Viva Energy Group Limited (the "Company") ACN 626 661 032 Appendix 4D: Half-year report

Results for announcement to the market

The current reporting period is the six month period ended 30 June 2019. The previous corresponding period is the six month period ended 30 June 2018[1].

	Under AASB16 Leases (new standard)[2]		Under AASB117 Leases (old standard)		Variance: % change		
	Period ended 30 June 2019 Actual A$M	Period ended 30 June 2018 Pro Forma[3] A$M	Period ended 30 June 2019 Pro Forma[4] A$M	Period ended 30 June 2018 Actual A$M	30 June 2019 Actual to 30 June 2018 Actual[5]	30 June 2019 Actual to 30 June 2018 Pro Forma	30 June 2019 Pro Forma to 30 June 2018 Actual
Revenue	**7,811.2**	**8,608.7**	**7,811.2**	**8,608.7**	**(9.3%)**	**(9.3%)**	**(9.3%)**
Profit from ordinary activities after tax/net profit for the period attributable to shareholders							
Historical cost basis	**69.5**	**105.0**	**96.6**	**144.6**	**(51.9%)**	**(33.8%)**	**(33.2%)**
Replacement cost basis[6]	**66.7**	**90.0**	**93.8**	**129.6**	**(48.5%)**	**(25.9%)**	**(27.6%)**
Underlying profit after tax attributable to shareholders							
Historical cost basis	**53.7**	**105.0**	**80.8**	**144.6**	**(62.9%)**	**(48.9%)**	**(44.1%)**
Replacement cost basis	**50.9**	**90.0**	**78.0**	**129.6**	**(60.7%)**	**(43.4%)**	**(39.8%)**

Brief explanation of basis of results

Profit from ordinary activities after tax and net profit for the period are prepared in accordance with the Corporations Act 2001 and Australian Accounting Standards.

From 1 January, 2019, the group adopted AASB16 Leases. This change in accounting policy means that the group now recognises lease liabilities in relation to leases for which is it the lessee, which had previously been classified as 'operating leases' under the principles of AASB117 Leases. More information on this is included in the accompanying financial report of the Company and its controlled entities for the half year ended 30 June 2019. The results for announcement to the market include pro-forma financial information to allow comparison of the 30 June 2019 results to the previous corresponding period on a like for like basis. The variation of the actual 30 June 2019 results from the actual 30 June 2018 results is also shown, though it should be noted that these results were prepared applying different accounting policy in relation to leases.

1) In the previous corresponding period to 30 June 2018 the holding company of the group was Viva Energy Holding Pty Ltd (**VEH**). The Company became the holding entity of the group subsequently, in conjunction with its listing on the ASX in the second half of 2018. Accordingly, the results for the period to 30 June 2018 that are presented for comparison are the consolidated results of VEH and its controlled entities.

2) The group adopted AASB16 Leases from 1 January 2019. More information on the new standard and the adjustments recognised on the adoption of AASB16 is contained in the accompanying financial report of the Company and its contolled entities for the half year ended 30 June 2019.

3) Pro forma 30 June 2018 results have been prepared to show the impact of the accounting standard AASB16 Leases. This shows this historical period as if AASB16 Leases was in effect from 1 January 2018.

4) Pro forma 30 June 2019 results exclude the impact of AASB16 Leases and instead apply AASB117. This information is provided to allow comparison to the actual financial results for the previous corresponding period.

5) 30 June 2019 actual results include the impact of the adoption of AASB16 Leases whereas the 30 June 2018 actual results have been prepared under the previous leasing standard AASB117.

6) The Company reports its "Underlying" performance on a "Replacement Cost" (RC) basis. RC is a non-IFRS measure under which the cost of goods sold is calculated on the basis of theoretical new purchases of inventory instead of the historical cost of inventory. As a result, it removes the effect of timing differences and management believes it enables users of the financial information to more clearly observe the operating performance of the business independently of the impact of movements in the oil price.

	Period ended 30 June 2019 Actual cents	**Period ended 30 June 2018 Actual cents**	**% change 30 June 2019 Actual to 30 June 2018**
Statutory Earnings per share (Historical cost basis)	**3.6**	**7.4**	**(51.3%)**
Underlying Earnings per share (Replacement cost basis)	**2.6**	**6.7**	**(61.2%)**

The above calculations are based on the number of shares on issue in the Company as at 30 June 2019, with such number being applied to the historical period for the purpose of comparison. Underlying earnings per share is prepared on the basis of Underlying profit.

	Period ended 30 June 20 19 Actual A$	**Year ended 31 December 2018 Actual A$**	**% change 30 June 2019 Actual to 31 December 2018**
Net tangible asset per share	**1.12**	**1.21**	**(7.4%)**

Net tangible asset per share is derived by dividing net tangible assets by the number of shares on issue in the Company as at 30 June 2019, with such number being applied to historical period for the purposes of comparison. Net tangible assets are net assets attributable to members less intangible assets.

Dividend	2019
2019 Interim dividend – amount per security (fully franked)	2.1 cents
Trading on ex dividend basis	26 September 2019
Record date for determining entitlement to interim dividend	27 September 2019
Date dividend expected to be paid	14 October 2019

There is no dividend or distribution re-investment plan currently in operation and there is no foreign sourced income component distributed in relation to the dividend.

This information should be read in conjunction with the accompanying financial report of the Company and its controlled entities for the half year ended 30 June 2019 and ASX market releases made during the period.

Julia Kagan
Company Secretary

26 August 2019

Viva Energy Group Limited and controlled entities

Interim report - 30 June 2019

ACN: 626 661 032
ABN: 74 626 661 032

Contents

Directors' report

The Directors present their report, together with the Financial Report of Viva Energy Group Limited (the 'Company') and the entities it controlled (collectively, the 'Group'), for the half-year ended 30 June 2019.

This Directors' Report has been prepared in accordance with the requirements of the Corporations Act 2001.

A reference to Viva Energy, we, us or our is a reference to the Group or the Company, as the case may be.

Directors

The following persons were Directors of the Group during the whole of the half-year and up to the date of this report:

Robert Hill	Chairman, Independent Non-Executive Director
Scott Wyatt	Chief Executive Officer, Executive Director
Dat Duong	Non-Executive Director
Hui Meng Kho	Non-Executive Director
Arnoud De Meyer	Independent Non-Executive Director
Jane McAloon	Independent Non-Executive Director
Sarah Ryan	Independent Non-Executive Director

Company Secretaries

Lachlan Pfeiffer was Company Secretary during the period. Julia Kagan was appointed as an additional Company Secretary on 26 July 2019.

Principal Activities

During the period, the principal activities of the Group included the following:

- sales of fuel and specialty products through Retail and Commercial channels across Australia;
- management of a national supply, distribution and terminal network; and
- manufacturing activities at the Group's Geelong oil refinery.

Review of Results and Operations

The Group Net Profit After Tax ('NPAT') on a historical cost basis ('HC') for the half-year ended 30 June 2019 ('1H2019') was $69.5 million ('M'). After adjusting for net inventory gain/(loss) and significant one-off items relating to tax consolidation adjustments, Underlying NPAT on a replacement cost basis ('RC') for the period was $50.9M. These results for the half-year ended 30 June 2019 include the impact of the new accounting standard for leasing ('AASB16') which took effect from 1 January 2019. A reconciliation from Statutory Profit After Tax to Underlying NPAT (RC) is summarised in the table below.

Reconciliation of Statutory Profit After Tax to Underlying NPAT (RC)	(A$M)
Statutory Profit After Tax	**69.5**
Less: Net inventory gain net of tax at 30%	(2.8)
Less: Significant one-off items	(15.8)
Underlying NPAT (RC)	**50.9**

Compared to the Underlying NPAT (RC) statutory Prospectus[1] forecast of $143.7M, the current period result has been negatively impacted by sharp increases in oil prices which have depressed retail margins, by weak regional refining margins due to soft regional demand and by competitive pressures and higher than expected supply chain costs within the Commercial segment. Favourably impacting on the result compared to Prospectus forecast was lower than anticipated Supply, Corporate and Overhead costs, favourable revaluation gains on FX and oil derivatives and the treatment of sublease and licensing income on adoption of AASB16 *Leases*. Compared to previous guidance, the final Underlying NPAT (RC) result slightly exceeds the update provided to the market on 24 June 2019 primarily due to better than expected impact on revaluation gains in FX and oil derivatives in the final weeks of June 2019.

[1] *Prospectus dated 20 June 2018, issued in connection with the Company's initial public offer ('Prospectus')*

Directors' report (continued)

Historical cost is calculated in accordance with IFRS and shows the cost of goods sold at the actual prices paid by the business using a first in, first out ('FIFO') accounting methodology. As such, HC accounting includes gains and losses resulting from timing differences between purchases and sales of inventory and the rise and fall of oil and product prices during that time. Gains and losses arising from the rise and fall of oil and product prices are typically offset by a change in working capital because of the higher or lower cost to replenish inventory. Replacement cost is a non-IFRS measure under which the cost of goods sold is calculated on the basis of theoretical new purchases of inventory instead of the historical cost of inventory. As a result, it removes the effect of timing differences to enable users of the financial information to more consistently assess the underlying performance of the business.

AASB16 Leases

On adoption of AASB16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB117 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. This treatment is in line with disclosures made in the Prospectus.

In relation to the Group's sublease and licencing arrangements, after further consideration of the underlying contracts, it has been determined that as at 1 January 2019 the arrangements continued to exhibit the characteristics of operating leases. This is in contrast to the treatment foreshadowed in the Prospectus which was based primarily on an assessment of the relative terms of sub and head leases, and did not take into consideration all of the elements of the Alliance arrangement that have resulted in the alternate assessment. The Group would have recognised these as a lease receivable of $1,191.0M had the assessment concluded that the subleases met the criteria of a finance lease.

A re-assessment of the application of AASB16 in relation to the sublease and licencing arrangements was triggered by the Alliance reset with Coles Express announced to the market on 6 February 2019 and due to the changes in the underlying arrangements it has been determined that the inflows under these arrangements fall within the scope of AASB15 *Revenue from Contracts with Customers.*

Comparative information

In the previous corresponding period to 30 June 2018 the holding company of the group was Viva Energy Holding Pty Ltd ('VEH'). The Company became the holding entity of the group subsequently, in conjunction with its listing on the ASX in the second half of 2018. Accordingly, the results for the period to 30 June 2018 that are presented for comparison are the consolidated results of VEH and its controlled entities.

Directors' report (continued)

Summary Statement of Profit and Loss

	(A$M)	Under AASB16 *Leases* (new standard) 30 June 2019 Actual	Under AASB16 *Leases* (new standard) 30 June 2018 Pro Forma[2]	Under AASB16 *Leases* (new standard) Variance	Under AASB117 *Leases* (old standard) 30 June 2019 Pro Forma[3]	Under AASB117 *Leases* (old standard) 30 June 2018 Actual	Under AASB117 *Leases* (old standard) Variance
	Revenue	7,811.2	8,608.7	(797.5)	7,811.2	8,608.7	(797.5)
	Cost of goods sold (RC)	(7,094.7)	(7,769.7)	675.0	(7,094.7)	(7,769.7)	675.0
	Gross Profit (RC)	**716.5**	**839.0**	**(122.5)**	**716.5**	**839.0**	**(122.5)**
	Retail, Fuels & Marketing						
	Retail	*343.1*	*364.9*	*(21.8)*	*343.1*	*364.9*	*(21.8)*
	Commercial	*280.6*	*304.2*	*(23.6)*	*280.6*	*304.2*	*(23.6)*
	Refining	*113.7*	*135.3*	*(21.6)*	*113.7*	*135.3*	*(21.6)*
	Supply, Corporate and Overheads	*(20.9)*	*34.6*	*(55.5)*	*(20.9)*	*34.6*	*(55.5)*
1.	**Total Underlying EBITDA (RC)**	**297.4**	**383.2**	**(85.8)**	**171.6**	**262.7**	**(91.1)**
	Retail, Fuels & Marketing						
	Retail	*283.3*	*308.0*	*(24.7)*	*283.3*	*308.0*	*(24.7)*
	Commercial	*158.3*	*169.1*	*(10.8)*	*155.6*	*166.4*	*(10.8)*
	Refining	*18.4*	*48.1*	*(29.7)*	*18.4*	*48.1*	*(29.7)*
	Supply, Corporate and Overheads	*(162.6)*	*(142.0)*	*(20.6)*	*(285.7)*	*(259.8)*	*(25.9)*
	Lease straight-lining	-	-	-	(11.5)	(13.5)	2.0
	Share of profit from associates	16.1	22.0	(5.9)	16.1	22.0	(5.9)
	Net gain/(loss) on other disposal of PP&E	(0.7)	(0.2)	(0.5)	(0.7)	(0.2)	(0.5)
2.	Revaluation gain/(loss) on FX and oil derivatives	26.8	(4.5)	31.3	26.8	(4.5)	31.3
	Depreciation and amortisation	(170.6)	(155.8)	(14.8)	(72.3)	(61.3)	(11.0)
	Profit before interest and tax (HC)	**173.0**	**266.1**	**(93.1)**	**134.0**	**226.6**	**(92.6)**
3.	Less: Net inventory gain/(loss)	4.0	21.4	(17.4)	4.0	21.4	(17.4)
	Profit before interest and tax (RC)	**169.0**	**244.7**	**(75.7)**	**130.0**	**205.2**	**(75.2)**
4.	Net finance costs	(94.6)	(103.3)	8.7	(16.9)	(18.5)	1.6
	Profit before tax (HC)	**78.4**	**162.8**	**(84.4)**	**117.1**	**208.1**	**(91.0)**
5.	Income tax expense	(24.7)	(57.8)	33.1	(36.3)	(63.5)	27.2
	Underlying Net Profit After Tax (HC)	**53.7**	**105.0**	**(51.3)**	**80.8**	**144.6**	**(63.8)**
	Less: Net inventory gain/(loss) net of tax at 30%	2.8	15.0	(12.2)	2.8	15.0	(12.2)
	Underlying Net Profit After Tax (RC)	**50.9**	**90.0**	**(39.1)**	**78.0**	**129.6**	**(51.6)**
6.	Significant one-off items[3]	15.8	-	15.8	15.8	-	15.8
	Net Profit After Tax (HC)	**69.5**	**105.0**	**(35.5)**	**96.6**	**144.6**	**(48.0)**
7.	**Net Profit After Tax (RC)**	**66.7**	**90.0**	**(23.3)**	**93.8**	**129.6**	**(35.8)**

[2] The 30 June 2018 Pro Forma numbers are provided to illustrate the impact of AASB16 Leases, had the standard applied from 1 January 2018. In determining these Pro Forma amounts, current lease rentals have been de-escalated in line with contractual escalation clauses, leases entered into prior to 1 July 2018 have been excluded and an additional 12 months of future lease payments have been incorporated.

[3] The 30 June 2019 Pro Forma numbers exclude the impact of AASB16 Leases and instead apply AASB117 and are provided to allow comparison to prior year's financial statements.

Directors' report (continued)

Summary Statement of Profit and Loss Analysis

1. Underlying EBITDA (RC)

(A$M)		Under AASB16 Leases (new standard) 30 June 2019 Actual	30 June 2018 Pro Forma	Variance	Under AASB117 (old standard) 30 June 2019 Pro Forma	30 June 2018 Actual	Variance
a.	Retail, Fuels & Marketing						
a(i).	Retail	283.3	308.0	(24.7)	283.3	308.0	(24.7)
a(ii).	Commercial	158.3	169.1	(10.8)	155.6	166.4	(10.8)
b.	Refining	18.4	48.1	(29.7)	18.4	48.1	(29.7)
c.	Supply, Corporate and Overheads	(162.6)	(142.0)	(20.6)	(285.7)	(259.8)	(25.9)
	Total Underlying EBITDA (RC)	**297.4**	**383.2**	**(85.8)**	**171.6**	**262.7**	**(91.1)**

a(i). Retail

Retail consists of earnings from a national network of over 1,250 retail fuel and convenience sites comprising sites operated through various channels, including sites operated under a long term alliance ('the Alliance') with Eureka Operations Pty Ltd ('Coles Express'), sites operated by other retail commission agents, un-manned truck stops operated by Viva Energy, and sites operated by independent dealer owners. Retail also includes fuel supply to Liberty Oil Holdings Pty Ltd ('Liberty Oil') and Westside Petroleum Pty Ltd ('Westside') as well as supply to other retail operators and wholesalers. The Group holds a 50% equity interest in each of Westside and Liberty Oil as at 30 June 2019.

Retail achieved an Underlying EBITDA (RC) of $283.3M down $24.7M compared with $308.0M for the prior comparative period. Following the extension of the Alliance Agreement with Coles Express on 1 March 2019, the Group assumed control of board pricing at all Coles Express Shell sites, taking on full exposure to retail fuel margins. During the half, retail trading conditions were impacted by weaker than expected retail fuel margins, predominantly as a result of the rising cost of oil. Alliance volumes have been successfully stabilised in 1H2019. The focus remains on restoring sales growth following a period of continued investment. The Group remains committed to improving the competitiveness of fuel offers, progressing a range of marketing initiatives.

During the period three Company Controlled retail sites were opened and another four independently owned retail sites were added to the Shell branded network. The acquisition of the Liberty Wholesale business remains subject to regulatory approval, with that process expected to conclude in the second half of 2019.

The Group's adoption of AASB16 *Leases* has not impacted the Retail results.

Directors' report (continued)

Summary Statement of Profit and Loss Analysis

1. Underlying EBITDA (RC) (continued)

a(ii). Commercial

The following commentary compares 30 June 2019 Actual results to 30 June 2018 Pro Forma results

Commercial consists of the supply of fuel, lubricants and specialty products to commercial customers in the aviation, marine, transport, resources, government, construction and manufacturing industries.

Commercial achieved an Underlying EBITDA (RC) of $158.3M down $10.8M compared with $169.1M for the Pro Forma prior comparative period.

Competitive pressures and higher than expected supply chain costs have impacted the result for the half-year despite recontracting and extending a significant number of customer contracts during the period.

The Group is focussed on improving margin performance through cost and supply chain efficiencies together with minimising exposure to low margin business.

The following commentary compares 30 June 2019 Actual results to 30 June 2018 Actual results

Commercial achieved an Underlying EBITDA (RC) of $158.3M compared with $166.4M for the prior comparative period, a decrease of $8.1M. In addition to the factors commented on above, the period-on-period variance was impacted by the adoption of AASB16 *Leases* which resulted in an increase to Underlying EBITDA (RC) of $2.7M.

b. Refining

Refining relates to the earnings from the refinery located in Geelong, Victoria ('The Geelong Refinery') which is owned and operated by the Group and converts imported and locally sourced crude oil into petroleum products including gasoline, diesel, jet fuel, aviation gasoline, gas, solvents, bitumen and other specialty products.

Refining achieved an Underlying EBITDA (RC) of $18.4M compared with the prior comparable period of $48.1M. Over the six-month period, Geelong Refining Margins averaged US$5.1/BBL compared with US$7.3/BBL in the prior comparable period. Soft regional demand continued to weigh heavily on regional refining margins and despite some modest improvement part way through the half-year, softer refining margins were realised into the final weeks of the period ended 30 June 2019.

Operational availability for the half-year was 94.0% compared with 85.5% for the prior corresponding period and 88.4% for the full year ended 31 December 2018. This represents an improvement of 8.2% on the prior corresponding period and 5.6% on the year ended 31 December 2018 as prior periods were impacted by unplanned external events including a significant weather event, a total site outage and disruptions to feedstock demand by the third party polypropylene plant.

Directors' report (continued)

Summary Statement of Profit and Loss Analysis

1. Underlying EBITDA (RC) (continued)

b. Refining (continued)

In the first half of 2019 the Group completed a successful on-line change out of the refinery's Platformer catalyst to improve yields and octane capability.

Despite the weaker refining margin environment, refinery intake was 21.4MBBLS compared with 19.1MBBLS in the prior corresponding period.

During the prior comparative period, refinery intake was impacted by a planned turnaround on a crude distillation unit, rate reductions to manage butane build-up in the catalytic cracking unit and an unplanned shutdown of the same unit.

On 1 January 2019, the Company became a wholesale gas market participant as part of improvements to the Group's natural gas purchasing strategy, and the Power Purchasing Agreement with Acciona's Mt Gellibrand Wind Farm commenced covering approximately one third of the refinery's annual electricity requirements.

c. Supply, Corporate and Overheads

The following commentary compares 30 June 2019 Actual results to 30 June 2018 Pro Forma results

Supply, Corporate and Overheads consists of Viva Energy's integrated supply chain of terminals, facilities, depots, pipelines and distribution assets located across Australia, property including rent for terminals and retail sites and maintenance costs as well as all head office costs.

Supply, Corporate and Overheads achieved EBITDA (RC) of ($162.6M) compared with ($142.0M) for the prior Pro Forma comparative period, an increase of $20.6M due to higher pipeline and other distribution related costs, increased costs due to the addition of company controlled sites and one-off costs associated with the purchase of the remaining 50% share of Liberty Oil Wholesale and the extension of the Alliance agreement.

The following commentary compares 30 June 2019 Actual results to 30 June 2018 Actual results

Supply, Corporate and Overheads achieved an Underlying EBITDA (RC) of ($162.6M) compared with ($259.8M) for the prior comparative period, a decrease of $97.2M. In addition to the factors commented on above, the period-on-period variance was impacted by the adoption of AASB16 *Leases* which resulted in operation lease expenditure of $123.1M being reclassified as interest expense and reduction in lease liability.

Directors' report (continued)

Summary Statement of Profit and Loss Analysis	
2. Revaluation gain/(loss) on FX and oil derivatives	Revaluation gain/(loss) on FX and oil derivatives is impacted by realised and unrealised foreign exchange and associated hedges, flat oil price hedges and refinery margin hedging. During the period a gain of $26.8M was recognised, $11.9M of which remained unrealised at 30 June 2019. This gain was recorded primarily as a result of successful foreign exchange management which exhibited volatility within the period.
3. Net inventory gain/(loss)	Net inventory gain/(loss) relates to the effect of movements in oil price and foreign exchange on inventory recorded at historical cost using the First In, First Out ('FIFO') principle of accounting.
4. Net finance costs	For the period ended 30 June 2019, net finance costs consisted of interest income, interest expense on borrowings, fees associated with trade finance instruments, finance costs associated with finance leases, amortised financing transaction costs and the unwind of discounting on balance sheet provisions. Finance costs associated with finance lease includes $77.8M relating to leases previously accounted for as operating, now classified as finance with the adoption of AASB16 *Leases*. Finance costs excluding the impact of the adoption of AASB16 *Leases* decreased by $1.6M compared to the previous period due to lower average net debt during the period.
5. Income tax expense	Viva Energy is subject to income tax expense on the basis of historical cost earnings rather than replacement cost earnings, i.e. NPAT (HC) rather than NPAT (RC). The effective tax rate of the current period was 31.5% due primarily to the non-deductibility of the $137.0M payment to Coles Express under the extended Alliance agreement as announced on 6 February 2019. This does not include the impact relating to the formation of a new tax consolidated group in 2018 which has been treated as a significant one-off item.
6. Significant one-off items	The significant one-off gain of $15.8M relates solely to an adjustment to the impact of the formation of a new tax consolidated group in 2018 associated with the finalisation and lodgement of the FY2018 tax return. The treatment of this item as significant one-off is consistent with the treatment of the initial impact recorded in the results for the full year ended 31 December 2018.
7. Net Profit After Tax (RC)	The Net Profit After Tax (RC) of $66.7M is lower than FY2018 due to the rising cost of oil impacting both refining earnings and retail margins, competitive pressure within the Commercial segment, increases in Supply, Corporate and Overheads and higher than prior year depreciation and amortisation. In addition, the adoption of AASB16 has resulted in a reduction in current year Net Profit After Tax of $27.1M. The final result slightly exceeds the previous guidance update primarily due to better than expected impact on revaluation gains in FX and oil derivatives in the final weeks of June 2019. The total revaluation gain on FX and oil derivatives for the period was $26.8M.

Directors' report (continued)

Summary Balance Sheet

	(A$M)	30 June 2019 Actual	31 December 2018 Actual	Variance
1.	Working capital	348.0	268.0	80.0
2.	Property, plant and equipment	1,441.0	1,471.3	(30.3)
3.	Right-of-use assets	2,308.7	-	2,308.7
4.	Intangible assets	557.4	432.5	124.9
5.	Investment in associates	659.0	664.9	(5.9)
6.	Net debt	(168.7)	0.2	(168.9)
7.	Lease liability	(2,393.2)	(50.8)	(2,342.4)
8.	Long-term provisions, other assets and liabilities	(174.7)	(143.6)	(31.1)
9.	Net deferred tax asset/(liability)	158.2	136.6	21.6
10.	**Total equity**	**2,735.7**	**2,779.1**	**(43.4)**

Summary Balance Sheet Analysis

1. Working capital

Working capital increased as a result of an increase in average benchmark crude and refined product prices of US$14.8/BBL between December 2018 and June 2019 and the recognition of $97.9M of inventory as a result of the return of fuel stock at the time of the Alliance reset, partially offset by lower stock levels at 30 June 2019.

2. Property, plant and equipment (PP&E)

Property, plant and equipment relates to freehold terminal property, leasehold retail and terminal improvements, plant and infrastructure such as tanks and pipelines held at terminals, airports and retail sites and the Geelong Refinery land and equipment.

Property, plant and equipment decreased during the year as a result of capital expenditure of $69.9M offset by depreciation of $59.4M and the re-classification of existing finance leases of $39.8M to Right-of-use assets on adoption of AASB 16 *Leases*. A breakdown of capital expenditure by segment is outlined below.

	(A$M)	30 Jun 2019 Actual	30 Jun 2019 Guidance[1]	30 Jun 2018 Actual
a.	Retail, Fuels & Marketing	8.0	37.2	27.4
b.	Refining	43.7	36.3	46.9
c.	Supply, Corporate and Overheads	18.2	25.2	50.4
		69.9	**98.7**	**124.7**

[1] *Guidance provided in February 2019*

a. Retail, Fuels & Marketing

Retail, Fuels and Marketing capital expenditure is $29.2M lower than the guidance forecast of $37.2M predominantly due to fewer retail sites being developed, with the focus in the early part of the period being on the extension of the Alliance agreement with Coles Express.

The current period capital expenditure relates predominately to new site growth compared to the prior comparative period which also included additional tank replacements and the conclusion of the Shell brand refresh project.

Directors' report (continued)

Summary Balance Sheet Analysis		
2. Property, plant and equipment (continued)	**b. Refining**	Refinery capital expenditure of $43.7M is $7.4M higher than the guidance forecast of $36.3M for 1H2019 primarily due to capital works being executed earlier than anticipated, construction of the Bitumen export pipeline of enabling expanded production of Bitumen and the construction of a 25ML gasoline tank providing production flexibility. Current period capital expenditure is $3.2M lower than the prior comparative period of $46.9M, primarily due to the crude distillation unit and furnace replacement works undertaken in the prior year.
	c. Supply, Corporate and Overheads	Supply, Corporate and Overheads capital expenditure of $18.2M is $7.0M lower than guidance forecast of $25.2M driven by Melbourne airport joint venture facility upgrades, improvements in fuel oil storage and the delay of completion of the fuel oil storage facility at Gore Bay extending into 2H2019. The decrease year-on-year is due to prior year expenditure relating to the Clyde terminal conversion project and the Group's ERP implementation project in the previous period.
3. Right-of-use assets	As a result of the adoption of AASB16, from 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability is recorded at the date at which the leased asset is available for use by the Group. The right-of-use asset recognised on 1 January 2019 is $16.3M less than the corresponding lease liability as the balance of prepaid leases and straight-line provisions are offset against the right-of-use asset on adoption of the Standard. The Group recognised $2.4B on adoption of the Standard and has subsequently amortised $98.3M of the amount through the consolidated statement of profit or loss. Amortisation is recognised on a straight-line basis over the life of the right-of-use asset.	
4. Intangible assets	Intangible assets increased by $124.9M during the period primarily due to the $137.0M payment made to Coles Express as part of the arrangement to extend the Alliance agreement to 2029. This was primarily offset by amortisation of $12.9M that was recognised during the period.	
5. Investment in Associates	This includes Viva Energy's investment in the Viva Energy REIT, Liberty Oil and Westside Petroleum (the latter being acquired during FY2018). Share of profit/(loss) from associates is recorded against this investment offset by distributions or dividends received.	
6. Net debt	Net debt relates to Viva Energy's Revolving Credit Facility (RCF), which is used as a working capital facility to fund fluctuations in working capital, net of cash in bank. Viva Energy does not hold any long-term structural debt. Net debt drawn for the half-year was $168.7M primarily due to the $137.0M payment made to Coles Express as part of the arrangement to extend the Alliance agreement to 2029, combined with increases in working capital.	
7. Lease liability	Finance lease liability has increased significantly due to the adoption of AASB16 *Leases* on 1 January 2019. Refer to note 3 of the financial statements *Changes in accounting policies* for further analysis of the impact.	

Directors' report (continued)

Summary Balance Sheet Analysis	
8. Long-term provisions, other assets and liabilities	Long-term provisions, other assets and liabilities predominantly relate to: (i) long-term provisions associated with asset retirement obligations required by accounting standards; (ii) long-term environmental provisions; and (iii) provisions associated with lease straight lining on lease obligations with Viva Energy REIT (2018 only). The increase of $31.1M during the period primarily represents the recognition of a long-term payable to Coles Express of $90.7M in relation to the transfer of inventory which took place at the time of the Alliance Agreement Amendments that took effect 1 March 2019. This was offset in part by the derecognition of the lease straight-line provision of $66.4M on adoption of AASB16 *Leases*.
9. Net deferred tax asset/(liability)	Net deferred tax liabilities relate to the tax effected difference between the carrying value of assets and liabilities recorded under accounting and those recorded for tax purposes. The increase in net deferred tax assets of $21.6M was due to adjustments in the current period connected with the significant one-off gain of $15.8M from formation of a new tax consolidated group in 2018, combined with typical movements in deferred tax due to origination or reversal of temporary differences between taxable income and profit during the year, along with movements posted directly to equity or other comprehensive income.
10. Total Equity	Total equity decreased due to the payment of a $93.3M dividend in April 2019 combined with the impact on reserves of the exercising of options by senior management and the recognition of the remeasurement of retirement benefit obligations. In part offsetting this decrease is the NPAT (HC) of $69.5M recorded for the period.

Directors' report (continued)

Summary Statement of Cash Flows

	(A$M)	30 June 2019 Actual	30 June 2018 Actual	Variance
	Underlying EBITDA (RC)	**297.4**	**262.7**	**34.7**
	Net inventory gain/(loss)	4.0	21.4	(17.4)
	Lease straight-lining	-	(13.5)	13.5
	Share of profit of associates	16.1	22.0	(5.9)
	Net gain/(loss) on disposal of PP&E	(0.7)	(0.2)	(0.5)
	Revaluation gain/(loss) on FX and oil derivatives	26.8	(4.5)	31.3
	Profit before interest, tax, depreciation and amortisation (HC) before significant items	**343.6**	**287.9**	**55.7**
1.	*Decrease/(increase) in inventories*	*(88.0)*	*(203.8)*	*115.8*
2.	*Decrease/(increase) in receivables & prepayments*	*(110.0)*	*(17.0)*	*(93.0)*
3.	*Increase/(decrease) in trade and other payables*	*89.9*	*153.0*	*(63.1)*
	Increase/(decrease) in long-term payables	*90.7*	*-*	*90.7*
4.	*Increase/(decrease) in provisions*	*(22.2)*	*(20.4)*	*(1.8)*
	Changes in working capital	(39.6)	(88.2)	48.6
	Unrealised loss/(gain) on FX and derivatives	11.9	(18.9)	30.8
5.	Non-cash items in profit before interest, tax, depreciation and amortisation	0.7	(18.4)	19.1
	Operating free cash flow before capital expenditure	**316.6**	**162.4**	**154.2**
	Capital expenditure	(69.9)	(124.7)	54.8
6.	Coles Express Alliance payment	(137.0)	-	(137.0)
7.	Payment for share options exercised	(12.5)	-	(12.5)
	Dividends received from associates	19.4	18.2	1.2
	Net free cash flow before financing, tax and dividends	**116.6**	**55.9**	**60.7**
	Loan to Westside Petroleum	(2.3)	-	(2.3)
8.	Finance costs	(86.8)	(10.3)	(76.5)
9.	Income tax instalments	(59.9)	(207.5)	147.6
10.	Dividends paid	(93.3)	-	(93.3)
8.	Repayment of lease liability	(42.5)	-	(42.5)
	Net cash flow before borrowings	**(168.2)**	**(161.9)**	**(6.3)**
	Net drawings/(repayment) of borrowings	137.1	127.6	9.5
	Net cash flow	**(31.1)**	**(34.3)**	**3.2**
	Opening net debt	**0.2**	**(74.6)**	**74.8**
	Amortisation of capitalised borrowing costs	(0.7)	(1.0)	0.3
	Closing net debt	**(168.7)**	**(237.5)**	**68.8**
	Change in net debt	**(168.2)**	**(161.9)**	**(6.3)**

The adoption of AASB16 Leases on 1 January 2019 resulted in the reclassification of current period operating lease expenditure from operating cash to finance costs and repayment of lease liability. The June 2018 cash flow results reflect classification under the previous leasing standard.

Directors' report (continued)

Summary Statement of Cash Flows Analysis	
1. Increase in inventories	Inventory increased as a result of the average benchmark crude and refined product prices increasing by A$11.5/BBL between December 2018 and June 2019 offset in part by a reduction in stock levels during the period.
2. Increase in receivables & prepayments	Receivables and prepayments increased as a result of an increase in average benchmark crude and refined product prices of A$11.5/BBL between December 2018 and June 2019. Offsetting part of the increase is the transfer of $50.0M of prepaid head lease expenditure to right-of-use assets on adoption of AASB16 *Leases*.
3. Increase in payables	Payables increased as a result of increased purchase terms largely align with customer receivable terms combined with an increase in benchmark crude and refined product prices of A$11.5/BBL between December 2018 and June 2019. Offsetting these increases is lower purchases during the month of June 2019 compared with December 2018.
4. Decrease in provisions	This relates to payment of annual and long service leave entitlements, settlement of environmental provisions and change in lease straight-lining provisions. With the adoption of AASB16 *Leases* the lease straight-line provision held at 31 December 2018 was offset against the right-of-use asset on 1 January 2019.
5. Non-cash items	Profit before interest, tax, depreciation and amortisation (HC) before significant items includes certain non-cash items such as; share of profit of associates of $16.1M, unrealised gains on FX and derivatives of $11.9M and other minor items, the sum of which is $0.7M.
6. Coles Express Alliance payment	In consideration of the changed commercial terms under the Alliance agreement as announced on 6 February 2019, the Group made a one-off payment of $137.0M to Coles Express.
7. Payment for share options exercised	During the period 7,882,734 share options were exercised by senior management in relation to the Legacy LTI plan. The Company chose to acquire shares on market to effect this rather than issue new equity.
8. Finance costs and Repayment of lease liability	Finance costs and repayment of lease liability have increase year-on-year predominately due to the adoption of AASB16 *Leases*, which resulted in lease payments now being classified as finance costs and reduction in finance lease liability.
9. Income tax	Monthly tax instalments totalling $59.9M were paid during the period based on prior year assessments before accounting for the net inventory gain/(loss) and the impact of tax consolidation. It is estimated that the Group will receive a refund of $69.8M in September 2019, along with offsets to current year taxable income of $13.0M, as a result of lodgement of the FY2018 tax return which was completed during July 2019.
10. Dividends paid	On 15 April 2019 the Company paid a fully-franked dividend of 4.8 cents per share in relation to the six months ended 31 December 2018.

Directors' report (continued)

Dividends

The Group determined and paid a dividend of $93.3 million (4.8 cents per share) to shareholders on 15 April 2019. The fully franked dividend was in relation to the six-month period ended 31 December 2018.

A fully-franked interim dividend of 2.1 cents per share was determined by the Board on 26 August 2019, payable to shareholders on 14 October 2019. This dividend has not been included as a liability in these interim financial statements. The total estimated dividend to be paid is $40.8 million.

Events occurring after the end of the reporting period

In the opinion of the Directors, there are no matters or circumstances which have arisen between 30 June 2019 and the date of this report that have significantly affected or may significantly affect the operations of the Group, the results of those operations and the state of affairs of the Group in subsequent financial periods.

Auditor's independence declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001 (Cth)* is included on page 16.

Rounding of amounts

The Company is of a kind referred to ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the Directors' report and financial report. Amounts in the Directors' report and financial report have been rounded off to the nearest hundred thousand dollars in accordance with the instrument, unless stated otherwise.

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

Robert Hill
Chairman

Scott Wyatt
Director and CEO

26 August 2019

Auditor's Independence Declaration

As lead auditor for the review of Viva Energy Group Limited for the half-year ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Viva Energy Group Limited and the entities it controlled during the period.

Chris Dodd
Partner
PricewaterhouseCoopers

Melbourne
26 August 2019

Consolidated statement of profit or loss

For the half-year ended 30 June 2019

	Notes	30 June 2019 $M	30 June 2018 $M
Revenue from contracts with customers	5	**7,811.2**	**8,608.7**
Replacement cost of goods sold		(4,818.4)	(5,609.0)
Net inventory gain/(loss)		4.0	21.4
Sales duties and taxes		(2,126.5)	(2,031.2)
Import freight expenses		(149.8)	(129.5)
Historical cost of goods sold		**(7,090.7)**	**(7,748.3)**
Gross profit		**720.5**	**860.4**
Net gain/(loss) on other disposal of property, plant and equipment		(0.7)	(0.2)
Other income/(loss)		**(0.7)**	**(0.2)**
Transportation expenses		(122.0)	(146.2)
Salaries and wages		(130.2)	(119.6)
General and administration expenses		(55.0)	(72.4)
Maintenance expenses		(50.7)	(47.7)
Operating leases		(12.9)	(143.3)
Sales and marketing expenses		(50.9)	(60.6)
		298.1	**270.4**
Interest income		1.3	1.2
Share of profit of associates		16.1	22.0
Realised/unrealised gain/(loss) on derivatives		11.1	17.0
Net foreign exchanges gain/(loss)		18.3	(21.5)
Depreciation and amortisation expenses	6	(170.6)	(61.3)
Finance costs	6	(95.9)	(19.7)
Profit before income tax expense		**78.4**	**208.1**
Income tax benefit/(expense)		(8.9)	(63.5)
Profit after tax		**69.5**	**144.6**
Earnings per share		**cents**	**cents**
Basic earnings per share		3.6	7.4
Diluted earnings per share		3.5	7.4

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

Consolidated statement of comprehensive income

For the half-year ended 30 June 2019

	Notes	30 June 2019 $M	30 June 2018 $M
Profit for the half-year		**69.5**	**144.6**
Other comprehensive income			
Other comprehensive income that may be reclassified to profit or loss in subsequent years (net of tax)			
Effective portion of changes in fair value of cash flow hedges – Unrealised gains/(losses) on cash flow hedges recognised by Viva Energy REIT		(4.3)	(0.7)
Other comprehensive income not to be reclassified to profit or loss in subsequent years (net of tax)			
Remeasurement of retirement benefit obligations		(3.0)	(1.1)
Net other comprehensive income/(loss)		**(7.3)**	**(1.8)**
Total comprehensive income for the half-year (net of tax)		**62.2**	**142.8**

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of financial position

As at 30 June 2019

	Notes	30 June 2019 $M	31 December 2018 $M
ASSETS			
Current assets			
Cash and cash equivalents		77.5	108.6
Trade and other receivables		1,251.1	1,138.7
Inventories	10	1,099.3	1,011.3
Assets classified as held for sale		4.9	4.1
Derivative assets	14	0.6	15.5
Prepayments		13.0	71.0
Current tax assets		109.7	78.4
Total current assets		**2,556.1**	**2,427.6**
Non-current assets			
Long-term receivables		13.1	17.5
Property, plant and equipment		1,436.1	1,467.2
Right-of-use assets		2,308.7	-
Goodwill and other intangible assets	11	557.4	432.5
Post-employment benefits		6.2	11.4
Investments accounted for using the equity method	13	659.0	664.9
Net deferred tax assets		158.2	136.6
Other non-current assets		1.3	1.6
Total non-current assets		**5,140.0**	**2,731.7**
Total assets		**7,696.1**	**5,159.3**
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables		2,012.7	1,922.8
Provisions		104.1	123.2
Short-term lease liabilities		273.5	7.2
Derivative liabilities	14	8.9	0.9
Total current liabilities		**2,399.2**	**2,054.1**
Non-current liabilities			
Provisions		104.6	174.1
Long-term borrowings	12	246.2	108.4
Long-term lease liabilities		2,119.7	43.6
Long-term payables		90.7	-
Total non-current liabilities		**2,561.2**	**326.1**
Total liabilities		**4,960.4**	**2,380.2**
Net assets		**2,735.7**	**2,779.1**
Equity			
Contributed equity	17	4,861.3	4,861.3
Reserves		(4,246.0)	(4,226.4)
Retained earnings		2,120.4	2,144.2
Total equity		**2,735.7**	**2,779.1**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

For the half-year ended 30 June 2019

	Notes	Contributed equity $M	Reserves $M	Retained earnings $M	Total equity $M
Balance at 1 January 2018		**645.2**	**11.5**	**1,578.1**	**2,234.8**
Profit for the half-year		-	-	144.6	144.6
Unrealised gains/(losses) on cash flow hedges recognised by Viva Energy REIT		-	(0.7)	-	(0.7)
Remeasurement of retirement benefit obligations		-	(1.1)	-	(1.1)
Total comprehensive income for the half-year		**-**	**(1.8)**	**144.6**	**142.8**
Dividends paid		-	-	(13.5)	(13.5)
Capital return		(45.1)	-	-	(45.1)
Balance at 30 June 2018		**600.1**	**9.7**	**1,709.2**	**2,319.0**
Balance at 1 January 2019		**4,861.3**	**(4,226.4)**	**2,144.2**	**2,779.1**
Profit for the half-year		-	-	69.5	69.5
Unrealised gains/(losses) on cash flow hedges recognised by Viva Energy REIT		-	(4.3)	-	(4.3)
Remeasurement of retirement benefit obligations		-	(3.0)	-	(3.0)
Total comprehensive income for the half-year		**-**	**(7.3)**	**69.5**	**62.2**
Dividends paid	8	-	-	(93.3)	(93.3)
Share based payment reserve		-	(12.3)	-	(12.3)
Balance at 30 June 2019		**4,861.3**	**(4,246.0)**	**2,120.4**	**2,735.7**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

For the half-year ended 30 June 2019

	Notes	30 June 2019 $M	30 June 2018 $M
Operating activities			
Receipt from trade and other debtors		8,964.3	9,875.5
Payments to suppliers and employees		(8,647.5)	(9,711.0)
Interest received		1.2	1.2
Interest paid		(88.0)	(11.5)
Income tax paid		(59.9)	(207.5)
Net cash flows from/(used in) operating activities	9	**170.1**	**(53.3)**
Investing activities			
Purchases of property, plant and equipment		(69.9)	(124.9)
Proceeds from sale of property, plant and equipment		-	2.1
Coles Express Alliance payment		(137.0)	-
Purchase of employee share options		(12.5)	-
Loan repayments received from third parties		-	(4.0)
Dividends received from associates		19.4	18.2
Purchase of intangible asset		(0.2)	-
Loan to Westside Petroleum		(2.3)	-
Net cash flows from/(used in) investing activities		**(202.5)**	**(108.6)**
Financing activities			
Drawdown of borrowings		2,475.0	1,775.0
Repayments of borrowings		(2,335.0)	(1,645.0)
Dividend paid	8	(93.3)	-
Upfront financing cost paid and capitalised		(2.9)	(2.4)
Repayment of lease liability		(42.5)	-
Net cash flows from/(used in) financing activities		**1.3**	**127.6**
Net increase/(decrease) in cash and cash equivalents		(31.1)	(34.3)
Cash and cash equivalents at the beginning of the half-year		108.6	164.7
Cash and cash equivalents at the end of the half-year		**77.5**	**130.4**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements

1. Corporate information

Reporting entity

The consolidated interim financial report of Viva Energy Group Limited ('Company') and the entities it controlled (collectively, 'Group') for the half-year reporting period ended 30 June 2019 were authorised for issue in accordance with a resolution of the Directors on 26 August 2019. The Company is a for-profit Company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX: VEA).

2. Basis of preparation

The consolidated interim financial report for the half-year ended 30 June 2019:

- has been prepared in accordance with the *Corporations Act 2001* (Cth) and Australian Accounting Standard AASB134 *Interim Financial Reporting*;
- does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the 31 December 2018 Annual Report and any public announcements made by Viva Energy Group Limited during the interim period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* (Cth) and the Listing Rules of the ASX; and
- is presented in Australian dollars ($) and rounded to the nearest one hundred thousand dollars ($100,000) or in certain cases, the nearest dollar, in accordance with the Australian Securities and Investment Commission Corporations Instrument 2016/191.

The accounting policies adopted are consistent with those of the Group's annual consolidated financial statements for the year ended 31 December 2018 and corresponding 30 June 2018 interim reporting period, except for the required adoption of new and amended accounting standards effective from 1 January 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

(a) New and amended accounting standards adopted by the Group

The Group applies, for the first time, AASB16 Leases that requires changes in accounting policies and retrospective adjustments. The impact of the adoption of the new leasing standard and the new related accounting policies are disclosed in the *Changes in accounting policies* section below. Other new and amended standards applicable for the current reporting period did not have any impact on the Group's accounting policies and did not require retrospective adjustments.

To enhance the comparability across both periods, comparative figures have been adjusted to conform to changes in presentation for the current half-year. There has been no impact to the profit and loss.

3. Changes in accounting policies

This section explains the impact of the adoption of AASB16 *Leases* on the Group's financial statements and also discloses the new accounting policies that have been applied from 1 January 2019, where there has been a change to those applied in prior periods.

The Group has adopted AASB16 from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening statement of financial position on 1 January 2019.

(a) Adjustments recognised on the adoption of AASB16

On adoption of AASB16, the Group recognised lease liabilities in relation to leases for which it is the lessee, which had previously been classified as 'operating leases' under the principles of AASB117 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate which was adjusted for the duration of leases as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 6.9%.

For the leases previously classified as a finance lease under AASB117, the Group recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability at the date of initial application. The measurement principles of AASB16 are only applied after that date. The remeasurements to the lease liabilities were recognised as adjustments to the related right-of-use assets immediately after the date of initial application.

3. Changes in accounting policies (continued)

(a) Adjustments recognised on the adoption of AASB16 (continued)

	30 June 2019
	$M
Operating lease commitments disclosed as at 31 December 2018	2,915.8
(Less): Adjustments relating to discounting and updated treatment of extention and termination options	(527.0)
(Less): Short-term leases recognised on a straight-line basis as expense	(4.0)
Lease liability recognised as at 1 January 2019 on adoption of AASB16	**2,384.8**
Add: Finance lease liabilities recognised as at 31 December 2018	50.8
Total Lease liability	**2,435.6**
Of which are:	
Current lease liabilities	269.9
Non-current lease liabilities	2,165.7
	2,435.6

The right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

Assets

- Right-of-use assets – increase by $2,408.3M
- Prepayments – decrease by $50.1M
- Property, plant and equipment – decrease by $39.8M

Liabilities

- Lease liabilities – increase by $2,384.8M
- Provisions – decrease by $66.4M

(i) Impact on segment disclosures and earnings per share

Earnings before interest, tax, depreciation and amortisation (EBITDA) for June 2019 increased for the Group as a result of the change in accounting policy. The change in policy affected each Group segment EBITDA as follows:

	EBITDA
	$M
Retail, Fuels and Marketing	2.7
Refining	-
Supply, Corporate and Overheads	134.6
	137.3

Net profit after tax (NPAT) for June 2019 decreased for the Group as a result of the change in accounting policy. The change in policy affected each Group segment NPAT as follows:

	NPAT
	$M
Retail, Fuels and Marketing	0.6
Refining	-
Supply, Corporate and Overheads	(27.7)
	(27.1)

Earnings per share decreased by 1.4c per share for the six months to 30 June 2019 as a result of the adoption of AASB16.

3. Changes in accounting policies (continued)

(ii) Practical expedients applied

In applying AASB16 for the first time, the Group has used the following approach permitted by the standard:

- reliance on previous assessments on whether leases are onerous;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application;
- the incremental borrowing rate used is the rate as of today; and
- the use of professional judgment in determining the lease term where the contract contains options to extend or terminate the lease.

(b) The Group's leasing activities and how these are accounted for

The Group leases various service station sites, office premises, vehicles, and storage facilities. Rental contracts are typically made for fixed periods of 2 to 15 years but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of amounts assessed to be included as lease payments under AASB16.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

In line with accounting standard guidance, where leases have a fixed escalation rate, the fixed rate has been applied when accounting for the lease payments. No rate has been applied to leases that increase at the rate of CPI or leases that have a variable escalation rate.

Right-of-use assets are measured at cost comprising the initial measurement of the lease liability and other components as required under AASB16.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small office related items.

Various extension and termination options are included in a number of leases across the Group. Management have determined that the extension of the current Alliance with Coles Express to 2029 is an appropriate timeframe to base option renewals across the lease portfolio. Beyond this timeframe there is significant flexibility in terms of managing lease contracts. For the purposes of the requirements of AASB16, all lease extension periods prior to February 2029 have been assumed to be exercised.

Lease arrangements existed between the Group and Coles Express on transition date of 1 January 2019 and it has been determined that only one unit of account or lease component exists, being the entire physical asset. Viva Energy had not transferred significant risks and rewards incidental to the ownership of the underlying assets to Coles and accordingly, the lease should be recognised as an operating lease.

Upon the extension of the Alliance with Coles Express from 1 March 2019, Coles Express no longer retains substantially all the economic benefits from the use of the Retail sites and a lease arrangement does not exist. Instead, the associated income streams are to be considered as Revenue.

The treatment of subleases as operating leases until 1 March 2019 represents a change from what was communicated in the Group's Prospectus which was lodged with the ASX on 13 July 2018 where the subleases were treated as finance leases. The change has occurred as the Group has further analysed the indicators of a finance lease and have determined that the subleases do not meet the criteria of a finance lease.

4. Significant changes in the current reporting period

The financial position and performance of the Group was particularly affected by the following events and transactions during the half-year to 30 June 2019:

- the adoption of the new leasing standard AASB16 *Leases* (see note 3);
- the renegotiation of the Group's core borrowing facility to extend the facility for a 3-year term with a 1-year extension option (see note 12);
- the recognition of a $137.0 million intangible asset arising from a one-off payment to assume responsibility for the provision of the fuel offering, including retail fuel pricing and marketing across the Alliance network (see note 11); and
- on 27 February 2019 the Group announced the intention to acquire the remaining 50% interest in Liberty Oil Holding Pty Ltd's wholesale business. As at the date of this report the transaction remains subject to regulatory approval (see note 18).

5. Revenue from contracts with customers

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	30 June 2019	30 June 2018
	$M	$M
Revenue from sale of goods	7,725.9	8,501.0
Non-fuel income	78.6	73.7
Other revenue	6.7	34.0
Total revenue	**7,811.2**	**8,608.7**

6. Expenses

	30 June 2019	30 June 2018
Depreciation and amortisation	$M	$M
Property, plant and equipment	(59.4)	(53.6)
Right-of-use assets	(98.3)	-
Intangible assets	(12.9)	(7.7)
Total depreciation and amortisation	**(170.6)**	**(61.3)**

	30 June 2019	30 June 2018
Finance costs	$M	$M
Interest on borrowings, trade finance and commitment fees	(11.1)	(12.5)
Interest on lease liabilities	(81.8)	(4.0)
Unwinding of discount on provisions	(2.2)	(3.2)
Unwinding of discount on long-term payables	(0.8)	-
Total finance costs	**(95.9)**	**(19.7)**

7. Segment information

The Group has identified its operating segments on the basis of how the Chief Operating Decision Maker reviews internal reports about components of the Group to assess performance and determine the allocation of resources. The Group is organised into business units based on operational activities and has three reportable segments:

Retail, Fuels and Marketing

The Retail, Fuels and Marketing segment consists of both retail and commercial sales and marketing of fuel and specialty products in Australia under the Shell and Viva Energy brands as well as generation of substantial non-fuel income. All sales and marketing focused activities are included in this segment.

Refining

The Group's Geelong refinery in Corio, Victoria, refines crude oil into petrol, diesel and jet fuel. The refinery also manufactures and produces specialty products such as liquid petroleum gas, bitumen, oils and chemical products.

Supply, Corporate and Overheads

The Group owns and manages an integrated supply chain of terminals, storage facilities, depots, pipelines and distribution assets throughout Australia in order to facilitate product distribution and delivery through wholesale and retail sites. This segment also includes property expenses and corporate functions that facilitate business activity. These activities have been grouped as a segment as they largely represent the overhead base of the business and undertake all the non-sales and non-manufacturing activities within the Group.

Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. The performance of operating segments is evaluated based on segment profit and loss, and is measured consistently with profit or loss in the consolidated financial statements in accordance with the Group's accounting policies. Transfer prices between operating segments are on an arm's length basis similar to transactions with third parties.

Geographical information

The Group's country of domicile is Australia. The Group has operations in Australia and Singapore however the majority of revenues are generated in Australia. All of the Group's non-financial non-current assets are located in Australia.

Information about reportable segments

30 June 2019	**Retail, Fuels and Marketing**	**Refining**	**Supply, Corporate and Overheads**	**Total Segments**
	$M	**$M**	**$M**	**$M**
Segment revenue:				
Total segment revenue	7,656.4	2,743.1	7,187.5	17,587.0
Inter-segment revenue	-	(2,743.1)	(7,032.7)	(9,775.8)
External segment revenue	**7,656.4**	**-**	**154.8**	**7,811.2**
Gross profit	623.7	113.7	(20.9)	716.5
Net inventory gain	-	-	4.0	4.0
Gross Profit	**623.7**	**113.7**	**(16.9)**	**720.5**
Profit before interests, taxes, depreciation and amortisation	**441.6**	**18.4**	**(116.4)**	**343.6**
Interest income	-	-	1.3	1.3
Depreciation and amortisation expenses	(28.8)	(26.3)	(115.5)	(170.6)
Finance costs	(5.8)	-	(90.1)	(95.9)
Segment profit before tax	**407.0**	**(7.9)**	**(320.7)**	**78.4**
Other material items:				
Share of profit of associates	-	-	16.1	**16.1**
Capital expenditure	8.0	43.7	18.2	**69.9**

7. Segment information (continued)

30 June 2018	**Retail, Fuels and Marketing**	**Refining**	**Supply, Corporate and Overheads**	**Total Segments**
	$M	**$M**	**$M**	**$M**
Segment revenue:				
Total segment revenue	8,374.2	2,051.0	7,943.9	18,369.1
Inter-segment revenue	-	(2,051.0)	(7,709.4)	(9,760.4)
External segment revenue	**8,374.2**	**-**	**234.5**	**8,608.7**
Gross profit	669.1	135.3[1]	34.6	839.0
Net inventory gain	-	-	21.4	21.4
Gross Profit	**669.1**	**135.3**	**56.0**	**860.4**
Profit before interests, taxes, depreciation and amortisation	**474.4**	**48.1**	**(234.6)**	**287.9**
Interest income	-	-	1.2	1.2
Depreciation and amortisation expenses	(22.3)	(24.3)	(14.7)	(61.3)
Finance costs	(8.0)	-	(11.7)	(19.7)
Segment profit before tax	**444.1**	**23.8**	**(259.8)**	**208.1**
Other material items:				
Share of profit of associates	-	-	22.0	**22.0**
Capital expenditure	27.4	46.9	50.4	**124.7**

8. Dividends

	30 June 2019	**30 June 2018**
	$M	**$M**
Dividends determined and paid during the half-year		
Final fully franked dividend relating to the prior period	93.3	13.5

The Company paid a dividend of $93.3 million (4.8 cents per share) to shareholders on 15 April 2019. This fully franked dividend was in relation to the 6 month period ended 31 December 2018. The dividend paid in the comparative period was a payment to the sole shareholder prior to the Group listing on the ASX. The prior period dividend of $13.5 million was a non-cash dividend payment paid by VEH to the then sole shareholder of VEH, Viva Energy B.V.

[1] *Refining gross profit represents intersegment revenue less the actual price of crude oil, feedstock and energy incurred on a replacement cost basis.*

9. Reconciliation of profit to net cash flows from operating activities

	30 June 2019	30 June 2018
	$M	**$M**
Profit	**69.5**	**144.6**
Adjustments for:		
Net loss on disposal of property, plant and equipment	0.7	0.2
Depreciation and amortisation	170.6	61.3
Non-cash interest and amortisation on long term loans	0.8	1.3
Unrealised loss/(gain) on derivatives	22.9	(18.8)
Unrealised foreign exchange movements	(11.0)	33.9
Share of associate's profit not received as dividends or distribution	(16.1)	(22.0)
Other	0.1	-
Net cash flows from operating activities before movements in assets/liabilities	**237.5**	**200.5**
Movements in assets and liabilities:		
Working capital balances		
(Increase) in receivables	(110.0)	(17.0)
(Increase) in inventories	(88.0)	(203.8)
Increase in payables	89.9	153.0
Increase in long-term payables	90.7	-
(Decrease) in provisions	(22.2)	(20.4)
	(39.6)	**(88.2)**
Other		
Decrease in other assets	21.0	4.1
(Increase) in derivative assets	-	(23.1)
(Increase) in deferred tax assets	(18.5)	(6.5)
Decrease/(increase) in post-employment benefits	1.0	(2.3)
(Increase) in current tax asset	(31.3)	-
(Decrease) in tax liability	-	(137.8)
Net cash flows from operating activities	**170.1**	**(53.3)**

10. Inventories

	30 June 2019	31 December 2018
	$M	**$M**
Crude for processing	214.4	198.8
Hydrocarbon finished products	864.2	793.6
	1,078.6	**992.4**
Stores and spare parts	20.7	18.9
Total inventories	**1,099.3**	**1,011.3**

11. Goodwill and other intangible assets

	Goodwill	Software	Customer contracts	Joint venture rights	Total
	$M	**$M**	**$M**	**$M**	**$M**
As at 31 December 2018					
Cost	223.1	50.9	37.9	152.1	464.0
Accumulated amortisation and impairment	-	(1.4)	(17.9)	(12.2)	(31.5)
Net book value at 31 December 2018	**223.1**	**49.5**	**20.0**	**139.9**	**432.5**
Additions*	-	0.6	137.2	-	137.8
Amortisation for the year	-	(2.2)	(6.9)	(3.8)	(12.9)
Impairment for the year	-	-	-	-	-
As at 30 June 2019	**223.1**	**47.9**	**150.3**	**136.1**	**557.4**
Cost	223.1	51.5	175.1	152.1	601.8
Accumulated amortisation and impairment	-	(3.6)	(24.8)	(16.0)	(44.4)
Net book value at 30 June 2019	**223.1**	**47.9**	**150.3**	**136.1**	**557.4**

** In February 2019, the Company announced the extension of the Alliance agreement with Coles Express through to 2029 under revised terms to create greater alignment between both parties and position the agreement for future growth. Under the revised terms, in March 2019 the Group paid Coles Express a one-off payment of $137.0 million to assume responsibility for the provision of the fuel offering, including retail fuel pricing and marketing across the Alliance network. This has been recognised as an intangible asset to be amortised over the remaining life of the Alliance agreement.*

12. Borrowings

	30 June 2019	31 December 2018
	$M	**$M**
Long-term bank loans	250.0	110.0
Net capitalised borrowing costs on long-term bank loans	(3.8)	(1.6)
Total long-term borrowings	**246.2**	**108.4**

Borrowings are initially recognised at fair value, net of transaction costs incurred, and are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the consolidated statement of profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

On 28 March 2019, the Group refinanced its borrowing facility with a US$700 million syndicated, revolving credit facility for a 3-year term with a 1-year extension option. The facility is unsecured with terms and conditions consistent with the previous facility.

13. Interests in associates and joint operations

(a) Associates

The Group has a non-controlling interest in the following entities which are classified as associates under the current ownership structure in accordance with AASB128 *Investments in Associates and Joint Ventures.* These investments have been recognised in the consolidated financial statements using the equity method.

	Interest		Carrying value	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	%	%	$M	$M
Liberty Oil Holdings Pty Limited*	50%	50%	59.3	58.4
Viva Energy REIT	36%	38%	586.3	591.6
Westside Petroleum Pty Limited	50%	50%	13.4	14.9
Total investments accounted for using the equity method			**659.0**	**664.9**

**Refer to note 18 regarding the contingent change in the Group's interest in Liberty Oil Holdings Pty Limited.*

(b) Joint Operations

The following investments are classified as joint operations under AASB11 *Joint arrangements*, where the Group recognises its direct right to the jointly held assets, liabilities, revenues and expenses, and has proportionately consolidated its interests under the appropriate headings in the consolidated financial statements.

	30 June 2019	31 December 2018
	Interest %	Interest %
W.A.G Pipeline Pty Limited	52%	52%
Crib Point Terminal Pty Limited	50%	50%
Cairns Airport Refuelling Services Pty Limited	33%	33%

14. Derivative assets and liabilities

Derivatives are classified as held for trading and accounted for at fair value through profit or loss. The Group has the following derivative financial instruments at the end of the reporting period:

	30 June 2019	31 December 2018
	$M	$M
Derivative assets	0.6	15.5
Derivative liabilities	8.9	0.9

Management have determined the fair value, which is classified as Level 2 in the fair value hierarchy, using the present value of estimated future settlements based on market quoted information.

Gains or losses arising from changes in the fair value of financial assets at fair value through profit or loss category are presented in profit or loss within other income or other expenses in the period in which they arise. Interest income from these financial assets are recognised in the consolidated statement of profit or loss.

15. Financial assets and liabilities

This table provides a summary of the Group's financial instruments, how they are classified and measured, and reference to relevant disclosure notes within the financial statements.

The Group holds the following financial instruments at the end of the reporting period:

Financial assets	30 June 2019	31 December 2018
	$M	$M
Financial assets held at amortised cost		
Trade and other receivables	1,251.1	1,138.7
Long-term receivables	13.1	17.5
Cash and cash equivalents	77.5	108.6
Financial assets at fair value through profit and loss		
Derivative assets	0.6	15.5
	1,342.3	**1,280.3**

Financial liabilities	30 June 2019	31 December 2018
	$M	$M
Financial liabilities held at amortised cost		
Trade and other payables	2,012.7	1,922.8
Borrowings	246.2	108.4
Lease liabilities	2,393.2	50.8
Financial liabilities at fair value through profit and loss		
Derivative liabilities	8.9	0.9
	4,661.0	**2,082.9**

16. Fair value measurement of financial instruments

The Group's accounting policies and disclosures may require the measurement of fair values for both financial and non-financial assets and liabilities. The Group has an established framework for fair value measurement. When measuring the fair value of an asset or a liability, the Group uses market observable data where available.

Fair values are categorised into different levels in a fair value hierarchy based on the following valuation techniques:

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

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

(a) Fair value hierarchy

The following table presents the group's financial assets and financial liabilities measured and recognised at fair value at 30 June 2019 and 31 December 2018 on a recurring basis.

As at 30 June 2019	Level 1	Level 2	Level 3	Total
	$M	$M	$M	$M
Financial assets				
Derivative assets	-	0.6	-	0.6
Total financial assets	**-**	**0.6**	**-**	**0.6**
Financial liabilities				
Derivative liabilities	-	8.9	-	8.9
Total financial liabilities	**-**	**8.9**	**-**	**8.9**

16. Fair value measurement of financial instruments (continued)

(a) Fair value hierarchy (continued)

As at 31 December 2018	**Level 1**	**Level 2**	**Level 3**	**Total**
	$M	**$M**	**$M**	**$M**
Financial assets				
Derivative assets	-	15.5	-	15.5
Total financial assets	**-**	**15.5**	**-**	**15.5**
Financial liabilities				
Derivative liabilities	-	0.9	-	0.9
Total financial liabilities	**-**	**0.9**	**-**	**0.9**

There were no transfers between levels during the six months to 30 June 2019. There were also no changes made to any of the valuation techniques applied as of 31 December 2018.

(b) Estimation of fair values

The Group enters into derivative financial instruments with financial institutions with investment grade credit ratings. Foreign exchange forward contracts and commodity forward contracts are valued using valuation techniques, which employ the use of market observable inputs. As at 30 June 2019, the marked-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk.

(c) Fair values of financial instruments not measured at fair value

The Group has a number of financial instruments which are not measured at fair value in the balance sheet as identified in note 15. These financial instruments are measured at amortised cost as required by AASB9 *Financial Instruments*. The carrying amount of these financial instruments approximate their fair value since the interest receivable/payable is either close to current market rates or the instruments are short-term in nature.

17. Contributed equity

Ordinary shares are classified as equity. These shares entitle the holder to participate in dividends, and to share in the proceeds of winding up the Company in proportion to the number of and amounts paid on the shares held.

	30 June 2019	**31 December 2018**
	$M	**$M**
Issued and paid up capital	4,861.3	4,861.3
Cost per share	$2.50	$2.50

Movements in ordinary share capital	**Shares**	**$M**
At 1 January 2018 (shares in VEH)	809,323,406	645.2
Restructure of the Group*	(809,323,406)	(645.2)
IPO issuance*	1,944,535,168	4,861.3
At 31 December 2018	**1,944,535,168**	**4,861.3**
At 1 January 2019	1,944,535,168	4,861.3
At 30 June 2019	**1,944,535,168**	**4,861.3**

** On 13 July 2018 the Company was part of an IPO and listed a total of 1,944,535,168 shares on the ASX. As part of the IPO process, the Group acquired 100% of the shares in VEH from Viva Energy B.V. The shares in VEH were transferred to the Group on 17 July 2018, immediately prior to the allotment of shares pursuant to the IPO on 18 July 2018.*

18. Contingencies

Stamp duty contingency

On 24 September 2018, Viva Energy REIT received an assessment from the Victorian State Revenue Office ('SRO') for $31.2 million. The assessment relates to the transfer of properties prior to the completion of the Viva Energy REIT IPO in August 2016. Pursuant to the arrangements between Viva Energy REIT and the Group at the time, which were disclosed in the Prospectus, any such costs are payable by the Group.

The Group lodged an objection to the assessment on 2 November 2018 and considers that it has strong prospects of having the assessment set aside. The SRO advised in a letter dated 22 November 2018 that it will not take recovery action while the objection and any appeal process is continuing. As at 30 June 2019, the appeal process remains ongoing.

Management do not consider it probable that the Group has a present obligation in relation to the assessment as at 30 June 2019, and as a result have not recorded a provision in the statement of financial position.

As at 30 June 2019, the Group has other contingent liabilities of $39.7 million (2018: $37.5 million) which includes the above Stamp duty amount of $31.2 million.

Restructure of Liberty arrangements

On 27 February 2019, the Group agreed to acquire the remaining 50% interest in Liberty Oil Holding Pty Ltd's wholesale business, together with agreeing to establish a new retail joint venture to continue to grow the Liberty Oil retail business, of which it will own 50%. The consideration payable for the proposed transaction is $42 million. The transaction remains subject to regulatory approval, with that process expected to conclude in the second half of 2019.

19. Events occurring after the reporting period

As at the date of issue, no matters have arisen since the end of the reporting period which have significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

Directors' declaration

In the Directors' opinion:

(a) the consolidated half-year financial statements and notes set out on pages 17 to 33 have been prepared in accordance with the *Corporations Act 2001* (Cth), including:

   (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* (Cth) and other mandatory professional reporting requirements; and

   (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the half-year ended on that date; and

(b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

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

Robert Hill
Chairman

Scott Wyatt
Director and CEO

26 August 2019

Independent auditor's review report to the members of Viva Energy Group Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Viva Energy Group Limited (the Company), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of comprehensive income, consolidated statement of profit or loss, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, selected other explanatory notes and the directors' declaration for Viva Energy Group Limited. The Group comprises the Company and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Viva Energy Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

1. giving a true and fair view of the Group's financial position as at 30 June 2019 and of its performance for the half-year ended on that date;

2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

Chris Dodd
Partner

Niamh Hussey
Partner

Melbourne
26 August 2019