally new technology opportunities are being developed with our deepening partnership with Google. In the next year the aim is to be a market leader in Australia in the areas of AI and voice activated user engagements.

5. 7BEYOND JOINT VENTURE

The Group's share of operating costs to June 2017 was $55,000, an improvement on the share of the operating loss incurred in FY2016 of $404,000. A second and third series of *My Dream Lottery Home* was commissioned by HGTV in the United States, with a fourth to start production in 2018. A new show, *Six Second Pranks*, was also commissioned in the 2017 financial year.

The joint venture has a deep slate of projects in development and is actively working with US broadcasters to develop and produce new programs for the US market.

6. PRIOR PERIOD ERROR

Management undertook a review of various assets and liabilities associated with the distribution division and have identified a prior period error dating back to 2003 in relation to internal copyright revenues erroneously recognised in relation to a number of programmes previously funded under a financing arrangement whereby all revenues were to flow through to the financier. While the associated debtors created at the time of the revenue recognition were eliminated on consolidation, the offsetting liability had been settled with the financier. This had the impact of understating the amounts payable to third party licensors. The net value after tax of the error is $1,481,000 and will be treated in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, with no impact on current year earnings. This requires that, as the error occurred before the earliest prior period being presented in the accounts, the opening balances of assets, liabilities and equity be restated for the 2016 financial year. A summary of the restatement is tabled below:

BALANCE SHEET RESTATEMENT

	2015 REPORTED $000'S	ADJUSTMENT $000'S	2015 RESTATED $000'S
Other current liabilities	10,866	2,037	12,903
Deferred tax liabilities	4,029	(556)	3,473
Retained earnings	11,727	(1,481)	10,246

FOREIGN EXCHANGE – IMPACT ON RESULTS

The Group has significant exposure to foreign exchange fluctuations in the television production and distribution operating segments with over 40% of Group revenues derived from overseas.

In the normal course, the company generally hedges production costs denominated in US$. Foreign currency contracts entered into by the distribution segment are generally not hedged.

There continued to be volatility in the currency markets during the reporting period, with the Australian dollar ranging from a high of $0.769 to a low of $0.720 against the US dollar.

The total foreign exchange loss for FY2017 is $542,000 (2016: loss $494,000). This loss is allocated to the operating segments as follows: -

ITEM	SEGMENT	JUNE 2017	JUNE 2016	MOVEMENT $	MOVEMENT %
Realised Gain/(Loss)	Distribution/TV	25,947	94,749	(68,802)	73%
Unrealised Gain/(Loss)	Distribution/TV	(8,192)	45,901	(54,093)	118%
Realised Gain/(Loss)	Production	59,640	(375,858)	435,498	116%
Unrealised (Loss)/Gain	Production	(126,667)	34,561	(161,227)	467%
Realised (Loss)/Gain	Other	(92,847)	23,700	(116,547)	492%
Unrealised (Loss)/Gain	Other	(399,727)	(316,996)	(82,731)	(26%)
TOTAL FX GAIN / (LOSS)		**(541,846)**	**(493,943)**	**(47,903)**	**10%**

DIVIDEND

The Directors have determined that there will be no final dividend for the 2017 financial year. A 2 cent per share (unfranked) 2017 Interim Dividend was paid on 21 April 2017 making the total dividend for the 2017 financial year 2 cents per share.

CONCLUSION

The Beyond International Group of companies operates in challenging, competitive sectors. This makes it difficult to detail expected results of operations for the 2018 financial year.

All four operating segments are facing competitive pressures and technological challenges including the proliferation of OTT platforms.

The television production and distribution segments operate in an international environment and are subject to economic fluctuations that occur in the different markets in which they operate. The growth of the OTT platforms as a significant method of content distribution to the consumer has proved disruptive to the traditional free to air and cable platforms. This results in both opportunities and challenges for the Company – to date this disruption has proved somewhat of an opportunity as the Company has achieved significant sales to both OTT platforms and traditional platforms during the year.

Long running brands *Selling Houses Australia*, *MythBusters* and *Deadly Women* provide a solid foundation for Beyond Productions in the 2018 financial year. New productions including *RMD Garage* (Velocity Channel) and *Love It or List It Australia* (Lifestyle Channel) have long running series potential.

Program development continues to target our strong relationships both in the United States and Australia and covers both traditional cable and network buyers as well as all OTT platforms.

The strong performance of MythBusters: The Search transitioned us into the next generation of our major science brand and the new look series premieres in the US in November 2017. Another spin off series is in development.

High rated 7Beyond series My Lottery Dream Home is in production of season 4 for HGTV and a yet to be announced series for Fuse Network has commenced production.

A further 8 funded pilots and network presentations are currently in production or under consideration.

The Company has invested in the second series of Beat Bugs and in the Motown Magic animation series. This is part of the strategy of producing and investing in content that will generate multiple revenue streams including music sales, merchandising and live touring. Beat Bugs merchandise was released in Target USA this month and Tesco UK later this year.

Beyond, together with the Grace group of companies (creators of Beat Bugs and Motown Magic), have also formalised an arrangement with the Universal Music Group (UMG) to develop concepts based on UMG's extensive music catalogue. It was recently announced that UMG and Grace/Beyond have started development on three new television series with the temporary titles 27, Melody Island and Mixtape.

Beyond Distribution is looking forward to a strong year with the return of the MythBusters franchise after a short hiatus. The division will be launching the children's series Beat Bugs to broadcasters around the world which we believe has the potential to become another successful franchise.

Highly successful third party titles such as Highway Thru Hell, Heavy Rescue: 401 and Love It or List It will also have new series launched internationally in this coming financial year. The Love It or List It franchise continues to expand with the format expanding to the UK, Germany, and now Love It Or List It Australia, which commences broadcast on Foxtel in September 2017. In addition, we have new titles such as Escobar's World, a documentary on the infamous drug lord with interviews with his son Juan Pablo Escobar.

Home Entertainment (BHE) face the challenges of a declining physical DVD market and retailers shifting their trading terms to consignment. With the transition to consignment fully completed, BHE is placed to return to profitability in the 2018 fiscal year. To complement our existing portfolio of content, BHE in fiscal 2018 will launch the following event programming: -

- Blue Murder: Killer Cop - a two-part Australian mini-series based on the portrayal of Australia's most notorious former detective, Roger Rogerson;
- Pokémon the Movie 20: I Choose You!;
- Secret Daughter Season 2 - an Australian drama television series set to screen on the Seven Network in 2017 starring Jessica Mauboy; and
- The 2017 AFL and NRL Grand Finals.

BHE is exploring new opportunities with new media and social platforms to distribute the exclusive content that it has the licences for.

Beyond D need to ensure relevance by maintaining any technological advantage in a rapidly changing environment. New technology opportunities are being developed because of our deepening partnership with Google, including involvement in beta testing of voice activated user engagements.

Over the next twelve months the Company's focus will be to further strengthen the financial performance in all operating segments of the Group to generate surplus cash to invest in working capital and new content. The focus will be on organic growth in the production and distribution business segments.

Mikael Borglund
CEO & Managing Director
31 August 2017

Beat Bugs

CORPORATE GOVERNANCE STATEMENT


Dance Moms

BEYOND INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES

ABN 65 003 174 409
Corporate Governance Statement, 30 June 2017

This Corporate Governance Statement of Beyond International Limited (the 'company') has been prepared in accordance with the 3rd Edition of the Australian Securities Exchange's ('ASX') Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council ('ASX Principles and Recommendations'). The company's ASX Appendix 4G, which is a checklist cross-referencing the ASX Principles and Recommendations to the relevant disclosures in either this statement, our website or Annual Report, is contained on our website at http://www.beyond.com.au/corporate/corporate-governance.

This statement has been approved by the company's Board of Directors ('Board') and is current as at 30 August 2017.

The ASX Principles and Recommendations and the company's response as to how and whether it follows those recommendations are set out below.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

RECOMMENDATION 1.1 - A LISTED ENTITY SHOULD DISCLOSE: (A) THE RESPECTIVE ROLES AND RESPONSIBILITIES OF ITS BOARD AND MANAGEMENT; AND (B) THOSE MATTERS EXPRESSLY RESERVED TO THE BOARD AND THOSE DELEGATED TO MANAGEMENT.

The Board is ultimately accountable for the performance of the company and provides leadership and sets the strategic objectives of the company. It appoints all senior executives and assesses their performance on at least an annual basis. It is responsible for overseeing all corporate reporting systems, remuneration frameworks, governance issues, and stakeholder communications. Decisions reserved for the Board relate to those that have a fundamental impact on the company, such as material acquisitions and takeovers, dividends and buybacks, material profits upgrades and downgrades, and significant closures.

Management is responsible for implementing Board strategy, day-to-day operational aspects, and ensuring that all risks and performance issues are brought the Boards attention. They must operate within the risk and authorisation parameters set by the Board.

RECOMMENDATION 1.2 - A LISTED ENTITY SHOULD: (A) UNDERTAKE APPROPRIATE CHECKS BEFORE APPOINTING A PERSON, OR PUTTING FORWARD TO SECURITY HOLDERS A CANDIDATE FOR ELECTION, AS A DIRECTOR; AND (B) PROVIDE SECURITY HOLDERS WITH ALL MATERIAL INFORMATION IN ITS POSSESSION RELEVANT TO A DECISION ON WHETHER OR NOT TO ELECT OR RE-ELECT A DIRECTOR.

The company undertakes comprehensive reference checks prior to appointing a director, or putting that person forward as a candidate to ensure that person is competent, experienced, and would not be impaired in any way from undertaking the duties of director. The company provides relevant information to shareholders for their consideration about the attributes of candidates together with whether the Board supports the appointment or re-election.

RECOMMENDATION 1.3 - A LISTED ENTITY SHOULD HAVE A WRITTEN AGREEMENT WITH EACH DIRECTOR AND SENIOR EXECUTIVE SETTING OUT THE TERMS OF THEIR APPOINTMENT.

The terms of the appointment of a non-executive director, executive directors and senior executives are agreed upon and set out in writing at the time of appointment.

RECOMMENDATION 1.4 - THE COMPANY SECRETARY OF A LISTED ENTITY SHOULD BE ACCOUNTABLE DIRECTLY TO THE BOARD, THROUGH THE CHAIR, ON ALL MATTERS TO DO WITH THE PROPER FUNCTIONING OF THE BOARD.

The Company Secretary reports directly to the Board through the Chairman and is accessible to all directors.

RECOMMENDATION 1.5 - A LISTED ENTITY SHOULD (A) HAVE A DIVERSITY POLICY WHICH INCLUDES REQUIREMENTS FOR THE BOARD OR A RELEVANT COMMITTEE OF THE BOARD TO SET MEASURABLE OBJECTIVES FOR ACHIEVING GENDER DIVERSITY AND TO ASSESS ANNUALLY BOTH THE OBJECTIVES AND THE ENTITY'S PROGRESS IN ACHIEVING THEM; (B) DISCLOSE THAT POLICY OR A SUMMARY OF IT; AND (C) DISCLOSE AS AT THE END OF EACH REPORTING PERIOD THE MEASURABLE OBJECTIVES FOR ACHIEVING GENDER DIVERSITY SET BY THE BOARD OR A RELEVANT COMMITTEE OF THE BOARD IN ACCORDANCE WITH THE ENTITY'S DIVERSITY POLICY AND ITS PROGRESS TOWARDS ACHIEVING THEM, AND EITHER: (1) THE RESPECTIVE PROPORTIONS OF MEN AND WOMEN ON THE BOARD, IN SENIOR EXECUTIVE POSITIONS AND ACROSS THE WHOLE ORGANISATION (INCLUDING HOW THE ENTITY HAS DEFINED "SENIOR EXECUTIVE" FOR THESE PURPOSES); OR (2) IF THE ENTITY IS A "RELEVANT EMPLOYER" UNDER THE WORKPLACE GENDER EQUALITY ACT, THE ENTITY'S MOST RECENT "GENDER EQUALITY INDICATORS", AS DEFINED IN AND PUBLISHED UNDER THAT ACT.

The company does not have a formal diversity policy. The company however undertakes to assess an individual's credentials on their merit, with complete objectivity and without bias so that the company may attract, appoint and retain the best people to work within the company where all persons have equal opportunity.

As at the date of this report, 57% of the organisation were women (43% men); and 49% of senior executive positions were occupied by women (51% men). For this purpose, the Board defines a senior executive as a person who makes, or participates in the making of, decisions that affect the whole or a substantial part of the business or has the capacity to affect significantly the company's financial standing. This therefore includes all senior management and senior executive designated positions as well as senior specialised professionals.

No entity within the consolidated entity is a 'relevant employer' for the purposes of the Workplace Gender Equality Act 2012 and therefore no Gender Equality Indicators to be disclosed.

RECOMMENDATION 1.6 - A LISTED ENTITY SHOULD (A) HAVE AND DISCLOSE A PROCESS FOR PERIODICALLY EVALUATING THE PERFORMANCE OF THE BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS; AND (B) DISCLOSE, IN RELATION TO EACH REPORTING PERIOD, WHETHER A PERFORMANCE EVALUATION WAS UNDERTAKEN IN THE REPORTING PERIOD IN ACCORDANCE WITH THAT PROCESS.

The company does not currently have a formal process for evaluating the performance of the Board, its committees or individual directors. The Board conducts an introspective annual discussion of its performance on a collective basis to identify general aspects of its performance that could be improved upon, and such analysis includes the roles played by each Board member. Such reviews therefore encapsulate collective discussion around the performance of individual Board members, their roles on specific projects during the financial year, and where relevant, how their role could be modified or suggestions for individual development or performance improvement for the future.

Until such time as the company expands to justify an expansion of Board members, the Board is of the current opinion that such performance evaluation is suitable for the company.

RECOMMENDATION 1.7 - A LISTED ENTITY SHOULD (A) HAVE AND DISCLOSE A PROCESS FOR PERIODICALLY EVALUATING THE PERFORMANCE OF ITS SENIOR EXECUTIVES; AND (B) DISCLOSE, IN RELATION TO EACH REPORTING PERIOD, WHETHER A PERFORMANCE EVALUATION WAS UNDERTAKEN IN THE REPORTING PERIOD IN ACCORDANCE WITH THAT PROCESS.

The Board conducts an annual performance assessment of the CEO against agreed performance measures determined at the start of the year. The CEO undertakes the same assessments of senior executives. In assessing the performance of the individual, the review includes consideration of the senior executive's function, individual targets, group targets, and the overall performance of the company. Such reviews are conducted during the first quarter of a new financial year.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

RECOMMENDATION 2.1 - THE BOARD OF A LISTED ENTITY SHOULD:

(A) HAVE A NOMINATION COMMITTEE WHICH:

(1) HAS AT LEAST THREE MEMBERS, A MAJORITY OF WHOM ARE INDEPENDENT DIRECTORS; AND

(2) IS CHAIRED BY AN INDEPENDENT DIRECTOR,

AND DISCLOSE:

(3) THE CHARTER OF THE COMMITTEE;

(4) THE MEMBERS OF THE COMMITTEE; AND

(5) AS AT THE END OF EACH REPORTING PERIOD, THE NUMBER OF TIMES THE COMMITTEE MET THROUGHOUT THE PERIOD AND THE INDIVIDUAL ATTENDANCES OF THE MEMBERS AT THOSE MEETINGS; OR

(B) IF IT DOES NOT HAVE A NOMINATION COMMITTEE, DISCLOSE THAT FACT AND THE PROCESSES IT EMPLOYS TO ADDRESS BOARD SUCCESSION ISSUES AND TO ENSURE THAT THE BOARD HAS THE APPROPRIATE BALANCE OF SKILLS, KNOWLEDGE, EXPERIENCE, INDEPENDENCE AND DIVERSITY TO ENABLE IT TO DISCHARGE ITS DUTIES AND RESPONSIBILITIES EFFECTIVELY.

The Board does not maintain a Nomination Committee as it is considered that the current size of the Board does not warrant the formal establishment of a separate committee. The Board therefore performs the function of such a committee which includes the identification of skills and competencies required for the Board and related committees, as well as nomination, selection and performance evaluation of non-executive directors. The Board does not actively manage succession planning and instead relies upon the Board's extensive networking capabilities and/or executive recruitment firms to identify appropriate candidates when a Board vacancy occurs or when a vacancy is otherwise envisaged. Attributes of candidates put forward will be considered for 'best-fit' to the needs of the Board which are assessed at the time of the vacancy.

RECOMMENDATION 2.2 - A LISTED ENTITY SHOULD HAVE AND DISCLOSE A BOARD SKILLS MATRIX SETTING OUT THE MIX OF SKILLS AND DIVERSITY THAT THE BOARD CURRENTLY HAS OR IS LOOKING TO ACHIEVE IN ITS MEMBERSHIP.

The Board's skills matrix indicates the mix of skills, experience and expertise that are considered necessary at Board level for optimal performance of the Board. The matrix reflects the Board's objective to have an appropriate mix of industry and professional experience including skills such as leadership, governance, strategy, finance, risk, IT, HR, policy development, international business and customer relationship. External consultants may be brought in with specialist knowledge to address areas where this is an attribute deficiency in the Board.

RECOMMENDATION 2.3 - A LISTED ENTITY SHOULD DISCLOSE: (A) THE NAMES OF THE DIRECTORS CONSIDERED BY THE BOARD TO BE INDEPENDENT DIRECTORS; (B) IF A DIRECTOR HAS AN INTEREST, POSITION, ASSOCIATION OR RELATIONSHIP OF THE TYPE DESCRIBED IN BOX 2.3 BUT THE BOARD IS OF THE OPINION THAT IT DOES NOT COMPROMISE THE INDEPENDENCE OF THE DIRECTOR, THE NATURE OF THE INTEREST, POSITION, ASSOCIATION OR RELATIONSHIP IN QUESTION AND AN EXPLANATION OF WHY THE BOARD IS OF THAT OPINION; AND (C) THE LENGTH OF SERVICE OF EACH DIRECTOR.

Details of the Board of directors, their appointment dated, length of service as independence status is as follows:

DIRECTOR'S NAME	DATE APPOINTED	LENGTH OF SERVICE AT REPORTING DATE	INDEPENDENCE STATUS
Ian Robertson	27 September 2005	11 years	Independent Non-executive

The Board may determine that a director is independent notwithstanding the existence of an interest, position, association or relationship of the kind identified in the examples listed under Recommendation 2.3 of the ASX Principles and Recommendations.

RECOMMENDATION 2.4 - A MAJORITY OF THE BOARD OF A LISTED ENTITY SHOULD BE INDEPENDENT DIRECTORS.

There are currently 4 members on the company's Board. Having regard to the company's response to Recommendation 2.3 above, the majority of the Board are not independent. The Board considers that the company is reliant upon the business relationships and interests that it has with the non-independent directors in order to achieve its objectives at this time. Until such time as the company is of a size that warrants the appointment of additional non-executive and independent directors, the Board is of the view that the absence of a majority of independent directors is not an impediment to its operations, shareholders or other stakeholders

RECOMMENDATION 2.5 - THE CHAIR OF THE BOARD OF A LISTED ENTITY SHOULD BE AN INDEPENDENT DIRECTOR AND, IN PARTICULAR, SHOULD NOT BE THE SAME PERSON AS THE CEO OF THE ENTITY.

The roles of the Chair of the Board and Chief Executive Officer are separate. Ian Ingram is Chair of the Board and is not considered to be an independent director of the company. Mikael Borglund is the CEO. The Board acknowledges the ASX Recommendation that the Chair of the Board be an independent director, however the Board has formed the view that Mr Ingram is the most appropriate person to lead the Board given his experience and skills.

RECOMMENDATION 2.6 - A LISTED ENTITY SHOULD HAVE A PROGRAM FOR INDUCTING NEW DIRECTORS AND PROVIDE APPROPRIATE PROFESSIONAL DEVELOPMENT OPPORTUNITIES FOR DIRECTORS TO DEVELOP AND MAINTAIN THE SKILLS AND KNOWLEDGE NEEDED TO PERFORM THEIR ROLE AS DIRECTORS EFFECTIVELY.

New directors undertake an induction program coordinated by the Company Secretary that briefs and informs the director on all relevant aspects of the company's operations and background. A director development program is also available to ensure that directors can enhance their skills and remain abreast of important developments.

PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY

RECOMMENDATION 3.1 - A LISTED ENTITY SHOULD: (A) HAVE A CODE OF CONDUCT FOR ITS DIRECTORS, SENIOR EXECUTIVES AND EMPLOYEES; AND (B) DISCLOSE THAT CODE OR A SUMMARY OF IT.

The company maintains a code of conduct for its directors, senior executives and employees. In summary, the code requires that each person act honestly, in good faith and in the best interests of the company; exercise a duty of care; use the powers of office in the best interests of the company and not for personal gain, declare any conflict of interest; safeguard company's assets and information and undertake any action that may jeopardise the reputation of company.

That code is available on the company's website.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN CORPORATE REPORTING

RECOMMENDATION 4.1 - THE BOARD OF A LISTED ENTITY SHOULD: (A) HAVE AN AUDIT COMMITTEE WHICH: (1) HAS AT LEAST THREE MEMBERS, ALL OF WHOM ARE NON-EXECUTIVE DIRECTORS AND A MAJORITY OF WHOM ARE INDEPENDENT DIRECTORS; AND (2) IS CHAIRED BY AN INDEPENDENT DIRECTOR, WHO IS NOT THE CHAIR OF THE BOARD, AND DISCLOSE: (3) THE CHARTER OF THE COMMITTEE; (4) THE RELEVANT QUALIFICATIONS AND EXPERIENCE OF THE MEMBERS OF THE COMMITTEE; AND (5) IN RELATION TO EACH REPORTING PERIOD, THE NUMBER OF TIMES THE COMMITTEE MET THROUGHOUT THE PERIOD AND THE INDIVIDUAL ATTENDANCES OF THE MEMBERS AT THOSE MEETINGS; OR (B) IF IT DOES NOT HAVE AN AUDIT COMMITTEE, DISCLOSE THAT FACT AND THE PROCESSES IT EMPLOYS THAT INDEPENDENTLY VERIFY AND SAFEGUARD THE INTEGRITY OF ITS CORPORATE REPORTING, INCLUDING THE PROCESSES FOR THE APPOINTMENT AND REMOVAL OF THE EXTERNAL AUDITOR AND THE ROTATION OF THE AUDIT ENGAGEMENT PARTNER.

The Board maintains a combined Audit and Risk Committee, the members of which are:-

DIRECTOR'S NAME	EXECUTIVE STATUS	INDEPENDENCE STATUS
Anthony Lee – Chair	Non-Executive	Not independent
Ian Ingram	Non-Executive	Not independent

The majority of the Committee members and the Chair are not independent. The current size of the Board does not allow for this recommendation to be met.

Details of the qualifications and experience of the members of the Committee is detailed in the 'Information of directors' section of the Directors' report.

The Charter of the Committee is available at the company's website.

The number of Committee meetings held and attended by each member is disclosed in the 'Meetings of directors' section of the Directors' report.

RECOMMENDATION 4.2 - THE BOARD OF A LISTED ENTITY SHOULD, BEFORE IT APPROVES THE ENTITY'S FINANCIAL STATEMENTS FOR A FINANCIAL PERIOD, RECEIVE FROM ITS CEO AND CFO A DECLARATION THAT, IN THEIR OPINION, THE FINANCIAL RECORDS OF THE ENTITY HAVE BEEN PROPERLY MAINTAINED AND THAT THE FINANCIAL STATEMENTS COMPLY WITH THE APPROPRIATE ACCOUNTING STANDARDS AND GIVE A TRUE AND FAIR VIEW OF THE FINANCIAL POSITION AND PERFORMANCE OF THE ENTITY AND THAT THE OPINION HAS BEEN FORMED ON THE BASIS OF A SOUND SYSTEM OF RISK MANAGEMENT AND INTERNAL CONTROL WHICH IS OPERATING EFFECTIVELY.

For the financial year ended 30 June 2017 and the half-year ended 31 December 2016, the company's CEO and CFO provided the Board with the required declarations.

RECOMMENDATION 4.3 - A LISTED ENTITY THAT HAS AN AGM SHOULD ENSURE THAT ITS EXTERNAL AUDITOR ATTENDS ITS AGM AND IS AVAILABLE TO ANSWER QUESTIONS FROM SECURITY HOLDERS RELEVANT TO THE AUDIT.

The audit engagement partner attends the AGM and is available to answer shareholder questions from shareholders relevant to the audit.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

RECOMMENDATION 5.1 - A LISTED ENTITY SHOULD (A) HAVE A WRITTEN POLICY FOR COMPLYING WITH ITS CONTINUOUS DISCLOSURE OBLIGATIONS UNDER THE LISTING RULES; AND (B) DISCLOSE THAT POLICY OR A SUMMARY OF IT.

The company maintains a written policy that outlines the responsibilities relating to the directors, officers and employees in complying with the company's disclosure obligations. Where any such person is of any doubt as to whether they possess information that could be classified as market sensitive, they are required to notify the Company Secretary immediately in the first instance. The Company Secretary is required to consult with the CEO in relation to matters brought to his or her attention for potential announcement. Generally, the CEO is ultimately responsible for decisions relating to the making of market announcements. The Board is required to authorise announcements of significance to the company. No member of the company shall disclose market sensitive information to any person unless they have received acknowledgement from the ASX that the information has been released to the market.

PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITY HOLDERS

RECOMMENDATION 6.1 - A LISTED ENTITY SHOULD PROVIDE INFORMATION ABOUT ITSELF AND ITS GOVERNANCE TO INVESTORS VIA ITS WEBSITE.

The company maintains information in relation to governance documents, directors and senior executives, Board and committee charters, annual reports, ASX announcements and contact details on the company's website.

RECOMMENDATIONS 6.2 AND 6.3

A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors (6.2).

A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders (6.3).

In order for the investors to gain a greater understanding of the company's business and activities, the company schedules regular interactions between the CEO, CFO and/ or Managing Director where it engages with institutional and private investors, analysts and the financial media. These meetings are not held within a four week blackout period in advance of the release of interim or full-year results. The company encourages shareholders to attend its AGM and to send in questions prior to the AGM so that they may be responded to during the meeting. It also encourages ad hoc enquiry via email which are responded to. Written transcripts of the meeting are made available on the company's website.

RECOMMENDATION 6.4 - A LISTED ENTITY SHOULD GIVE SECURITY HOLDERS THE OPTION TO RECEIVE COMMUNICATIONS FROM, AND SEND COMMUNICATIONS TO, THE ENTITY AND ITS SECURITY REGISTRY ELECTRONICALLY.

The company engages its share registry to manage the majority of communications with shareholders. Shareholders are encouraged to receive correspondence from the company electronically, thereby facilitating a more effective, efficient and environmentally friendly communication mechanism with shareholders. Shareholders not already receiving information electronically can elect to do so through the share registry, Computershare Australia Limited at https://www-au.computershare.com/investor/?gcc=au.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

RECOMMENDATIONS 7.1 & 7.2

The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework (7.1).

The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place (7.2).

The Board maintains a combined Audit and Risk Committee. The members of the Committee are detailed in Recommendation 4.2 above.

The charter of the Risk Committee can be found on the company's website.

The Audit and Risk Committee reviews the company's risk management framework annually to ensure that it is still suitable to the company's operations and objectives and that the company is operating within the risk parameters set by the Board. As a consequence of the last review undertaken for the year ended 30 June 2017, there were no significant recommendations made.

The Board acknowledges that it has not followed the ASX Recommendations in relation to the number of members and independence due to the size of the Board. The company maintains internal controls which assist in managing enterprise risk, and these are reviewed as part of the scope of the external audit, with the auditor providing the Board with commentary on their effectiveness and the need for any additional controls. The Managing Director and CEO are responsible for monitoring operational risk, ensuring all relevant insurances are in place, and ensuring that all regulatory and compliance obligations of the company are satisfied.

RECOMMENDATION 7.3 - A LISTED ENTITY SHOULD DISCLOSE: (A) IF IT HAS AN INTERNAL AUDIT FUNCTION, HOW THE FUNCTION IS STRUCTURED AND WHAT ROLE IT PERFORMS; OR (B) IF IT DOES NOT HAVE AN INTERNAL AUDIT FUNCTION, THAT FACT AND THE PROCESSES IT EMPLOYS FOR EVALUATING AND CONTINUALLY IMPROVING THE EFFECTIVENESS OF ITS RISK MANAGEMENT AND INTERNAL CONTROL PROCESSES.

The company does not have a dedicated internal audit function. The responsibility for risk management and internal controls lies with both the Managing Director and CFO who continually monitor the company's internal and external risk environment. Necessary action is taken to protect the integrity of the company's books and records including by way of design and implementation of internal controls, and to ensure operational efficiencies, mitigation of risks, and safeguard of company assets.

RECOMMENDATION 7.4 - A LISTED ENTITY SHOULD DISCLOSE WHETHER IT HAS ANY MATERIAL EXPOSURE TO ECONOMIC, ENVIRONMENTAL AND SOCIAL SUSTAINABILITY RISKS AND, IF IT DOES, HOW IT MANAGES OR INTENDS TO MANAGE THOSE RISKS.

Refer to the company's Annual Report for disclosures relating to the company's material business risks (including any material exposure to economic, environmental or social sustainability risks). Refer to commentary at Recommendations 7.1 and 7.2 for information on the company's risk management framework.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

RECOMMENDATION 8.1 - THE BOARD OF A LISTED ENTITY SHOULD: (A) HAVE A REMUNERATION COMMITTEE WHICH: (1) HAS AT LEAST THREE MEMBERS, A MAJORITY OF WHOM ARE INDEPENDENT DIRECTORS; AND (2) IS CHAIRED BY AN INDEPENDENT DIRECTOR, AND DISCLOSE: (3) THE CHARTER OF THE COMMITTEE; (4) THE MEMBERS OF THE COMMITTEE; AND (5) AS AT THE END OF EACH REPORTING PERIOD, THE NUMBER OF TIMES THE COMMITTEE MET THROUGHOUT THE PERIOD AND THE INDIVIDUAL ATTENDANCES OF THE MEMBERS AT THOSE MEETINGS; OR (B) IF IT DOES NOT HAVE A REMUNERATION COMMITTEE, DISCLOSE THAT FACT AND THE PROCESSES IT EMPLOYS FOR SETTING THE LEVEL AND COMPOSITION OF REMUNERATION FOR DIRECTORS AND SENIOR EXECUTIVES AND ENSURING THAT SUCH REMUNERATION IS APPROPRIATE AND NOT EXCESSIVE.

The Board maintains a combined Nomination and Remuneration Committee. The members of the Committee are detailed below.

DIRECTOR'S NAME	EXECUTIVE STATUS	INDEPENDENCE STATUS
Ian Robertson – Chair	Non-Executive	Independent
Anthony Lee	Non-Executive	Not independent
Ian Ingram	Non-Executive	Not independent

Details of the qualifications and experience of the members of the Committee is detailed in the 'Information of directors' section of the Directors' report.

The Remuneration Committee oversees remuneration policy and monitors remuneration outcomes to promote the interests of shareholders by rewarding, motivating and retaining employees. The committee's charter sets out the roles and responsibilities, composition and structure of the Committee and is available on the company's website.

The number of Committee meetings held and attended by each member is disclosed in the 'Meetings of directors' section of the Directors' report.


Escobar Exposed

The Board acknowledges that it has not followed the ASX Recommendations in relation to the number of members and independence due to the size of the Board.

RECOMMENDATION 8.2 - A LISTED ENTITY SHOULD SEPARATELY DISCLOSE ITS POLICIES AND PRACTICES REGARDING THE REMUNERATION OF NON-EXECUTIVE DIRECTORS AND THE REMUNERATION OF EXECUTIVE DIRECTORS AND OTHER SENIOR EXECUTIVES.

Non-executive directors are remunerated by way of cash fees, superannuation contributions and non-cash benefits in lieu of fees. The level of remuneration reflects the anticipated time commitments and responsibilities of the position. Performance based incentives are not available to non-executive directors. Executive directors and other senior executives are remunerated using combinations of fixed and performance based remuneration. Fees and salaries are set at levels reflecting market rates and performance based remuneration is linked directly to specific performance targets that are aligned to both short and long term objectives. Further details in relation to the company's remuneration policies are contained in the Remuneration Report, within the Directors' report.

RECOMMENDATION 8.3 - A LISTED ENTITY WHICH HAS AN EQUITY-BASED REMUNERATION SCHEME SHOULD: (A) HAVE A POLICY ON WHETHER PARTICIPANTS ARE PERMITTED TO ENTER INTO TRANSACTIONS (WHETHER THROUGH THE USE OF DERIVATIVES OR OTHERWISE) WHICH LIMIT THE ECONOMIC RISK OF PARTICIPATING IN THE SCHEME; AND (B) DISCLOSE THAT POLICY OR A SUMMARY OF IT

The use of derivatives or other hedging arrangements for unvested securities of the company or vested securities of the company which are subject to escrow arrangements is prohibited. Where a director or other senior executive uses derivatives or other hedging arrangements over vested securities of the company, this will be disclosed.

IAN INGRAM
CHAIRMAN
BA, BSC (ECON) (HONS), BARRISTER AT LAW

Mr Ingram was the founding Chairman of Beyond International Limited when it was formed in September 1986 and is currently the Non Executive Chairman. During his tenure, Beyond has emerged as one of the world's leading film and television production, sales and distribution organisations.

ANTHONY HSIEN PIN LEE
NON-EXECUTIVE DIRECTOR
B.A. PRINCETON UNIVERSITY NEW JERSEY USA,
MBA THE CHINESE UNIVERSITY OF HONG KONG

Mr Lee is a private investor and a Director of Aberon Pty Limited, his investment company. Prior to moving to Sydney from Hong Kong in 1987, Mr Lee was a corporate finance executive with a leading British merchant bank.

MIKAEL BORGLUND
MANAGING DIRECTOR AND CEO
BBUS, CA

A founding director of Beyond International in 1984, Mikael Borglund became Managing Director of the Beyond International Limited Group of companies in 1991 having been responsible for production, international sales and finance. During an outstanding career in the film and television industry Mikael has executive produced a number of Australian award winning feature films including *Kiss Or Kill* (1996), *Lantana* (2001), and James Cameron's *Deepsea Challenge* (2014).

Mikael has been Executive Producer of hundreds of hours of television for broadcasters around the globe. His credits include a number of internationally successful shows including, *MythBusters*, *Stingers*, *Good Guys/Bad Guys*, *Halifax Fp*, *Atlas: Australia*, *South Side Story*, *Damage Control* and the animated series *Beat Bugs*.

A highly regarded member of the Australian film and television industry, Mikael was elected to the council of the Screen Producers Association of Australia (SPAA) in 1994, and appointed to the Board of the Australian Film Institute in 1997 – 2005.

IAN ROBERTSON
NON-EXECUTIVE DIRECTOR
LLB, BCOM, FAICD

Ian Robertson is a corporate and media lawyer who heads the media and entertainment practice of national law firm Holding Redlich. He is also the National Managing Partner of the firm. He has worked in and for the media and entertainment industries for most of his career, including in the 1980's as the in-house legal counsel for David Syme & Co Limited, publisher of the *The Age* newspaper, and as a senior executive of the video, post-production and facilities company, AAV Australia. He became a partner of Holding Redlich in Melbourne in 1990 and established the firm's Sydney office in 1994.

He is also the President of the Board of the Victorian Government screen agency, Film Victoria. His former appointments include Deputy Chair of the Australian Government screen agency, Screen Australia, board member of the Australian Broadcasting Authority, director and Chair of Ausfilm, director and Deputy Chair of Film Australia Limited, and director of the predecessor agency to Film Victoria, Cinemedia.

Mr Robertson is a Fellow of the Australian Institute of Company Directors.

YOUR DIRECTORS PRESENT THEIR REPORT ON THE COMPANY AND ITS CONTROLLED ENTITIES ("CONSOLIDATED ENTITY" OR "GROUP") FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017.

1. DIRECTORS

The names of Directors in office at any time during or since the end of the financial year are;

IAN INGRAM Non-Executive Chairman
MIKAEL BORGLUND Managing Director
ANTHONY LEE Non-Executive Director
IAN ROBERTSON Non-Executive Director

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

2. COMPANY SECRETARY

The following person held the position of Company Secretary during and at the end of the financial year:

Mr. Paul Wylie, joined Beyond on the 7 November 2013 and was appointed Company Secretary on 7 November 2013. Mr. Wylie is also the General Manager of Finance for the Group.

3. PRINCIPAL ACTIVITIES OF THE GROUP

The principal activities of the group during the financial year were television program production, international sales of television programs and feature films, home entertainment distribution/sales and digital marketing. There was no significant change in the nature of those activities during the financial year.

4. OPERATING RESULTS

The consolidated loss attributable to members of the Company for the financial year was $7,469,000 (2016: profit of $5,317,000).

5. DIVIDENDS

The Directors have determined that there will be no final dividend for the 2017 financial year. A 2 cent per share (unfranked) 2017 Interim Dividend was paid on 21 April 2017 making the total dividend for the 2017 financial year 2 cents per share.

6. REVIEW OF OPERATIONS

Revenue from operations for the year has decreased by 15% from $101,638,000 to $86,312,000 with operating expenses reducing by $1,578,000 or 1.6% year on year.

Net loss after tax before minority interests is $7,469,000 for the 2017 financial year – this compares unfavourably to the profit after tax of $5,317,000 reported for the 2016 financial year.

Net cash flow from operating activities was $5,887,000 (2016: $5,127,000) with the final 2016 and interim 2017 dividend totalling $4,293,587 being paid during the period.

A revolving bill facility of $6,000,000 was secured through St George to fund Australian tax credits relating to the Producer Offset and Post, Digital and Visual Effects Offset (PDV) of which $5,744,000 was drawn at 30 June 2017.

TELEVISION PRODUCTION AND COPYRIGHT SEGMENT

Television production external revenue increased by $12,600,000 or 32.8% to $50,971,000.

In 2017 the net "copyright income" from the further exploitation of the programs by Beyond Distribution is $4,301,000 compared to $6,503,000 in 2016, a decrease of 33.9%.

Segment operating EBIT for the 12-month period decreased 24.1% to $7,566,000 (2016: $9,964,000).

The television series produced for the US market during the year includes returning titles *MythBusters*, with new hosts, *Deadly Women* (series 10 and 11) and *My Lottery Dream Home* (series 2 and 3). New commissions in the year include *RMD Garage, Teen Spirit, Dead Scientists* and *Six Second Pranks* for 7Beyond.

Australian program commissions during the period include 2017 *Santos Tour Down Under,* Love It Or List It Australia, *Pulse, Nippers, A Team Of Champions,* and season 10 and season 11 of *Selling Houses Australia.*

The 7Beyond joint venture result for the current year includes a 50% share of net operating costs of $55,000. This is an improvement to the share of costs in 2015 of $404,000. The venture has received a second and third commission from HGTV for My Dream Lottery Home in the 2017 financial year, with a fourth season expected to be commissioned in 2018.

HOME ENTERTAINMENT SEGMENT (BHE)

Revenue decreased by 92% to $2,113,000 (2016: $24,894,000) compared to the corresponding 12-month period.

In fiscal year 2017, BHE reached agreement with a number of customers to adopt consignment based trading terms. The impact of this change on BHE's operations in the period, was to complete a buy-back of all inventory from those customers. BHE terms of trade are now on a consignment basis with all significant customers and aligned with the majority of the home entertainment industry. Under a consignment trading agreement, goods are supplied to the wholesale customer 'no charge' with revenues being recorded upon sale of those goods to an end-consumer. At the completion of the transaction the standard wholesale price is remitted to BHE.

As a consequence of the transition to consignment trading terms, BHE recorded a loss of $8,182,000 in the fiscal 2017 year compared to EBIT of $1,526,000 in the 2016 year. Excluding the transition to consignment, the underlying result for BHE in the fiscal 2017 period was revenue of $15,250,000 and EBIT of $429,000.

The total physical DVD market contracted 17% for the twelve-months ending 30 June 2017 as a segment of the home entertainment market adopts subscription and streaming television services.

With the transition to consignment fully completed, BHE is placed to return to profitability in the 2018 fiscal year. To complement our existing portfolio of content, BHE in fiscal 2018 will launch the following event level programming: -

- Blue Murder: Killer Cop - a two-part Australian mini-series based on the portrayal of Australia's most notorious former detective, Roger Rogerson;
- Pokémon the Movie 20: I Choose You!;
- Secret Daughter Season 2 - an Australian drama television series set to screen on the Seven Network in 2017 starring Jessica Mauboy; and
- The 2017 AFL and NRL Grand Finals.

Deadly Women

TV AND FILM DISTRIBUTION SEGMENT (BEYOND DISTRIBUTION)

Segment revenue has decreased by $3,966,000 or 15.3% to $21,877,000 compared to the corresponding 12 month period (2016: $25,843,000).

The segment EBIT before impairment charges for the twelve months decreased by 58% to $845,000 from $2,020,000 in 2016. An impairment charge of $373,000 has been booked in relation to various titles held for distribution that are unlikely to achieve sufficient sales to support their carrying value.

During the current period 42% of total segment revenues are denominated in US$ (2016: 54%).

During the year successful sales were achieved for in house produced series', which include MythBusters and Deadly Women.

The most successful third party products sold were Highway Thru Hell, Love It Or List It, Chasing Monsters and Game of Homes.

DIGITAL MARKETING SEGMENT (BEYOND D)

Segment revenue has decreased by $1,921,000 or 15.4% to $10,549,000 compared to the corresponding 12 month period (2016: $12,470,000).

The division reported a loss before impairment and restructuring costs of $722,000 for the 12 months from a loss of $292,000 in 2016. After impairment and restructuring costs, the division reported a loss of $1,329,000.

FIRST had a consistent flow of digital production revenues from key clients in Australia and a very consistent consulting monthly performance by New Zealand. Both the Australian and New Zealand search operations refocused their search engine optimisation offerings around content outreach as well as continuing to improve the conversion rate optimization offering. This enabled the business to secure new clients as well as retain existing clients who otherwise may have been nearing the end of their relationship with the business. The result was that the FIRST business unit contributed $1.5 million, a result that was $0.3m lower than the FY2016 performance in a very competitive space.

The lead generation and performance media section of BeyondD (3Di) had a very difficult year and the division was closed down at the end of the financial year. The division reported a loss before impairment and restructuring costs of $607k. Impairment charges relating to intellectual property of $444k, and redundancy payments of $163k have been booked in the 2017 financial year, resulting in a full year loss of $1,303,000.

The continued vigilance on the cost structure of FIRST and its expected continued success, will enable the focus required to return the division to profitability in 2017/18.

7. PRIOR PERIOD ERROR

Management undertook a review of various assets and liabilities associated with the distribution division and have identified a prior period error dating back to 2003 in relation to internal copyright revenues erroneously recognised in relation to a number of programmes previously funded under a financing arrangement whereby all revenues were to flow through to the financier. While the associated debtors created at the time of the revenue recognition were eliminated on consolidation, the offsetting liability had been settled with the financier. This had the impact of understating the amounts payable to third party licensors. The net value after tax of the error is $1,481,000 and will be treated in accordance with Australian Accounting Standards Board (AASB) 108 Accounting Policies, Changes in Accounting Estimates and Errors, with no impact on current or prior year earnings. This requires that, as the error occurred before the earliest prior period being presented in the accounts, the opening balances of assets, liabilities and equity be restated for the 2016 financial year. A summary of the restatement is tabled below:

STATEMENT OF FINANCIAL POSITION	2015 REPORTED $000s	ADJUSTMENT $000s	2015 RESTATED $000s
Other current liabilities	10,866	2,037	12,903
Deferred tax liabilities	4,029	(556)	3,473
Retained earnings	11,727	(1,481)	10,246

8. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group during the financial year ended 30 June 2017.

9. MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Subsequent to 30 June 2017, the Group received a waiver in relation to the breaches to its banking covenants. No other matter or circumstance has arisen since 30 June 2017 that has significantly affected or may significantly affect the Group's operations, the results of those operations or the Group's state of affairs in future years.

10. LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Beyond International Group of companies operates in challenging, competitive sectors. This makes it difficult to detail expected results of operations for the 2018 financial year.

All four operating segments are facing competitive pressures and technological challenges. The television production and distribution segments operate in an international environment and are subject to economic fluctuations that occur in the different markets in which they operate.

The growth of the OTT platforms as a significant method of content distribution to the consumer has proved disruptive to the traditional free to air and cable platforms. This results in both opportunities and challenges for the Company – to date this disruption has proved somewhat of an opportunity as the Company has achieved significant sales to both OTT platforms and traditional platforms during the year.

Home Entertainment face the challenges of a declining DVD market and aggressive retailers shifting their trading terms to consignment.

Beyond D need to ensure relevance by maintaining any technological advantage in a rapidly changing environment.

Over the next twelve months the Company's focus will be to further strengthen the financial performance in all operating segments of the Group in order to generate surplus cash to invest in working capital and new content. The focus will be on organic growth in the production and distribution business segments.

11. INFORMATION ON DIRECTORS & COMPANY SECRETARY

DIRECTOR	QUALIFICATIONS & EXPERIENCE	SPECIAL RESPONSIBILITIES	DIRECTORS' INTERESTS IN SHARES OF BEYOND INTERNATIONAL LIMITED
I INGRAM BA, Bsc(Econ), Honours Barrister at Law	Chairman of Winchester Investments Group Pty Ltd and Sealion Media Ltd as well as Chairman of various private venture capital and investment companies. Member of the Board since 1986	Chairman, member of the Audit Committee, member of the Remuneration Committee, and Chairman of the Nomination Committee	19,310,278 direct/indirect
M BORGLUND B.Bus, CA	Extensive management & finance experience. Former member of the board of the Australian Film Institute. Member of the Board since 1990	Managing Director, CEO and member of the Nomination Committee	3,150,949 direct/indirect
A LEE BA, MBA	Director of Aberon Pty Ltd, a private investment company, a substantial shareholder in the company. Member of the Board since 1990	Non-Executive Director, Chairman of the Audit Committee, member of the Remuneration Committee, and member of the Nomination Committee	5,474,997 direct/indirect
IAN ROBERTSON LL.B. BComm, FAICD	A media and corporate lawyer who heads the media and entertainment practice of national law firm Holding Redlich and is the Managing Partner of the firm's Sydney office. He is President of the Board of the Victorian Government screen agency Film Victoria, and the former Deputy Chair of the Australian Government film agency Screen Australia	Non-Executive Director, Chairman of the Remuneration Committee and member of the Nomination Committee	110,000 direct/indirect
PAUL WYLIE BA Acctg, CPA	Extensive media finance experience with over 30 years in broadcast and subscription television and television production industries. Company Secretary roles for a number of entities during this period	General Manager, Finance Company Secretary	2,000 indirect

The particulars of Directors' interests in shares are as at the date of this report.

12. DIRECTORS' MEETINGS

The numbers of meetings of the Company's Board of Directors and of each Committee held during the financial year ended 30 June 2017, and the number of meetings attended by each Director was:

	BOARD OF DIRECTORS MEETINGS		AUDIT COMMITTEE MEETINGS		REMUNERATION COMMITTEE MEETINGS		NOMINATION COMMITTEE MEETINGS	
Director	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended
I Ingram	8	8	2	2	2	2	2	2
M Borglund	8	8	-	-	-	-	2	2
A Lee	8	8	2	2	2	2	2	2
I Robertson	8	8	-	-	2	2	2	2

13. INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has entered into agreements to indemnify all Directors of the Company named in section 1 of this report, and current and former executive officers of the Group, against all liabilities to persons (other than the Company or a related body corporate) which arise out of the performance of their normal duties as Director or executive officer, unless the liability relates to conduct involving a lack of good faith. The Group has agreed to indemnify the Directors and executive officers against all costs and expenses incurred in defending an action that falls within the scope of the indemnity and any resulting payments.

The Group paid insurance premiums totalling $16,653 (2016: $18,988) in respect of Directors' and officers' liability insurance. The policy does not specify the premium of individual Directors and executive officers.

The directors' and officers' liability insurance provides cover against all costs and expenses involved in defending legal actions, and any resulting payments arising from a liability to persons (other than the Company or a related body corporate) incurred in their position as Director or executive officer, unless the conduct involves a wilful breach of duty or an improper use of inside information or position to gain advantage.

Santos Tour Down Under

14. REMUNERATION REPORT (AUDITED)

A) REMUNERATION POLICY

The broad approach by the Group to remuneration is to ensure that remuneration packages:

- properly reflect individual's duties and responsibilities;
- are competitive in attracting, retaining and motivating staff of the highest quality; and
- uphold the interests of shareholders.

The remuneration policies adopted are considered to have contributed to the growth of the Group's profits and shareholder benefit by aligning remuneration with the performance of the Group.

B) REMUNERATION APPROACH – NON-EXECUTIVE DIRECTORS

Non-Executive Directors are remunerated from a maximum aggregate amount of $350,000 per annum.

Current rates effective 1 October 2013 paid to Non-Executive Directors are:

Chairman
$188,025 p.a.

Non-Executive Director
$50,000 p.a.

Additional Duties

Chairman of a board committee
$10,000 p.a.

Member of a board committee
$5,000 p.a.

The Board's policy is to remunerate Non-Executive Directors at market rates from comparable companies having regard to the time commitments and responsibilities assumed.

There are no termination payments to Non-Executive Directors on retirement from office other than payments relating to their accrued superannuation entitlements.

C) CONTRACTUAL ARRANGEMENTS – KEY MANAGEMENT PERSONNEL

Name	Position	Duration of Contract	Period of Notice to Terminate the Contract
M Borglund	Managing Director	No Fixed term	Either party may terminate on twelve months notice
J Luscombe	General Manager - Productions & Senior Vice President	No Fixed term	Either party may terminate on twelve months notice
P Tehan	General Manager - Legal & Business Affairs	No Fixed term	One month notice given by either party
T McGee	General Manager - Business Development	No Fixed term	One month notice given by either party
M Murphy	General Manager - Distribution	No Fixed term	Three months notice given by either party
P Wylie	General Manager - Finance & Company Secretary	No Fixed term	Three months notice given by either party
P Maddison	General Manager - Home Entertainment	No Fixed term	One month notice given by either party
J Ward	General Manager - Digital Marketing	No Fixed term	Three months notice given by either party

The contracts referred to are currently on foot and variously part performed as to the duration of them. The contracts are terminable by the Company in the event of serious misconduct or non-rectified breach. Only remuneration that is due but unpaid up to the date of termination and normal statutory benefits will be paid in these circumstances.


MythBusters: The Search

D) KEY MANAGEMENT PERSONNEL REMUNERATION

The Board undertakes an annual review of its performance and the performance of the Board Committees against goals set at the start of the financial year. Any performance related bonuses are available to executives of the Company and thus no bonuses are payable to Non-Executive Directors. Any performance related bonuses will be based on the divisional net profit before tax exceeding the annual budget approved by the Board prior to the commencement of the relevant financial year by a minimum percentage, and achieving pre-agreed KPI's. Details of the nature and the remuneration of each Director of Beyond International Limited and each of the seven executives with the greatest authority for the strategic direction and management of the Company and the Group are set out in the following tables.

DIRECTORS OF BEYOND INTERNATIONAL LIMITED

2017

NAME	SALARY & FEES	BONUS	NON-MONETARY BENEFITS	POST-EMPLOYMENT BENEFITS (SUPERANNUATION)	OTHER LONG TERM BENEFITS (LEAVE)	SHARE BASED PAYMENTS	TOTAL	SHARE BASED PAYMENTS % OF TOTAL
M Borglund	$751,440	$100,000	-	$19,616	$70,189	-	$941,245	0%
I Ingram	$188,025	-	-	-	-	-	$188,025	0%
A Lee	$54.795	-	-	$5,205	-	-	$60,000	0%
I Robertson	$54,795	-	-	$5,205	-	-	$60,000	0%
TOTAL	**$1,049,055**	**$100,000**	**-**	**$30,026**	**$70,189**	**-**	**$1,249,270**	**0%**

Mikael Borglund's bonus as a percentage of his salary and fees is 13.3% (2016: 0%). The bonus was awarded at the discretion of the Board.

2016

NAME	SALARY & FEES	BONUS	NON-MONETARY BENEFITS	POST-EMPLOYMENT BENEFITS (SUPERANNUATION)	OTHER LONG TERM BENEFITS (LEAVE)	SHARE BASED PAYMENTS	TOTAL	SHARE BASED PAYMENTS % OF TOTAL
M Borglund	$736,446	-	-	$19,308	$66,687	-	$822,441	0%
I Ingram	$188,025	-	-	-	-	-	$188,025	0%
A Lee	$54,795	-	-	$5,205	-	-	$60,000	0%
I Robertson	$54,795	-	-	$5,205	-	-	$60,000	0%
TOTAL	**$1,034,061**	**-**	**-**	**$29,718**	**$66,687**	**-**	**$1,130,466**	**0%**

Mr Borglund is the only Executive Director employed by Beyond International Limited.

During the 2017 financial year the Group did not exceed the budget by the set criteria and as such Mikael Borglund was not entitled to a performance bonus, however the Board, at its discretion granted Mikael Borglund a one-off bonus of $100,000. For the 2016 financial year the Group did not exceed the budget by the set criteria and as such Mikael Borglund was not entitled to a performance bonus.

EXECUTIVE OFFICERS' REMUNERATION

2017

NAME	SALARY & FEES	BONUS	NON-MONETARY BENEFITS	POST-EMPLOYMENT BENEFITS (SUPER-ANNUATION)	OTHER LONG TERM BENEFITS (LEAVE)	TERMINATION BENEFITS	SHARE BASED PAYMENTS	TOTAL	SHARE BASED PAYMENTS % OF TOTAL
J Luscombe	$567,171	$555,370	-	$19,616	$33,374	-	-	$1,175,531	0%
P Wylie	$254,356	-	-	$19,616	$8,038	-	-	$282,010	0%
T McGee	$248,189	-	-	$19,616	($20,217)	-	-	$247,588	0%
M Murphy	$288,772	-	-	$15,800	$630	-	-	$305,202	0%
P Tehan	$232,035	-	-	$19,616	$7,973	-	-	$259,624	0%
P Maddison	$344,912	-	-	$19,616	$13,499	-	-	$378,027	0%
J Ward	$223,300	-	-	$19,616	$8,236	-	-	$251,152	0%
TOTAL	**$2,158,736**	**$555,370**	**-**	**$133,495**	**$51,533**	**-**	**-**	**$2,899,134**	**0%**

2016

NAME	SALARY & FEES	BONUS	NON-MONETARY BENEFITS	POST-EMPLOYMENT BENEFITS (SUPER-ANNUATION)	OTHER LONG TERM BENEFITS (LEAVE)	TERMINATION BENEFITS	SHARE BASED PAYMENTS	TOTAL	SHARE BASED PAYMENTS % OF TOTAL
J Luscombe	$556,340	$443,051	-	$19,309	$31,274	-	-	$1,049,975	0%
P Wylie	$244,391	-	-	$19,309	$9,407	-	-	$273,106	0%
T McGee	$244,614	-	-	$19,309	$(5,122)	-	-	$258,800	0%
M Murphy	$282,727	$13,691	-	$12,548	$32	-	-	$308,998	0%
P Tehan	$223,150	-	-	$19,309	$12,536	-	-	$254,994	0%
P Maddison	$339,312	-	-	$19,309	$10,302	-	-	$368,922	0%
J Ward	$220,000	-	-	$19,309	$(12,676)	-	-	$226,632	0%
TOTAL	**$2,110,534**	**$456,742**	**-**	**$128,396**	**$45,753**	**-**	**-**	**$2,741,426**	**0%**

John Luscombe's bonus as a percentage of his salary and fees is 97.9% (2016: 79.6%). The bonus calculation is based on the financial performance of programs created and produced, and divisional net profit before tax performance to budget.

Michael Murphy's bonus as a % of his salary and fees is 0% (2016: 4.8%). The bonus is based on earnings before foreign exchange, interest and income tax against budget for the 2015/16 financial year. This bonus was paid in the 2017 financial year.

During the 2017 financial year, the Group did not exceed the budget by the set criteria or for the individual divisions. As such no executives, other than John Luscombe were entitled to a performance bonus. This has been received and is detailed above.

In the 2016 financial year the budget criteria was not met and consequently those executives other than John Luscombe and Michael Murphy were not entitled to this bonus.

My Lottery Dream Home

EXECUTIVE OFFICERS' SHAREHOLDINGS

2017

SPECIFIED EXECUTIVES	BALANCE 1.07.16	RECEIVED AS REMUNERATION	OPTIONS EXERCISED	NET CHANGE OTHER*	BALANCE 30.06.17
J Luscombe	273,478	-	-	-	273,478
T McGee	75,000	-	-	-	75,000
P Tehan	75,000	-	-	-	75,000
P Maddison	50,000	-	-	-	50,000
P Wylie	2,000	-	-	-	2,000
M Murphy	-	-	-	-	-
J Ward	-	-	-	-	-
TOTAL	**475,478**	**-**	**-**	**-**	**475,478**

2016

SPECIFIED EXECUTIVES	BALANCE 1.07.15	RECEIVED AS REMUNERATION	OPTIONS EXERCISED	NET CHANGE OTHER*	BALANCE 30.06.16
J Luscombe	273,478	-	-	-	273,478
T McGee	75,000	-	-	-	75,000
P Tehan	75,000	-	-	-	75,000
P Maddison	50,000	-	-	-	50,000
P Wylie	2,000	-	-	-	2,000
M Murphy	-	-	-	-	-
J Ward	-	-	-	-	-
TOTAL	**475,478**	**-**	**-**	**-**	**475,478**

* The net change from the opening balance represents sale or purchase of shares during the year.

Pokemon

TRANSACTIONS WITH OTHER RELATED PARTIES

J Luscombe is a director of Ryzara Pty Ltd. The company has received payments for services rendered by J Luscombe during the year. These fees are included as part of the Executive Remuneration disclosed in Note 30 and the Director's Report.

VOTING AND COMMENTS MADE AT THE COMPANY'S 2016 ANNUAL GENERAL MEETING (AGM)

The company received 99.9% of "for" votes in relation to its remuneration report for the year ended 30 June 2016. The company did not receive any specific feedback at the AGM regarding its remuneration policy.

BEYOND INTERNATIONAL EMPLOYEE SHARE PLAN

The Board has adopted an employee share plan (note 27) under which employees and Directors of the Group may subscribe for shares in the Company using funds loaned to them by the Group. The Board has also adopted a share plan on substantially the same terms for consultants of the Group (Consultant Plan). The purpose of the Employee Share Plan is to:

- assist in the retention and motivation of employees and Directors of the Group by providing them with a greater opportunity to participate as shareholders in the success of the group; and
- create a culture of share ownership amongst the employees of the Group. The employee share plan was approved by shareholders at the Company's extraordinary general meeting on 12th April 2006.

2,587,500 shares were originally issued under the Employee Share Plan to eligible employees and Directors and the Group has entered into loan agreements with participants to provide the funds necessary to subscribe for those shares. Shares have been issued in accordance with the Employee Share Plan rules. There are 1,525,000 shares still subject to the Employee Share Plan.

Under the Employee Share Plan rules the Board of the Group has the power to decide which full time or permanent part-time employees and Directors of the Group will participate in the Employee Share Plan and the number of shares offered to each participant. The number of shares offered to be issued under the Employee Share Plan and Consultants Plan in a five year period must not exceed 5% of the total number of issued shares at the time of the offer, disregarding certain share issues.

The shares granted under the Employee Share Plan may be subject to any restrictions the Board considers appropriate and the Board may implement any procedure the Board considers appropriate to restrict the disposal of shares acquired under the Employee Share Plan. The Board also has the power to vary or terminate the Employee Share Plan at any time, subject to the ASX Listing Rules and the Corporations Act 2001.

This concludes the remuneration report that has been audited.

	EBIT 000s	NET PROFIT 000s	EPS (CENTS PER SHARE)	NTA* (CENTS PER SHARE)	TOTAL EQUITY 000s	DIVIDENDS (CENTS PER SHARE)
2013	10,841	9,273	15.12	56.92	40,593	7.00
2014	8,837	7,975	13.00	62.48	44,158	9.00
2015	5,964	5,885	9.59	62.19	44,009	10.00
2016	5,553	5,317	8.67	61.37	43,326	10.00
2017	(8,195)	(7,469)	(12.18)	44.37	32,085	2.00

Nippers

15. TOTAL NUMBER OF EMPLOYEES

The total number of fulltime equivalent employees employed by the Group at 30 June 2017 was 105 as compared with 132 at 30 June 2016.

16. SHARES UNDER OPTION

At the date of this report, there are no un-issued ordinary shares of Beyond International Limited under option.

17. SHARES REDEEMED UNDER THE EMPLOYEE SHARE PLAN

35,000 shares have been redeemed from the Beyond International Limited employee share plan during or since the end of the financial year. No further shares have been approved by the Board of Directors under this plan.

18. ENVIRONMENTAL REGULATIONS

The Group has assessed whether there are any particular or significant environmental regulations which apply to it and has determined that there are none.

19. CORPORATE GOVERNANCE STATEMENT

Please see the following URL of the company website where the statement is located.

http://www.beyond.com.au/corporate/corporate-governance

20. ROUNDING OF AMOUNTS

The Group is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 24 March 2016 and in accordance with that Corporations Instrument, amounts in the directors' report and the financial statements are rounded off to the nearest $1,000, or in certain cases, the nearest dollar.

21. PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

22. NON AUDIT SERVICES

During the year BDO, the Company's auditor, delivered tax services and performed audits in relation to non-statutory submissions.

The following fees for non-audit services were paid/payable to the external auditors during the year ended 30 June 2017:

Tax compliance services	$88,025

When considering BDO to provide additional services the Board considers the non-audit services provided to ensure it is satisfied that the provision of these non-audit services by the auditor is compatible with, and will not compromise the auditor independence requirements of the Corporations Act 2001. In particular it ensures that:

- All non-audit services are reviewed and approved by the Audit Committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- Non-audit services provided do not undermine the general principles relating to audit in a management or decision making capacity for the Company, acting as an advocate for the Company, or jointly sharing risks and rewards.

23. AUDITORS INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is included on page [35] of the Directors' Report.

AUDITOR DETAILS

BDO East Coast Partnership continues in office in accordance with section 327 of the *Corporations Act 2001.*

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

For and on behalf of the Board

Mikael Borglund
Managing Director
31 August 2017
Sydney

AUDITOR'S INDEPENDENCE DECLARATION

Tel: +61 2 9251 4100
Fax: +61 2 9240 9821
www.bdo.com.au

Level 11, 1 Margaret St
Sydney NSW 2000
Australia

DECLARATION OF INDEPENDENCE BY MARTIN COYLE TO THE DIRECTORS OF BEYOND INTERNATIONAL LIMITED

As lead auditor of Beyond International Limited for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Beyond International Limited and the entities it controlled during the financial year.

Martin Coyle
Partner

BDO East Coast Partnership

Sydney, 31 August 2017

Pulse

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2017

		CONSOLIDATED ENTITY	
	NOTES	2017	2016
		$000'S	$000'S
Revenue from continuing operations	5 (a)	**86,379**	101,633
Other income	5 (a)	**174**	161
Share of profits of joint ventures accounted for using the equity method	16	**-**	-
Royalty expense		**13,364**	13,905
Production costs		**42,038**	28,736
Home entertainment direct costs		**7,022**	18,110
Digital marketing direct costs		**7,899**	8,576
Administration costs		**5,402**	6,544
Employee benefits expense		**13,911**	14,964
Finance costs	5 (b)	**184**	35
Provisions		**807**	1,522
Depreciation and amortisation expense	5 (b)	**3,200**	2,900
Net foreign exchange loss	5 (b)	**542**	494
Investment write off		**423**	-
Loss on disposal of property, plant and equipment		**40**	-
Share of loss of joint venture accounted for using the equity method	16	**55**	404
(Loss)/profit before income tax	5 (b)	**(8,334)**	5,604
Income tax benefit/(expense)	6 (a)	**997**	(287)
(Loss)/profit after income tax for the year		**(7,337)**	5,317
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
De-recognition of available for sale financial asset		**423**	-
Changes in the fair value of available-for-sale financial assets	12 (a)	**(14)**	10
Foreign currency translation		**(47)**	(1)
Other comprehensive income for the year, net of tax		**362**	9
Total comprehensive (loss)/income for the year		**(6,975)**	5,326
(Loss)/Profit is attributable to:			
Owners of Beyond International Limited		**(7,469)**	5,317
Non-controlling interest		**132**	-
		(7,337)	5,317
Total comprehensive (loss)/income for the year is attributable to:			
Owners of Beyond International Limited		**(7,107)**	5,326
Non-controlling interest		**132**	-
		(6,975)	5,326
Earnings per share attributable to the owners of Beyond International Limited		**Cents**	Cents
Basic and diluted (loss)/earnings per share	7	**(12.18)**	8.67
Dividends per share	24	**2.00**	10.00

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

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

		CONSOLIDATED ENTITY		
	NOTES	2017	2016 RESTATED	2015 RESTATED
		$000'S	$000'S	$000'S
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents		**7,645**	6,379	10,403
Trade and other receivables	9	**25,704**	32,684	30,561
Current tax receivables		**116**	-	-
Inventories	10	**3,624**	2,882	3,069
Other current assets	11	**14,048**	16,454	15,732
Financial assets	12(b)	**62**	-	-
TOTAL CURRENT ASSETS		**51,199**	58,399	59,764
NON-CURRENT ASSETS				
Trade and other receivables	9	**6,825**	8,496	1,831
Investments accounted for using the equity method	16	**313**	136	-
Financial assets	12(a)	**-**	14	4
Property plant and equipment	13	**2,414**	2,590	1,850
Intangible assets	14	**4,869**	5,681	6,062
Deferred tax assets	6(c)	**943**	314	804
Other non-current assets	11	**7,421**	751	518
TOTAL NON-CURRENT ASSETS		**22,785**	17,982	11,071
TOTAL ASSETS		**73,984**	76,381	70,835
LIABILITIES				
CURRENT LIABILITIES				
Trade and other payables	15	**8,324**	5,127	6,025
Financial liabilities	12(b)	**-**	4	91
Employee benefits	17	**3,419**	3,538	2,902
Current tax liabilities		**261**	-	134
Other financial liabilities	18	**2,373**	3,049	-
Other current liabilities	19	**15,607**	12,715	12,903
Borrowings	20	**5,744**	-	-
TOTAL CURRENT LIABILITIES		**35,727**	24,433	22,055
NON-CURRENT LIABILITIES				
Deferred tax liabilities	6(c)	**1,183**	2,494	3,473
Employee benefits	17	**287**	340	588
Other financial liabilities	18	**2,340**	3,931	-
Other non-current liabilities	19	**2,362**	1,854	710
TOTAL NON-CURRENT LIABILITIES		**6,173**	8,619	4,772
TOTAL LIABILITIES		**41,900**	33,051	26,827
NET ASSETS		**32,085**	43,326	44,009
EQUITY				
Issued capital	21	**34,018**	33,991	33,867
Reserves	22	**269**	(94)	(103)
Accumulated (losses)/earnings		**(2,333)**	9,429	10,246
Accumulated earnings relating to non-controlling interests		**132**	-	-
TOTAL EQUITY		**32,085**	43,326	44,009

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2017

CONSOLIDATED ENTITY	ISSUED CAPITAL $000'S	RESERVES $000'S	RETAINED EARNINGS $000'S	TOTAL $000'S	NON-CONTROLLING INTERESTS $000'S	TOTAL EQUITY $000'S
Balance at 01 July 2016	**33,991**	**(94)**	**9,429**	**43,326**	**-**	**43,326**
Loss for the year	**-**	**-**	**(7,469)**	**(7,469)**	**132**	**(7,337)**
Other comprehensive income for the year, net of tax	**-**	**362**	**-**	**362**	**-**	**362**
Other movements in reserves	**-**	**1**	**-**	**1**	**-**	**1**
Total comprehensive income for the year	**-**	**363**	**(7,469)**	**(7,106)**	**132**	**(6,975)**
Transactions with owners in their capacity as owners:						
Dividends paid or provided for	**-**	**-**	**(4,294)**	**(4,294)**	**-**	**(4,294)**
Employee share plan	**26**	**-**	**-**	**26**	**-**	**26**
Balance at 30 June 2017	**34,018**	**269**	**(2,333)**	**31,953**	**132**	**32,084**
Balance at 01 July 2015	**33,867**	**(103)**	**11,727**	**45,490**	**-**	**45,490**
Adjustment for correction of error (Note 33)	-	-	(1,481)	(1,481)	-	(1,481)
Balance at 01 July 2015 - restated	33,867	(103)	10,246	44,009	-	44,009
Profit for the year	-	-	5,317	5,317	-	5,317
Other comprehensive income for the year, net of tax	-	9	-	9	-	9
Total comprehensive income for the year	-	9	5,317	5,326	-	5,326
Transactions with owners in their capacity as owners:						
Dividends paid or provided for	-	-	(6,134)	(6,134)	-	(6,134)
Employee share plan	124	-	-	124	-	124
Balance at 30 June 2016	33,991	(94)	9,429	43,326	-	43,326

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2017

	NOTES	CONSOLIDATED ENTITY 2017 $000'S	2016 $000'S
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**103,452**	101,124
Payments to suppliers and employees		**(96,913)**	(94,854)
Interest received		**45**	86
Finance costs paid		**(184)**	(35)
Income tax paid		**(513)**	(1,195)
Net cash provided by operating activities	8(a)	**5,887**	5,127
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(1,133)**	(1,671)
Investment in websites and databases		**(131)**	(246)
Distribution guarantees paid		**(2,913)**	(2,945)
Distribution guarantees recouped		**1,764**	3,381
Prepaid royalties		**(2,537)**	(1,765)
Prepaid royalties recouped		**2,044**	1,628
Proceeds from sale of property, plant and equipment		**8**	1
Payment for investments and joint venture		**(341)**	(1,011)
Investment in development projects		**(2,858)**	(512)
Net cash flows used in investing activities		**(6,097)**	(3,140)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		**5,744**	-
Proceeds from share issue	27	**26**	125
Dividend paid		**(4,294)**	(6,136)
Net cash flows provided by/(used in) financing activities		**1,476**	(6,011)
Net increase/(decrease) in cash held		**1,266**	(4,024)
Cash and cash equivalents at the beginning of the financial year		**6,379**	10,403
Cash and cash equivalents at the end of the financial year		**7,645**	6,379

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

1. REPORTING ENTITY

Beyond International Limited is a company limited by shares, incorporated and domiciled in Australia and whose shares are publicly traded on the Australian Securities Exchange.

The financial report covers the consolidated entity of Beyond International Limited and its controlled entities (the Consolidated Entity and/or the group) as at and for the year ended 30 June 2017.

The financial report of Beyond International Limited for the year ended 30 June 2017 was authorised for issue in accordance with a resolution of the Board of Directors on 30 August 2017.

2. STATEMENT OF COMPLIANCE

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001, as appropriate for profit oriented entities. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards, as issued by the International Accounting Standards Board (IASB).

3. SIGNIFICANT ACCOUNTING POLICIES

This section sets out the significant accounting policies upon which the financial statements are prepared as a whole. Specific accounting policies are described in their respective notes to the financial statements. This section also shows information on new accounting standards, amendments and interpretations, and whether they are effective in the current or later years.

The accounting policies have been consistently applied to all periods presented in these financial statements, unless otherwise stated.

BASIS OF PREPARATION

The financial report has been prepared on an accruals basis and is based on historical costs, except where stated. The Consolidated Entity has not adopted a policy of revaluing its non-current assets on a regular basis. Non-current assets are revalued from time to time as considered appropriate by the directors and are not stated at amounts in excess of their recoverable amounts.

These financial statements are presented in Australian dollars, which is the Company's functional currency.

ROUNDING

The Consolidated Entity is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191 and in accordance with that Corporations Instrument, amounts in the directors' report and the financial statements are rounded off to the nearest thousand, or in certain cases, the nearest dollar.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Beyond International Limited ('company' or 'parent entity') as at 30 June 2017 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

A list of controlled entities is contained in note 28 to the financial statements. Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

FOREIGN OPERATIONS

Transactions denominated in a foreign currency are converted to Australian currency at the exchange rate at the date of the transaction. Foreign currency receivables and payables at the reporting date are translated at exchange rates at the reporting date. Exchange gains and losses are brought to account in determining the profit or loss for the year.

Exchange gains and losses arising on forward foreign exchange contracts entered into as hedges of specific commitments are deferred and included in the determination of the amounts at which the transactions are brought to account. Specific hedging is undertaken in order to avoid or minimise possible adverse financial effects of movements in foreign exchange rates. If the hedging transaction is terminated prior to its maturity date and the hedged transaction is still expected to occur, deferral of any gains and losses which arose prior to termination continues, and those gains and losses are included in the measurement of the hedged transaction.

In those circumstances where a hedging transaction is terminated prior to maturity because the hedged transaction is no longer expected to occur, any previous deferred gains or losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income at the date of termination. All exchange gains

and losses relating to other hedge transactions are brought to account in the Statement of Financial Position in the same period as the exchange differences on the items covered by the hedge transactions. Costs on such contracts are expensed as incurred.

Exchange gains and losses on the other hedge transactions entered into as hedges of general commitments are brought to account in the Statement of Profit or Loss and Other Comprehensive Income in the financial year in which the exchange rate changes.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Assets and liabilities of overseas controlled entities and branches are translated at exchange rates existing at the reporting date and the exchange gain or loss arising on translation is carried directly to a foreign currency translation reserve.

GOODS AND SERVICES TAX ("GST") AND VALUE ADDED TAX ("VAT")

"Revenues, expenses and assets are recognised net of the amount of GST, except when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are presented in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

USE OF JUDGEMENTS AND ESTIMATES

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Sections within this financial report whereby estimates and judgments have a material impact are as follows:

- the recoverability of distribution advances and prepaid royalties detailed in Note 11.
- the recoverability of capitalised development costs detailed in Note 11.
- Capitalised production costs in Note 11 are calculated using an estimate of future sales on a specified title. The recoverability of this asset is assessed based on a judgment as to whether the initial estimated sales will be reached.
- The valuation of goodwill and other intangible assets detailed in Note 14.
- The recoverability of deferred tax assets as detailed in Note 6.

NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2018, and have not been applied in preparing these financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

(I) AASB 9 FINANCIAL INSTRUMENTS

AASB 9 Financial Instruments becomes mandatory for the Group's 2019 annual financial statements and includes changes to the classification and measurement of financial assets, including a new expected credit loss model for calculating impairment. It also includes a new hedge accounting model to simplify hedge accounting requirements and more closely align hedge accounting with risk management activities.

The potential effect of the initial application of the expected Standard has been considered by Management, and from their preliminary assessment they do not believe it will have a material impact on the financial statements.

(II) AASB 15 REVENUE FROM CONTRACTS WITH CUSTOMERS

AASB 15 Revenue from Contracts becomes mandatory for the Group's 2019 annual financial statements and outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The core principle is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the expects to be entitled in exchange for those goods or services.

Management has commenced assessing the impact of AASB 15 on its financial statements and have identified some potential areas that will require further assessment to determine the impact of implementing the new standard. Management will continue to evaluate the overall impact of AASB 15 on the financial statements in the forthcoming period.

(III) AASB 16 LEASES

AASB 16 Leases becomes mandatory for the Group's 2020 annual financial statements and removes the classification of leases between finance and operating leases, effectively treating all leases as finance leases for the lessee. The purpose is to provide greater transparency of a lessee's financial leverage and capital employed.

Management anticipate that the Group's operating lease contracts currently in effect will be impacted by the introduction of AASB 16, and are currently in the process of determining the potential effects of the implementation of AASB 16 on the financial statements.

GOING CONCERN

For the year ended 30 June 2017, the Consolidated Entity made a loss of $7,337,000 (2016: profit of $5,317,000) and was in breach of its banking covenants as disclosed in Note 20.

The Directors are of the opinion that the Consolidated Entity will be able to continue as a going concern given that the bank waived the breach of covenants on 28 August 2017 and the Directors anticipate that the current years loss was an anomaly due to the significant stock returns and buyback expensed in the 2017 financial year, with the Consolidated Entity expecting to return to a profitable position for the year ending 30 June 2018.

4. OPERATING SEGMENTS

Management, as the chief operating decision maker, has determined the operating segments based on the reports reviewed by the Board that are used to make strategic decisions. The Board considers the business on a global basis in the following four operating divisions:

1. TV production and copyright Production of television programming and ownership of television product copyright.

2. Film and Television distribution International distribution of television programmes and feature films.

3. Home Entertainment Distribution in Australia and New Zealand of DVDs.

4. Digital Marketing Online search optimisation, website creation, development and performance and online media sales in Australia and New Zealand.

Corporate benefit/(expense) Includes the parent entity, centralised administrative support services to the group comprising legal and business affairs, finance and human resources, in addition to internet development. None of these activities constitute a separately reportable business segment.

Geographical segments Although the Consolidated Entity's divisions are managed on a global basis they operate in four main geographical areas:

Australia The home country of the parent entity. The areas of operation include all core business segments.

North America A portion of the group's production, film and television sales are generated from North America, with production offices in Los Angeles.

Europe Substantial film and television distribution proceeds are derived from European markets. The group's head office for multinational activities is located in Dublin. This office is responsible for production and development, and for the acquisition and international sales of all television programmes and feature films. The Dublin office manages the direct sales and marketing activities of the office located in London, which represents the second overseas sales office base.

Rest of World The Rest of World comprises all other territories from which film and television distribution income is derived including the Middle East, Asia, and Latin America.

OPERATING SEGMENT	TV PRODUCTION & COPYRIGHT		FILM & TELEVISION DISTRIBUTION		HOME ENTERTAINMENT		DIGITAL MARKETING		OTHER & INTER SEGMENT ELIMINATIONS		CONSOLIDATION	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	$000'S	$000'S	$000'S	$000'S	$000'S	$000'S	$000'S	$000'S	$000'S	$000'S	$000'S	$000'S
REVENUE												
External revenues excluding fx, interest	**50,971**	38,371	**21,877**	25,843	**2,113**	24,894	**10,549**	12,470	**802**	60	**86,311**	101,638
Other income	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Other segments	**6,489**	5,575	**-**	49	**-**	-	**17**	234	**(6,506)**	(5,858)	**-**	-
Total revenue	**57,460**	43,946	**21,877**	25,892	**2,113**	24,894	**10,565**	12,704	**(5,704)**	(5,798)	**86,311**	101,638
Result before fx, interest and D&A	**8,754**	10,761	**509**	1,670	**(7,489)**	2,301	**(428)**	(241)	**-**	-	**1,346**	14,491
Depreciation & amortisation	**(1,243)**	(1,292)	**(38)**	-	**(693)**	(775)	**(457)**	(51)	**-**	-	**(2,430)**	(2,118)
Impairment of assets	**-**	-	**-**	-	**-**	-	**(444)**	-	**-**	-	**(444)**	-
Result before interest, fx & other unallocated expenses	**7,511**	9,469	**472**	1,670	**(8,182)**	1,526	**(1,329)**	(292)	**-**	-	**(1,528)**	12,373
Net interest (expense)/income											**(139)**	51
Foreign exchange loss											**(542)**	(494)
Corporate expenses											**(6,125)**	(6,326)
(Loss)/profit before income tax											**(8,334)**	5,604
Income tax benefit/(expense)											**997**	(287)
(Loss)/profit after income tax											**(7,337)**	5,317
Non-controlling interest loss/(profit)											**(132)**	-
(Loss)/profit for the year											**(7,469)**	5,317

OPERATING SEGMENT	TV PRODUCTION & COPYRIGHT		FILM & TELEVISION DISTRIBUTION		HOME ENTERTAINMENT		DIGITAL MARKETING		OTHER & INTER SEGMENT ELIMINATIONS		CONSOLIDATION	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	$000'S	$000'S	$000'S	$000'S	$000'S	$000'S	$000'S	$000'S	$000'S	$000'S	$000'S	$000'S
ASSETS												
Segment assets	**18,200**	183,761	**27,955**	42,664	**14,713**	27,714	**3,397**	5,543	**(28,865)**	(189,077)	**35,401**	70,604
Deferred tax assets & other non-current assets											**943**	314
Corporate assets											**37,640**	5,463
Total assets											**73,984**	76,381
LIABILITIES												
Segment liabilities	**9,752**	160,203	**13,784**	57,883	**5,480**	11,882	**1,302**	6,396	**277**	(202,577)	**30,594**	33,787
Deferred tax liabilities											**1,183**	2,494
Corporate liabilities											**10,123**	(3,230)
Total liabilities											**41,900**	33,051
Other												
Capital expenditure	**315**	290	**1**	141	**580**	698	**6**	48	**229**	494	**1,131**	1,671
Other non cash expenses	**222**	479	**872**	233	**1**	0	**26**	130	**(380)**	256	**741**	1,098
Impairment of assets	**-**	-	**-**	-	**-**	-	**444**	-	**-**	-	**444**	-

GEOGRAPHICAL INFORMATION	SEGMENT REVENUES FROM EXTERNAL CUSTOMERS		CARRYING AMOUNT OF SEGMENT ASSETS		ACQUISITION OF NON CURRENT SEGMENT ASSETS	
	2017	2016	2017	2016	2017	2016
	$000'S	$000'S	$000'S	$000'S	$000'S	$000'S
Australia	**38,493**	56,162	**37,648**	47,223	**1,120**	1,522
North America	**29,653**	28,027	**2,696**	4,153	**4**	-
Europe	**12,300**	9,763	**32,848**	22,197	**1**	139
Rest of World	**5,866**	7,686	**792**	2,808	**6**	10
	86,312	101,638	**73,984**	76,381	**1,131**	1,671

Notes to and forming part of the segment information

(a) Accounting policies Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, inventories, capitalised production and development costs, investments, distribution advances, inventories, property, plant and equipment and goodwill and other intangible assets, net of any related provisions. While most of these assets can be directly attributable to individual segments, the carrying amounts of certain assets used jointly by segments are allocated based on reasonable estimates of usage. Segment liabilities consist primarily of trade and other creditors, producers share payable, bills of exchange and employee entitlements.

(b) Other segments Segment revenues, expenses and results include transfers between segments. Such transfers are priced on an "arm's length" basis and are eliminated on consolidation.

(c) Major customers Included in total revenues is revenue from customers in excess of 10% of total revenue individually. Total revenues relating to these customers are $32m (2016: $33m) within the TV Production & Copyright and Film & Television distribution segments, $4.9m (2016: $18m) within the Home Entertainment segment and $1m (2016: $1.2m) within the Digital Marketing segment.

5. REVENUES AND EXPENSES

		CONSOLIDATED ENTITY	
		2017	2016
		$000'S	$000'S
(a)	**Revenue and other income**		
	Revenue		
	Sales revenue	**85,045**	99,708
	Royalty revenue	**1,333**	1,498
	Rental revenue	**2**	428
		86,379	101,633
	Other income		
	Management service fees	**128**	74
	External interest	**45**	86
	Gain on the sale of property, plant and equipment	**1**	1
	Total revenue and other income	**86,553**	101,794

Recognition and measurement

Revenue from operating activities represents revenue earned from the sale and licensing of the Consolidated Entity's products and services, net of returns and trade allowances. Other revenue from outside the operating activities includes interest income on short term investments, proceeds from sale of plant and equipment and net gains on foreign currency transactions.

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Consolidated Entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Revenue from Australian and international television production contracts is recognised using the percentage of completion method.

Revenues from international television and feature film licensing contracts are recognised when the programming is able to be delivered and a licence agreement is signed by both parties.

When the contract outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Royalty revenue within the Distribution and Film divisions is recognised when received.

Revenues from the sale of DVD inventory is recognised at the time the goods are dispatched, apart from consignment arrangements where revenue is recognised upon sale to the end customer.

Rending of services revenue from a digital marketing contract to provide services is recognised by reference to the stage of completion of the project. Other digital marketing revenue is recognised when it is received or when the right to receive payment is established.

Where amounts are invoiced before revenue is earned, a deferred revenue liability is brought to account.

5. REVENUES AND EXPENSES *(continued)*

		CONSOLIDATED ENTITY	
		2017	2016
		$000'S	$000'S
(b)	**(Loss)/profit before tax includes the following:**		
	Bad and doubtful debts		
	- Trade receivables recovered during the period	**(59)**	(229)
	- Trade receivables movement in provision (Note 9)	**83**	336
		24	107
	Provision for non recovery of advances	**500**	498
	Projects in development written off	**209**	513
	Rental expense on operating leases		
	- Minimum lease payments	**1,660**	2,394
	Finance costs		
	- External	**184**	35
	Gain / (loss) on disposal of asset	**39**	(1)
	Depreciation and amortisation		
	- property, plant and equipment assets (note 13)	**1,262**	658
	- Intangible assets (note 14)	**497**	627
	- Other assets (Note 11)	**1,442**	1,615
		3,200	2,900
	- Impairment of assets (Note 14)	**444**	-
	Foreign exchange loss / (gain)		
	Fair value increase in derivative financial instruments (note 12)	**(66)**	(87)
	Other realised/unrealised foreign currency translation losses	**608**	581
		542	494
(c)	**Auditors' Remuneration**		
	Remuneration of the auditor of the parent entity and its controlled entities for:		
	- Audit or review of the financial report	**312,000**	323,000
	- Tax compliance services	**26,793**	57,605
	Remuneration of network firms for:		
	- Tax compliance services	**62,032**	29,325
	Remuneration of other auditors of subsidiaries for:		
	- Audit or review of the financial report	**58,489**	60,355
	- Other assurance services	**3,548**	9,237
	- Tax compliance services	**15,561**	14,597

6. INCOME TAX EXPENSE

		CONSOLIDATED ENTITY	
		2017	2016 RESTATED
		$000'S	$000'S
(a)	**The components of tax expense/(benefit) comprise:**		
	Current income tax	**62**	762
	Deferred income tax	**(3,449)**	(490)
	Withholding tax	**(20)**	-
	Adjustments in respect of current income tax of previous years	**96**	(43)
	Derecognition of the tax losses previously brought to account	**2,351**	-
	Other	**(37)**	58
	Income tax expense reported in the Statement of Profit or Loss and Other Comprehensive Income	**(997)**	287
(b)	**The prima facie tax on (loss)/profit from ordinary activities before income tax is reconciled to the income tax (benefit)/expense as follows:**		
	(Loss)/profit before income tax	**(8,334)**	5,604
	Prima facie tax payable on profit from ordinary activities before income tax at 30% (2016: 30%)		
		(2,500)	1,681
	Less:		
	Tax effect of :		
	- Other non-assesable/deductible items	**95**	(672)
		(2,405)	1,009
	Less:		
	Tax effect of :		
	- Adjustments in respect of current income tax of previous years	**96**	(43)
	- Derecognition of the tax losses previously brought to account	**2,351**	-
	- Effect of lower tax rate on overseas income	**(992)**	(737)
	- Other	**(26)**	58
	Add: Withholding tax expense	**(20)**	-
	Income tax (benefit)/expense	**(997)**	287
	The applicable weighted average effective tax rates are as follows:	**12%**	5%
(c)	**Deferred Tax**		
	Deferred tax liabilities		
	Distribution guarantees and unrecouped program expenses	**(2,749)**	(5,000)
	Capitalised production costs and other expenses	**(146)**	(1,406)
	Offset deferred tax liabilities against deferred tax assets	**1,712**	3,912
		(1,183)	(2,494)
	Deferred tax assets expected to be recovered within 12 months	**758**	128
	Deferred tax assets expected to be recovered after more than 12 months	**185**	185
		943	314
	Deferred tax liabilities expected to be due within 12 months	**(551)**	(1,925)
	Deferred tax liabilities expected to be due after more than 12 months	**(632)**	(567)
		(1,183)	(2,494)
	Deferred tax assets		
	Provisions and accruals	**1,783**	1,545
	Tax losses	**871**	2,681
	Offset deferred tax liabilities against deferred tax assets	**(1,712)**	(3,912)
		943	314
	Net deferred tax liabilities	**(240)**	(2,180)
	Movements:		
	Opening balance	**(2,180)**	(2,670)
	(Charged)/credited to profit or loss	**1,940**	490
	Closing Balance	**(240)**	(2,180)

6. INCOME TAX EXPENSE *(continued)*

		CONSOLIDATED ENTITY	
		2017	2016 RESTATED
		$000'S	$000'S
(d)	**Liabilities**		
	Current		
	Income tax	**261**	-

The above is a current provision for income tax payable by the parent and subsidiaries of the Consolidated Entity.

Recognition and measurement

In accordance with the details below, deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Deferred tax liabilities for Beyond TV Properties Bermuda and Beyond Film Properties Bermuda totalling $801,943 (2016: $801,523) have not been recognised due to the existence of tax losses not brought to account.

Movement in deferred tax assets and deferred tax liabilities has gone through the Statement of Profit or Loss and Other Comprehensive Income.

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (or recovered from) the relevant tax authority.

Deferred tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also arise where amounts have been fully expensed but future deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantially enacted at the reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Tax Consolidation

Beyond International Limited and its wholly owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidated regime. Each entity in the group recognises its own current and deferred tax assets, except for any deferred tax assets resulting from unused tax losses and tax credits, which are immediately assumed by the head entity, being Beyond International Limited. The current tax liability for each group entity is then subsequently assumed by the parent entity.

The tax consolidated group has entered into a tax funding arrangement whereby each company in the group contributes to the income tax payable by the group in proportion to their contribution to the group's taxable income. Pursuant to the funding arrangement, transfers of tax losses or tax liabilities are assumed by the head entity through intercompany loans.

7. EARNINGS PER SHARE

	CONSOLIDATED ENTITY	
	2017	2016
	CENTS PER SHARE	CENTS PER SHARE
Basic and diluted (loss)/earnings per share:	**(12.18)**	8.67

The following reflects the income and share data used in the basic and diluted earnings per share computations

	CONSOLIDATED ENTITY	
	2017	2016
	$000'S	$000'S
Net (loss)/profit attributable to ordinary equity holders (used in calculating basic earning and diluted per share)	**(7,469)**	5,317
Net (loss)/profit attributable to ordinary equity holders (used in calculating diluted earning per share)	**(7,469)**	5,317
	Number	Number
Weighted average number of ordinary shares in calculating basic earnings and diluted per share	**61,336,968**	61,336,968

Recognition and measurement

Basic earnings per share is calculated as net (loss)/profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

8. CASH FLOW INFORMATION

	CONSOLIDATED ENTITY	
	2017	2016
	$000'S	$000'S
(a) Reconciliation of cash flows from operations with net loss after income tax		
(Loss)/profit after income tax	**(7,337)**	5,317
Adjustment for non-cash flow in profit:		
Depreciation and amortisation	**3,200**	2,900
Net gain on sale of property, plant and equipment	**39**	(1)
Share of Joint venture operation	**55**	404
Unrealised foreign exchange (gain)/loss	**542**	494
Write off investments revaluation reserve	**423**	-
Changes in assets and liabilities:		
Decrease/(increase) in trade and other receivables	**12,337**	(9,082)
(Increase)/decrease in inventory	**(742)**	187
(Increase)/decrease in other assets	**(2,133)**	(3,742)
(Increase)/decrease in deferred tax assets	**(629)**	489
(Decrease)/increase in trade and other creditors	**(174)**	(571)
(Decrease)/increase in other financial liabilities	**(2,267)**	6,980
(Decrease) in deferred income tax liability	**(1,311)**	(979)
Increase in other liabilities	**3,345**	1,245
Increase in provisions	**538**	1,485
Cash flow from operations	**5,887**	5,127
(b) Financing facilities available		
At reporting date, the following financing facilities had been negotiated and were available		
Secured multi option facility		
Used at reporting date *	**579**	579
Unused at reporting date	**2,186**	2,186
Total facility	**2,765**	2,765
* The amount of the facility used at reporting date is for bank guarantees on various building leases held by the Group		
The multi option facility may be drawn at any time and may be terminated by the bank on demand.		
The interest rate on the facility is the commercial base rate of 8.22% at 30 June 2017 (8.24% at 30 June 2016).		
Bill acceptance/discount facility		
Used at reporting date *	**5,744**	-
Unused at reporting date	**256**	-
Total facility	**6,000**	-
* The amount of the facility used at reporting date is for funding production offsets		
The bill acceptance/discount facility may be drawn at any time and may be terminated by the bank on demand.		
The interest rate on the facility is the discount base rate of 3.20% at 30 June 2017 (0% at 30 June 2016).		

8. CASH FLOW INFORMATION *(continued)*

	CONSOLIDATED ENTITY	
	2017	2016
	$000'S	$000'S
The facilities are secured by certain covenants on the Consolidated Entity that these financial conditions are met -		
a) Minimum capital adequacy rate of 50%		
b) Gross debt less cash cannot be more than 2 x EBITDA		
c) Interest cover ratio of 5x		
d) Total bill facility drawndowns cannot exceed 85% of total producer offsets		
Secured credit card facilities		
Used at reporting date	**181**	122
Unused at reporting date	**84**	28
Total facility	**265**	150
Secured equipment loan facility		
Unused at reporting date	**500**	500
Total facility	**500**	500
The interest rate on the facility is determined on usage as at the time. As no facility is being used no rate is applicable.		
Amount of Assets Pledged as Security		
Fixed and floating charge over assets	**73,984**	76,381
Total assets pledged as security	**73,984**	76,381

Recognition and measurement

Cash and short-term deposits in the Statement of Financial Position comprise cash at bank and in hand and short term deposits with an original maturity of three months or less.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

9. TRADE AND OTHER RECEIVABLES

	CONSOLIDATED ENTITY	
	2017	2016
	$000'S	$000'S
Current		
Trade receivables	**26,144**	33,040
Provision for impairment of receivables	**(440)**	(357)
	25,704	32,684
Non-current		
Trade receivables	**6,825**	8,496
	6,825	8,496

9. TRADE AND OTHER RECEIVABLES *(continued)*

	CONSOLIDATED ENTITY			
	2017		2016	
	$000'S		$000'S	
Ageing of debtors	**Gross**	**Provision**	**Gross**	**Provision**
Not past due	**29,474**	**-**	17,999	-
Past due 0-90 days	**2,116**	**-**	10,721	-
Past due 91-180 days	**556**	**-**	6,788	-
Past due 180+ days	**823**	**(440)**	5,733	(357)
	32,969	**(440)**	41,240	(357)

	CONSOLIDATED ENTITY	
	2017	2016
	$000'S	$000'S
Reconciliation of provision for impairment of receivables		
Opening balance	**(357)**	(21)
Additional provision recognised	**(103)**	(435)
Utilised	**20**	100
Closing balance	**(440)**	(357)

Recognition and measurement

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectable amounts or impairment. The following specific recognition criteria must also be met before a receivable is recognised:

Production debtors - receivables are recognised as they are due for settlement, within a term of no more than 30 days.

Licensing debtors - receivable is recognised once a licence agreement is signed by both parties and the programme is able to be delivered. Payment terms are usually based upon signature, delivery and acceptance. In certain contracts instalment payments may extend over the term of the licence agreement.

A provision for doubtful debts is raised when there is objective evidence that the Consolidated Entity will not be able to collect the debts based on a review of all outstanding amounts at the reporting date. Bad debts are written off when they are identified.

Credit terms for the Consolidated Entity's receivables vary between individual divisions. Distribution, Films and Productions debtors are generally due based on milestones achieved. Debtors within other divisions have credit terms ranging from 30 to 90 days. An allowance has been made for estimated irrecoverable trade receivable amounts arising from the past sale of goods and rendering of services, based on an assessment of individual debtors and the likelihood of recoverability. For Distribution & Films debtors, the Consolidated Entity provides fully for receivables over 360 days, with the exception of specific identifiable receivables which are still considered recoverable. Distribution and Film debtors consist largely of television networks, many of which are government owned, or are listed entities whose published annual reports indicate they continue to be credit-worthy.

Debtors within other divisions, including the Beyond D business unit, are provided for on a specific basis based on an assessment of recoverability. Home Entertainment debtors largely consist of multi-national retail chains, many of which are listed and whose published annual reports indicate they continue to be credit-worthy.

In 2016 a 100% owned special purpose entity, HL Beyond Limited, took out a limited recourse facility to fund production on the The White Rabbit Project. Trade receivables in relation to the transaction have been recognised as current or non current to reflect the payment schedule of licence fees by the commissioning broadcaster to the facility provider. The amount in current is $2,373,427 (2016: $3,049,407) and the amount in non current is $2,339,833 (2016: $3,931,062)

10. INVENTORIES

	CONSOLIDATED ENTITY	
	2017	2016
	$000'S	$000'S
Current		
DVD Stock - raw material at cost	**104**	276
DVD Stock - finished goods at net realisable value	**3,480**	2,560
Stock footage - at cost	**40**	46
	3,624	2,882

Recognition and measurement

Inventories are measured at the lower of cost and net realisable value. Inventories represent stock TV footage and DVD stock at cost. As the footage is used it will be included within the production cost of the programme.

Costs of purchasing inventory are determined after deducting rebates and discounts.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs to make the sale.

Inventories sold on consignment remain in the financial statements as stock on hand until sold to the end customer.

Costs are assigned to an individual item of inventory on the basis of weighed average costs.

11. OTHER ASSETS

	CONSOLIDATED ENTITY	
	2017	2016
	$000'S	$000'S
Current		
Capitalised development costs	**2,307**	2,055
Less: deferred revenue	**(1,412)**	(1,285)
	895	770
Distribution advances	**17,619**	14,012
Accumulated amortisation of distribution advances (i)	**(13,584)**	(11,380)
	4,034	2,632
Prepaid royalties	**6,805**	6,312
Capitalised production costs	**1,387**	5,695
Prepayments	**928**	1,045
	2,314	6,740
	14,048	16,454
Non-current		
Distribution advances	**90**	2,123
Accumulated amortisation of distribution advances (i)	**-**	(1,372)
	90	751
Capitalised Production Costs	**6,989**	-
Investment in 3rd Party Copyright	**341**	-
	7,421	751

11. OTHER ASSETS *(continued)*

Recognition and measurement

Capitalised development costs

Costs of developing new programme concepts, which the Directors believe are probable of being recovered from future revenues, are capitalised. Capitalised costs are costed into the production or are written off in the event that the programme does not proceed. These costs are classified as current assets as the costs of developing new programmes are expected to be realised within one year.

Capitalised production costs

Television production costs are capitalised and amortised against future sales revenue. Forecast sales revenues are reviewed regularly and the amortisation rate is adjusted to reflect the estimates of future licensing revenue of each production. Where doubt exists as to the ability to recover the expenditure from future sales, the amounts in doubt are provided for in the year in which the assessment is made. If a title has not been fully amortised after six years the balance is written off. The 2017 accounts includes an amount of $192,000 on adoption of this policy.

The estimates relating to future licencing revenues of each production have been re-assessed in the 2017 financial year and amounts that are not expected to be recouped within 12 months have been reclassified as non-current in the 2017 financial year.

Capitalised production costs are disclosed in the accounts net of any cash progress payments received on projects. Where such progress payments exceed these costs the net amounts are disclosed as deferred revenue.

Distribution advances and capitalised production costs are monitored on a title by title basis. The provision detailed above is included within the depreciation and amortisation expense disclosed in the Statement of Profit or Loss and Other Comprehensive Income.

Distribution advances

Distribution advances for television and feature film distribution rights, and prepaid royalties for the DVD rights, are capitalised at cost as paid, and recouped from future sales on cash receipt.

The method of estimating amortisation has changed in relation to distribution advances and prepaid royalties. If a title has an unrecouped distribution advance after 3 years the balance is written off in full at the start of the fourth year. Any unrecouped prepaid royalty for DVD rights are amortised over the final two years of the licence period. The 2017 accounts includes an adjustment of $291,000 on adoption of this change in policy.

Prepaid Royalties

The Home Entertainment division recognises royalties paid in advance initially at cost. This amount is reduced when sales are made.

Prepayments

Amounts paid in advance are recorded at cost and are subsequently expensed based on the actual month of expenditure.

Investment in 3rd party copyright

The Company has invested in the rights to receive future revenue streams from a 3rd party produced program.

12. FINANCIAL ASSETS & FINANCIAL LIABILITIES

		CONSOLIDATED ENTITY	
		2017	2016
	NOTES	$000'S	$000'S
Available-for-sale financial assets		**-**	14
Derivative financial assets / (liabilities)		**62**	(4)
		62	10
(a) Available-for-sale financial (non current)			
Listed investments:			
Shares - at fair value		**-**	14
(b) Derivative financial assets / (liabilities) (current)			
Foreign currency forward contracts - at fair value	29	**62**	(4)

In 2008, the Consolidated Entity purchased 10% of the ordinary share capital of Motive Television Plc. The company ceased trading in 2017 and the fair value of shares was written off against the revaluation reserve. In 2016, a $9,167 gain for the revaluation of the shares was recognised in Other Comprehensive Income.

Fair value of financial instruments measured on a recurring basis

The financial instruments recognised and disclosed at fair value in the Statement of Financial Position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

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

	CONSOLIDATED ENTITY			CONSOLIDATED ENTITY		
	2017			2016		
	LEVEL 1	LEVEL 2	TOTAL	LEVEL 1	LEVEL 2	TOTAL
	$000'S	$000'S	$000'S	$000'S	$000'S	$000'S
Financial assets and financial liabilities:						
Available-for-sale financial assets:						
– listed investments	-	-	-	14	-	14
Financial liabilities at fair value through profit or loss:						
– derivative instruments	-	62	62	-	(4)	(4)
	-	62	62	14	(4)	10

During the 2017 financial period, the Consolidated Entity had nil value of Level 3 financial assets and financial liabilities (2016: nil).

Included within Level 1 of the hierarchy are listed investments. The fair values of these financial assets have been based on the closing quoted bid prices at reporting date, excluding transaction costs.

There has been no change in the valuation technique used in the current or previous reporting period.

Included within Level 2 of the hierarchy are derivatives not traded in an active market (foreign currency forward contracts). The fair values of these derivatives are determined using valuation techniques which uses only observable market data relevant to the hedged position.

12. FINANCIAL ASSETS & FINANCIAL LIABILITIES *(continued)*

There has been no change in the valuation technique used in the current or previous reporting period.

During the current and previous reporting periods, there were no transfers between levels.

Fair value of financial instruments not measured at fair value on a recurring basis

The following financial instruments are not measured at fair value in the statement of financial position. These had the following fair values:

	CONSOLIDATED ENTITY		CONSOLIDATED ENTITY	
	2017		2016	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
	$000'S	$000'S	$000'S	$000'S
NON-CURRENT ASSETS				
Trade and other receivables	**6,825**	**6,319**	8,496	7,867
	6,825	**6,319**	8,496	7,867
NON-CURRENT LIABILITIES				
Other non-current liabilities	**2,362**	**2,187**	1,854	1,717
	2,362	**2,187**	1,854	1,717

Recognition and measurement

The fair values of the trade and other receivables and other non-current liabilities above are included in the level 2 category and have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant input being a discount of 8% to determine fair value.

Due to their short-term nature, the carrying amounts of cash and cash equivalents, current trade and other receivables, current trade and other payables are assumed to approximate their fair value.

Available-for-sale Financial Assets

Shares held in a listed entity are classified as being available-for-sale. These assets were initially recorded at cost and at each reporting date are revalued to fair value. Gains and losses arising from changes in fair value are recognised directly in the investments revaluation reserve unless there is a prolonged or significant decline, upon which the loss is recognised in the Statement of Profit or Loss and Other Comprehensive Income.

The classification of items within this category depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Derivative Financial Instruments

The Consolidated Entity enters into forward foreign exchange agreements and foreign currency options on production contracts in order to manage its exposure to foreign exchange rate risks. Exchange contracts are brought to account as explained in note 3.

Refer to note 29 for further information on financial instruments.

13. PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED ENTITY		
	PLANT & EQUIPMENT	LEASED MV & EQUIPMENT	TOTAL
	$000'S	$000'S	$000'S
Year ended 30 June 2017			
Balance at 01 July 2016	2,590	-	2,590
Additions	1,133	-	1,133
Disposal	(47)	-	(47)
Depreciation charge for the year	(1,262)	-	(1,262)
Carrying amount at 30 June 2017	**2,414**	**-**	**2,414**
As at 01 July 2016			
Cost	9,503	385	9,888
Accumulated depreciation and impairment	(6,913)	(385)	(7,298)
Net carrying amount	2,590	-	2,590
As at 30 June 2017			
Cost	10,340	385	10,725
Accumulated depreciation and impairment	(7,926)	(385)	(8,311)
Net carrying amount	**2,414**	**-**	**2,414**
Year ended 30 June 2016			
Balance at 01 July 2015	1,850	-	1,850
Additions	1,671	-	1,671
Disposal	(273)	-	(273)
Depreciation charge for the year	(658)	-	(658)
Carrying amount at 30 June 2016	2,590	-	2,590
As at 01 July 2015			
Cost	13,645	385	14,030
Accumulated depreciation and impairment	(11,795)	(385)	(12,180)
Net carrying amount	1,850	-	1,850
As at 30 June 2016			
Cost	9,503	385	9,888
Accumulated depreciation and impairment	(6,913)	(385)	(7,298)
Net carrying amount	2,590	-	2,590

Recognition and measurement

Property, plant and equipment are measured at historical cost less accumulated depreciation and impairment loss.

The expected useful lives are as follows:

Plant equipment and leasehold improvements: 3 to 10 years.

Plant equipment & leasehold improvements

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Profit or Loss and Other Comprehensive Income.

Depreciation and Amortisation

Depreciation on property, plant and equipment is calculated on a straight line basis to write off the net cost over its expected useful life to the Consolidated Entity. Estimates of the remaining useful lives are made on a regular basis for all assets, with annual reassessment for major items.

14. INTANGIBLE ASSETS

	CONSOLIDATED ENTITY	
	2017	2016
	$000'S	$000'S
Patents and Licenses – at cost	**150**	232
Less: Accumulated amortisation	**-**	(82)
	150	150
Websites and Databases – at cost	**3,686**	3,557
Less: Accumulated amortisation and impairment	**(3,566)**	(2,626)
	119	931
Goodwill – at cost	**5,250**	5,250
Accumulated amortisation and impairment	**(650)**	(650)
	4,600	4,600
	4,869	5,681

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	CONSOLIDATED ENTITY			
	GOODWILL	WEBSITES AND DATABASES	PATENTS AND LICENSES	TOTAL
	$'000	$'000	$'000	$'000
Balance at 01 July 2015	4,600	1,313	150	6,062
Additions	-	246	-	246
Amortisation expense	-	(627)	(0)	(627)
Balance at 30 June 2016	4,600	931	150	5,681
Additions	-	128	-	128
Amortisation expense	-	(497)	-	(497)
Impairment loss	-	(444)	-	(444)
Balance at 30 June 2017	4,600	119	150	4,869

Recognition and measurement

Intangible assets, other than goodwill, have finite useful lives. The current amortisation charges for intangible assets are included under depreciation and amortisation expense per the Statement of Profit or Loss and Other Comprehensive Income.

If an impairment indication arises, the recoverable amount is estimated and an impairment loss is recognised to the extent that the recoverable amount is lower than the carrying amount.

Goodwill

Goodwill acquired and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill as an infinite life asset, is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Patents and licenses

Patents and trademarks are recognised at cost of acquisition. Patents and trademarks have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Patents and trademarks are amortised over their useful life, which is 20 years.

Websites and Databases

Websites and Databases are recognised at cost. Websites and Databases are amortised over their useful life, which is 3 years, on a straight line basis.

14. INTANGIBLE ASSETS *(continued)*

Impairment Disclosure

There were impairment losses recognised by the consolidated entity in respect of the website and database assets in the current financial year of $444,000 (2016: nil).

The following assumptions were used in the value-in-use calculations:

	GROWTH RATE		DISCOUNT RATE	
	2017	2016	2017	2016
Beyond D business	3%	0%	15%	15%
Beyond Home Entertainment business	0%	5%	15%	10%
All other businesses	5%	5%	10%	10%

Historical performance of the relevant businesses show the above growth rates to be reasonable.

Sensitivity - Digital Marketing Division

As disclosed in Note 3 the directors have made judgements and estimates in respect of impairment testing of goodwill. Should these judgements and estimates not occur the resulting goodwill may vary in carrying amount. The sensitivities are as follows based on a discounted cash flow over 5 years:

a. If the growth rate decreased by up to 7% (i.e. from 3% to -4% or lower), with all other assumptions remaining constant, impairment of goodwill would still not be required.

b. If the discount rate increased by more than 5% (i.e. from 15% to 20%) , with all other assumptions remaining constant, impairment of goodwill would still not be required.

Management believes that other reasonable changes in the key assumptions on which the recoverable amount of the digital marketing division goodwill is based would not cause the cash-generating unit's carrying amount to exceed its recoverable amount.

If there are negative changes in the key assumptions on which the recoverable amount of goodwill is based, this would result in a further impairment of the digital marketing division goodwill.

Sensitivity - Home Entertainment Division

As disclosed in Note 3 the directors have made judgements and estimates in respect of impairment testing of goodwill. Should these judgements and estimates not occur the resulting goodwill may vary in carrying amount. The sensitivities are as follows based on a discounted cash flow over 5 years:

a. If the growth rate decreased by up to 7% (i.e. from 0% to -7% or lower), with all other assumptions remaining constant, impairment of goodwill would still not be required.

b. If the discount rate increased by more than 5% (i.e. from 15% to 20%) , with all other assumptions remaining constant, impairment of goodwill would still not be required.

Management believes that other reasonable changes in the key assumptions on which the recoverable amount of the home entertainment division goodwill is based would not cause the cash-generating unit's carrying amount to exceed its recoverable amount.

If there are negative changes in the key assumptions on which the recoverable amount of goodwill is based, this would result in a further impairment of the home entertainment division goodwill.

15. TRADE AND OTHER PAYABLES

	CONSOLIDATED ENTITY	
	2017	2016
	$000'S	$000'S
Current (unsecured)		
Trade payables	**5,662**	3,625
Other creditors and accruals	**2,662**	1,502
	8,324	5,127

Recognition and measurement

These amounts represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial year and which are unpaid. These amounts are unsecured and are usually paid within 30 days of recognition.

Credit terms on trade payables vary between business units and range from 7 days to 90 days. Contractual maturities of trade and other payables have been disclosed in Note 29.

16. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Interests in joint ventures are accounted for using the equity method of accounting. Information relating to the consolidated entity's joint venture is set out below:

		OWNERSHIP INTEREST	
		2017	2016
NAME	PRINCIPAL PLACE OF BUSINESS / COUNTRY OF INCORPORATION	%	%
7Beyond Media Rights Ltd	United States of America / Ireland	**50%**	50%

Summarised financial information

	7BEYOND MEDIA RIGHTS LTD	
	2017	2016
	$000'S	$000'S
Summarised statement of financial position		
Cash and cash equivalents	**454**	373
Other current assets	**628**	386
Non-current assets	**395**	400
Total assets	**1,477**	1,159
Current financial liabilities (excluding trade and other payables and provisions)	**-**	7
Other current liabilities	**850**	880
Non-current liabilities	**1**	-
Total liabilities	**851**	887
Net assets	**626**	272
Summarised statement of profit or loss and other comprehensive income		
Revenue	**6,260**	2,195
Other revenue	**499**	74
Production costs	**(6,428)**	(3,228)
Administration costs	**(186)**	(191)
Net foreign exchange gain /(loss)	**(234)**	92
Loss before income tax	**(89)**	(1,058)
Income tax (benefit)/expense	**(21)**	249
Loss after income tax	**(110)**	(809)
Total comprehensive income	**(110)**	(809)

16. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD *(continued)*

	CONSOLIDATED ENTITY	
	2017	2016
	$000'S	$000'S
Reconciliation of the consolidated entity's carrying amount		
Opening carrying amount	**136**	(176)
Funds advanced to joint venture	**233**	716
Share of loss after income tax	**(55)**	(404)
Closing carrying amount	**313**	136

There are no outstanding commitments at reporting date.

Recognition and measurement

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method. Under the equity method, the share of the profits or losses of the joint venture is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the joint venture. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Income earned from joint venture entities reduces the carrying amount of the investment. A liability is recognised in other creditors and accruals when the losses generated by the joint venture exceed the amount invested into it.

17. EMPLOYEE BENEFITS

	CONSOLIDATED ENTITY	
	2017	2016
	$000'S	$000'S
Current		
Provision for annual leave and long service leave	**3,419**	3,538
	3,419	3,538
Non-current		
Provision for long service leave	**287**	340
	287	340
Total employee benefits	**3,706**	3,878
Annual leave obligations accounted for as current and expected to be settled after 12 months	**612**	550
	612	550

17. EMPLOYEE BENEFITS *(continued)*

Recognition and measurement

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

The current provision for employee benefits includes accrued annual leave and long service leave. For long service leave it covers all unconditional entitlements where employees have completed the required period of service. The entire amount of the annual leave provision is presented as current, since the consolidated entity does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the consolidated entity does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

Other long-term employee benefits

The liability for long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

18. OTHER FINANCIAL LIABILITIES

	CONSOLIDATED ENTITY	
	2017	2016
	$000'S	$000'S
Current	**2,373**	3,049
Non-current	**2,340**	3,931
Total other financial liabilities	**4,713**	6,980

In 2016 a 100% owned special purpose entity, HL Beyond Limited, took out a limited recourse facility to fund production on The White Rabbit Project. The facility is secured by the intellectual property created by the production and there is no recourse or obligation to repay the facility against any other company in the Group. The liability and the corresponding receivable will be extinguished on either payment by the commissioning broadcaster to the facility provider, or if the commissioning broadcaster defaults on payment.

Recognition and measurement

Amounts were originally recognised at the fair value of the consideration received. They are subsequently measured at amortised cost using the effective interest method with the liability reduced when amounts are received from the debtor.

19. OTHER LIABILITIES

	CONSOLIDATED ENTITY	
	2017	2016
	$000'S	$000'S
Current		
Unsecured liabilities		
Deferred revenue	**6,213**	3,444
GST payable	**225**	312
Producer share payable	**9,039**	8,818
Other	**130**	141
	15,607	12,715
Non-current		
Unsecured liabilities		
Producer share payable	**2,362**	1,854
	2,362	1,854

20. BORROWINGS

	CONSOLIDATED ENTITY	
	2017	2016
	$000'S	$000'S
Current		
Secured liabilities		
Loan - St George	**5,744**	-

Recognition and measurement

Borrowings are initially valued at fair value of the consideration received net of transaction costs. They are subsequently measured at amortised cost using the effective interest method

The Company was in breach of covenants associated with the borrowings and as such is classified as current. Note that the bank has subsequently waived the breaches.

Borrowing Costs

Borrowing costs are recognised as an expense when incurred. Borrowing costs include:

• Interest on bank overdraft and short-term and long-term borrowings; and

• Finance lease charges.

21. ISSUED CAPITAL

	CONSOLIDATED ENTITY	
	2017	2016
	$000'S	$000'S
(a) Share Capital		
61,336,968 ordinary shares - fully paid (2016: 61,336,968)	**34,018**	33,991

The company has authorised capital amounting to 100,000,000 ordinary shares of no par value.

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(b) Share Options

On 1 May 1998 at an extraordinary general meeting shareholders approved the establishment of the Beyond Employee Share Option Plan.

Under the plan any options on issue are cancellable at the Directors discretion upon an option holder ceasing to be an employee.

(c) Employee Share Plan

On 21 April 2006, a total of 962,500 shares were issued under the employee plan to eligible employees and directors, and the company has entered into limited non-recourse loan agreements with participants to provide the funds necessary to subscribe for those shares. Shares were issued in accordance with the Employee Plan rules (refer note 27).

On 7 December 2009 and 11 March 2010, a total of 1,625,000 shares were issued under the employee plan to eligible employees and directors, and the company has entered into limited non-recourse loan agreements with participants to provide the funds necessary to subscribe for those shares. Shares were issued in accordance with the Employee Plan rules (refer note 27).

22. RESERVES

Employee Share Plan Benefit Reserve

The employee share plan benefit reserve records items recognised as expenses on valuation of employee share options.

Investment Revaluation Reserve

The investment revaluation reserve records unrealised share price and foreign exchange gains and losses on the available-for-sale financial instruments in Note 12.

Foreign Currency Translation Reserve

The foreign currency translation reserve records the variance between converting the Statement of Financial Position at closing spot rate and the Statement of Profit or Loss and Other Comprehensive Income at average rate for Magna Home Entertainment NZ Limited and Beyond D (NZ) Limited which have a functional currency of New Zealand Dollars (NZD).

23. NON-CONTROLLING INTEREST

	CONSOLIDATED ENTITY	
	2017	2016
	$000'S	$000'S
Interest in:		
Accumulated profits/(losses)	**132**	-
	132	-

24. DIVIDENDS

	CONSOLIDATED ENTITY	
	2017	2016
	$000'S	$000'S
Distributions paid		
Interim unfranked ordinary dividend of two cents per share totalling $1,226,739 (2016: five cents)	**1,227**	3,067
In the prior year, on August 30 2016, the Directors declared a final partly franked dividend of 5 cents per share, totalling $3,067,000.		
Net franking credits available based on a tax rate of 30% (2016: 30%)	**446**	577

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

(a) franking credits that will arise from the payment of the current tax liability
(b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
(c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date
(d) franking credits that may be prevented from being distributed in subsequent financial years

25. CONTINGENT ASSETS AND LIABILITIES

The consolidated entity had no contingent assets as at 30 June 2017 (2016: nil).

The consolidated entity has given bank guarantees as at 30 June 2017 of $579,416 (2016: $579,416) to various landlords.

26. COMMITMENTS

	CONSOLIDATED ENTITY	
	2017	2016
	$000'S	$000'S
(i) OPERATING LEASE PAYABLE COMMITMENTS		
Total lease expenditure contracted at reporting date but not recognised in the financial statements:		
Payable no later than one year	**1,514**	1,358
Payable later than one, not later than five years	**3,829**	1,867
Payable later than five years	**817**	-
	6,160	3,225

Operating lease commitments includes contracted amounts for various offices and plant and equipment under non-cancellable operating leases expiring within one to five years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

(ii) DISTRIBUTION GUARANTEE COMMITMENTS

In the course of the Consolidated Entity's feature film, television and Home Entertainment businesses, commitments to pay distribution guarantees and advances of minimum proceeds from sales have been made to producers at reporting date but not recognised in the financial statements:

Not later than one year		
Distribution Guarantee	**2,628**	1,254
Home Entertainment Advances	**1,626**	2,187
Later than one year but not later than five years		
Distribution Guarantee	**132**	163
Home Entertainment Advances	**975**	1,164
Later than five years		
	5,361	4,768

The above commitments to pay distribution guarantees have been entered into in the normal course of business.

Recognition and measurement

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non current assets, and operating leases under which the lessor effectively retains substantially all such risks and benefits.

Where property, plant and equipment is acquired by means of finance leases, the present value of the minimum lease payments is recognised as an asset at the beginning of the lease term and amortised on a straight line basis over the expected useful life of the leased asset. A corresponding liability is also established and each lease payment is allocated between the liability and finance charge.

Operating lease payments are charged to the Statement of Profit or Loss and Other Comprehensive Income on a straight line basis.

27. SHARE BASED PAYMENTS

General Employee Share Loan Plan

"The Board has adopted an employee share plan under which employees and Directors of the Consolidated Entity may subscribe for shares in the Company using funds loaned to them by the Consolidated Entity. The Board has also adopted a share plan on substantially the same terms for consultants of the Consolidated Entity (Consultant Plan). The purpose of the Employee Plan is to:

(a) assist in the retention and motivation of employees and Directors of the Consolidated Entity by providing them with a greater opportunity to participate as shareholders in the success of the Consolidated Entity; and

(b) create a culture of share ownership amongst the employees of the Consolidated Entity.

There have been three issues of shares under the Employee Share plan as follows:

- On 21 April 2006, 962,500 shares were issued under the Employee Plan to eligible employees and Directors of Beyond International Limited and its controlled entities. 600,000 of these shares remain redeemable at 30 June 2017.
- On 7 December 2009, 300,000 shares were issued under the Employee Plan to eligible employees and Directors of Beyond International Limited and it's controlled entities. 200,000 of these shares remain redeemable at 30 June 2017.
- On 11 March 2010, 1,325,000 shares were issued under the Employee Plan to eligible employees and Directors of Beyond International Limited and it's controlled entities. 725,000 of these shares remain redeemable at 30 June 2017.

In all cases the company entered into limited non-recourse loan agreements to provide participants the funds necessary to subscribe for those shares. Shares were issued in accordance with the Employee Plan rules.

The loans were made based on the greater of market value of the shares on allotment date and $0.645 (Dec 09 - 2010 plan), $0.75 (Mar 10 - 2010 plan) & $0.60 (2006 plan). As the loans are non-recourse, the value of the loans are not recognised as an asset, and the corresponding share value is not recorded in equity. The total of the Plan Shares are included in Issued Capital at note 21(a).

Notwithstanding any other provision of the Plan, each Participant has a legal and beneficial interest in the Shares issued to him or her and is at all times absolutely entitled to those Plan Shares, except that any dealings with those Shares by the Participant may be restricted in accordance with the plan rules. Plan Shares rank equally with all existing Shares from the date of issue in respect of all rights issues, bonus issues, dividends and other distributions to, or entitlements of, holders of existing Shares where the record date for such corporate actions is after the relevant Plan Shares are issued. On termination, the Participant may elect to pay the loan or transfer all of their Plan Shares back to the Company, subject to requirements of the Corporations Act. If the Participant transfers the shares back to the Company, the Company may:

i) transfer the Plan Shares for the issue price to a person nominated by the Company; or

ii) procure a broker to sell all or any of the Plan Shares on-market.

Share movements in the plan as follows:

	NUMBER OF SHARES	CHANGE IN EQUITY VALUE $000'S
Outstanding at the beginning of year	1,560,000	-
Redemption of shares under the employee share plan	(35,000)	26
Exercisable at year end	1,525,000	-

The Plan Shares issued as part of the 2010 Plan required that Participants could only deal with the shares on a pro-rata basis for a 3 year period. During this period, the Company accounted for the Plan Shares as if they were options. The grant fair value of the shares was amortised across the vesting period as follows:

VESTING PERIOD	AMORTISATION $
11 March 2010 to 30 June 2010	15,587
Financial year ending 30 June 2011	66,718
Financial year ending 30 June 2012	66,718
Financial year ending 30 June 2013	47,602

27. SHARE BASED PAYMENTS *(continued)*

The grant fair value of the 2010 plan was calculated by using the Black Scholes option pricing model applying the following inputs:

Weighted average exercise price	$0.75
Weighted average life of the option	3
Underlying share price	$0.75
Expected share price volatility (i)	30%
Risk free interest rate	5.00%
Expected dividend rate	6.00%
Weighted average fair value price	$0.10

(i) Expected share price volatility has been estimated based on the historical volatility of the Company's share price.

28. GROUP STRUCTURE

(a) Controlled entities consolidated

NAME OF ENTITY	COUNTRY OF FORMATION OR INCORPORATION	BEYOND INTERNATIONAL LIMITED DIRECT INTEREST IN ORDINARY SHARES	
		2017 %	2016 %
Ultimate parent entity			
Beyond International Limited	Australia		
Controlled entities of Beyond International Limited:			
Beyond Films Limited	Australia	100	100
Beyond Television Group Pty Ltd	Australia	100	100
Beyond Television Pty Ltd	Australia	26	26
Beyond Entertainment Pty Ltd	Australia	100	100
Beyond Simpson le Mesurier Pty Ltd	Australia	51	51
Liberty & Beyond Pty Ltd	Australia	51	51
Beyond Imagination Pty Ltd	Australia	51	51
Beyond Miall Kershaw Pty Ltd	Australia	51	51
Pacific & Beyond Pty Ltd	Australia	51	51
Beyond Screen Productions Pty Ltd	Australia	100	100
Beyond Home Entertainment Pty Ltd	Australia	100	100
Beyond Entertainment Holdings Limited	Ireland	100	100
Beyond D Pty Ltd	Australia	100	100
Beyond West Pty Ltd	Australia	100	100
Controlled entities of Beyond Entertainment Pty Ltd:			
Mullion Creek and Beyond (partnership)	Australia	51	51
Equus Film Productions Pty Ltd	Australia	51	51
BTVUS Pty Ltd	Australia	100	100
Clandestine Beyond Pty Ltd	Australia	51	-
Controlled entities of Liberty & Beyond Pty Ltd:			
Liberty & Beyond Productions Pty Ltd	Australia	100	100

28. GROUP STRUCTURE *(continued)*

NAME OF ENTITY	COUNTRY OF FORMATION OR INCORPORATION	BEYOND INTERNATIONAL LIMITED DIRECT INTEREST IN ORDINARY SHARES	
		2017 %	2016 %
Controlled entities of Beyond Television Group Pty Ltd:			
Beyond Television Pty Ltd	Australia	74	74
Controlled entities of Beyond Television Pty Ltd:			
Beyond Properties Pty Ltd	Australia	100	100
Beyond Productions Pty Ltd	Australia	100	100
Beyond Distribution Pty Ltd	Australia	100	100
Controlled entities of Beyond Properties Pty Ltd:			
Beyond Pty Ltd	Australia	100	100
Beyond International Group Inc	USA	100	100
The Two Thousand Unit Trust *	Australia	100	100
* The corporate trustee of the trust is Beyond Properties Pty Ltd.			
Controlled entities of Beyond International Group Inc:			
Beyond Productions Inc	USA	100	100
Controlled entities of Beyond Simpson le Mesurier Pty Ltd:			
Beyond Simpson le Mesurier Productions Pty Ltd	Australia	100	100
BSLM Productions Pty Ltd	Australia	100	100
Something in the Air Pty Ltd	Australia	100	100
Something in the Air 2 Pty Ltd	Australia	100	100
Beagle Productions Pty Ltd	Australia	100	100
Stingers 3 Pty Ltd	Australia	100	100
Stingers 4 Pty Ltd	Australia	100	100
Stingers 5 Pty Ltd	Australia	100	100
Halifax 5 Pty Ltd	Australia	100	100
Halifax 6 Pty Ltd	Australia	100	100
Controlled entities of Beyond Entertainment Holdings Limited			
Beyond Entertainment Limited	Ireland	100	100
Beyond Rights Distribution Limited (formerly Beyond Films Limited)	Ireland	100	100
Controlled entity of Beyond Rights Distribution Limited			
HL Beyond Limited	Ireland	100	100
Controlled entities of Beyond Distribution Pty Limited			
Beyond TV Properties Bermuda	Bermuda	100	100
Controlled entities of Beyond Films Limited			
Beyond Film Properties Bermuda	Bermuda	100	100

28. GROUP STRUCTURE *(continued)*

NAME OF ENTITY	COUNTRY OF FORMATION OR INCORPORATION	BEYOND INTERNATIONAL LIMITED DIRECT INTEREST IN ORDINARY SHARES	
		2017 %	2016 %
Controlled entities of Beyond Home Entertainment Pty Limited			
Magna Home Entertainment Pty Ltd	Australia	100	100
Controlled entities of Magna Home Entertainment Pty Limited			
Magna Home Entertainment (NZ) Limited	New Zealand	100	100
Controlled entities of Beyond D Pty Ltd			
Beyond D (NZ) Ltd	New Zealand	100	100
Entity controlled jointly by Beyond TV Properties Bermuda and Beyond Films Properties Bermuda			
Beyond International Services Limited	United Kingdom	100	100
Controlled entities of BTVUS Pty Ltd			
B U.S.A. Holdings, Inc.	USA	100	100
Controlled entities of B U.S.A. Holdings, Inc			
Move It or List It, LLC	USA	100	100
11:11 US, LLC	USA	100	100
Controlled entities of Clandestine Beyond Pty Ltd			
Pulse Productions S01 Pty Ltd	Australia	100	-
(b) Equity accounted investees			
7Beyond Media Rights Limited	Ireland	50	50
(c) Associates			
Melodia Limited	Ireland	33.3	33.3
Melodia (Australia) Pty Ltd	Australia	33.3	-
GB Media Development, Inc	USA	10	10

29. FINANCIAL RISK MANAGEMENT

(i) Capital Risk Management

The Consolidated Entity manages its capital to ensure that entities in the group will be able to continue as a going concern while maximising the return to stakeholders. The Consolidated Entity's strategy remains unchanged from 2016.

The capital structure of the group consists of cash and equity attributable to the equity holders of the parent entity, comprising issued capital, reserves and retained earnings. The Consolidated Entity operates globally, primarily through subsidiary companies established in the markets in which the group trades. The consolidated entity is subject to certain financing arrangements convenants and meeting these are given priority in all capital risk management decisions. For further details on events of default on these financing arrangements, refer to note 8(b).

Operating cash flows are used to make the routine outflows of tax and dividends.

(ii) Market Risk

The Consolidated Entity's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (refer note 29 (iii)).

(iii) Foreign Currency Risk Management

The Consolidated Entity undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise.

Derivative financial instruments are used by the Consolidated Entity to hedge exposure to exchange rate risk associated with foreign currency trade receivables. Mark-to-market gains on derivative financial instruments used by the economic entity are recognised in the financial statements. Transactions for hedging purposes are undertaken without the use of collateral as only reputable institutions with sound financial positions are dealt with.

Foreign currency sensitivity analysis

The Consolidated Entity is mainly exposed to US dollars (USD), Euro (EUR), Great British Pound (GBP) and New Zealand Dollars (NZD).

The carrying amount of the foreign currency denominated financial assets and liabilities at the reporting date is as follows:

	2017		2016	
CONSOLIDATED ENTITY	FINANCIAL ASSETS	FINANCIAL LIABILITIES	FINANCIAL ASSETS	FINANCIAL LIABILITIES
	$000'S	$000'S	$000'S	$000'S
US Dollars	**22,482**	**236**	11,466	54
Euro	**2,922**	**486**	1,979	(51)
Great British Pound	**279**	**(108)**	2,635	1
New Zealand Dollars	**(33)**	**(257)**	656	(170)
Other	**(177)**	**(15)**	186	(4)
	25,473	**342**	16,923	(170)

29. FINANCIAL RISK MANAGEMENT *(continued)*

The following table details the Consolidated Entity's sensitivity to a 10% increase and decrease in the Australian dollar against the relevant foreign currencies. A sensitivity rate of 10% is considered reasonable based on exchange rate fluctuations over the past 12 months. The sensitivity analysis includes only outstanding foreign currency financial assets and liabilities and adjusts their translation at the period end for a 10% change in foreign currency rates.

CONSOLIDATED ENTITY	2017		2016	
	10% INCREASE	10% DECREASE	10% INCREASE	10% DECREASE
	$000'S	$000'S	$000'S	$000'S
Profit/(loss)	**(2,884)**	**3,525**	(1,517)	1,854
Other reserves	**-**	**-**	(1)	1
	(2,884)	**3,525**	(1,518)	1,855

Forward foreign exchange contracts

It is the policy of the Consolidated Entity to enter into forward foreign exchange contracts to cover specific production foreign currency receipts. The Consolidated Entity does not enter into derivative financial instruments for speculative purposes.

The following table details the forward foreign currency contracts outstanding as at the reporting date.

CONSOLIDATED ENTITY	AVERAGE EXCHANGE RATE	PRINCIPAL AMOUNT	AVERAGE EXCHANGE RATE	PRINCIPAL AMOUNT
	2017	2017	2016	2016
		$000'S		$000'S
Outstanding Contracts				
Sell USD				
Less than 3 months	**0.7577**	**1,219**	0.7552	663
3 to 6 months	**0.7631**	**3,984**	0.7314	602
Longer than 6 months	**0.7564**	**1,639**	0.7297	201
		6,843		1,466
Gains or Losses from forward exchange contracts				
Unrealised gains		**62**		-
Unrealised losses		**-**		4
		62		4

(iv) Interest Rate Risk Management

The Consolidated Entity's exposure to interest rate risk is minimal.

The Consolidated Entity's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note, per below.

The average effective interest rate on cash at bank was 2.73% (2016: 1.62%)

Interest rate sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to interest rates at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A sensitivity analysis of 50 basis points is considered reasonable based on interest rate fluctuations over the past 12 months.

At reporting date, if interest rates had been 50 points higher or lower and all other variables were held constant, net interest received from cash held by the Consolidated Entity would increase or decrease by $24,208 (2016: $36,095).

29. FINANCIAL RISK MANAGEMENT *(continued)*

(v) Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Consolidated Entity's short, medium and long-term funding and liquidity management requirements. This framework is not formally documented. The Consolidated Entity manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows. Included in note 8(b) is a listing of additional undrawn facilities that the Consolidated Entity has at its disposal to further reduce liquidity risk.

Liquidity and interest risk tables

The following tables detail the Consolidated Entity's remaining contractual maturity for it's financial liabilities.

CONSOLIDATED ENTITY	NOTES	AVERAGE INTEREST RATE %	LESS THAN 6 MONTHS $000'S	6 MONTHS TO 1 YEAR $000'S	1 TO 5 YEARS $000'S	5+ YEARS $000'S	TOTAL OUTFLOWS $000'S	CARRYING AMOUNT $000'S
2017								
Financial liabilities								
Trade & other payables	15	-	8,324	-	-	-	8,324	8,324
Financial derivatives	12	-	(62)	-	-	-	(62)	(62)
Other financial liabilities	18	-	1,187	1,187	2,340		4,713	4,713
Producer share payable	19	-	4,520	4,520	2,362	-	11,401	11,401
Other payables	19	-	355	-	-	-	355	355
Borrowings	20		-	5,744	-	-	5,744	5,744
Total financial liabilities			14,322	11,450	4,702	-	30,475	30,475
2016 - Restated								
Financial liabilities								
Trade & other payables	15	-	5,127	-	-	-	5,127	5,127
Financial derivatives	12	-	4	-	-	-	4	4
Other financial liabilities	18	-	1,525	1,525	3,931		6,980	6,980
Producer share payable	19	-	4,410	4,410	1,854	-	10,672	10,672
Other payables	19	-	453	-	-	-	453	453
Total financial liabilities			11,518	5,935	5,785	-	23,236	23,236

(vi) Credit Risk Exposures

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Consolidated Entity. The consolidated entity has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. This information is supplied by credit rating agencies and, if not available, the Consolidated Entity uses publicly available financial information to assess the credit-worthiness.

Trade receivables consist of a large number of customers, spread across diverse geographical areas. Ongoing reviews are conducted of accounts receivable balances. The Consolidated Entity does not have significant credit risk exposure to any single counterparty. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The credit risk on financial assets of the Consolidated Entity which are recognised on the Statement of Financial Position is generally the carrying amount, net of any provisions for doubtful debts.

29. FINANCIAL RISK MANAGEMENT *(continued)*

(vii) Price Risk

The Consolidated Entity is marginally exposed to equity price risk arising from the equity investments classified as available-for-sale assets in Note 12(a). Equity investments are held for strategic rather than trading purposes. The Consolidated Entity does not actively trade in this investment.

(viii) Equity price sensitivity analysis

At the reporting date, any reasonable change in the price of the equity instrument would have been immaterial to the consolidated entity's financial position.

(ix) Net Fair Value of Financial Instruments

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and liabilities approximates their carrying values. A discount rate of 8% (2016: 8%) has been applied to all non-current receivables & payables to determine fair value.

The net fair value of other monetary financial assets and liabilities is based upon market prices where a market exists or by discounting the expected future cash flows by the current interest rates for assets and liabilities with similar risk profiles.

For forward exchange contracts the net fair value is taken to be the unrealised gain or loss as at the date of the report calculated by reference to the current forward rates for similar contracts.

	CARRYING AMOUNT		NET FAIR VALUE	
	2017	2016	2017	2016
	$000'S	$000'S	$000'S	$000'S
Financial assets				
Cash and cash equivalents	**7,645**	6,379	**7,645**	6,379
Loans and receivables	**6,825**	8,496	**6,320**	7,867
Available for sale	**-**	14	**-**	14
	14,470	14,890	**13,964**	14,260
Financial liabilities, at amortised cost				
Trade and other payables	**8,324**	5,127	**8,324**	5,127
Other payables	**355**	453	**355**	453
Financial derivatives	**(62)**	4	**(62)**	4
Producer share payable	**11,401**	10,672	**11,227**	10,535
	20,017	16,256	**19,842**	16,119

30. KEY MANAGEMENT PERSONNEL COMPENSATION

Directors
The following persons were directors of Beyond International Limited during the financial year:

Chairman
Ian Ingram

Executive directors
Mikael Borglund - Managing Director

Non-executive directors
Anthony Lee
Ian Robertson

Executives (other than directors) with the greatest authority for strategic direction and management
The following persons were the seven executives with the greatest authority for the strategic directions and management of the Consolidated Entity ("specified executives") during the financial year.

Name	Position	Employer
J Luscombe	General Manager - Productions & Executive Vice President	Beyond Television Group Pty Limited
T McGee	General Manager - Business Development	Beyond Television Group Pty Limited
M Murphy	General Manager - Distribution	Beyond Entertainment Limited
P Wylie	General Manager - Finance & Company Secretary	Beyond Television Group Pty Limited
P Tehan	General Manager - Legal & Business Affairs	Beyond Television Group Pty Limited
P Maddison	General Manager - Home Entertainment	Beyond Home Entertainment Pty Limited
J Ward	General Manager - Beyond D	Beyond D Pty Limited

Information on key management personnel compensation is disclosed below and in the Directors' Report.

(ii) REMUNERATION

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	CONSOLIDATED ENTITY	
	2017	2016
Short-term employee benefits	**3,863,161**	3,601,337
Post-employment benefits	**163,521**	158,115
Long-term benefits	**121,723**	112,440
	4,148,405	3,871,892

30. KEY MANAGEMENT PERSONNEL COMPENSATION *(continued)*

(iii) SHAREHOLDINGS

Number of Shares held by Directors and Specified Executives, including their personally related parties

2017					
PARENT ENTITY DIRECTORS	BALANCE 1.07.16	RECEIVED AS REMUNERATION	OPTIONS EXERCISED	NET CHANGE OTHER *	BALANCE 30.6.17
M Borglund	3,150,949	-	-	-	3,150,949
I Ingram	19,288,888	-	-	21,390	19,310,278
A Lee	5,474,997	-	-	-	5,474,997
I Robertson	110,000	-	-	-	110,000
Total	**28,024,834**	**-**	**-**	**21,390**	**28,046,224**

SPECIFIED EXECUTIVES	BALANCE 1.07.16	RECEIVED AS REMUNERATION	OPTIONS EXERCISED	NET CHANGE OTHER *	BALANCE 30.6.17
J Luscombe	273,478	-	-	-	273,478
T McGee	75,000	-	-	-	75,000
P Wylie	2,000	-	-	-	2,000
P Tehan	75,000	-	-	-	75,000
P Maddison	50,000	-	-	-	50,000
M Murphy	-	-	-	-	-
J Ward	-	-	-	-	-
Total	**475,478**	**-**	**-**	**-**	**475,478**

2016					
PARENT ENTITY DIRECTORS	BALANCE 1.07.15	RECEIVED AS REMUNERATION	OPTIONS EXERCISED	NET CHANGE OTHER *	BALANCE 30.6.16
M Borglund	3,150,949	-	-	-	3,150,949
I Ingram	17,452,571	-	-	1,836,317	19,288,888
A Lee	5,474,997	-	-	-	5,474,997
I Robertson	110,000	-	-	-	110,000
Total	26,188,517	-	-	1,836,317	28,024,834

SPECIFIED EXECUTIVES	BALANCE 1.07.15	RECEIVED AS REMUNERATION	OPTIONS EXERCISED	NET CHANGE OTHER *	BALANCE 30.6.16
J Luscombe	273,478	-	-	-	273,478
T McGee	75,000	-	-	-	75,000
P Wylie	2,000	-	-	-	2,000
P Tehan	75,000	-	-	-	75,000
P Maddison	50,000	-	-	-	50,000
M Murphy	-	-	-	-	-
J Ward	-	-	-	-	-
Total	475,478	-	-	-	475,478

* Net Change Other refers to shares purchased or sold during the financial year.

31. RELATED PARTIES

(i) CONTROLLING ENTITIES

Beyond International Limited is the ultimate parent entity in the wholly-owned group comprising the Company and its wholly-owned controlled entities which are disclosed in note 28.

(ii) KEY MANAGEMENT PERSONNEL

Disclosures relating to key management personnel are set out in note 30 and the remuneration report in the directors' report.

Loans to key management personnel

There were no outstanding loans as at 30 June 2017 or at any point during the year (2016: nil).

Equity transactions with directors and their director-related entities

The aggregate number of equity instruments acquired or disposed of by directors of the Consolidated Entity and their director-related entities during the year were:

		2017 NUMBER	2016 NUMBER
Acquisitions	Ordinary shares	**21,390**	1,836,317
Disposals	Ordinary shares	**-**	-

The aggregate number of equity instruments held by directors of the Consolidated Entity and their director-related entities at balance date were:

		NUMBER	
Issuing entity	*Class of equity instruments*		
Beyond International Limited	Ordinary shares	**28,046,224**	28,024,834
	Options over ordinary shares	**-**	-

(iii) TRANSACTIONS WITH ENTITIES IN THE WHOLLY-OWNED GROUP

Beyond International Limited is the ultimate parent entity in the wholly-owned group comprising the Company and its wholly-owned controlled entities. The Company advanced and repaid loans, received loans, provided management services, received dividends and charged rent to other entities in the wholly-owned group during the current and previous financial years. With the exception of loans advanced free of interest to wholly-owned subsidiaries, these transactions were on commercial terms and conditions. Such loans are repayable on demand.

(iv) TRANSACTIONS WITH OTHER RELATED PARTIES

		CONSOLIDATED ENTITY	
		2017	2016
The aggregate amounts recognised in respect of the following types		$	$
of transactions and each class of related party involved were:			
Transaction type	*Class of other related party*		
Legal services (Holding Redlich)	Associates	**9,502**	53,636

The above transactions were made on commercial terms and conditions, at market rates.

J Luscombe is a director of Ryzara Pty Ltd. The company has received payments for services rendered by J Luscombe during the year. These fees are included as part of the Executive Remuneration disclosed in Note 30 and the Directors Report.

Beyond Entertainment Limited, a subsidiary of the parent company, holds 50% of the shares in 7Beyond Media Rights Limited (refer to note 16). At 30 June 2017 Beyond Entertainment Limited had an asset of $308,000 (2016: $136,000) owed by 7Beyond Media Rights Limited. This asset relates to funding provided for operating costs in 7Beyond Media Rights Limited and has been disclosed in Note 16. Beyond Productions Inc, another subsidiary of the parent company, had an amount of $330,162 (2016: $523,286) owing from 7Beyond Media Rights Limited at 30 June 2017. This amount relates to production services provided by Beyond Productions Inc on behalf of 7Beyond Media Rights Limited and has been included in Receivables (Note 9). Beyond Entertainment Limited charged 7Beyond Media Rights Limited a management fee of $128,321 (2016: $73,938) for the provision of accounting and administration services. The management fee has been disclosed as Other income in Note 5(a).

(v) TRANSACTIONS WITHIN THE WHOLLY OWNED GROUP

Due to the nature of the operations of the Consolidated Entity, normal operating transactions take place between subsidiaries within the group. These are all at arms length and are eliminated on consolidation.

32. PARENT ENTITY

The following information relates to the parent entity Beyond International Limited. The information presented has been prepared using accounting policies that are consistent with those presented in Note 3.

	PARENT ENTITY	
	2017	2016 RESTATED
	$000'S	$000'S
Statement of financial position		
Current assets	**3,508**	1,910
Non-current assets	**54,075**	55,347
Total assets	**57,583**	57,257
Current liabilities	**570**	631
Non-current liabilities	**36,075**	35,970
Total liabilities	**36,645**	36,601
Contributed equity	**34,018**	33,991
Reserves	**341**	341
Accumulated losses	**(13,421)**	(13,676)
Total equity	**20,938**	20,656
Profit for the year	**4,417**	6,643
Total comprehensive income for the year	**4,417**	6,643
Contingent Assets and Liabilities		
The parent entity has given a bank guarantee as at 30 June 2017 of $579,416 (2016: $579,416) to its landlord.		
Capital Commitments - Operating Lease Commitments		
Total lease expenditure contracted at reporting date but not recognised in the financial statements:		
Payable no later than one year	**718**	695
Payable later than one, not later than five years	**3,001**	718
Payable later than five years	**817**	-
	4,536	1,413

33. RESTATEMENT OF COMPARATIVES

During the 2016 year the Consolidated Entity changed its chart of accounts structure. The restructure was finalised in 2017 and this has meant that a number of items in 2016 have been re-classified to match the new structure in 2017

	CONSOLIDATED ENTITY		
	2016 REPORTED	ADJUSTMENT	2016 RESTATED
	$000'S	$000'S	$000'S
Statement of Profit and Loss			
Revenue from Continuing Operations	101,638	**(5)**	101,633
Royalty expense	21,980	**(8,075)**	13,905
Production costs	28,730	**6**	28,736
Home entertainment costs	10,491	**7,619**	18,110
Administration costs	6,007	**537**	6,544
Employee benefit expense	15,234	**(270)**	14,964
Provisions	1,342	**180**	1,522
		-	
Statement of Financial Position			
Trade and other receivables	32,388	**296**	32,684
Investments accounted for using the equity method	-	**136**	136
Trade and other payables	4,696	**431**	5,127

The reclassifications above had no impact on the reported result or the financial position of the consolidated entity

An analysis of amounts payable to licensors of titles (including titles produced by the Company) identified an error relating to revenues erroneously booked in relation to a number of titles produced in 2001 with the assistance of a financing package received from MBP.

	CONSOLIDATED ENTITY		
	2015 REPORTED	ADJUSTMENT	2015 RESTATED
	$000'S	$000'S	$000'S
Statement of financial position at the beginning of the earliest comparative period			
EXTRACT			
LIABILITIES			
CURRENT LIABILITIES			
Other current liabilities	10,866	**2,037**	12,903
NON-CURRENT LIABILITIES			
Deferred tax liabilities	4,029	**(556)**	3,473
Total liabilities	25,346	**1,481**	26,827
Net Assets	45,490	**(1,481)**	44,009
EQUITY			
Retained earnings	11,727	**(1,481)**	10,246
Total Equity	45,490	**(1,481)**	44,009

33. RESTATEMENT OF COMPARATIVES *(continued)*

	CONSOLIDATED ENTITY		
	2016 REPORTED	ADJUSTMENT	2016 RESTATED
	$000'S	$000'S	$000'S
Statement of financial position at the beginning of the earliest comparative period			
EXTRACT			
LIABILITIES			
CURRENT LIABILITIES			
Other current liabilities	10,678	**2,037**	12,715
NON-CURRENT LIABILITIES			
Deferred tax liabilities	3,050	**(556)**	2,494
Total liabilities	31,570	**1,481**	33,051
Net Assets	44,807	**(1,481)**	43,326
EQUITY			
Retained earnings	10,910	**(1,481)**	9,429
Total equity	44,807	**(1,481)**	43,326

34. SUBSEQUENT EVENTS

(i) Dividend

There was no final dividend declared as detailed in Note 24. The Group received a waiver from St George waiving the breach in covenants as at 30 June 2017.

35. COMPANY DETAILS

The registered office & principal place of business of the company is :

Beyond International Limited
109 Reserve Rd
Artarmon, NSW 2064
Australia

BEYOND INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES
ABN 65 003 174 409

DIRECTORS' DECLARATION

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

The directors have been given the declarations required by Section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of the directors made pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the directors

Mikael Borglund
Managing Director
31 August 2017
Sydney

Tel: +61 2 9251 4100
Fax: +61 2 9240 9821
www.bdo.com.au

Level 11, 1 Margaret St
Sydney NSW 2000
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Beyond International Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Beyond International Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

Key audit matter	*How the matter was addressed in our audit*
As disclosed in note 5, there are often timing differences between when revenue is invoiced to when revenue is actually earned, resulting in accrued and deferred revenue being brought to account at each reporting date as shown in notes 9 and 19. As a result of the extended terms of certain production and licensing contracts, our focus was to evaluate that revenue had been recorded in the correct period and whether the accounting policies had been appropriately applied. Due to these factors and the overall significance of revenue to the Group, we considered this matter to be significant to our audit.	To determine whether revenue was appropriately accounted for and disclosed within the financial report, we undertook, amongst others, the following audit procedures: • Evaluated the revenue recognition policies for all material sources of revenue and from our detailed testing performed below, ensured that revenue was being recognised appropriately, in line with Australian Accounting Standards and policies disclosed within the financial statements. • Performed detailed analytical procedures covering revenue, direct costs and margins achieved for all key revenue streams against our expectations and investigated any significant variances. • Selected a sample of revenue items from all significant revenue streams, agreeing revenue recognised to supporting documentation to confirm the existence and accuracy of the revenue recognised and to consider whether the transaction was recorded in the correct period.

Valuation of other assets

Key audit matter	*How the matter was addressed in our audit*
As at 30 June 2017, the Group recognised other assets of $21,469,000 which includes capitalised production costs of $8,376,000, prepaid royalties of $6,805,000, capitalised development costs of $895,000 and distribution advances of $4,124,000 as disclosed in note 11. This matter was considered significant to our audit due to the judgement applied by the Group in estimating future sales for the specific titles held within this asset category, and the subsequent recoverability of, the other assets.	In assessing the carrying value of other assets, we undertook, amongst others, the following audit procedures: • Performed a detailed analysis of costs capitalised during the period in relation to specific titles, including assessing the inputs and estimates applied to the calculations. • Inspected a sample of licensing and production contracts to validate actual sales achieved and costs incurred to date. • Assessed the recoverability of the capitalised costs, prepaid royalties and distribution advances through challenging management's forecast sales projections by comparing against the historical sales performance of specific titles and current licensing terms in place with third party distributors. • Evaluated the Group's amortisation and impairment processes in respect of the other assets in accordance with the Group's amortisation policy and performed a detailed review of the amortisation calculations and rates applied.

Valuation of producer share payables

Key audit matter	*How the matter was addressed in our audit*
As at 30 June 2017, the Group recognised producer share payables of $11,401,000 as disclosed in note 19. During the year, the Group performed an extensive review of the producer share payables which resulted in both a prior year error adjustment and the write back of a portion of the liability. Our focus in relation to this matter was to consider the accuracy of the adjustments reflected in the financial statements and ensure the completeness and accuracy of the remaining producer share payable balance as at the reporting date. This matter was considered significant to our audit due to the quantum of the adjustment and the judgement applied by the Group.	In assessing the carrying value of producer share payables we undertook, amongst others, the following audit procedures: • Selected a sample of distribution sales to ensure the corresponding liability was appropriately recognised and in accordance with third party contractual agreements. • Performed detailed substantive analytical procedures by comparing the movement in producer share payables year on year to the level of licensing revenue generated for the year. • Obtained and analysed the Group's calculations for the adjustments in relation to the write back of producer share payables and the prior year error adjustment and considered the accuracy thereon with reference to our understanding of the entity and other supporting documentation provided by the Group.

Carrying value of goodwill associated with the Beyond D cash generating unit ('CGU')

Key audit matter	*How the matter was addressed in our audit*
As disclosed in note 14, the Group held intangible assets of $4,869,000 which included goodwill of $1,130,000 as at 30 June 2017 in respect to the Beyond D CGU. This matter was considered significant to our audit given the historic performance of the CGU and the assessment of impairment for intangible assets within the relevant CGU involves critical accounting estimates and judgements specifically in relation to forecast revenue and cash flows, which are affected by future market and economic conditions.	In assessing the carrying value of this CGU, we undertook, amongst others, the following audit procedures: • Evaluated the discounted cash flow model prepared by the Group and challenged the assumptions and judgements made. This included considering the reliability of the CGU's cash flow forecasts with reference to our understanding of the business and the CGU's historical performance and assessing the assumptions regarding future revenue growth and operating costs. • Performed sensitivity analysis on the key inputs applied to the discounted cash flow model to assess the impact minor changes in the assumptions would make to the carrying value of the CGU.

Change in trading terms - Home Entertainment Segment (BHE)

Key audit matter	*How the matter was addressed in our audit*
During the year, as disclosed on page 21 of the directors' report, the Group's Home Entertainment Business reached an agreement with a major customer to adopt consignment based trading terms. This significant one-off transaction resulted in the buy-back of a significant value of inventory previously sold to this customer. Our focus in relation to this matter was to ensure that all sales, inventories, royalties and rebates pertaining to these sales returns had been correctly reversed and appropriately reflected in the Group's financial statements. We considered this area to be significant to our audit due to the one-off nature and overall impact of this transaction on the Group's reported result for the financial year.	To determine whether the sales returns had been appropriately reflected in the Group's financial statements, we undertook, amongst others, the following audit procedures: • Obtained and reviewed the buy-back agreement made with the major customer to ensure that the sales, inventories, royalties and rebates had been appropriately recorded in accordance with the agreement reached. This included obtaining a third party confirmation of the inventory held on consignment at the reporting date. • Selected a sample of sales returns, agreeing these returns to supporting documents to confirm the sales adjustments were correctly recorded.

Key audit matter	*How the matter was addressed in our audit*
	• Selected a sample of inventory items to ensure inventory was recorded at the lower of cost and net realisable value, by reference to recent sales. • Assessed the recoverability of prepaid royalties by comparing specific titles against forecasted sales projections, expiration date analysis and making enquiries with management around the renewal of key titles.

Other information

The directors are responsible for the other information. The other information comprises the information in the Directors' Report (excluding the audited Remuneration Report section) for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon, which we obtained prior to the date of this auditor's report, and the Annual Report to Shareholders (including the Chairman's Report, Managing Director's Report, Corporate Governance Report and Board of Directors Report), which is expected to be made available to us after that date.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual Report to Shareholders (including the Chairman's Report, Managing Director's Report, Corporate Governance Report and Board of Directors Report), if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and will request that it is corrected. If it is not corrected, we will seek to have the matter appropriately brought to the attention of users for whom our report is prepared.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Beyond International Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO East Coast Partnership

BDO

Martin Coyle
Partner

Sydney, 31 August 2017

SHAREHOLDER INFORMATION

RANK	HOLDER	UNITS	% OF ISSUED CAPITAL
1	FREMANTLEMEDIA OVERSEAS	11,948,422	19.48%
2	WINCHESTER INVESTMENTS GROUP	10,560,000	15.53%
3	SEALION MEDIA LIMITED	6,070,278	11.58%
4	NATIONAL NOMINEES LIMITED	5,350,592	8.72%
5	MR IAN INGRAM	2,680,000	4.37%
6	WILVESTOR LIMITED	2,531,111	4.13%
7	WILGRIST NOMINEES LIMITED	2,416,224	3.94%
8	MS YUN CHUN MARIE CHRISTINE	2,228,044	3.63%
9	AXPHON PTY LIMITED	2,121,083	3.46%
10	MR RAYMOND DAVID DRESDNER &	1,615,050	2.73%
11	NOMITOR LIMITED	1,581,751	2.58%
12	ALLAN DALE HOLDINGS PTY LTD	1,220,000	1.99%
13	PEARL FINANCE LIMITED	921,910	1.57%
14	MR MIKAEL JOHN BORGLUND	807,066	1.32%
15	A & C GAL INVESTMENTS PTY LTD	627,000	0.91%
16	SOURCE INCORPORATED	559,016	0.89%
17	DIXSON TRUST PTY LIMITED	546,820	0.69%
18	DEBOURS PTY LIMITED	529,031	0.68%
19	MS IRENE YUN LIEN LEE	425,990	0.56%
20	G CHAN PENSION PTY LTD	234,122	0.48%
Totals: Top 20 holders of ISSUED CAPITAL		**54,973,510**	**89.63%**
Total Remaining Holders Balance		**6,363,458**	**10.37%**

DISTRIBUTION OF EQUITY SECURITIES

RANGE	TOTAL HOLDERS
1 – 1,000	222
1,001 TO 5,000	196
5,001 TO 10,000	81
10,001 – 100,000	124
100,001 – 9,999,999,999	29
Total	**652**

There were 186 holders of less than a marketable parcel of shares

CORPORATE DIRECTORY

Highway Thru Hell

DIRECTORS

Ian Ingram
Chairman of Directors
109 Reserve Road
Artarmon NSW 2064

Mikael Borglund
Managing Director
109 Reserve Road
Artarmon NSW 2064

Anthony Lee
Non-Executive Director
109 Reserve Road
Artarmon NSW 2064

Ian Robertson
Non-Executive Director
109 Reserve Road
Artarmon NSW 2064

OFFICERS

Mikael Borglund
Chief Executive Officer

Paul Wylie
Company Secretary

OFFICES

Sydney
109 Reserve Road
Artarmon NSW 2064
Australia
Telephone: +61 (0) 2 9437 2000
Facsimile: +61 (0) 2 9437 2181
www.beyond.com.au

Brisbane
Level 2 - 338 Turbot Street
Brisbane QLD 4000
Australia
Telephone: +61 (0) 7 3267 9888
Facsimile: +61 (0) 7 3267 1116

Dublin
78 Merrion Square South
Dublin 2
Ireland
Telephone: +353 (0) 1 614 6270
Facsimile: +353 (0) 1 639 4944

London
3rd Floor, 167 Wardour Street
London, W1F 8WP, United Kingdom
Telephone: +44 (0) 20 7323 3444
Facsimile: +44 (0) 20 7580 6479

AUDITOR / ACCOUNTANT / ADVISORS

BDO East Coast Partnership
Chartered Accountants
Level 11, 1 Margaret Street
Sydney NSW 2000

BANKERS

St George Bank
Level 12, 55 Market Street
Sydney NSW 2000

Bank of Ireland
Colvill House
Talbot Street
Dublin 1
Ireland

SOLICITORS

Addisons
Level 12, 60 Carrington Street
Sydney NSW 2000

Holding Redlich
Level 65, MLC Centre
19 Martin Place
Sydney NSW 2000

Gaines, Solomon Law Group LLP
1901 Avenue of the Stars
Suite 1100
Los Angeles, California 90067
United States of America

SHARE REGISTRY

Computershare Investor Services Pty Ltd
Level 3, 60 Carrington Street
Sydney NSW 2000
Telephone: 1300 855 080

RMD Garage

BEYOND

Beyond International Annual Report

www.beyond.com.au