

Appendix 4E

Final Report

For the Year Ended 30 June 2018

Beyond International Limited

ACN 003 174 409

This final report is provided to the Australian Securities Exchange (ASX) under ASX Listing Rule 4.3A

Current Reporting Period:

Financial year ended 30 June 2018

Previous Corresponding Period:

Financial year ended 30 June 2017

Appendix 4E

Final Report

Name of Entity	BEYOND INTERNATIONAL LIMITED
ABN	65 003 174 409
Financial Year Ended	30 JUNE 2018
Previous Corresponding Reporting Period	30 JUNE 2017

Results for Announcement to the Market

		\$'000	Percentage increase /(decrease) over previous corresponding period
Revenue from ordinary activities		86,392	up 0.1%
Loss from ordinary activities after tax attributable to members		(707)	NMF*
Net loss for the period attributable to members		(707)	NMF
Dividends (distributions)	Amount per security	Franked amount per security	
Interim Dividend	0.00 cents per share	NIL	
Final Dividend	0.00 cents per share	NIL	
Previous corresponding period			
Interim Dividend	2.00 cents per share	NIL	
Final Dividend	0.00 cents per share	NIL	
Record date for determining entitlements to the dividends (if any)	N/A		
Brief explanation of any of the figures reported above necessary to enable the figures to be understood: Refer to release			

- NMF – Not a meaningful figure

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Dividends

Date the dividend is payable	N/A
Record date to determine entitlement to the dividend	N/A
Amount per security	N/A
Total dividend	N/A
Amount per security of foreign sourced dividend or distribution	N/A
Details of any dividend reinvestment plans in operation	N/A
The last date for receipt of an election notice for participation in any dividend reinvestment plans	N/A

NTA Backing

	Current Period	Previous corresponding period
Net tangible asset backing per ordinary security	42.67 cents	44.37 cents

Associates or Joint Ventures

7Beyond Media Rights Ltd	50% JV with Seven Network (Operations) Ltd
Melodia Limited	33.33%
Melodia (Australia) Pty Ltd	33.33%
GB Media, Inc	10%

BEYOND INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES
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	JUNE 2018 \$,000	JUNE 2017 \$,000	Variance - Fav/(Unfav)	
			\$,000	%
Operating Revenue	86,392	86,311	81	0.1%
Expenses	(79,257)	(88,585)	9,328	10.5%
EBITDA	7,135	(2,274)	9,409	NMF
Depreciation and Amortisation	(6,781)	(5,921)	(860)	(14.5%)
EBIT	354	(8,195)	8,549	NMF
Net Interest Income/(Expense)	(241)	(139)	(102)	(73.4%)
Profit/(Loss) Before Tax	114	(8,334)	8,448	NMF
Tax Benefit/(Expense)	(1,287)	997	(2,284)	NMF
Profit/(Loss) After Tax	(1,173)	(7,337)	6,164	84.0%
Minority Interests	466	(132)	598	(454.0%)
Profit/(Loss) After Tax attributable to members	(707)	(7,469)	6,762	90.5%
Additional Information				
EPS (cents per share)	(1.15)	(12.18)	11.03	90.6%
Dividends per Share (cents)	-	2.00	(2.00)	(100.0%)
NTA (cents per share)	42.67	44.37	(1.7)	(3.8%)

FINANCIAL PERFORMANCE FOR THE 12 MONTH PERIOD TO 30TH JUNE 2018

- Operating revenue steady at \$86,392,000;
- EBITDA improved by \$9,409,000 to \$7,135,000
- EBIT improved by \$8,549,000 to \$354,000;
- Net loss after tax and before outside equity interests of \$1,174,000, an improvement of \$6,164,000;
- Cash flows from operating activities increased by 9.7% to \$6,460,000 from \$5,887,000;
- The St George loan facility was drawn to \$1,837,000 as at 30 June 2018, a reduction of \$3,907,000.
- Cash at bank as at 30 June 2018 was \$7,256,000.

Overview

The Beyond Group has seen a significant improvement in the performance of its businesses in the 2018 financial year in the wake of one-off adjustments in the 2017 financial year, reporting a statutory net loss of \$0.7 million. This compares to the previous corresponding year statutory net loss of \$7.5 million.

The Group delivered revenue of \$86.4 million, up 0.1% from the previous year. EBITDA is \$7.1 million compared to a loss of \$2.3 million in the prior financial year, while EBIT improved by \$8.5 million to \$0.4 million.

REVIEW OF OPERATIONS BY SEGMENT FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2018

	30 Jun 2018 \$,000	30 Jun 2017 \$,000	Variance \$,000	Variance %
Revenue				
Productions & Copyright	42,458	50,971	(8,512)	(16.7%)
Home Entertainment	10,241	2,113	8,128	384.7%
Distribution	23,584	21,877	1,707	7.8%
Digital Marketing	9,481	10,549	(1,068)	(10.1%)
Other Revenue	628	803	(175)	(21.8%)
Total Revenue	86,392	86,312	80	0.1%
OPERATING EBIT				
Productions & Copyright	5,954	7,566	(1,612)	(21.3%)
Home Entertainment	(1,331)	429	(1,760)	NMF
Distribution	1,522	845	677	80.1%
Digital Marketing	298	(722)	1,020	NMF
Corporate	(5,934)	(5,702)	(232)	(4.1%)
7Beyond Joint Venture	10	(55)	65	NMF
Foreign Exchange Gain / (Loss)	(164)	(542)	378	69.7%
Operating EBIT	354	1,819	(1,465)	(80.5%)
Non Operating or Non Recurring Items:				
Home Entertainment	-	(8,611)	8,611	(100.0%)
Distribution	-	(373)	373	(100.0%)
Digital Marketing	-	(607)	607	(100.0%)
Corporate	-	(423)	423	(100.0%)
EBIT	354	(8,195)	8,549	NMF

1. Television Productions and Copyright Segment

Segment revenue fell by \$8.5 million or 16.7% to \$42.5 million compared to the prior year. The 2017 financial year included \$8.3 million related to the production of the ABC drama "Pulse". Revenues associated with drama production were not replicated in 2018 but are expected to increase in the 2019 financial year.

The segment EBIT of \$6.0 million was 21.3% or \$1.6 million lower than the \$7.6 million reported in the 2017 financial year. While Copyright revenues were slightly higher than 2017, the Group's conservative amortisation policies for capitalised production costs in relation to the Mythbusters and Deadly Women franchises meant that an additional \$1.0 million in amortisation was recognised in 2018 compared to that incurred in the 2017 financial year.

The 2017 financial year included one-off fees relating to production services provided on the key animation series in production. The impact of this is that production EBIT fell by \$0.6 million year on year.

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During the 2018 financial year, 164 hours of television commenced production, a growth of 20% over the 2017 financial year. This included 39 hours commissioned by US broadcasters.

The Company has continued to focus on the emerging digital platforms such as Netflix. To date Beyond has produced or co-produced over 67 half hours of original animation and eight hours of factual programming with Netflix. We have also commenced production of a live action series commissioned by Facebook.

Beyond has continued to produce programs for a number of USA based broadcasters including Discovery, HGTV, ID, Science, Velocity, Travel, The Food Network and FUSE. Commissions produced for the US broadcast market in 2018 included returning series of Deadly Women, now in its 12th season and Mythbusters (season 11). New series include Mythbusters Junior and Deadly Intelligence.

In addition, RTL in Germany have commissioned WOW! That's Amazing, a children's live action series which looks at how science and maths can create magic for kids.

HGTV in the USA have commissioned 7Beyond to produce a further four series of My Lottery Dream Home, bringing the total to seven series (93 half hour episodes). New series produced by 7Beyond in the 2018 financial year were Coast To Coaster, Gingerbread House, Gingerbread Nation and Smoothini The Hip Hop Houdini.

The popularity of Selling Houses Australia continues, with season 12 commissioned by Foxtel, together with a second season of Love It Or List It Australia. Other Australian program commissions produced during the period included the 2018 Santos Tour Down Under, A Team Of Champions, Backburning – a documentary on Midnight Oil, the animated series Dumbotz for the Nine Network, Pulse for the ABC and Gfinity eSports series for the digital platform Twitch.

The strategic focus for the coming 12 months continues to be:

- ◆ targeting buyers who value our ability to co-produce;
- ◆ strengthening relationships with “new media” outlets, including SVOD and social media platforms;
- ◆ capitalising 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. Distribution TV and Film Segment

Revenue increased by \$1.7 million or 7.8% to \$23.6 million compared to the corresponding 2017 period. EBIT increased by 80.1% over the corresponding 2017 period (excluding impairment charges booked in 2017) to \$1.5 million.

During the year significant sales for third party producers were achieved for existing franchises of Highway Thru Hell and Love It or List It and Heavy Rescue 401. Mythbusters and Deadly Women from Beyond Productions continue to perform well.

The share of revenue by third party produced programmes fell in 2018 compared to 2017, with externally produced shows generating 64% of distribution sales against 71% in 2017.

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

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New releases acquired for the 2019 financial year include a continuing expansion of the Love It Or List It program franchise, new series of Highway Thru Hell and Heavy Rescue: 401. The Company has boosted the program acquisition team through the appointment of key executives in the London office and is focusing on building new relationships with program producers for the supply of quality long running returnable series. 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.

The client base has expanded during the past two years with the digital platforms (SVOD and AVOD) such as Netflix and You Tube rapidly becoming key customers for the Company's products.

3. Home Entertainment Segment (BHE)

BHE reported an operating loss of \$1.3 million in the 2018 financial year. The operating loss of \$8.2 million for 2017 included adjustments of \$8.6 million for inventory returned to BHE as part of a transition to consignment stock

The total physical DVD market in Australia contracted 17% for the twelve-months ending 30 June 2018 and Beyond's share of the market for 2018 was 3.1%, down from 3.9% in 2017.

The 2018 financial year was the first year operating under inventory consignment terms with major retail customers. BHE sold 829,000 units of content to end-consumers in fiscal year 2018. Revenues for the 2018 financial year were \$10.2 million, compared to \$2.1 million reported in the 2017 financial year.

BHE have adopted an aggressive write-off policy in relation to the carrying value of its program assets, with depreciation and amortisation for the 2018 financial year of \$2.9 million (2017: \$2.7 million). The EBITDA contribution was \$1.6 million for 2018 compared to a negative EBITDA of \$5.5 million. Cash payments of \$3.6 million were made to customers in relation to the stock buy-back initiated in 2017 and completed in 2018.

The amortisation policy will mean that BHE will report a negative EBIT in the 2019 financial year, but is expected to be cash flow positive.

To complement our existing portfolio of content, BHE in fiscal 2019 will launch the following event level programming:

- ◆ Pokémon Movie 21: The Power of Us!;
- ◆ Pokémon Season 21: Sun & Moon - Ultra Adventures;
- ◆ The 2018 AFL Grand Final; and
- ◆ The 2018 National Rugby League (NRL) Grand Final.

4. Digital Marketing Segment (BeyondD)

Full year revenues for BeyondD were \$9.5 million, 10.1% down on last year's total of \$10.5 million. The reduction was due the close of the 3Di business at the end of the 2017 financial year.

The operating result for the 12 months ended 30 June 2018 was an improvement of \$1.0 million with a profit of \$0.3 million against an operating loss of \$0.7 million for the corresponding prior period.

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The year involved the final full exit from the 3Di data side of the business and a refocusing on the emerging AI Voice side of the business in general and the production of 3rd party Google Assistants in particular. This refocus led to an onboarding of many new exciting clients including KMART, Target, Suncorp and Woolmark as well as a deepening of relationships with Officeworks and the Finder Group. FIRST quickly positioned itself as a sought after market leader in the AI Voice space not only locally but also on the international stage, particularly the USA. This market position has led to a further enhancement in FIRST's relationship with Google.

In addition to the new voice AI, FIRST continues to be the leader in search and conversion consulting in the New Zealand market as well as continuing to produce quality large scale digital assets for its existing client base in Australia especially the Dymocks Group of companies, Bank of Queensland, Laser Sight and Blue Mountains City Council.

The financial results for this business unit are expected to improve substantially compared to the prior periods.

5. 7Beyond joint venture

7Beyond grew revenues by 43% in the 2018 financial year to \$9.7 million from \$6.8 million in the 2017 financial year.

The joint venture contributed \$10,000 of earnings to the group in the 2018 financial year compared to a loss of \$55,000 in the 2017 financial year. HGTV in the USA have commissioned a further four series of My Lottery Dream Home, bringing the total to seven series. New series produced by 7Beyond in 2018 were Coast To Coaster, Gingerbread House, Gingerbread Nation and Smoothini The Hip Hop Houdini.

The joint venture is cash flow positive and has not required any funding from the joint venture partners since September 2016.

The joint venture now has a substantial forward order book and a deep slate of projects in development and is actively working with US broadcasters and digital platforms to develop and produce new programs for the US market.

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 \$0.812 to a low of \$0.735 against the US dollar. Across the year the Australian dollar fell by 3.7% against the US dollar, 5.7% against the Euro and 4.6% against the pound sterling.

The total foreign exchange loss for FY2018 is \$164,000 (2017: \$542,000). This loss is allocated to the operating segments as follows:

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Item	Segment	Jun-18	Jun-17	Movement	
		\$	\$	\$	%
Realised gain / (loss)	Distribution / TV	(69,783)	25,947	(95,730)	369%
Unrealised gain / (loss)	Distribution / TV	119,711	(8,192)	127,903	1561%
Realised (loss)/gain	Production	(87,980)	59,640	(147,620)	248%
Unrealised gain / (loss)	Production	50,603	(126,667)	177,270	140%
Realised (loss)/gain	Other	(31,799)	(92,847)	61,048	66%
Unrealised (loss)/gain	Other	(145,044)	(399,727)	254,682	64%
Total FX Gain/(loss)		(164,292)	(541,845)	377,553	(70%)

Income Tax

Income tax expense was \$1.3 million in the 2018 financial year. Tabled below is the break down of the expense booked.

	2018 \$000's	2017 \$000's
Current income tax expense/(benefit)	(708)	62
Less current year tax losses not booked	988	-
Income tax relating to the current year	280	62
Add:		
Deferred income tax	187	(3,449)
Adjustments relating to prior year income tax	279	96
Reversal of tax losses previously booked	604	2,351
Other	(63)	(57)
Total income tax expense	1,287	(997)

The tax benefit on taxable losses was \$708,000. This included \$988,000 of Australian consolidated tax group losses in the current financial year that have not been recognised due to uncertainty in the recoverability of the losses based on the cause of past losses. Past losses for the Australian consolidated tax group have been caused by the non-assessable nature of Australian production tax rebates which are treated as revenue in Beyond's accounts. Total unrecognised tax losses within the Australian tax group are \$21.5 million.

Australian tax losses are able to be carried forward indefinitely subject to the satisfaction of continuity of ownership or same business tests under the Australian tax law. Unrecognised losses are able to be recognised and used in the future once taxable profits are generated.

Other material adjustments to the income tax expense for the 2018 financial year are:

- ◆ Adjustments to prior year income tax expense relating to the reversal of deferred tax assets;
- ◆ The reversal of tax losses previously booked as a deferred tax asset for the reasons stated above.

Dividend

The Directors have determined that there will be no final dividend for the 2018 financial year.

Conclusion

The financial performance improved in the 2018 year on the strength of the Groups operating divisions across content production, international content distribution, home entertainment and digital marketing.

The content market is global and Beyond has been a part of the global production and distribution eco system for over 30 years. We were one of the first Australian based entertainment companies to recognise that the domestic market did not have sufficient opportunities to build a business of sufficient scale to compete internationally.

We have been producing programming for US distribution platforms since the 1980's and have weathered a number of changes that have occurred in the production and distribution of content over that period. Beyond established its international distribution business in London over 25 years ago and has now expanded this to include Dublin. This international focus has enabled the business to acquire the majority of its third-party content from producers in the UK, USA and Canada for distribution throughout the world. We have maintained production offices in the US for over 28 years.

The international media business is experiencing rapid and fundamental changes to the way the industry has traditionally operated. In the past the industry functioned on a strict territorial basis in terms of licensing rights and media with the majority of distribution being via free to air and cable broadcast platforms.

With the growth of high-speed internet access across the world these territorial and regional barriers no longer exist, and the internet distribution platforms have moved to a direct business to consumer relationship with the viewer, as opposed to an advertising driven "free tv" model.

As a result, the nature and structure of television programs is also changing across all genres as the consumer has more choice both in terms of the programs they want to watch and when to watch them.

Beyond has been able to adapt to these changes by creating programming that is suitable for these new platforms and by developing business models for the creation of such content.

Our strategy is to develop, acquire and create content that is suitable for both the OTT market and the more traditional free to air and cable broadcasters. We believe that both of these content distribution models will co-exist in the market for some time and will continue to drive the demand for quality content.

Beyond has built proven programs and business models that work for both traditional broadcast models and the OTT market and we intend to increase revenue and profits from production and distribution by working closely with all the available and emerging content distribution platforms both as an originator/producer of programs and a supplier of finished programs.

Mikael Borglund
CEO & Managing Director
31 August 2018

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About Beyond

Beyond International Limited (ASX:BYI) is a leading international producer and distributor of television and digital content and is one of the largest independent distributors of home entertainment product in Australia. The Company is headquartered in Sydney and listed on the Australian Stock Exchange.

Beyond has produced over five thousand hours of television programs for broadcast internationally including Mythbusters, Love It Or List It Australia, Selling Houses Australia, Deadly Women and White Rabbit Project. The company has production offices in Sydney, Perth, San Francisco, and Los Angeles and produces programs for Australian, US and International broadcasters.

Beyond's international distribution business markets an extensive program catalogue sourced from third party producers and internal production. This business unit is headquartered in Dublin, with sale offices in London and Sydney.

The Home Entertainment operation focuses on digital and DVD distribution and has an extensive catalogue of product, which is distributed throughout Australia and New Zealand.

The Digital Marketing business performs voice activated search, search optimisation, website creation, development and performance and online media sales within Australia and New Zealand.

This announcement is made pursuant to Listing Rule 4.1 & 3.1.

All enquiries should be directed to:

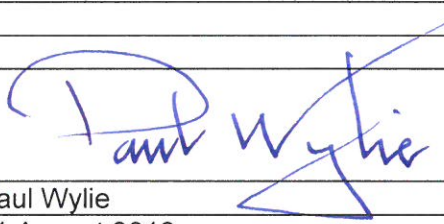
Mr Mikael Borglund. Managing Director, Beyond International Limited
Telephone 02 9437 2000 or email investor_relations@beyond.com.au

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Audit/Review Status

This report is based on accounts to which one of the following applies: (Tick one)			
The accounts have been audited	<input checked="" type="checkbox"/>	The accounts have been subject to review	<input type="checkbox"/>
The accounts are in the process of being audited or subject to review	<input type="checkbox"/>	The accounts have not yet been audited or reviewed	<input type="checkbox"/>
If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification: N/A			
If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification: N/A			

Attachments Forming Part of Appendix 4E

Attachment #	Details
1	Financial Statements
<div style="display: flex; justify-content: space-between;"> <div>Signed By (Company Secretary)</div> <div></div> </div>	
Print Name	Paul Wylie
Date	31 August 2018

BEYOND INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES
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DIRECTORS' REPORT

Your Directors present their report on the Company and its controlled entities ("Consolidated Entity" or "Group") for the financial year ended 30 June 2018.

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, 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 \$707,000 (2017: \$7,469,000).

5. Dividends

No dividends have been declared in relation to the 2018 financial year.

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6. Review of operations

Revenue from operations for the year remained steady at \$86,311,000 to \$86,392,000 with operating expenses reducing by \$9,329,000 or 10.5% year on year.

Net loss after tax before minority interests is \$707,000 for the 2018 financial year – this compares favourably to the loss after tax of \$7,469,000 reported for the 2017 financial year.

Net cash flow from operating activities was \$6,460,000 (2017: \$5,887,000).

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 \$1,837,000 was drawn as at 30 June 2018.

Television Productions and Copyright Segment

Television production external revenue fell by \$8,513,000 or 16.7% to \$42,458,000.

In 2018 the net “copyright income” from the further exploitation of the programs by Beyond Distribution is \$4,324,000 compared to \$4,301,000 in 2017.

Segment operating EBIT for the 12-month period decreased 21.3% to \$5,954,000 (2017: \$7,566,000).

The television series produced for the US market during the year includes returning titles Mythbusters, with new hosts, Deadly Women (series 11 and 11), My Lottery Dream Home (series 4 and 5) and Deadly Intelligence. New commissions in the year include Akakor and Mythbusters Junior. New programs produced by 7Beyond include Gingerbread House and *Smoothini*.

Australian program commissions during the period include 2018 *Santos Tour Down Under*, *Love It Or List It Australia 2*, *A Team Of Champions*, and season 11 and season 12 of *Selling Houses Australia*.

The 7Beyond joint venture result for the current year includes a 50% share of net operating profits of \$10,000. This is an improvement to the share of costs in 2017 of \$55,000. The venture has received a fifth and sixth commission from HGTV for My Dream Lottery Home in the 2018 financial year, with a seventh season expected to be commissioned in 2019.

Home Entertainment Segment (BHE)

Revenue increased to \$10,241,000 (2017: \$2,113,000) 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.

BHE recorded a loss of \$1,331,000 in the fiscal 2018 year compared to a loss of \$8,182,000 in the 2017 year.

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BHE have adopted an aggressive write-off policy in relation to its content assets, with depreciation and amortisation for the 2018 financial year of \$2,931,000. The EBITDA contribution was \$1,597,000 for 2018 compared to a negative EBITDA of \$5,549,000 in 2017. The amortisation policy will mean that BHE will report a negative EBIT in the 2019 financial year, but is expected to be cash flow positive.

The total physical DVD market contracted 17% for the twelve-months ending 30 June 2018.

To complement our existing portfolio of content, BHE in fiscal 2019 will launch the following event level programming:

- ◆ Pokémon Movie 21: The Power of Us!;
- ◆ Pokémon Season 21: Sun & Moon - Ultra Adventures;
- ◆ The 2018 AFL Grand Final; and
- ◆ The 2018 National Rugby League (NRL) Grand Final.

TV and Film Distribution Segment (Beyond Distribution)

Segment revenue has increased by \$1,707,000 or 7.8% to \$23,584,000 compared to the corresponding 12 month period (2017: \$21,877,000).

The segment EBIT for the twelve months increased by 80% to \$1,522,000 from \$845,000 in 2017 (excluding impairment charges booked in 2017).

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 and Heavy Rescue 401.

Digital Marketing Segment (Beyond D)

Segment revenue has decreased by \$1,068,000 or 10.1% to \$9,481,000 compared to the corresponding 12 month period (2017: \$10,549,000). The decline in revenue was due to the close of 3Di in June 2017.

The division reported a profit of \$298,000 for the 12 months compared to a loss of \$722,000 before impairment and restructuring costs in 2017.

The year involved the final full exit from the 3Di data side of the business and a refocusing on the emerging AI Voice side of the business in general and the production of 3rd party Google Assistants in particular. This refocus led to an onboarding of many new exciting clients including KMART, Target, Suncorp and Woolmark as well as a deepening of relationships with Officeworks and the Finder Group. FIRST quickly positioned itself as a sought after market leader in the AI Voice space not only locally but also on the international stage, particularly the USA. This market position has led to a further enhancement in FIRST's relationship with Google.

In addition to the new voice AI, FIRST continues to be the leader in search and conversion consulting in the New Zealand market as well as continuing to produce quality large scale digital assets for its

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existing client base in Australia especially the Dymocks Group of companies, Bank of Queensland, Laser Sight and Blue Mountains City Council.

7. 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 2018.

8. Matters subsequent to the end of the financial year

Subsequent to 30 June 2018, the Group received a waiver in relation to the breaches to its banking covenants. No other matter or circumstance has arisen since 30 June 2018 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.

9. Likely developments and expected results of operations

The Beyond International Group of companies operates in challenging and competitive sectors. This makes it difficult to detail expected results of operations for the 2019 financial year.

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 (Over The Top) 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 Group – to date this disruption has proved somewhat of an opportunity as the Group has achieved significant sales to both OTT platforms and traditional platforms during the year, with productions commissioned by Facebook and Snapchat. Programming concepts are currently being considered by Netflix and YouTube Red.

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 a second season of Love It or List It Australia (Lifestyle Channel) and Gingerbread Giants (The Food Network) 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 highly rated 7Beyond series My Lottery Dream Home is in production of season 5 for HGTV and a further season has also recently been agreed.

A number of funded pilots and network presentations are currently in production or under consideration.

Beyond Distribution is looking forward to a strong year with the release of WOW! That's Amazing, produced for Super RTL in Germany. The division will be launching season two of the children's series Beat Bugs and the first series of Motown Magic to broadcasters around the world in November 2018.

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.

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Home Entertainment (BHE) face the challenges of a continually declining physical DVD market. The aggressive amortisation policy will likely mean that BHE will operate at a loss for 2019, but is expected to be cash flow positive.

Beyond D will continue to develop technology opportunities with Google, growing the number of applications to maximise 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.

10. Information on Directors & Company Secretary

Name	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.	19,487,059 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. Member of the Board since 2006	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.

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11. 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 2018, 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	9	9	2	2	2	2	2	2
M Borglund	9	9	-	-	-	-	2	2
A Lee	9	9	2	2	2	2	2	2
I Robertson	9	9	-	-	2	2	2	2

12. 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 \$21,700 (2017: \$16,653) 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.

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13. 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	\$188,714 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

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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.

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.

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Directors of Beyond International Limited

2018

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	\$766,469	-	-	\$20,049	\$67,526	-	\$854,044	0%
I Ingram	\$188,714	-	-	-	-	-	\$188,714	0%
A Lee	\$54,795	-	-	\$5,205	-	-	\$60,000	0%
I Robertson	\$54,795	-	-	\$5,205	-	-	\$60,000	0%
Total	\$1,064,773	-	-	\$30,459	\$67,526	-	\$1,162,758	0%

Mikael Borglund's bonus as a percentage of his salary and fees is 0% (2017: 13.3%).

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 is the only Executive Director employed by Beyond International Limited.

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For the 2018 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. 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.

Executive Officers' Remuneration

2018

Name	Salary & Fees	Bonus	Non-monetary benefits	Post-employment benefits (superannuation)	Other Long Term Benefits (Leave)	Termination Benefits	Share based payments	Total	Share based payments % of Total
J Luscombe	\$581,142	\$358,019	-	\$20,049	\$8,437	-	-	\$967,647	0%
P Wylie	\$259,443	-	-	\$20,049	\$2,620	-	-	\$282,112	0%
T McGee	\$253,152	-	-	\$20,049	\$14,166	-	-	\$287,367	0%
M Murphy	\$319,677	-	-	\$16,832	(\$156)	-	-	\$336,353	0%
P Tehan	\$236,675	-	-	\$20,049	\$12,608	-	-	\$269,332	0%
P Maddison	\$347,615	-	-	\$20,049	\$13,549	-	-	\$381,213	0%
J Ward	\$227,766	-	-	\$20,049	(\$19,509)	-	-	\$228,306	0%
Total	\$2,225,470	\$358,019	-	\$137,126	\$31,715	-	-	\$2,752,330	0%

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2017

Name	Salary & Fees	Bonus	Non-monetary benefits	Post-employment benefits (superannuation)	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	\$2,158,735	\$555,370	-	\$133,495	\$51,533	-	-	\$2,899,134	0%

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John Luscombe's bonus as a percentage of his salary and fees is 61.6% (2017: 97.9%). The bonus calculation is based on the financial performance of programs created and produced, and divisional net profit before tax performance to budget.

During the 2018 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 2017 financial year the budget criteria was not met and consequently those executives other than John Luscombe were not entitled to this bonus.

Executive Officers' Shareholdings

2018

Entity	Opening Balance 1.07.2017	No. Acquired (On Mkt)	No. Acquired (Off Mkt)	No. Acquired (ESS)	No. Disposed	Closing Balance 30.06.2018
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	-	-	-	-	-	-
	475,478	-	-	-	-	475,478

2017

Entity	Opening Balance 1.07.2016	No. Acquired (On Mkt)	No. Acquired (Off Mkt)	No. Acquired (ESS)	No. Disposed	Closing Balance 30.06.2017
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	-	-	-	-	-	-
	475,478	-	-	-	-	475,478

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

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 2017 Annual General Meeting (AGM)

The company received 98.6% of "for" votes in relation to its remuneration report for the year ended 30 June 2017. The company did not receive any specific feedback at the AGM regarding its remuneration policy.

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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.

Below are the key financial indicators for the previous 5 years.

	EBIT 000s	Net Profit 000s	EPS (Cents per share)	NTA (Cents per share)	Total Equity 000s	Dividends (Cents per share)
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
2018	354	(707)	(1.15)	42.67	30,919	0.00

This concludes the remuneration report that has been audited.

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14. Total number of employees

The total number of fulltime equivalent employees employed by the Group at 30 June 2018 was 113 as compared with 105 at 30 June 2017.

15. Shares under option

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

16. Shares redeemed under the Employee Share Plan

No 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.

17. 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.

18. Corporate Governance Statement

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

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

19. Rounding of amounts

The Group is of a kind referred to in ASIC Corporations (Rounding in Financial Director's Report) Instrument 2016/191, issued by the Australian Securities and Investment Commission, relating to the "rounding off" of amounts in the report. Amounts in the financial report have been rounded off in accordance with that Legislative instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

20. 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.

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21. 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 BDO and other BDO Network firms per note 5(c) during the year ended 30 June 2018:

Tax compliance and other assurance services	\$125,225
---------------------------------------------	-----------

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.

22. Auditors independence declaration

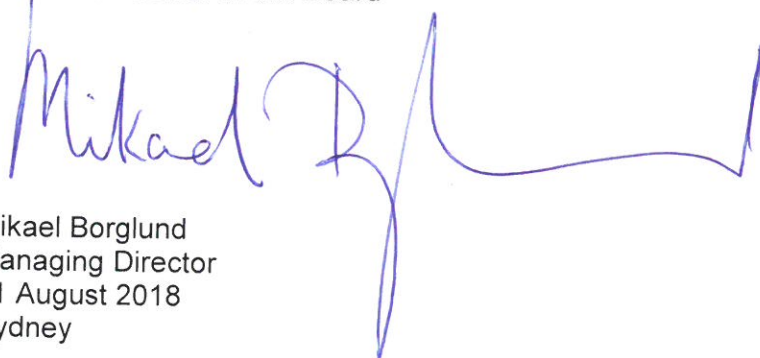
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is included on page 28 of the Directors' Report.

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

A handwritten signature in blue ink, appearing to read 'Mikael Borglund', with a long horizontal flourish extending to the right.

Mikael Borglund
Managing Director
31 August 2018
Sydney

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 2018, 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 2018

BEYOND INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES
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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

		Consolidated Entity	
	Note	2018 \$000's	2017 \$000's
Revenue from continuing operations	5 (a)	86,431	86,379
Other income	5 (a)	303	174
Share of profits of joint ventures accounted for using the equity method	16	10	-
Royalty expense		13,159	13,364
Production costs		33,273	42,038
Home entertainment direct costs		6,416	5,010
Digital marketing direct costs		6,640	7,899
Administration costs		5,237	5,402
Employee benefits expense		14,760	13,911
Finance costs		261	184
(Reversals)/provisions		(61)	99
Depreciation and amortisation expense		6,781	5,921
Net foreign exchange loss		164	542
Investment write off		-	423
Loss on disposal of property, plant and equipment		1	40
Share of loss of joint venture accounted for using the equity method	16	-	55
Profit/(loss) before income tax		114	(8,334)
Income tax (expense)/benefit	6 (a)	(1,287)	997
Loss after income tax for the year		(1,173)	(7,337)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
De-recognition of available for sale financial asset		-	423
Changes in the fair value of available-for-sale financial assets		-	(14)
Foreign currency translation		62	(47)
Other comprehensive income for the year, net of tax		62	362
Total comprehensive income for the year		(1,111)	(6,975)
Loss is attributable to:			
Owners of Beyond International Limited		(707)	(7,469)
Non-controlling interest		(466)	132
		(1,173)	(7,337)
Total comprehensive income for the year is attributable to:			
Owners of Beyond International Limited		(645)	(7,107)
Non-controlling interest		(466)	132
		(1,111)	(6,975)
Earnings per share attributable to the owners of Beyond International Limited		Cents	Cents
Basic and diluted loss per share	7	(1.15)	(12.18)
Dividends per share	24	-	2.00

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

BEYOND INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

		Consolidated Entity	
	Note	2018	2017
		\$000's	\$000's
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		7,256	7,645
Trade and other receivables	9	27,780	25,704
Current tax receivables		62	116
Inventories	10	2,943	3,624
Other current assets	11	13,073	14,048
Financial assets	12	-	62
TOTAL CURRENT ASSETS		51,114	51,199
NON-CURRENT ASSETS			
Trade and other receivables	9	1,835	6,825
Investments accounted for using the equity method	16	414	313
Property plant and equipment	13	2,048	2,414
Intangible assets	14	4,750	4,870
Deferred tax assets	6(c)	89	943
Other non-current assets	11	7,867	7,421
TOTAL NON-CURRENT ASSETS		17,003	22,786
TOTAL ASSETS		68,117	73,984
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	15	6,414	8,324
Financial liabilities	12	161	-
Employee benefits	17	3,691	3,419
Current tax liabilities	6(d)	187	261
Other financial liabilities	18	2,399	2,373
Other current liabilities	19	20,171	15,607
Borrowings	20	1,837	5,744
TOTAL CURRENT LIABILITIES		34,860	35,727
NON-CURRENT LIABILITIES			
Deferred tax liabilities	6(c)	1,364	1,183
Employee benefits	17	218	287
Other financial liabilities	18	600	2,340
Other non-current liabilities	19	155	2,362
TOTAL NON-CURRENT LIABILITIES		2,337	6,173
TOTAL LIABILITIES		37,197	41,900
NET ASSETS		30,919	32,085
EQUITY			
Issued capital	21	34,018	34,018
Reserves		331	269
Accumulated losses		(3,095)	(2,333)
Non-controlling interests		(334)	132
TOTAL EQUITY		30,919	32,085

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

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

	Issued capital	Reserves	Retained earnings/ (accumulated losses)	Total	Non-controlling interests	Total equity
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Balance at 01 July 2017	34,018	269	(2,333)	31,953	132	32,085
Loss for the year	-	-	(707)	(707)	(466)	(1,173)
Other comprehensive income for the year, net of tax	-	62	(54)	8	-	8
Total comprehensive income for the year	-	62	(761)	(699)	(466)	(1,165)
Balance at 30 June 2018	34,018	331	(3,095)	31,253	(334)	30,919
Balance at 01 July 2016	33,991	(94)	9,429	43,326	-	43,326
Profit/(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	32,085

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

BEYOND INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES
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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

	Notes	Consolidated Entity	
		2018 \$000's	2017 \$000's
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		93,452	101,440
Payments to suppliers and employees (inclusive of GST)		(86,369)	(94,901)
Interest received		20	45
Finance costs paid		(261)	(184)
Income tax paid		(383)	(513)
Net cash provided by operating activities	8(a)	6,460	5,887
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(851)	(1,133)
Investment in websites and databases		-	(131)
Distribution guarantees paid		(2,921)	(2,913)
Distribution guarantees recouped		2,667	1,764
Prepaid royalties		(1,399)	(2,537)
Prepaid royalties recouped		1,153	2,044
Proceeds from disposal of property, plant and equipment		9	8
Payment for investments and joint venture		(893)	(341)
Investments in development projects		(706)	(2,858)
Net cash flows used in investing activities		(2,942)	(6,097)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Repayment of)/proceeds from borrowings		(3,907)	5,744
Proceeds from share issue	27	-	26
Dividend paid		-	(4,294)
Net cash flows (used in)/provided by financing activities		(3,907)	1,476
Net (decrease)/increase in cash held		(389)	1,266
Cash and cash equivalents at the beginning of the financial year		7,645	6,379
Cash and cash equivalents at the end of the financial year		7,256	7,645

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

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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 2018.

The financial report of Beyond International Limited for the year ended 30 June 2018 was authorised for issue in accordance with a resolution of the Board of Directors on 31 August 2018.

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.

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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 2018 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.

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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 amortised using an estimate of future sales on a specified title. The recoverability of this asset is assessed annually 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.

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New standards and interpretations

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.

(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 Group continues to focus on the retrospective application of their existing impairment practices against the requirements of the expected credit loss model before applying AASB 9 on 1 July 2018. The Group will assess which transition method is most appropriate if any adjustments are required on transition. However, management expect the carrying value of trade receivables and rebate receivables to decrease, while the provision for doubtful debts and the associated expense is expected to increase.

(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 entity expects to be entitled in exchange for those goods or services.

Management has commenced assessing the impact of AASB 15 on its revenue streams as detailed in note 5, and have identified some potential areas that will require further assessment to determine the impact of implementing the new standard. Management's preliminary assessment will continue with detailed assessments of the following aspects of the Group's revenue generating activities before any conclusions as to the possible impact of the new standard can be formulated:

- Whether production titles and subsequent re-licensing should be recognised at a point in time, rather than over time;
- Whether any changes may be needed considering when the performance obligations for some digital marketing contracts are satisfied; and
- Whether some digital marketing contracts may have potential contract modifications and/or multiple performance obligations.

(iii) AASB 16 Leases

AASB 16 Leases will be early adopted for the Group's 2019 annual financial statements. The standard replaces AASB 117 'Leases' and for lessees, will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term.

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Management anticipate that the Group's operating lease contracts currently in effect will be impacted by the introduction of AASB 16. With implementation of AASB 16, the present value of the operating lease commitments disclosed in note 26 after factoring in the probability of lease options, will be recognised as a lease liability with a corresponding right of use asset. The impact on the statement of profit or loss and other comprehensive income will be that operating lease expenditure will decrease and depreciation and finance charges will increase. Management's initial assessment has concluded that the quantum of the impact is not expected to be material to the net assets of the group when the current operating leases are capitalised in the Group's statement of financial position.

Going Concern

For the year ended 30 June 2018, the Consolidated Entity made a loss of \$1,173,000 (2017: \$7,337,000) 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 15 August 2018 and the Directors anticipate that the current years loss was an anomaly due to continuing trading difficulties in the Home Entertainment segment, with the Consolidated Entity expecting to return to a profitable position for the year ending 30 June 2019.

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.

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4. OPERATING SEGMENTS (Continued)

Operating Segment	TV Production & Copyright		Film & Television Distribution		Home Entertainment		Digital Marketing		Other & Inter Segment Eliminations		Consolidation	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	\$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	42,458	50,971	23,584	21,877	10,241	2,113	9,481	10,549	628	802	86,392	86,311
Other income	-	-	-	-	-	-	-	-	-	-	-	-
Other segments	7,742	6,489	-	-	-	-	300	17	(8,042)	(6,506)	-	-
Total revenue	50,200	57,460	23,584	21,877	10,241	2,113	9,781	10,565	(7,414)	(5,704)	86,392	86,311
Result before fx, interest and D&A	8,689	8,754	2,191	809	1,600	(5,477)	422	(428)	-	-	12,902	3,658
Depreciation & amortisation	(2,725)	(1,243)	(670)	(338)	(2,931)	(2,705)	(124)	(457)	-	-	(6,449)	(4,742)
Impairment of assets	-	-	-	-	-	-	-	(444)	-	-	-	(444)
Result before interest, fx & other unallocated expenses	5,964	7,511	1,522	472	(1,331)	(8,182)	298	(1,329)	-	-	6,453	(1,528)
Net interest expense											(241)	(139)
Foreign exchange loss											(164)	(542)
Corporate expenses											(5,934)	(6,125)
Profit/(loss) before income tax											114	(8,334)
Income tax (expense)/benefit											(1,287)	997
Loss after income tax											(1,173)	(7,337)
Non-controlling interest loss/(profit)											466	(132)
Loss for the year											(707)	(7,469)

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4. OPERATING SEGMENTS (Continued)

Operating Segment	TV Production & Copyright		Film & Television Distribution		Home Entertainment		Digital Marketing		Other & Inter Segment Eliminations		Consolidation	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	\$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	15,041	18,200	31,948	27,955	11,782	14,713	3,282	3,397	(29,194)	(28,865)	32,859	35,401
Deferred tax assets & other non-current assets											89	943
Corporate assets											35,169	37,640
Total assets											68,117	73,984
LIABILITIES												
Segment liabilities	9,390	9,752	16,199	13,784	1,588	5,480	1,151	1,302	(300)	277	28,028	30,593
Deferred tax liabilities											1,364	1,183
Corporate liabilities											7,805	10,124
Total liabilities											37,197	41,900
Other												
Capital expenditure	211	315	26	1	424	580	7	6	183	231	851	1,133
Other non cash expenses	261	222	351	872	2	1	(21)	26	(68)	(380)	525	741
Impairment of assets	-	-	-	-	-	-		444	-	-	-	444

Geographical Information

	Segment revenues from external customers		Carrying amount of segment assets		Acquisition of non current segment assets	
	2018	2017	2018	2017	2018	2017
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Australia	34,687	38,493	31,303	37,648	804	1,122
North America	27,194	29,653	2,392	2,696	14	4
Europe	18,273	12,300	33,897	32,848	26	1
Rest of World	6,238	5,866	525	792	7	6
	86,392	86,312	68,117	73,984	851	1,133

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4. OPERATING SEGMENTS (Continued)

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 \$35m (2017: \$32m) within the TV Production & Copyright and Film & Television distribution segments, \$7.1m (2017: \$4.9m) within the Home Entertainment segment and \$1.1m (2017: \$1m) within the Digital Marketing segment.

(d) Film & Television Distribution and Home Entertainment 2017 have been restated for depreciation and amortisation, which were previously classified in Home Entertainment direct costs and provisions. Film and Television Distribution has been restated by \$0.3m and Home Entertainment by \$2.012m. These restatements have also been reflected in note 5(b) below.

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		Consolidated Entity	
		2018	2017
		\$000's	\$000's
5.	REVENUES AND EXPENSES		
(a)	Revenue and other income		
	Revenue		
	Sales revenue	85,872	85,045
	Royalty revenue	558	1,333
	Rental revenue	1	2
		86,431	86,379
	Other income		
	Management service fees	283	128
	External interest	20	45
	Gain on the sale of property, plant and equipment	-	1
	Total revenue and other income	86,734	86,553
	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.		
(b)	Profit / (loss) before tax includes the following:		
	Bad and doubtful debts		
	- Trade receivables written off / (recovered) during the period	37	(59)
	- Trade receivables movement in provision (Note 9)	(424)	83
		(387)	24
	Rental expense on operating leases		
	- Minimum lease payments	1,715	1,660
	Depreciation and amortisation		
	- Property, plant and equipment assets (note 13)	1,207	1,262
	- Intangible assets (note 14)	119	497
	- Other assets (Note 11)	5,455	4,162
		6,781	5,921
	- Impairment of assets (Note 14)	-	444
	Foreign exchange loss / (gain)		
	Fair value decrease/(increase) in derivative financial instruments (note 12)	223	(66)
	Other realised/unrealised foreign currency translation (gains)	(59)	608
		164	542

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		Consolidated Entity	
		2018	2017
		\$	\$
5. REVENUES AND EXPENSES (Continued)			
(c) Auditors' Remuneration			
Remuneration of the auditor of the parent entity and its controlled entities for:			
- Audit or review of the financial report		316,165	312,000
- Other assurance services		10,000	-
- Tax compliance services		62,114	26,793
Remuneration of network firms for:			
- Tax compliance services		53,111	62,032
Remuneration of other auditors of subsidiaries for:			
- Audit or review of the financial report		44,532	58,489
- Other assurance services		27,135	3,548
- Tax compliance services		16,697	15,561
6. INCOME TAX EXPENSE		2018	2017
		\$000's	\$000's
(a) The components of tax expense/(benefit) comprise:			
Current income tax		(708)	62
Deferred income tax		187	(3,449)
Withholding tax		-	(20)
Adjustments in respect of current income tax of previous years		279	96
Derecognition of the tax losses previously brought to account		604	2,351
Tax losses not brought to account		988	-
Other		(63)	(37)
Income tax expense/(benefit) reported in the Statement of Profit or Loss and Other Comprehensive Income		<u>1,287</u>	<u>(997)</u>
The prima facie tax on profit/(loss) from ordinary activities before income tax is reconciled to the income tax expense/(benefit) as follows:			
(b)			
Profit/(loss) before income tax		<u>114</u>	<u>(8,334)</u>
Prima facie tax payable on profit/(loss) from ordinary activities before income tax at 30% (2017: 30%)		34	(2,500)
Less:			
Tax effect of :			
- Other non-assesable/deductible items		<u>254</u>	<u>95</u>
		<u>288</u>	<u>(2,405)</u>
Less:			
Tax effect of :			
- Adjustments in respect of current income tax of previous years		279	96
- Derecognition of the tax losses previously brought to account		604	-
- Tax losses not brought to account		988	2,351
- Effect of lower tax rate on overseas income		(816)	(992)
- Other		(58)	(26)
Add: Withholding tax expense		-	(20)
Add: US State tax		2	-
Income tax expense/(benefit)		<u>1,287</u>	<u>(997)</u>
The applicable weighted average effective tax rates are as follows:		1129%	12%
(c) Deferred Tax			
Deferred tax liabilities			
Distribution guarantees and unrecouped program expenses		(1,998)	(2,749)
Capitalised production costs and other expenses		(1,278)	(146)
Offset deferred tax liabilities against deferred tax assets		<u>1,912</u>	<u>1,712</u>
		<u>(1,364)</u>	<u>(1,183)</u>
Deferred tax assets expected to be recovered within 12 months		24	758
Deferred tax assets expected to be recovered after more than 12 months		<u>65</u>	<u>185</u>
		<u>89</u>	<u>943</u>
Deferred tax liabilities expected to be due within 12 months		(1,345)	(551)
Deferred tax liabilities expected to be due after more than 12 months		<u>(19)</u>	<u>(632)</u>
		<u>(1,364)</u>	<u>(1,183)</u>

6. INCOME TAX EXPENSE (Continued)		2018 \$000's	2017 \$000's
Deferred tax assets			
Provisions and accruals		1,734	1,783
Tax losses		267	871
Offset deferred tax liabilities against deferred tax assets		(1,912)	(1,712)
		89	943
Net deferred tax liabilities		(1,275)	(240)
Movements:			
Opening balance		(240)	(2,180)
(Charged)/credited to profit or loss		(1,035)	1,940
Closing Balance		(1,275)	(240)
(d) Liabilities			
Current			
Income tax		(187)	(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.

The Group has recognised tax losses as shown above only to the extent that these balances offset deferred tax liabilities. The Australian tax group has unrecognised tax losses available totalling \$21,485,905 (2017: \$17,240,343).

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 substantively 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.

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7. EARNINGS PER SHARE

	Consolidated Entity	
	2018	2017
	Cents per share	Cents per share
Basic and diluted loss per share:	(1.15)	(12.18)
The following reflects the income and share data used in the basic and diluted earnings per share computations		
	Consolidated Entity	
	2018	2017
	\$000's	\$000's
Net loss attributable to ordinary equity holders (used in calculating basic earning and diluted per share)	(707)	(7,469)
Net loss attributable to ordinary equity holders (used in calculating diluted earning per share)	(707)	(7,469)
Weighted average number of ordinary shares in calculating basic earnings and diluted per share	Number	Number
	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	
	2018	2017
	\$000's	\$000's
(a) Reconciliation of cash flows from operations with net loss after income tax		
Loss after income tax	(1,173)	(7,337)
Adjustment for non-cash flow in loss:		
Depreciation and amortisation	6,781	5,921
Net gain on sale of property, plant and equipment	1	39
Share of Joint venture operation	(10)	55
Unrealised foreign exchange (gain)/loss	-	542
Write off investments revaluation reserve	-	423
Changes in assets and liabilities:	-	
Decrease in trade and other receivables	3,306	12,337
Decrease/(increase) in inventory	681	(742)
Increase in other assets	(3,287)	(4,145)
Increase/(decrease) in deferred tax assets and liabilities	1,035	(1,940)
Decrease in trade and other creditors	(1,936)	(174)
Decrease in other financial liabilities	(1,714)	(2,267)
Increase in other liabilities	2,572	3,345
Increase/(decrease) in provisions	204	(170)
Cash flow from operations	6,460	5,887

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8. CASH FLOW INFORMATION (Continued)

(b) Financing facilities available

At reporting date, the following financing facilities had been negotiated and were available

	Consolidated Entity	
	2018	2017
	\$000's	\$000's
Secured multi option facility		
Used at reporting date *	603	579
Unused at reporting date	2,193	2,186
Total facility	2,796	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 2018 (8.22% at 30 June 2017).

Bill acceptance/discount facility		
Used at reporting date *	1,837	5,744
Unused at reporting date	4,163	256
Total facility	6,000	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 3.59% at 30 June 2018 (3.2% at 30 June 2017).

The facilities are secured by certain covenants on the Consolidated Entity that these financial conditions are met -

- a) Minimum capital adequacy rate of 42.5%
- b) Gross debt less cash cannot be more than 2 x EBITDA
- c) Interest cover ratio of 5x
- d) Total bill facility drawdowns cannot exceed 85% of total producer offsets

Secured credit card facilities		
Used at reporting date	187	181
Unused at reporting date	78	84
Total facility	265	265

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	68,117	73,984
Total assets pledged as security	68,117	73,984

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.

Cash and Cash equivalents has an element of restricted cash totalling \$1,211,772 (2017: Nil).
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.

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	Consolidated Entity	
	2018 \$000's	2017 \$000's
9. TRADE AND OTHER RECEIVABLES		
Current		
Trade receivables	27,796	26,144
Provision for impairment of receivables	(16)	(440)
	<u>27,780</u>	<u>25,704</u>
Non-current		
Trade receivables	1,835	6,825
	<u>1,835</u>	<u>6,825</u>

	2018 \$000's		2017 \$000's	
	Gross	Provision	Gross	Provision
Ageing of debtors				
Not past due	26,232	-	29,474	-
Past due 0-90 days	2,550	-	2,116	-
Past due 91-180 days	74	-	556	-
Past due 180+ days	774	(16)	823	(440)
	<u>29,631</u>	<u>(16)</u>	<u>32,969</u>	<u>(440)</u>

	Consolidated Entity	
	2018 \$000's	2017 \$000's
Reconciliation of provision for impairment of receivables		
Opening balance	(440)	(357)
Additional provision recognised	(2)	(103)
Utilised	426	20
Closing balance	<u>(16)</u>	<u>(440)</u>

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 \$2,399,061 (2017: \$2,373,427) and the amount in non current is \$599,765 (2017: \$2,339,833)

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Consolidated Entity	
2018	2017
\$000's	\$000's

10. INVENTORIES

Current

DVD Stock - raw material at cost	85	104
DVD Stock - finished goods at net realisable value	2,848	3,480
Stock footage - at cost	10	40
	<u>2,943</u>	<u>3,624</u>

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

Current

Capitalised development costs	3,085	2,307
Less: deferred revenue	<u>(1,675)</u>	<u>(1,412)</u>
	1,410	895
Distribution advances	18,412	17,619
Accumulated amortisation of distribution advances	<u>(14,211)</u>	<u>(13,584)</u>
	4,201	4,034
Prepaid royalties	4,696	6,805
Capitalised production costs	1,854	1,387
Prepayments	<u>912</u>	<u>928</u>
	2,767	2,313
	<u>13,073</u>	<u>14,048</u>

Non-current

Distribution advances	-	90
	<u>-</u>	<u>90</u>
Capitalised Production Costs	6,634	6,989
Investment in 3rd Party Copyright	1,234	341
	<u>7,867</u>	<u>7,421</u>

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 2018 accounts includes an amount of \$212,204 (2017: \$192,000).
The estimates relating to future licencing revenues of each production have been re-assessed in the 2018 financial year and amounts that are not expected to be recouped within 12 months have been reclassified as non-current in the 2018 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.
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 2018 accounts includes an adjustment of \$641,985 (2017: \$291,000).

11. OTHER ASSETS (Continued)

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 3rd party produced programs, and will be recouped from future sales.

12. FINANCIAL ASSETS & FINANCIAL LIABILITIES

	Consolidated Entity	
	2018	2017
	\$000's	\$000's
Derivative financial (liabilities) / assets	(161)	62
	(161)	62

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		
	2018			2017		
	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:						
Financial (liabilities)/assets at fair value through profit or loss:						
- derivative instruments	-	(161)	(161)	-	62	62
	-	(161)	(161)	-	62	62

During the 2018 financial period, the Consolidated Entity had nil value of Level 3 financial assets and financial liabilities (2017: 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.

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12. FINANCIAL ASSETS & FINANCIAL LIABILITIES

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			
	2018		2017	
	Carrying Amount \$000's	Fair Value \$000's	Carrying Amount \$000's	Fair Value \$000's
NON-CURRENT ASSETS				
Trade and other receivables	1,835	1,699	6,825	6,319
	1,835	1,699	6,825	6,319
NON-CURRENT LIABILITIES				
Other non-current liabilities	155	143	2,362	2,187
	155	143	2,362	2,187

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.

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 \$000's	Leased MV & equipment \$000's	Total \$000's
Year ended 30 June 2018			
Balance at 01 July 2017	2,414	-	2,414
Additions	851	-	851
Disposal	(10)	-	(10)
Depreciation charge for the year	(1,207)	-	(1,207)
Carrying amount at 30 June 2018	2,048	-	2,048
As at 01 July 2017			
Cost	10,340	385	10,725
Accumulated depreciation and impairment	(7,926)	(385)	(8,311)
Net carrying amount	2,414	-	2,414
As at 30 June 2018			
Cost	11,112	385	11,497
Accumulated depreciation and impairment	(9,064)	(385)	(9,449)
Net carrying amount	2,048	-	2,048

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13. PROPERTY, PLANT AND EQUIPMENT (Continued)

Year ended 30 June 2017

Balance at 01 July 2016
Additions
Disposal
Depreciation charge for the year
Carrying amount at 30 June 2017

Consolidated Entity		
Plant & equipment \$000's	Leased MV & equipment \$000's	Total \$000's
2,590	-	2,590
1,133	-	1,133
(47)	-	(47)
(1,262)	-	(1,262)
2,414	-	2,414

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

Patents and Licenses - at cost

Websites and Databases - at cost
Less: Accumulated amortisation and impairment

Goodwill - at cost
Accumulated amortisation and impairment

Consolidated Entity	
2018 \$000's	2017 \$000's
150	150
150	150
3,686	3,686
(3,686)	(3,566)
-	119
5,250	5,250
(650)	(650)
4,600	4,600
4,750	4,870

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 \$'000	Websites and Databases \$'000	Patents and Licenses \$'000	Total \$'000
Balance at 01 July 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	4,870
Amortisation expense	-	(119)	-	(119)
Balance at 30 June 2018	4,600	-	150	4,750

14. INTANGIBLE ASSETS (Continued)

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.

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 Nil (2017: \$444,000).

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

	Growth Rate		Discount Rate	
Beyond D business	3%	(2017: 3%)	15%	(2017: 15%)
Beyond Home Entertainment business	0%	(2017: 0%)	15%	(2017: 15%)
All other businesses	5%	(2017: 5%)	10%	(2017: 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.

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	Consolidated Entity	
	2018 \$000's	2017 \$000's
15. TRADE AND OTHER PAYABLES		
Current (unsecured)		
Trade payables	2,365	5,662
Other creditors and accruals	4,049	2,662
	6,414	8,324

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:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2018 %	2017 %
7Beyond Media Rights Ltd	United States of America / Ireland	50%	50%
Summarised financial information		7Beyond Media Rights Ltd	
		2018 \$000's	2017 \$000's
<i>Summarised statement of financial position</i>			
Cash and cash equivalents		401	454
Other current assets		465	628
Non-current assets		505	395
Total assets		1,371	1,477
Other current liabilities		540	850
Non-current liabilities		3	1
Total liabilities		543	851
Net assets		828	626
<i>Summarised statement of profit or loss and other comprehensive income</i>			
Revenue		8,419	6,260
Other revenue		1,252	499
Production costs		(9,595)	(6,428)
Administration costs		(193)	(186)
Net foreign exchange gain /(loss)		115	(234)
Loss before income tax		(2)	(89)
Income tax benefit/(expense)		22	(21)
Profit/(loss) after income tax		20	(110)
Total comprehensive income		20	(110)

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16. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

	Consolidated Entity	
	2018	2017
	\$000's	\$000's
<i>Reconciliation of the consolidated entity's carrying amount</i>		
Opening carrying amount	313	136
Funds advanced to joint venture	91	233
Share of profit/(loss) after income tax	10	(55)
Closing carrying amount	414	314
<i>Contingent liabilities</i>		
There are no contingent liabilities provided for.		
<i>Commitments</i>		
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	
	2018	2017
	\$000's	\$000's
Current		
Provision for annual leave and long service leave	3,691	3,419
	3,691	3,419
Non-current		
Provision for long service leave	218	287
	218	287
Total employee benefits	3,909	3,706
Annual leave obligations accounted for as current and expected to be settled after 12 months	660	612
	660	612

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.

	Consolidated Entity	
	2018	2017
	\$000's	\$000's
18. OTHER FINANCIAL LIABILITIES		
Current	2,399	2,373
Non-current	600	2,340
Total other financial liabilities	2,999	4,713

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.

	Consolidated Entity	
	2018	2017
	\$000's	\$000's
19. OTHER LIABILITIES		
Current		
Unsecured liabilities		
Deferred revenue	6,830	6,213
GST payable	90	225
Producer share payable	13,132	9,039
Other	119	130
	20,171	15,607
Non-current		
Unsecured liabilities		
Producer share payable	155	2,362
Other	-	-
	155	2,362

Recognition and measurement

The Producers Share Payable balance represents liabilities for the amounts due to producers contracted under licensing and distribution sales, which are paid on collection of the revenue receivable.

	Consolidated Entity	
	2018	2017
	\$000's	\$000's
20. BORROWINGS		
Current		
Secured liabilities		
Loan - St George	1,837	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 interest cover ratio. 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.

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21. ISSUED CAPITAL	Consolidated Entity	
	2018 \$000's	2017 \$000's
(a) Share Capital		
61,336,968 ordinary shares - fully paid (2017: 61,336,968)	34,018	34,018

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	
	2018 \$000's	2017 \$000's
Interest in:		
Accumulated (losses)/profits	(466)	132
	(466)	132

24. DIVIDENDS	Consolidated Entity	
	2018 \$000's	2017 \$000's
Distributions paid		
No dividend was declared (2017: two cents)	-	1,227
Net franking credits available based on a tax rate of 30% (2017: 30%)	446	446

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

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25. CONTINGENT ASSETS AND LIABILITIES

The consolidated entity had no contingent assets as at 30 June 2018 (2017: nil).

The consolidated entity has given bank guarantees as at 30 June 2018 of \$579,416 (2017: \$579,416) to various landlords.

26. COMMITMENTS

(i) OPERATING LEASE PAYABLE COMMITMENTS

Total lease expenditure contracted at reporting date but not recognised in the financial statements:

	Consolidated Entity 2018 \$000's	2017 \$000's
Payable no later than one year	1,819	1,514
Payable later than one, not later than five years	3,555	3,829
Payable later than five years	-	817
	5,374	6,160

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	551	2,628
Home Entertainment Advances	757	1,626
Later than one year but not later than five years		
Distribution Guarantee	138	132
Home Entertainment Advances	290	975
	1,736	5,361

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.

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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 2018.
- 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 2018.
- 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 2018.

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	1,525,000	
Redemption of shares under the employee share plan	-	-
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

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%

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27. SHARE BASED PAYMENTS (Continued)

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	
		2018 %	2017 %
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	51
Blue Rocket Beyond Pty Ltd	Australia	51	-
Controlled entities of Liberty & Beyond Pty Ltd:			
Liberty & Beyond Productions Pty Ltd	Australia	100	100
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

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28. GROUP STRUCTURE (Continued)

	Country of formation or incorporation	Beyond International Limited direct interest in ordinary shares	
		2018 %	2017 %
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
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	100
Controlled entities of Blue Rocket Beyond Pty Ltd			
Dumbots S01 Pty Ltd	Australia	100	-

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28. GROUP STRUCTURE (Continued)

	Country of formation or incorporation	Beyond International Limited direct interest in ordinary shares	
		100	2017
		%	%
(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	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 2017.

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 covenants 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:

	2018		2017	
	Financial Assets	Financial Liabilities	Financial Assets	Financial Liabilities
	\$000's	\$000's	\$000's	\$000's
Consolidated Entity				
US Dollars	32,054	(1,381)	22,482	236
Euro	4,464	(366)	2,922	486
Great British Pound	2,151	(8)	279	(108)
New Zealand Dollars	(129)	(41)	(33)	(257)
Other	(138)	(15)	(177)	(15)
	38,402	(1,812)	25,473	342

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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.

	2018		2017	
	10% increase \$000's	10% decrease \$000's	10% increase \$000's	10% decrease \$000's
Consolidated Entity				
Profit/(loss)	(3,984)	4,824	(2,884)	3,525
	<u>(3,984)</u>	<u>4,824</u>	<u>(2,884)</u>	<u>3,525</u>

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 2018	Principal Amount 2018 \$000's	Average Exchange Rate 2017	Principal Amount 2017 \$000's
Outstanding Contracts				
Sell USD				
Less than 3 months	0.7767	2,550	0.7577	1,219
3 to 6 months	0.7936	414	0.7631	3,984
Longer than 6 months	0.0000	-	0.7564	1,639
		<u>2,964</u>		<u>6,843</u>
Gains or Losses from forward exchange contracts				
Unrealised gains		-		62
Unrealised losses		161		-
		<u>161</u>		<u>62</u>

(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 5.35% (2017: 2.73%)

The average effective interest rate on borrowings was 2.51% (2017: 3.32%)

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 move by \$21,580 (2017: \$24,208).

At reporting date, if interest rates on borrowings had been 50 points higher or lower and all other variables were held constant, net interest payable from borrowings held by the Consolidated Entity would move by \$23,260 (2017: \$10,856).

(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.

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29. FINANCIAL RISK MANAGEMENT (Continued)

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
2018								
Financial liabilities								
Trade & other payables	15	-	6,414	-	-	-	6,414	6,414
Financial derivatives	12	-	161	-	-	-	161	161
Other financial liabilities	18	-	1,200	1,199	600	-	2,999	2,999
Producer share payable	19	-	6,566	6,566	155	-	13,287	13,287
Other payables	19	-	209	-	-	-	209	209
Borrowings	20	2.51%	-	1,837	-	-	1,837	1,837
Total financial liabilities			14,550	9,602	754	-	24,907	24,907

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	3.32%	-	5,744	-	-	5,744	5,744
Total financial liabilities			14,322	11,450	4,702	-	30,475	30,475

(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.

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29. FINANCIAL RISK MANAGEMENT (Continued)

(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% (2017: 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	
	2018	2017	2018	2017
	\$000's	\$000's	\$000's	\$000's
Financial assets				
Cash and cash equivalents	7,256	7,645	7,256	7,645
Loans and receivables	29,614	32,529	29,479	32,024
	36,871	40,174	36,735	39,669
Financial liabilities, at amortised cost				
Trade and other payables	6,414	8,324	6,414	8,324
Other payables	209	355	209	355
Financial derivatives	161	(62)	161	(62)
Producer share payable	13,287	11,401	13,275	11,227
	20,071	20,017	20,060	19,842

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.

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30. KEY MANAGEMENT PERSONNEL COMPENSATION (Continued)

(i) REMUNERATION

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

	Consolidated Entity	
	2018	2017
	\$	\$
Short-term employee benefits	3,648,264	3,863,161
Post-employment benefits	167,582	163,521
Long-term benefits	99,241	121,723
	3,915,088	4,148,405

(ii) SHAREHOLDINGS

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

2018

Parent Entity Directors	Balance 1.07.17	Received as Remuneration	Options Exercised	Net Change Other *	Balance 30.6.18
M Borglund	3,150,949	-	-	-	3,150,949
I Ingram	19,310,278	-	-	176,781	19,487,059
A Lee	5,474,997	-	-	-	5,474,997
I Robertson	110,000	-	-	-	110,000
Total	28,046,224	-	-	176,781	28,223,005

Specified Executives	Balance 1.07.17	Received as Remuneration	Options Exercised	Net Change Other *	Balance 30.6.18
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

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

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

BEYOND INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES
ABN 65 003 174 409
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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 2018 or at any point during the year (2017: 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:

		Consolidated Entity	
		2018	2017
		Number	Number
Acquisitions	Ordinary shares	176,781	21,390
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:

Issuing entity	Class of equity instruments	Number	
Beyond International Limited	Ordinary shares	28,223,005	28,046,224
	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

The aggregate amounts recognised in respect of the following types of transactions and each class of related party involved were:

		Consolidated Entity	
		2018	2017
		\$	\$
Transaction type	Class of other related party		
Legal services (Holding Redlich)	Associates	-	9,502

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 2018 Beyond Entertainment Limited had an asset of \$414,651 (2017: \$308,000) 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 payable of \$130,390 compared to (2017: \$330,162) owing from 7Beyond Media Rights Limited at 30 June 2018. 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 \$129,363 (2017: \$128,321) for the provision of accounting and administration services. The management fee has been disclosed within 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.

BEYOND INTERNATIONAL LIMITED AND ITS CONTROLLED ENTITIES
ABN 65 003 174 409
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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 of the Consolidated Entity.

Statement of financial position	Parent Entity	
	2018 \$000's	2017 \$000's
Current assets	1,640	3,508
Non-current assets	51,698	54,075
Total assets	53,338	57,583
Current liabilities	2,270	570
Non-current liabilities	29,834	36,075
Total liabilities	32,104	36,645
Contributed equity	34,018	34,018
Reserves	341	341
Accumulated losses	(13,125)	(13,421)
Total equity	21,233	20,938
Profit for the year	296	4,417
Total comprehensive income for the year	296	4,417
Contingent Assets and Liabilities		
The parent entity has given a bank guarantee as at 30 June 2018 of \$579,416 (2017: \$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	718
Payable later than one, not later than five years	3,132	3,001
Payable later than five years	-	817
	3,850	4,536

33. SUBSEQUENT EVENTS

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 2018.

34. 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

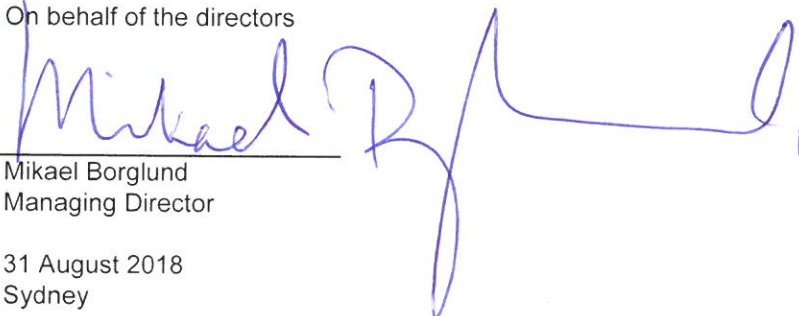
In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, the Australian 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 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 2018 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 2018
Sydney

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 2018, 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 2018 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

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>As disclosed in note 5, timing differences often arise due to the difference between the date of invoicing and the date on which revenue is considered to be earned. This results in either accrued or deferred revenue being recognised on the balance sheet at each reporting date as disclosed in notes 9 and 19.</p> <p>Our audit approach was focused around the evaluation of whether the Group's revenue had been recorded in the appropriate period and whether the accounting policies had been consistently and appropriately applied particularly in response to the extended terms available on production and licensing contracts.</p> <p>Due to these factors and the overall significance of revenue to the Group, we considered this matter to be significant to our audit.</p>	<p>Our procedures for ensuring appropriate recognition of revenue included, but were not limited to, the following:</p> <ul style="list-style-type: none"> • 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 transactions were recorded in the correct period.

Valuation of other assets

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>As at 30 June 2018, the Group recognised other assets of \$20,940,000 which includes capitalised production costs of \$8,488,000, prepaid royalties of \$4,696,000, capitalised development costs of \$1,410,000, distribution advances of \$4,201,000 and investments in 3rd party copyright of \$1,234,000 as disclosed in note 11.</p> <p>Given the judgement applied by the Group in estimating the future sales for the specific titles held within this asset category, and the subsequent anticipated recoverability of these assets, this matter was considered to be significant to our audit.</p>	<p>In assessing the carrying value of other assets, the procedures performed included, but were not limited to, the following:</p> <ul style="list-style-type: none"> • 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 incurred to date. • Performed a detailed review of gross profit percentages compared to the prior period and management's budgets.

- Assessed the recoverability of these assets, including challenging management's forecasted 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 intangibles assets

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>As disclosed in note 14, the Group held intangible assets of \$4,750,000 which included goodwill of \$1,922,000 as at 30 June 2018 in respect to the Beyond Home Entertainment CGU.</p> <p>This matter was considered significant to our audit given the recent performance of this CGU and the critical accounting estimates and judgements which are applied in performing an assessment of impairment for intangible assets, which are affected by future market and economic conditions.</p>	<p>In assessing the carrying value of the Beyond Home Entertainment CGU we undertook, amongst others, the following audit procedures:</p> <ul style="list-style-type: none"> • 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 maintaining current revenues and reductions in operating costs. This included consideration of external market information and current intentions to reduce costs in the CGUs supply chain. • 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.

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 2018, 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 and Corporate Governance Statement), 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 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, 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 and Corporate Governance Statement), 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 under the heading 'Remuneration Report' for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Beyond International Limited, for the year ended 30 June 2018, 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 2018