APPENDIX 4D

KOGAN.COM LTD

ABN 96 612 447 293

RESULTS FOR ANNOUNCEMENT TO THE MARKET

HALF-YEAR[1] ENDED 31 DECEMBER 2016

(Previous corresponding period: Half-year ended 31 December 2015)

	31 December 2016 $000	31 December 2015 $000	Change increase/ (decrease) $'000	*Change increase/ (decrease) %*
Revenues from ordinary activities	143,859	104,749	**39,110**	*37.3%*
Profit before tax	3,352	2,170	**1,182**	*54.5%*
Profit after tax attributable to members	1,460	1,674	**(214)**	*(12.8%)*

Abbreviated explanation of results

Revenue from ordinary activities was up $39.1 million (37.3%) from $104.7 million to $143.9 million in the six months ended 31 December 2016, compared to the prior corresponding period. The increase in revenue was driven by active customer growth, an increase in targeted marketing and the release of cash constraints.

Profit before tax was up $1.2 million compared to the prior corresponding period. Profit before tax and Profit after tax attributable to members both include $3.0 million of costs associated with the group's Initial Public Offering ("IPO") and $0.7 million of unrealised foreign exchange gains on foreign exchange forward contracts outstanding as at 31 December 2016.

Refer to the accompanying market release and Review of Operations in the Directors' Report for further commentary.

Control gained over entities in the period

Kogan.com Ltd acquired all of the issued shares in Kogan Operations Holdings Pty Ltd, and thereby acquired control of all existing Kogan subsidiaries, prior to listing on the ASX on 7 July 2016. The aggregate consideration paid by Kogan.com Ltd for the Kogan Operations Holdings Pty Ltd shares under the Sale Agreement was $131,816,250.

The results, including prior year comparatives, reflect 6 months of trading for all Kogan group entities as if they were a consolidated group in both reporting periods. This ensures consistency of presentation with historical and forecast financial information contained in the prospectus.

Net tangible assets per share

	31 December 2016	31 December 2015
Net tangible assets backing per ordinary shares	$0.42	$7,105.73

1 Pursuant to ASIC relief granted on 26 September 2016, the interim reporting period represents the period from 19 May 2016 to 31 December 2016. As Kogan.com Ltd acquired the Kogan group of companies just prior to the date of listing on the Australian Stock Exchange on 7 July 2016, and was previously non-operational, the reporting period represents the trading results of the Kogan group of companies for the six months ended 31 December 2016.

Dividends

	Amount per Share (cents)	Franked Amount per share (cents)
Ordinary shares:		
2016 interim – paid 31 December 2015	182,216	–
2016 final – paid 30 June 2016	535,015	–
2017 interim dividend declared	3.9	3.9

The 2016 dividends were paid to the previous owners of the business prior to the company's IPO.

Current period

The 2017 interim dividend was declared subsequent to balance date. The record date for determining entitlement of receipt of the interim dividend is 9 March 2017 and the company will pay the dividend on 24 March 2017. The dividend has not been accrued for as at 31 December 2016.

Dividend reinvestment plans

There was no dividend reinvestment plan in operation during the half year.

Foreign entities

The results of Kogan HK Limited, a Hong Kong registered entity, have been compiled using International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board.

Other information required by Listing Rule 4.3A

Other information requiring disclosure to comply with Listing Rule 4.3A is contained in the 31 December 2016 Financial Report.

Signed on behalf of Kogan.com Limited, on 23 February 2017

Greg Ridder
Chairman

kogan.com

Half Year Report 2016/2017

$7.3 million
PRO FORMA TRADING EBITDA

37.3%
YOY REVENUE GROWTH

In its first six months as a listed business, Kogan.com Limited delivered:

64.3%
YOY INCREASE IN GROSS PROFIT

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INTERIM DIVIDEND OF 3.9 CENTS PER SHARE (FULLY FRANKED)

Directors' Report

The directors of Kogan.com Limited and its controlled entities ("the Group") present their report together with the consolidated financial report of the Group for the half-year[1] ended 31 December 2016 and the review report thereon.

DIRECTORS

The following persons were directors of the Group at any time during the half-year and up to the date of signing this report.

Greg Ridder – Independent, Non-Executive Chairman

Ruslan Kogan – Chief Executive Officer and Executive Director

David Shafer – Chief Financial Officer, Chief Operating Officer and Executive Director

Harry Debney – Independent, Non-Executive Director

PRINCIPAL ACTIVITIES

Founded in 2006, Kogan.com is Australia's leading pure play online retail website, having grown organically, through the strength of the "Kogan" brand. Kogan.com aims to deliver price leadership across products and services with established high consumer demand through technology-driven efficiency.

Kogan.com earns the majority of its revenue and profit through the sale of goods and services to Australian consumers. Its offering comprises products released under Kogan.com's in-house brands, such as Kogan and Ovela ("Private Label Products"), and products sourced from imported and domestic third party brands such as Apple, Canon, Samsung, HTC, DJI and Swann ("Third Party Branded Products"). In addition to product offerings, Kogan.com earns revenue and profit from Kogan Travel and Kogan Mobile, which offer travel packages and prepaid mobile phone plans online, respectively.

No significant change in the nature of these activities occurred during the period.

REVIEW OF OPERATIONS

TRADING PERFORMANCE

Kogan.com has delivered a strong performance in the half year ended 31 December 2016 with revenue and gross profit up $39.1 million and $10.1 million on the prior period, respectively.

Kogan.com recorded statutory profit after tax attributable to members of $1.5 million (2015: $1.7 million), which includes $3.0 million of costs associated with the Initial Public Offering ("IPO") and $0.7 million of unrealised gains on foreign exchange forward contracts. After adjusting for the impact of these one-off and non-trading impacts, Pro Forma Trading net profit after tax attributable to members was $3.7 million (Pro Forma 2015: $1.3 million).

The Group achieved statutory EBITDA of $5.1 million (2015: $3.2 million). Excluding the impacts of the IPO related costs and the unrealised foreign exchange gains as mentioned above in relation to net profit after tax attributable to members, the Group achieved Pro Forma Trading EBITDA of $7.3 million (and Pro Forma EBITDA of $8.0 million) representing an increase of 180.8% on the prior period Pro Forma Trading EBITDA of $2.6 million. The Group also outperformed the full year Prospectus FY17 forecast Pro Forma EBITDA of $6.9 million within the first half.

The key drivers of performance in the half year to 31 December 2016 were:

- **Revenue growth:** the increase in revenue was predominantly driven by active customer growth, an increase in targeted marketing and the release of cash constraints.
- **Improved gross margin:** increased efficiency, precision purchasing, Kogan Mobile and enhanced analytics positively impacted the gross margin of the business.
- **Release of cash constraints:** following the IPO, cash constraints were released and the business was able to implement strategies for investment in Private Label and Third Party Domestic products, and

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marketing in order to drive growth in FY17 and beyond. IPO funds were deployed through targeted investment in inventory and the expansion of the business's Private Label offering. In 2Q17, the business landed the bulk of the new inventory and is beginning to reap the benefits of the investment through higher revenue and margin. IPO proceeds were also used to repay the Group's external bank debt during the period and the Group remains debt free at the period end.

- **Brand growth:** in the six months to December, the business achieved solid growth in active customers of 128,000 (18.2%). The business has invested in marketing to drive growth in active customers and brand awareness. Better than expected ROI on marketing spend resulted in an increase in spend as a % of revenue in the half year. Effective, targeted marketing is a key component in delivering growth and reaching more Australian consumers.
- **Kogan Mobile:** delivering faster than expected growth as a result of our strong working relationship with Vodafone enabling Kogan Mobile to bring a compelling offering to the market. Kogan Mobile has achieved 78.6% of its full year FY17 prospectus forecast Gross Sales within the 1H17.

Net cash flow from operations was impacted by the investment of IPO proceeds in inventory, in line with the Group's Private Label and Third Party Domestic strategy, and marketing to accelerate growth. Management believes inventories are now at the optimal level to support growth in FY17 and beyond, and can be maintained through operating cash flow rather than requiring further significant investment going forward.

The effective tax rate in the 2016 half year was 56% (2015: 23%) driven by the impact of non-deductible IPO costs and Intellectual Property amortisation, including amortisation of the Dick Smith IP assets purchased in FY16. IPO costs are non-recurring, therefore the effective tax rate will reduce following FY17.

INITIAL PUBLIC OFFERING ("IPO")

Kogan.com Ltd acquired control of related entities Kogan Operations Holdings Pty Ltd and its subsidiaries prior to listing on the ASX on 7 July 2016. The aggregate consideration paid by Kogan.com Ltd for the Kogan Operations Holdings Pty Ltd shares under the Sale Agreement was $131,816,250.

The consideration was paid by way of $15,000,012 in cash (payable out of the Offer Proceeds) and the issuance of 64,897,910 Shares (representing a value of $116,816,238 based on the Offer Price).

The cash consideration payable by Kogan.com Ltd to the Existing Owners was allocated 50% to Ruslan Kogan's shareholder entity and 50% to David Shafer's shareholder entity, with the balance by way of the issuance of shares.

The Initial Public Offering resulted in the issuance of 27.8 million shares at an issue price of $1.80 per share, which raised a total of $50 million in cash proceeds (prior to issue costs), plus 0.7 million shares were issued to certain senior managers (excluding Ruslan Kogan and David Shafer) for nil consideration. After payment of the cash proceeds to the Existing Owners as detailed above, $35 million in cash (prior to issue costs) was retained in the business to repay existing external debt and fund growth in the group's operations as detailed in Prospectus disclosures.

The results, including prior year comparatives, reflect six months of trading for all Kogan group entities as if they were a consolidated group in both reporting periods. This ensures consistency of presentation with historical and forecast financial information contained in the Prospectus.

OUTLOOK

The Kogan.com team is always seeking further growth, and the pace continues into the second half of the financial year. The Group has started the second half of FY17 well with January outperforming the Prospectus forecast monthly projection and the monthly projection reflected in the updated guidance provided at the company's AGM in November 2016 (both provided on a full year basis only). We expect to continue to realise the benefits of the investment of IPO proceeds in Private Label inventory and marketing in the second half of FY17 and beyond, in addition to continuing to increase automation and improve customer experience. We also expect Kogan Mobile to continue its strong growth trajectory.

Following the strong performance in the first half and the January results, the Directors are looking forward with confidence. As such, Kogan.com revises guidance previously provided and now forecasts Pro Forma EBITDA of between $10.5 million and $11.5 million for FY17.

SUBSEQUENT EVENTS

UPDATE ON CONTINGENT ASSET

As disclosed in the Company's 2016 Annual Report, an amount of $293,320 was previously brought into the accounts for recovery of costs owing to the Group from the liquidator of ispONE Pty Ltd, a former supplier to the Group. In addition to this amount, the Group also had additional claims against the liquidator. After the balance sheet date, the liquidator admitted the Group's claims, and declared a dividend to creditors, under which the Group received $692,414. The net impact to profit before tax in FY17 is $399,094, which will be recorded in the accounts for the second half of the financial year.

DIVIDENDS

As a result of the significant out-performance against Prospectus forecast in the first half, the Directors have declared an interim dividend of 3.9 cents per ordinary share, fully franked. The record date of the dividend is 9 March 2017 and the dividend will be paid on 24 March 2017. The dividend was not determined until 23 February 2017 and accordingly no provision has been recognised as at 31 December 2016.

LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the half-year ended 31 December 2016 can be found on page 6 of the financial report and forms part of the Directors' Report.

Signed in accordance with a resolution of the Directors

Greg Ridder
Chairman

Melbourne, 23 February 2017

NON-IFRS MEASURES

Throughout this report, Kogan.com has included certain non-IFRS financial information, including EBITDA, Pro Forma EBITDA, Pro Forma Trading EBITDA and Gross Sales. Kogan.com believes that these non-IFRS measures provide useful information to recipients for measuring the underlying operating performance of Kogan.com's business. Non-IFRS measures have not been subject to audit, or review.

The table below provides details of the Non-IFRS measures used in this report.

EBITDA	Earnings before interest, tax, depreciation and amortisation
Pro Forma EBITDA	EBITDA excluding the impact of costs associated with the IPO, consistent with the Prospectus Pro Forma financials.
Pro Forma Trading EBITDA	Pro Forma EBITDA excluding the impact of non-trading items. In the half year to 31 December 2016, $0.7 million of unrealised foreign exchange gains have been adjusted. There are no adjustments in the prior period.
Gross Sales	Gross Sales represents sales on a cash basis and prior to cancellations and refunds. Gross Sales is a key measure which management uses to track financial performance and to make management decisions at a product group level.

Auditor’s Independence Declaration

Lead Auditor’s Independence Declaration under Section 307C of the Corporations Act 2001

To: the Directors of Kogan.com Ltd

I declare that, to the best of my knowledge and belief, in relation to the review for the period ended 31 December 2016 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and

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

KPMG

KPMG

BW Szentirmay
Partner
Melbourne
23 February 2017

Interim Financial Statements

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Consolidated Income Statement and Consolidated Statement of Comprehensive Income

For the Half-Year[1] Ended 31 December 2016

	Note	CONSOLIDATED GROUP 31 December 2016 $	31 December 2015 $
Revenue	1.1	143,858,678	104,748,875
Cost of sales		(117,954,916)	(88,985,734)
Gross profit		**25,903,762**	**15,763,141**
Selling and distribution expenses		(7,941,480)	(4,048,433)
Warehouse expenses		(2,826,984)	(2,563,948)
Administrative expenses	1.2	(12,340,828)	(6,725,759)
Other expenses		(568,131)	(164,977)
Results from operating activities		**2,226,339**	**2,260,024**
Finance income		484,227	91,281
Finance costs		(93,459)	(181,548)
Unrealised foreign exchange gain		734,933	–
Net finance income/(costs)		**1,125,701**	**(90,267)**
Profit before income tax		**3,352,040**	**2,169,757**
Tax expense	1.3	(1,891,693)	(495,287)
Net profit for the period attributable to the members of company		**1,460,347**	**1,674,470**

Basic earnings per share	3.4	0.02	3,060
Diluted earnings per share	3.4	0.02	3,060

The accompanying notes form part of these financial statements.

1 Pursuant to ASIC relief granted on 26 September 2016, the interim reporting period represents the period from 19 May 2016 to 31 December 2016. As Kogan.com Ltd acquired the Kogan group of companies just prior to the date of listing on the Australian Stock Exchange on 7 July 2016, and was previously non-operational, the reporting period represents the trading results of the Kogan group of companies for the six months ended 31 December 2016.

Consolidated Statement of Financial Position

As at 31 December 2016

	Note	31 December 2016 $	30 June 2016 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		26,532,949	1,808,301
Trade and other receivables	2.1.2a	2,910,179	2,981,881
Inventories	2.1.1	42,401,235	20,532,375
Prepayments and other current assets	2.1.2b	1,058,779	1,444,206
Financial assets		734,944	–
Current tax receivable		–	132,217
TOTAL CURRENT ASSETS		73,638,086	26,898,980
NON-CURRENT ASSETS			
Plant and equipment		534,594	571,302
Intangible assets	2.2	4,473,894	4,633,473
Deferred tax assets		1,418,575	339,536
TOTAL NON-CURRENT ASSETS		6,427,063	5,544,311
TOTAL ASSETS		80,065,149	32,443,291
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	2.1.3	28,299,520	15,469,375
Borrowings	3.1	–	4,900,000
Current tax liabilities		1,779,078	–
Employee benefits		410,224	341,233
Provisions		457,665	235,812
Deferred income		5,166,941	4,382,767
TOTAL CURRENT LIABILITIES		36,113,428	25,329,187
NON-CURRENT LIABILITIES			
Employee benefits		57,665	43,364
Provisions		29,557	–
TOTAL NON-CURRENT LIABILITIES		87,222	43,364
TOTAL LIABILITIES		36,200,650	25,372,551
NET ASSETS		**43,864,499**	**7,070,740**
EQUITY			
Issued capital	3.3.1	167,100,702	343
Merger reserve	3.3.1	(131,816,250)	–
Other reserves		(241,342)	(290,645)
Retained earnings		8,821,389	7,361,042
TOTAL EQUITY		**43,864,499**	**7,070,740**

The accompanying notes form part of these financial statements

Consolidated Statement of Changes in Equity

For the Half-Year Ended 31 December 2016

CONSOLIDATED GROUP

	Note	Share Capital $	Retained Earnings $	Merger Reserve $	Translation Reserve $	Performance Rights Reserve $	Total Equity $
Balance at 1 July 2015		343	9,011,997	-	(290,645)	-	8,721,695
Comprehensive income							
Profit for the half-year		-	1,674,470	-	-	-	1,674,470
Total comprehensive income for the half year		-	1,674,470	-	-	-	1,674,470
Transactions with owners, in their capacity as owners, and other transfers							
Issue of ordinary shares		-	-	-	-	-	-
Distributions paid	3.3.2	-	(625,000)	-	-	-	(625,000)
Total transactions with owners, in their capacity as owners		-	(625,000)	-	-	-	(625,000)
Balance at 31 December 2015		**343**	**10,061,467**		**(290,645)**	**-**	**9,771,165**
Balance at 1 July 2016		343	7,361,042		(290,645)	-	7,070,740
Comprehensive income							
Profit for the half-year		-	1,460,347	-	-	-	1,460,347
Total comprehensive income for the half-year		-	1,460,347	-	-	-	1,460,347
Transactions with owners, in their capacity as owners, and other transfers							
Issue of ordinary shares, net of issue costs		167,100,359	-	-	-	-	167,100,359
Kogan Group restructure		-		(131,816,250)			(131,816,250)
Dividends paid	3.3.2	-	-	-	-	-	-
Equity-settled share-based payments	5.1	-	-	-	-	49,303	49,303
Total transactions with owners and other transfers		167,100,359	-	(131,816,250)	-	49,303	35,333,412
Balance at 31 December 2016		**167,100,702**	**8,821,389**	**(131,816,250)**	**(290,645)**	**49,303**	**43,864,499**

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the Half-Year Ended 31 December 2016

		CONSOLIDATED GROUP	
	Note	31 December 2016 $	31 December 2015 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		144,714,545	101,710,426
Payments to suppliers and employees		(144,168,403)	(91,240,904)
Interest received		248,169	91,281
Finance costs paid		(93,459)	(181,548)
(Income tax paid)/refunds received		(721,683)	257,978
Net cash provided by/(used in) operating activities		(20,831)	10,637,233
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(35,253)	(21,827)
Purchase of intangible assets		(1,694,921)	(612,408)
Net cash (used in) investing activities		(1,730,174)	(634,235)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from issue of shares		34,999,999	–
Transaction costs related to the issue of shares		(3,624,346)	–
Repayment of borrowings		(4,900,000)	(8,100,000)
Dividends/distributions paid		–	(625,000)
Net cash provided by/(used in) financing activities		26,475,653	(8,725,000)
Net increase in cash held		24,724,648	1,277,998
Cash and cash equivalents at beginning of half-year		1,808,301	397,781
Cash and cash equivalents at end of half-year	3.2	26,532,949	1,675,779

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Half-Year Ended 31 December 2016

BASIS OF PREPARATION

The financial report of Kogan.com Ltd and its controlled entities ("the Group") for the year ended 31 December 2016 was authorised for issue in accordance with a resolution of the Directors on 23 February 2017.

Pursuant to ASIC relief granted on 26 September 2016, the interim reporting period represents the period from 19 May 2016 to 31 December 2016. As Kogan.com Ltd acquired the Kogan group of companies just prior to the date of listing on the Australian Stock Exchange on 7 July 2016, and was previously non-operational, the reporting period represents the trading results of the Kogan group of companies for the six months ended 31 December 2016.

The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards and the nature of its operations and principal activities are described in the Directors' Report.

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, and with AASB 134 *Interim Financial Reporting*.

They do not include all of the information required for a complete set of annual financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements of Kogan Operations Holdings Pty Ltd and its subsidiaries as at and for the year ended 30 June 2016.

The accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 30 June 2016.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

A. SEGMENT INFORMATION

The Group's operations consist primarily of selling goods and services online to Australian customers. The Group has considered the requirements of AASB 8 *Operating Segments* and assessed that the Group has one operating segment, representing the consolidated results, as this is the only segment which meets the requirements of AASB 8.

B. USES OF JUDGEMENTS AND ESTIMATES

In preparing these interim financial statements, management have made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Estimates and judgments that have the most significant effect on the amounts recognised in the interim financial statements are:

- The provisions for warranties and sales returns are based on estimates from historical warranty and sales returns data associated with similar products and services. The Group expects to incur most of the liability over this next year.
- The assessment of the carrying value of non-current assets, including intangible assets, is based on management's assessment of the nature of the capitalised costs and their expected continued contribution of economic benefit to the Group, having regard to actual and forecast performance and profitability.
- The provision for slow moving and obsolete inventory is based on estimates of net realisable value of aged items over 365 days.

Key estimates and judgements have not changed from those disclosed in the Group financial report for the year ended 30 June 2016.

C. COMMON CONTROL TRANSACTION

Kogan.com Ltd acquired control of Kogan Operations Holdings Pty Ltd and subsidiaries at book value for consideration of $131,816,250 in preparation for the Initial Public Offering and the Group's admission to the ASX on 7 July 2016 pursuant to a replacement prospectus dated 24 June 2016.

The results, including prior period comparatives, reflect a full 6 months of trading for all Kogan group entities as if they were a consolidated group in both reporting periods. This ensures consistency of presentation with historical and forecast financial information contained in the prospectus.

SECTION 1: BUSINESS PERFORMANCE

1.1 REVENUE

Seasonality of operations:

The Group experiences certain seasonality impacts due to the Christmas trading period. However, due to ongoing growth in the business, sales in the second half of the 2016 financial year exceeded those in the first half. Management expects the benefits of investment of the IPO proceeds to continue to be realised in the second half of the 2017 financial year.

	CONSOLIDATED GROUP	
	31 December 2016 $	**31 December 2015 $**
Revenue		
Sales revenue:		
– sale of goods	138,575,600	101,312,168
– rendering of services	3,953,230	2,073,233
	142,528,830	103,385,401
Other revenue:		
– marketing subsidies	584,908	815,697
– other revenue	744,940	547,777
	1,329,848	1,363,474
Total revenue	**143,858,678**	**104,748,875**

1.2 EXPENSES

	31 December 2016 $	**31 December 2015 $**
Cost of sales	115,482,608	87,322,867
Cost of services	2,472,308	1,662,866
Total Cost of sales	**117,954,916**	**88,985,734**
Employee benefit expense	5,989,490[1]	3,530,771
Depreciation and amortisation expense	1,929,019	940,314
Costs associated with the group's Initial Public Offering not eligible to be offset against share capital issued	1,799,602	–

1 Includes $1,183,748 relating to the senior manager shares issued upon the company's IPO.

1.3 TAX BALANCES

Tax expense is recognised based on Management's best estimate of the weighted average annual income tax rate expected for the full financial year applied to the pre-tax income of the interim reporting period.

	CONSOLIDATED GROUP	
	31 December 2016 $	**31 December 2015 $**
a. The components of tax (expense) income comprise:		
Current tax	2,638,710	779,141
Deferred tax	(749,117)	(244,563)
Under-provision in respect of prior years	2,100	(39,291)
	1,891,693	495,287
b. The prima facie tax on profit from ordinary activities before income tax is reconciled to income tax as follows:		
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2015: 30%):		
– consolidated group	1,006,681	652,258
Add:		
Tax effect of:		
– amortisation of intangibles	408,598	–
– non-deductible IPO related costs	371,287	–
– other items	95,386	208
Less:		
Tax effect of:		
– prior year losses now recognised	9,741	5,301
– (over)/under provision of prior year income tax	–	(162,480)
Income tax attributable to the Group	1,891,693	495,287
The applicable weighted average effective tax rates are as follows:	56%	23%

SECTION 2: OPERATING ASSETS AND LIABILITIES

2.1 WORKING CAPITAL

2.1.1 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost principle and includes all direct costs attributable to purchase, such as freight and insurance.

	CONSOLIDATED GROUP	
	31 December 2016 $	**30 June 2016 $**
CURRENT		
Inventory in transit	9,556,611	4,772,392
Inventory on hand	32,844,624	15,759,983
	42,401,235	20,532,375

2.1.2a Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

	CONSOLIDATED GROUP	
	31 December 2016 $	**30 June 2016 $**
CURRENT		
Trade receivables	1,062,280	627,436
Other receivables	1,847,899	2,354,445
Total current trade and other receivables	2,910,179	2,981,881

2.1.2b Other Current Assets

	CONSOLIDATED GROUP	
	31 December 2016 $	**30 June 2016 $**
Prepayments/IPO costs	–	1,034,115
Rental bond	218,397	218,397
Other	840,382	191,694
	1,058,779	1,444,206

2.1.3 Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 45 days of recognition of the liability.

	CONSOLIDATED GROUP	
	31 December 2016 $	**30 June 2016 $**
CURRENT		
Trade payables	19,425,671	10,105,669
Other payables	8,187,127	3,259,089
Accrued expenses	686,722	2,104,617
	28,299,520	15,469,375

2.2 INTANGIBLE ASSETS

	CONSOLIDATED GROUP	
	31 December 2016 $	**30 June 2016 $**
Patents and Trademarks:		
Cost	311,493	260,439
Accumulated amortisation and impairment losses	(193,670)	(152,011)
Net carrying amount	117,823	108,428
Website development costs:		
Cost	2,519,688	2,146,396
Accumulated amortisation and impairment losses	(1,756,586)	(1,502,986)
Net carrying amount	763,102	643,410
Software costs:		
Cost	777,026	765,377
Accumulated amortisation and impairment losses	(572,482)	(416,074)
Net carrying amount	204,544	349,303
Intellectual Property:		
Cost	6,674,346	5,528,211
Accumulated amortisation and impairment losses	(3,285,921)	(1,995,879)
Net carrying amount	3,388,425	3,532,332
Total intangibles	4,473,894	4,633,473

SECTION 3: CAPITAL STRUCTURE AND FINANCING

3.1 LOAN AND BORROWINGS

The group's interest-bearing loans and borrowings are measured at amortised cost.

	CONSOLIDATED GROUP	
	31 December 2016 $	30 June 2016 $
CURRENT		
Working capital facility – secured	–	4,900,000
	–	4,900,000

On 31 May 2016, the Group signed a new multi-option facility agreement with Westpac Banking Corporation, maturing on 31 May 2019. The Facility includes a Cash Advance Facility, Trade Finance Facility and LC Facility with a total limit of $10.0 million.

There were no amounts drawn down under the facility at period end, and the amount drawn down under the previous working capital facility was repaid out of the proceeds of the Initial Public Offering.

3.2 CAPITAL AND FINANCIAL RISK MANAGEMENT

The Group held the following financial assets and liabilities at reporting date:

		CONSOLIDATED GROUP	
	Note	31 December 2016 $	30 June 2016 $
Financial assets			
Cash and cash equivalents		26,532,949	1,808,301
Loans and receivables	2.1.2a	2,910,179	2,981,881
Total financial assets		29,443,128	4,790,182
Financial liabilities			
Financial liabilities at amortised cost:			
– trade and other payables	2.1.3	28,299,520	15,469,375
– borrowings		–	4,900,000
Total financial liabilities		28,299,520	20,369,375

Fair Value Measurements

The Group measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:

- Cash and cash equivalents; and
- Foreign exchange forward contracts.

The Group does not subsequently measure any liabilities at fair value on a non-recurring basis.

a. Fair Value Hierarchy

AASB 13: *Fair Value Measurement* requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised as follows:

LEVEL 1	LEVEL 2	LEVEL 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Cash and cash equivalents are level 1 measurements, whilst foreign exchange contracts are level 2. The fair value of foreign exchange contracts at 31 December 2016 totalled $734,933. This represented the amount 'in the money' on outstanding forward foreign exchange contracts as at 31 December 2016.

b. Disclosed Fair Value Measurements

The carrying amounts of assets and liabilities are the same as their carrying values.

The group enters into forward exchange contracts to manage the foreign exchange risk attached to inventory purchased in foreign currency. The group has elected not to adopt hedge accounting, with any period movements in the fair value of the derivative contract taken to the income statement when material.

The fair value of forward exchange contracts is determined based on an external valuation report using forward exchange rates at the balance sheet date.

3.3.1 ISSUED CAPITAL AND RESERVES

a. Ordinary Shares

	CONSOLIDATED GROUP			
	31 December 2016 $	30 June 2016 $	31 December 2016 No.	30 June 2016 No.
Fully paid ordinary shares	167,100,702	343	93,336,581	343
	167,100,702	343	93,336,581	343

Ordinary shares participate in dividends and the proceeds on winding-up of the parent entity in proportion to the number of shares held. At the shareholders' meetings, each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

b. Movements in ordinary share capital

Details	Date	Shares No.	Issue price	$
Balance	1 July 2016	343	$1.00	343
Shares cancelled as part of the Kogan purchase	7 July 2016	(343)	–	–
Shares issued at IPO	7 July 2016	27,777,786	$1.80	50,000,015
Shares issued to senior managers under an IPO bonus schemes	7 July 2016	657,638	–	1,183,748
Shares issued to the previous owners for the purchase of Kogan Operations Holdings Pty Ltd	7 July 2016	64,897,910	$1.80	116,816,238
Transaction cost arising on IPO offset against share capital, net of tax	7 July 2016	–	–	(904,643)
Shares issued to employees under an incentive plan	29 September 2016	3,247	$1.54	5,000
Balance	31 December 2016	93,336,581		167,100,702

c. Merger reserve

The acquisition of Kogan Operations Holdings Pty Ltd by Kogan.com Ltd has been treated as a common control transaction at book value for accounting purposes, and no fair value adjustments have been made. Consequently, the difference between the fair value of issued capital and the book value of net assets acquired is recorded within a merger reserve.

d. Performance Rights reserve

The reserve is used to recognise the value of equity benefits provided to employees as part of their remuneration. The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the ordinary shares at the date at which they are granted. The fair value is determined using Black Scholes simulation valuation techniques, taking into account the terms and conditions upon which the equity instruments were granted, as discussed in Note 5.1.

3.3.2 DISTRIBUTIONS

	CONSOLIDATED GROUP	
	31 December 2016 $	31 December 2015 $
Dividends/Distributions paid during the half-year	–	625,000
	–	625,000

Prior period distributions were paid to the previous owners of the business prior to the company's IPO.

3.4 EARNINGS PER SHARE

a. Net profit or loss for the reporting period used as the numerator

	CONSOLIDATED GROUP	
	31 December 2016 $	31 December 2015 $
Net profit for the reporting period	1,460,347	1,049,470

b. Weighted average number of ordinary shares of the entity used as the denominator

	CONSOLIDATED GROUP	
	31 December 2016 Number	31 December 2015 Number
Weighted average number of ordinary shares of the entity	90,291,513	343
Diluted weighted average number of ordinary shares of the entity	135,956	343

	CONSOLIDATED GROUP	
	31 December 2016 $	31 December 2015 $
Basic earnings per share	0.02	3,060
Diluted earnings per share	0.02	3,060

SECTION 4: GROUP STRUCTURE

4.1 RELATED PARTIES

There have been no material changes to the Group's related party arrangements during the period, which are detailed in the Group's financial report for the year ended 30 June 2016.

SECTION 5: EMPLOYEE REWARD AND RECOGNITION

5.1 INCENTIVE PLANS

Kogan.com Ltd has adopted an equity incentive plan to assist in the motivation and retention of management and selected employees.

The Group has established incentive arrangements subsequent to listing on the ASX to assist in the attraction, motivation and retention of the executive team and other selected employees. To align the interests of its employees and the goals of the Group, the Directors have decided the remuneration packages of the executive team and other selected employees will consist of the following components:

- Fixed remuneration (inclusive of superannuation); and
- Equity based long-term incentives.

The Group has established an Equity Incentive Plan (EIP), which is designed to align the interests of eligible employees more closely with the interests of Shareholders in the listed entity post 7 July. Under the EIP, eligible employees may be offered Restricted Shares, Options or Rights which may be subject to vesting conditions. The Group may offer additional long-term incentive schemes to senior management and other employees over time.

Following the successful listing on 7 July 2016, certain senior management and other employees received one-off bonuses in the form of shares. The aggregate amount of bonuses is $1,183,750 worth of shares at the offer price of $1.80. This offer made to relevant employees was for nil consideration and the shares vested immediately. No Directors received an IPO bonus.

Performance rights under the Equity Incentive Plan (EIP)

Kogan.com Ltd has adopted the EIP in order to assist in the motivation and retention of senior management and other selected employees of Kogan.com. The EIP is designed to align the interests of eligible employees more closely with the interests of Shareholders, by providing an opportunity for eligible employees to receive an equity interest in Kogan.com. Current grants under Kogan.com's long-term incentive plan are shown below.

Consideration	Nil.
Amount payable & Entitlement	No amount is payable upon the exercise of a Performance Right that has vested, with each Performance Right entitling the holder to one fully paid ordinary share on exercise.
Service condition on vesting	Individual must be employed by the Kogan Group at time of vesting.
Performance conditions (for IPO performance rights only, issued on 29 July 2016)	The performance rights will vest subject to a relative total shareholder return ("TSR") performance hurdle over the performance period. Kogan.com's TSR from the date of Listing will be assessed against the relative performance of the constituent companies in the S&G ASX Emerging Companies Index, excluding mining and energy companies, over the performance period. The relative TSR performance targets and corresponding vesting percentages are as follows: • below the median TSR growth – 0%; • at the median TSR growth – 50%; • between the median and 75th percentile TSR growth – pro-rata straight-line between 50% and 100%; and • above the 75th percentile growth – 100%.
Restrictions on dealing	Shares allocated upon exercise of Performance Rights will rank equally with all existing ordinary shares from the date of issue (subject only to the requirements of Kogan's Securities Trading Policy). Upon vesting, there will be no disposal restrictions placed on the Shares issued to participants (subject only to the requirements of Kogan.com's Securities Trading Policy).

The following table details the total movement in performance rights issued by the Group during the period:

	LONG TERM INCENTIVE PLANS
	Performance rights No.
Six months to 31 December 2016	
Outstanding at beginning of period	–
Granted during the period	2,162,606
Exercised during the period	–
Forfeited during the period	(31,945)
Outstanding at the end of the period	2,130,661
Exercisable at the end of the period	–

The following inputs were used in the measurement of the fair values of performance rights issued, at grant date:

	LONG TERM INCENTIVE PLANS			
Grant Dates	**29 July 2016**	**29 September 2016**	**20 December 2016**	**20 December 2016**
Number	495,140	178,573	1,451,856	37,037
Fair value at grant date	$282,518	$109,492	$716,488	$20,417
Share price at grant date	$1.49	$1.52	$1.34	$1.34
Offer price	$1.80	$1.54	$1.35	$1.35
Expected volatility (weighted average volatility)[1]	53%	49%	49%	49%
Option life (expected weighted average life)	5 years	5 years	3 & 4 years	5 years
Vesting dates	30 June 2021	30 June 2021	31 Dec 2019 & 2020	31 Dec 2021
Expected dividends	Nil	Nil	Nil	Nil
Risk-free interest rate (based on corporate bonds)	1.59%	1.73%	2.22%	2.35%

1 Expected volatility is estimated by taking into account historic average share price volatility of similar entities. The Group is a newly listed entity and therefore has little historical data on the volatility of its share price.

During the period the Group recognised a share-based payment expense of $49,303 (2015: $Nil) which relates to performance rights granted during the period.

SECTION 6: OTHER

6.1 SUBSEQUENT EVENTS

On 23 February 2017, the Directors determined an interim dividend of 3.9 cents per share. This dividend will be fully franked.

Update on Contingent Asset

As disclosed in the Company's 2016 Annual Report, an amount of $293,320 was previously brought into the accounts for recovery of costs owing to the Group from the liquidator of ispONE Pty Ltd, a former supplier to the Group. In addition to this amount, the Group also had additional claims against the liquidator. After the balance sheet date, the liquidator admitted the Group's claims, and declared a dividend to creditors, under which the Group received $692,414. The net impact to profit before tax in FY17 is $399,094, which will be recorded in the accounts for the second half of the financial year.

Directors' Declaration

1 In the opinion of the directors of Kogan.com Ltd ('the Company'):

(a) the consolidated interim financial statements and notes that are set out on pages 8 to 22 in the Directors' report, are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 31 December 2016 and of its performance and its cash flows, for the half-year ended on that date; and

(ii) complying with Accounting Standards AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001 and other mandatory professional requirements; and

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

Signed in accordance with a resolution of the directors:

Dated at Melbourne 23rd day of February 2017.

David Shafer
Director

Independent Auditor's Report

To the Members of Kogan.com Ltd and Controlled Entities

Independent auditor's review report to the members of Kogan.com Ltd

Report on the financial report

We have reviewed the accompanying interim financial report of Kogan.com Ltd, which comprises the consolidated statement of financial position as at 31 December 2016, consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the interim period ended on that date, notes included in sections 1 to 6 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the period's end or from time to time during the period.

Responsibility of the Directors for the interim financial report

The directors of the Kogan.com Ltd are responsible for the preparation of the interim 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 interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the interim financial report

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity,* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim 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 31 December 2016 and its performance for the period ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001. As auditor of Kogan.com Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim 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*.

KPMG

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Kogan.com Ltd is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2016 and of its performance for the period ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001.

KPMG

KPMG

BW Szentirmay

Partner

Melbourne

23 February 2017

Corporate Directory

COMPANY SECRETARY

Mark Licciardo and Chris Lobb, Mertons Corporate Services

PRINCIPAL REGISTERED OFFICE

KOGAN.COM LIMITED

7/330 Collins Street
Melbourne VIC 3000

LOCATION OF SHARE REGISTRY

COMPUTERSHARE

Yarra Falls
452 Johnston Street
Abbotsford VIC 3067
+61 3 9415 4000

STOCK EXCHANGE LISTING

Kogan.com Limited (KGN) shares are listed on the ASX.

AUDITORS

KPMG

727 Collins Street
Melbourne Victoria 3008

kogan.com