

## ASX / MEDIA STATEMENT

25 August 2017

### AHG FULL YEAR RESULTS

- Record Group revenue of \$6.08 billion (\$5.63b pcp)
- Operating<sup>1</sup> EBITDA of \$216.0 million (\$225.5m pcp)
- Operating<sup>1</sup> EBITDA margin 3.6% (4.0% pcp)
- Operating<sup>1</sup> NPAT of \$87.3 million (\$97.2m pcp)
- Operating<sup>1</sup> EPS 26.7 cents (31.7 pcp)
- Statutory NPAT of \$55.5 million (\$90.1m pcp)
- Statutory EPS 17.0 cents (29.4 cents pcp)
- Final dividend of 9.5 cents takes the full-year dividend to 19.0cps fully franked (22.5 pcp)

Automotive Holdings Group Limited (ASX: AHG) reports Operating<sup>1</sup> NPAT for the full year to 30 June 2017 of \$87.3 million (down 10.2% pcp), in line with the Company's trading update issued 24 May 2017.

Statutory NPAT was \$55.5 million, down 38.4% (pcp), primarily due to one-off costs associated with the Refrigerated Logistics transformation program, restructuring of the Company's operations, and cost down initiatives as detailed in the May trading update.

The Board declared a final dividend of 9.5 cents per share, taking the full year payout to 19.0 cents fully franked, that reflects the Company's profit position and is consistent with AHG's dividend policy of paying 65 to 75 percent of operating profit.

AHG managing director John McConnell said the Company was now in a stronger position to address the short term challenges in Automotive and take advantage of the opportunities for further industry consolidation.

"FY2017 was a challenging year in Automotive, given the acknowledged decline in the new vehicle market in Western Australia and the tightening of consumer credit conditions, which impacted on finance and insurance income," said Mr McConnell.

"It is pleasing that the performance of our dealerships in New Zealand and the eastern states of Australia was strong," he said.

"We have commenced the restructuring of the Automotive division and implemented a number of cost reduction initiatives that will mitigate anticipated insurance commission changes in FY2018.

"We are also accelerating the roll-out of the **easyauto123** fixed-price used car warehouse model in conjunction with our acquisition in July of a majority stake in the Carlins auction and wholesale business. The **easyauto123** model is resonating with customers without affecting used car sales at our franchised dealerships," said Mr McConnell.

“We delivered a strong performance in Refrigerated Logistics in the second half of the year, with EBITDA up 68% on last year as the restructuring of the division began delivering expected improvements,” he said.

The Company’s Other Logistics division, which includes the AMCAP parts distribution business and the importation and distribution of KTM and Husqvarna motorcycles, performed ahead of FY2016.

## **Outlook**

Management is cautiously optimistic in its outlook based on AHG’s strong balance sheet and diverse business operations.

The outlook for the Group in FY2018 is for a modest uplift in operating performance based on expectations that the Western Australian economy is stabilising, realising the benefits of AHG’s cost reduction programs and the ongoing improvement in Refrigerated Logistics.

The anticipated uplift is expected to mitigate the impact of regulatory changes to FY2018 insurance income in the Automotive division.

“AHG has previously advised the market that the changes to flex finance commission payments in FY2019 are expected to have little impact on earnings and we remain of that view,” said Mr McConnell.

“We are delivering on our strategic objectives to reposition AHG for future growth. Our Automotive division is driven by ongoing improvements in our relationships with manufacturers and our commitment to further enhancing the customer experience across sales and service, coupled with our confident expectation of growth in our used car warehouse model.”

ENDS

**About AHG** Automotive Holdings Group Limited (ASX: AHG) is a diversified automotive retailing and logistics group with operations in every Australian mainland state and in New Zealand. The Company is Australia's largest automotive retailer, with operations in Western Australia, New South Wales, Queensland and Victoria.

AHG’s logistics businesses operate throughout Australia via subsidiaries Rand Transport, Harris Refrigerated Transport, Scott’s Refrigerated Freightways and JAT Refrigerated Road Services (transport and cold storage), AMCAP (motor parts and industrial supplies distribution), VSE (vehicle storage and engineering), Genuine Truck Bodies (body building services to the truck industry), Higer Bus (bus and truck importation and distribution), and KTM Sportmotorcycles and HQVA (KTM and Husqvarna motorcycle importation and distribution in Australia and New Zealand).

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AUTOMOTIVE HOLDINGS GROUP

25 August 2017

The Manager  
Company Announcements Office  
Australian Securities Exchange

Dear Sir / Madam,

**APPENDIX 4E – PRELIMINARY FINAL REPORT AND 2017 FULL YEAR RESULTS**

In accordance with ASX Listing Rules, the following documents are attached for release to the market;

- Appendix 4E – Preliminary Final Report; and
- 2017 Full Year Results Announcement and Presentation.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'David Rowland', is written in a cursive style.

D ROWLAND  
COMPANY SECRETARY

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# Appendix 4E – Preliminary Final Report

FOR THE YEAR ENDED 30 JUNE 2017 – AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

ABN 35 111 470 038

## Report for the year ended 30 June 2017

This statement includes the results for Automotive Holdings Group Limited and its controlled entities, for the year ended 30 June 2017 (current period) compared with the year ended 30 June 2016 (prior period). The financial results of Automotive Holdings Group Limited and its Australian controlled entities are prepared in accordance with Australian International Financial Reporting Standards (AIFRS), whilst the Group's New Zealand controlled entities local financial statements are prepared in accordance with New Zealand International Financial Reporting Standards (NZIFRS) and converted to AIFRS on consolidation.

This report is based on financial accounts which are in the process of being audited.

## Results for Announcement to the Market

		\$A'000's		\$A'000's
Revenues from ordinary activities	Up	455,746	8.1% to	<b>6,081,745</b>
Profit after tax from ordinary activities attributable to members	Down	(34,532)	-38.4% to	<b>55,539</b>
Profit after tax from continuing operations attributable to members	Down	(34,532)	-38.4% to	<b>55,539</b>

<b>DIVIDENDS</b>	Amount per security	Franked amount per security
Interim dividend		9.5 cents
Final dividend	9.5 cents	9.5 cents
Record date for determining entitlement to the final dividend		22/09/2017
Date the final dividend is payable		6/10/2017

# Appendix 4E – Preliminary Final Report

FOR THE YEAR ENDED 30 JUNE 2017 – AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

ABN 35 111 470 038

## Commentary on results for the year

Net profit after tax attributable to members for the year ended 30 June 2017 was \$55.54 million (2016: \$90.07 million). Net profit after tax excluding unusual items (costs and fees in relation to integration and acquisition-related activities, profit/loss on sale and/or restructures of assets and operations, impairment of assets, transformation activities (including redundancies, consultancy fees and site and pallet consolidation) and benefits applicable to GST refunds (Son of Holdback) - detailed below) attributable to members for the year ended 30 June 2017 was \$87.29 million (2016: \$97.25 million).

	<b>Consolidated</b>	
	<b>2017</b>	2016
	<b>\$'000</b>	\$'000
<b>Statutory IFRS Profit (net of tax) attributable to members</b>	<b>55,539</b>	90,071
<i>Unusual items</i>		
Add-back:		
- Net costs relating to Refrigerated Logistics transformation	5,799	-
- Costs relating to restructure of operations and discontinued operations	9,278	(740)
- Impairment of non-current assets - plant & equipment, goodwill and franchise rights	13,647	4,562
- Costs relating to integration, acquisitions and MD transition	3,028	4,091
- Net (profit)/loss on other unusual items, including benefits applicable to GST refunds (Son of Holdback)	-	(737)
<b>Operating Non-IFRS Profit (net of tax) attributable to members</b>	<b>87,291</b>	97,247
	<b>Consolidated</b>	
	<b>2017</b>	2016
	<b>\$'000</b>	\$'000
<b>Statutory IFRS EBITDA</b>	<b>176,169</b>	217,115
<i>Unusual items</i>		
Add-back:		
- Net costs relating to Refrigerated Logistics transformation	11,287	-
- Costs relating to restructure of operations and discontinued operations	10,976	237
- Impairment of non-current assets - plant & equipment, goodwill and franchise rights	13,647	4,712
- Costs relating to integration, acquisitions and MD transition	3,876	4,477
- Net (profit)/loss on other unusual items, including benefits applicable to GST refunds (Son of Holdback)	-	(1,053)
<b>Operating Non-IFRS EBITDA</b>	<b>215,955</b>	225,488

# Appendix 4E – Preliminary Final Report

FOR THE YEAR ENDED 30 JUNE 2017 – AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

ABN 35 111 470 038

## **2017:**

The Group incurred costs and fees (including stamp duty) totalling \$31.75 million (after tax) during the current year in relation to integration and acquisition-related activities, profit/loss on sale and/or restructures of assets and operations, impairment of assets and transformation activities (including redundancies, consultancy fees and site and pallet consolidation). These activities included the business acquisitions of Doncaster Auto, Melbourne City Mazda, Daimler Trucks Laverton, Newcastle Audi/Skoda and Essendon Ford/Mitsubishi, the restructure of underperforming operations across Automotive and Other Logistics, impairment of assets related to IT and Automotive operations, and non-recurring costs focused on transformation program undertaken in Refrigerated Logistics and wider redundancies undertaken across the Group as part of streamlining and cost saving initiatives. Refer to Note 7 for further details in relation to the above individual acquisitions.

## **2016:**

The prior year statutory profit included the following unusual items:

The Group incurred costs and fees (including stamp duty) totalling \$7.18 million (after tax) during the current year in relation to integration and acquisition-related activities, profit/loss on sale of assets and operations, impairment of assets and benefits applicable to Son of Holdback GST claims. These activities included the business acquisitions of Western Pacific Mercedes-Benz, Knox Mitsubishi and Sinclair Hyundai (Penrith), the business divestments of Cova and Duncan Nissan, the sale of properties to Charter Hall and non-recurring costs in relation to the above transactions (e.g. redundancy, technology, occupancy related costs in transitioning acquisitions to AHG practices and procedures).

Arising from the divestment of Cova there also arose an impairment of IT-related fixed assets in relation to an ERP replacement program that had commenced prior to the divestment. In addition, there were further benefits received applicable to GST refunds (Son of Holdback), relating to amounts lodged in excess of those estimated in FY2015. As previously noted, these refunds arise from a Federal Court decision involving the Commissioner of Taxation that related to GST treatment of various incentive payments in the motor industry that flow from motor vehicle distributors to motor vehicle dealers.

# Appendix 4E – Preliminary Final Report

FOR THE YEAR ENDED 30 JUNE 2017 – AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

ABN 35 111 470 038

## Segment Overview

### Performance by Segment Overview

	<b>Consolidated</b>		
	<b>2017</b>	2016	Movement
	<b>\$'000</b>	\$'000	%
<b><u>Automotive Retail</u></b>			
Revenue	<b>5,234,468</b>	4,724,799	10.8%
<b>Statutory IFRS Performance</b>			
EBITDA	<b>153,401</b>	178,559	(14.1%)
EBITDA %	<b>2.9%</b>	3.8%	
EBIT	<b>133,454</b>	159,742	(16.5%)
Profit before Tax	<b>106,549</b>	136,365	(21.9%)
<b>Operating* Non-IFRS Performance</b>			
EBITDA	<b>171,017</b>	177,940	(3.9%)
EBITDA %	<b>3.3%</b>	3.8%	
EBIT	<b>151,070</b>	159,123	(5.1%)
Profit before Tax	<b>124,165</b>	135,746	(8.5%)
	<b>2017</b>	2016	Movement
	<b>\$'000</b>	\$'000	%
<b><u>Refrigerated Logistics</u></b>			
Revenue	<b>570,735</b>	580,420	(1.7%)
<b>Statutory IFRS Performance</b>			
EBITDA	<b>23,763</b>	37,101	(35.9%)
EBITDA %	<b>4.2%</b>	6.4%	
EBIT	<b>(527)</b>	15,628	(103.4%)
Profit/(Loss) before Tax	<b>(8,465)</b>	8,114	(204.3%)
<b>Operating* Non-IFRS Performance</b>			
EBITDA	<b>35,050</b>	37,160	(5.7%)
EBITDA %	<b>6.1%</b>	6.4%	
EBIT	<b>10,760</b>	15,687	(31.4%)
Profit before Tax	<b>2,822</b>	8,173	(65.5%)

# Appendix 4E – Preliminary Final Report

FOR THE YEAR ENDED 30 JUNE 2017 – AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

ABN 35 111 470 038

	<b>2017</b>	2016	Movement
	<b>\$'000</b>	\$'000	%
<b><u>Other Logistics</u></b>			
Revenue	<b>276,222</b>	320,459	(13.8%)
<b>Statutory IFRS Performance</b>			
EBITDA	<b>3,327</b>	1,035	221.5%
EBITDA %	<b>1.2%</b>	0.3%	
EBIT	<b>644</b>	(2,061)	131.3%
Profit/(Loss) before Tax	<b>(394)</b>	(4,068)	90.3%
<b>Operating* Non-IFRS Performance</b>			
EBITDA	<b>14,210</b>	9,968	42.6%
EBITDA %	<b>5.1%</b>	3.1%	
EBIT	<b>11,527</b>	6,872	67.7%
Profit before Tax	<b>10,489</b>	4,865	115.6%

*\*Unusual items: costs and fees in relation to integration and acquisition-related activities, profit/loss on sale and/or restructures of assets and operations, impairment of assets, transformation activities and benefits applicable to GST refunds (Son of Holdback) (refer to page 2 for a reconciliation of Non-IFRS profit to IFRS profit).*

Group revenues from continuing operations were \$6.08 billion (2016: \$5.63 billion), representing an 8.1% increase over the previous year's revenue.

The Automotive Retail division contributed revenues of \$5.23 billion (2016: \$4.72 billion) and an Operating Non-IFRS EBITDA result of \$171.02 million (2016: \$177.94 million) before unusual item\* costs totalling \$17.62 million before tax. These represented growth rates of 10.8% and (3.9%) respectively. Operating Non-IFRS Profit before tax (before unusual item\* costs totalling \$17.62 million before tax), was \$124.17 million (2016: \$135.75 million), a decrease of 8.5%. These Automotive Retail results were driven by weakness in WA and 360 Finance, partially offset by acquisitions completed during FY2017 across Victoria and Newcastle, NSW.

The Refrigerated Logistics division contributed revenues of \$0.57 billion (2016: \$0.58 billion) and a Operating Non-IFRS EBITDA result of \$35.05 million (2016: \$37.16 million) before unusual item\* costs totalling \$11.29 million before tax. These represented growth rates of (1.7%) and (5.7%) respectively. Operating Non-IFRS Profit before tax (before unusual item\* costs of \$11.29 million before tax) was \$2.82 million (2016: \$8.17 million), a decrease of 65.5%. The decrease was attributed to higher fixed cost base, investment in plant and equipment and higher working capital during the year.

The Other Logistics division contributed revenues of \$0.28 billion (2016: \$0.32 billion) and a Operating Non-IFRS EBITDA result of \$14.21 million (2016: \$9.97 million) before unusual item\* costs totalling \$10.88 million before tax. These represented growth rates of (13.8%) and 42.6% respectively. Operating Non-IFRS Profit before tax (before unusual item\* costs of \$10.88 million before tax) was \$10.49 million (2016: \$4.87 million), an increase of 115.6%. Strong performance in KTM and Husqvarna, plus improved performance from GTB, drove the increase.



# Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2017 – AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

	Notes	Consolidated	
		2017 \$'000	2016 \$'000
Revenue from continuing operations	8	6,081,745	5,625,999
Profit on sale of assets	8	-	2,893
Raw materials and inventory expense		(4,610,510)	(4,165,593)
Employee benefits expense	8	(766,977)	(744,203)
Depreciation and amortisation expense	8	(46,920)	(43,386)
Finance costs	8	(41,447)	(39,924)
Advertising and promotion		(48,336)	(49,524)
Occupancy costs		(180,650)	(167,694)
Vehicle preparation and service		(52,615)	(47,158)
Supplies and outside services		(80,666)	(79,543)
Motor vehicle expense		(12,454)	(11,035)
Equipment rental	8	(21,169)	(20,216)
Professional services		(13,568)	(9,342)
Other expenses	8	(97,427)	(110,168)
Loss on sale of assets	8	(636)	-
Impairment of intangibles and other assets	8	(18,713)	(4,281)
Share of net profit of joint venture partnership accounted for using equity method		337	324
<b>Profit before income tax</b>		<b>89,994</b>	<b>137,149</b>
Income tax expense		(28,901)	(40,263)
<b>Profit for the year before other comprehensive income</b>		<b>61,093</b>	<b>96,886</b>
Profit attributable to:			
Owners of Automotive Holdings Group Limited	3	55,539	90,071
Non-controlling interest		5,554	6,815
		<b>61,093</b>	<b>96,886</b>
<b>Other Comprehensive Income</b>			
<i>Items that may be reclassified to profit or loss</i>			
Unrealised changes in the fair value of cash flow hedges		637	(958)
Exchange differences on translation of foreign operations		(157)	1,758
<b>Total comprehensive income for the year (net of tax)</b>		<b>61,573</b>	<b>97,686</b>
Total comprehensive income attributable to:			
Owners of Automotive Holdings Group Limited		56,019	90,871
Non-controlling interest		5,554	6,815
		<b>61,573</b>	<b>97,686</b>

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

# Statement of Financial Position

AS AT 30 JUNE 2017 – AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

	Notes	Consolidated	
		2017 \$'000	2016 \$'000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	9	95,035	108,593
Trade and other receivables		357,373	333,614
Inventories		899,796	828,111
Other current assets		49,707	34,548
<b>TOTAL CURRENT ASSETS</b>		<b>1,401,911</b>	<b>1,304,866</b>
<b>NON CURRENT ASSETS</b>			
Investments accounted for using the equity method		1,088	1,048
Available-for-sale financial assets		7,228	4,028
Property, plant and equipment	10	401,130	359,041
Intangible assets	11	513,170	462,260
Deferred tax assets		60,866	60,192
<b>TOTAL NON CURRENT ASSETS</b>		<b>983,482</b>	<b>886,569</b>
<b>TOTAL ASSETS</b>		<b>2,385,393</b>	<b>2,191,435</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		322,796	259,923
Interest-bearing loans and borrowings		827,830	759,873
Income tax payable		(4,110)	5,051
Provisions		78,041	74,494
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,224,557</b>	<b>1,099,341</b>
<b>NON CURRENT LIABILITIES</b>			
Interest-bearing loans and borrowings		314,657	334,251
Deferred tax liabilities		21,136	15,800
Provisions		22,700	22,540
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>358,493</b>	<b>372,591</b>
<b>TOTAL LIABILITIES</b>		<b>1,583,050</b>	<b>1,471,932</b>
<b>NET ASSETS</b>		<b>802,343</b>	<b>719,503</b>
<b>EQUITY</b>			
Contributed equity	6	653,134	541,532
Reserves		2,997	2,669
Retained earnings	3	131,298	150,374
Capital and reserves attributable to the owners of Automotive Holdings Group Limited		787,429	694,575
Non-controlling interest		14,914	24,928
<b>TOTAL EQUITY</b>		<b>802,343</b>	<b>719,503</b>

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

# Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2017 – AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

	Contributed Equity	Reserves	Retained Earnings	Total	Non- Controlling Interest	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>At 1 July 2015</b>	<b>541,532</b>	<b>1,537</b>	<b>129,275</b>	<b>672,344</b>	<b>23,299</b>	<b>695,643</b>
Profit for the year (after tax)	-	-	90,071	90,071	6,815	96,886
Changes in fair value of cash flow hedges	-	(1,369)	-	(1,369)	-	(1,369)
Exchange differences on translation of foreign operations	-	1,758	-	1,758	-	1,758
Income tax relating to components of other comprehensive income	-	411	-	411	-	411
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>800</b>	<b>90,071</b>	<b>90,871</b>	<b>6,815</b>	<b>97,686</b>
<b>Transactions with owners in their capacity as equity holders:</b>						
Non-controlling interest on acquisition of subsidiary	-	-	-	-	759	759
Dividends provided for or paid	-	-	(68,972)	(68,972)	(5,945)	(74,917)
Employee share scheme	-	332	-	332	-	332
	<b>-</b>	<b>332</b>	<b>(68,972)</b>	<b>(68,640)</b>	<b>(5,186)</b>	<b>(73,826)</b>
<b>At 30 June 2016</b>	<b>541,532</b>	<b>2,669</b>	<b>150,374</b>	<b>694,575</b>	<b>24,928</b>	<b>719,503</b>
<b>At 1 July 2016</b>	<b>541,532</b>	<b>2,669</b>	<b>150,374</b>	<b>694,575</b>	<b>24,928</b>	<b>719,503</b>
Profit for the year (after tax)	-	-	55,539	55,539	5,554	61,093
Changes in fair value of cash flow hedges	-	910	-	910	-	910
Exchange differences on translation of foreign operations	-	(157)	-	(157)	-	(157)
Income tax relating to components of other comprehensive income	-	(273)	-	(273)	-	(273)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>480</b>	<b>55,539</b>	<b>56,019</b>	<b>5,554</b>	<b>61,573</b>
<b>Transactions with owners in their capacity as equity holders:</b>						
Contributions of equity, net of transaction costs	111,602	-	-	111,602	-	111,602
Non-controlling interest on acquisition of subsidiary	-	-	-	-	(8,726)	(8,726)
Dividends provided for or paid	-	-	(74,615)	(74,615)	(6,842)	(81,457)
Employee share scheme	-	(152)	-	(152)	-	(152)
	<b>111,602</b>	<b>(152)</b>	<b>(74,615)</b>	<b>36,835</b>	<b>(15,568)</b>	<b>21,267</b>
<b>At 30 June 2017</b>	<b>653,134</b>	<b>2,997</b>	<b>131,298</b>	<b>787,429</b>	<b>14,914</b>	<b>802,343</b>

# Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2017 – AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

		<b>Consolidated</b>	
		<b>2017</b>	2016
Notes		<b>\$'000</b>	\$'000
<b>Cash flow from operating activities</b>			
		<b>6,653,825</b>	6,165,924
		<b>(6,442,693)</b>	(5,949,255)
		<b>(41,447)</b>	(39,924)
		<b>2,193</b>	3,345
		<b>(30,940)</b>	(40,283)
		<b>140,938</b>	139,807
	9	<b>140,938</b>	139,807
<b>Cash flow from investing activities</b>			
		<b>(74,691)</b>	(75,842)
		<b>13,964</b>	22,829
		<b>(101,696)</b>	(113,936)
		<b>468</b>	258
		<b>21,837</b>	54,519
		<b>-</b>	4,200
		<b>(3,200)</b>	-
		<b>(143,318)</b>	(107,972)
<b>Cash flows from financing activities</b>			
		<b>(41,323)</b>	81,813
		<b>111,602</b>	-
	6	<b>111,602</b>	-
		<b>(74,615)</b>	(68,972)
	3	<b>(74,615)</b>	(68,972)
		<b>(6,842)</b>	(5,945)
		<b>(11,178)</b>	6,896
		<b>(11,178)</b>	6,896
<b>Net cash inflow / (outflow) from financing activities</b>			
		<b>(13,558)</b>	38,731
<b>Net increase / (decrease) in cash and cash equivalents</b>			
		<b>108,593</b>	69,862
		<b>108,593</b>	69,862
		<b>95,035</b>	108,593
		<b>95,035</b>	108,593
	9	<b>95,035</b>	108,593

## Non-cash financing and investing activities

During the period the consolidated entity acquired plant and equipment with a fair value of \$14,377,660 (2016: \$4,902,560) by means of finance lease and hire purchase (excluding those assumed in acquisitions – refer note 7). These acquisitions are not reflected in the Statement of Cash Flows.

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017 – AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

## 1. Segment Information

Segment Reporting June 2017	Automotive Retail	Refrigerated Logistics	Other Logistics	Total Logistics	Property	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Statutory IFRS Financial Performance Analysis</b>						
Gross revenue	5,851,096	614,941	318,021	932,962	320	6,784,378
Less: intercompany sales	(618,699)	(44,225)	(41,902)	(86,127)	-	(704,826)
<b>Segment revenue</b>	<b>5,232,397</b>	<b>570,716</b>	<b>276,119</b>	<b>846,835</b>	<b>320</b>	<b>6,079,552</b>
Interest earned	2,071	19	103	122	-	2,193
<b>Total revenue</b>						<b>6,081,745</b>
<b>EBITDA</b>	<b>153,401</b>	<b>23,763</b>	<b>3,327</b>	<b>27,090</b>	<b>(4,322)</b>	<b>176,169</b>
Depreciation and amortisation	(19,947)	(24,290)	(2,683)	(26,973)	-	(46,920)
<b>EBIT</b>	<b>133,454</b>	<b>(527)</b>	<b>644</b>	<b>117</b>	<b>(4,322)</b>	<b>129,249</b>
Interest expense (net)	(26,905)	(7,938)	(1,038)	(8,976)	(3,374)	(39,255)
<b>Profit before tax</b>						<b>89,994</b>
Income tax expense						(28,901)
<b>Reportable segment profit after tax (before non-controlling interests)</b>						<b>61,093</b>
<b>Operating Non-IFRS Financial Performance Analysis</b>						
<b>Total revenue</b>	<b>5,234,468</b>	<b>570,735</b>	<b>276,222</b>	<b>846,957</b>	<b>320</b>	<b>6,081,745</b>
<b>EBITDA before unusual items*</b>	<b>171,017</b>	<b>35,050</b>	<b>14,210</b>	<b>49,260</b>	<b>(4,322)</b>	<b>215,955</b>
<b>EBIT before unusual items*</b>	<b>151,070</b>	<b>10,760</b>	<b>11,527</b>	<b>22,287</b>	<b>(4,322)</b>	<b>169,035</b>
<b>Segment result before unusual items*</b>	<b>124,165</b>	<b>2,822</b>	<b>10,489</b>	<b>13,311</b>	<b>(7,696)</b>	<b>129,780</b>
Unusual items* (before tax)	(17,616)	(11,287)	(10,883)	(22,170)	-	(39,786)
<b>Reportable segment result after unusual items before tax and non-controlling interests</b>	<b>106,549</b>	<b>(8,465)</b>	<b>(394)</b>	<b>(8,859)</b>	<b>(7,696)</b>	<b>89,994</b>
<b>Statutory Financial Position Analysis</b>						
Segment assets	1,809,945	414,795	141,398	556,193	19,255	2,385,393
<b>Total consolidated assets</b>						<b>2,385,393</b>
Segment liabilities	993,369	425,022	123,830	548,852	40,829	1,583,050
<b>Total consolidated liabilities</b>						<b>1,583,050</b>
Acquisition of property, plant, equipment and intangibles	68,963	91,174	17,204	108,378	(3,529)	173,812

\*Unusual items - costs and fees in relation to integration and acquisition-related activities, profit/loss on sale and/or restructures of assets and operations, impairment of assets, transformation activities and benefits applicable to GST refunds (Son of Holdback) (refer to page 2 for a reconciliation of Non-IFRS profit to IFRS profit).

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017 – AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

## 1. Segment Information (continued)

Segment Reporting June 2016	Automotive Retail	Refrigerated Logistics	Other Logistics	Total Logistics	Property	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Statutory IFRS Financial Performance Analysis</b>						
Gross revenue	5,306,624	612,175	304,094	916,269	320	6,223,213
Less: intercompany sales	(584,817)	(31,752)	16,010	(15,742)	-	(600,559)
<b>Segment revenue</b>	<b>4,721,807</b>	<b>580,423</b>	<b>320,104</b>	<b>900,527</b>	<b>320</b>	<b>5,622,654</b>
Interest earned	2,993	(3)	355	352	-	3,345
<b>Total revenue</b>						<b>5,625,999</b>
<b>EBITDA</b>	<b>178,559</b>	<b>37,101</b>	<b>1,035</b>	<b>38,136</b>	<b>420</b>	<b>217,115</b>
Depreciation and amortisation	(18,817)	(21,473)	(3,096)	(24,569)	-	(43,386)
<b>EBIT</b>	<b>159,742</b>	<b>15,628</b>	<b>(2,061)</b>	<b>13,567</b>	<b>420</b>	<b>173,729</b>
Interest expense (net)	(23,377)	(7,514)	(2,007)	(9,521)	(3,682)	(36,580)
<b>Profit before tax</b>						<b>137,149</b>
Income tax expense						(40,263)
<b>Reportable segment profit after tax (before non-controlling interests)</b>						<b>96,886</b>
<b>Operating Non-IFRS Financial Performance Analysis</b>						
<b>Total revenue</b>	<b>4,724,800</b>	<b>580,420</b>	<b>320,459</b>	<b>900,879</b>	<b>320</b>	<b>5,625,999</b>
<b>EBITDA before unusual items*</b>	<b>177,940</b>	<b>37,160</b>	<b>9,968</b>	<b>47,128</b>	<b>420</b>	<b>225,488</b>
<b>EBIT before unusual items*</b>	<b>159,123</b>	<b>15,687</b>	<b>6,872</b>	<b>22,559</b>	<b>420</b>	<b>182,102</b>
<b>Segment result before unusual items*</b>	<b>135,746</b>	<b>8,173</b>	<b>4,865</b>	<b>13,038</b>	<b>(3,262)</b>	<b>145,522</b>
Unusual items* (before tax)	619	(59)	(8,933)	(8,992)	-	(8,373)
<b>Reportable segment result after unusual items before tax and non-controlling interests</b>	<b>136,365</b>	<b>8,114</b>	<b>(4,068)</b>	<b>4,046</b>	<b>(3,262)</b>	<b>137,149</b>
<b>Statutory Financial Position Analysis</b>						
Segment assets	1,695,797	332,151	140,680	472,831	22,807	2,191,435
<b>Total consolidated assets</b>						<b>2,191,435</b>
Segment liabilities	987,660	318,923	125,766	444,689	39,583	1,471,932
<b>Total consolidated liabilities</b>						<b>1,471,932</b>
Acquisition of property, plant, equipment and intangibles	136,886	43,225	(320)	42,905	5,815	185,606

\*Unusual items - costs and fees in relation to integration and acquisition-related activities, profit/loss on sale and/or restructures of assets and operations, impairment of assets, transformation activities and benefits applicable to GST refunds (Son of Holdback) (refer to page 2 for a reconciliation of Non-IFRS profit to IFRS profit).

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017 – AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

## 2. Earnings per Share

	<b>Consolidated</b>	
	<b>2017</b>	2016
	<b>cents</b>	cents
<b>IFRS Earnings per share for profit attributable to the ordinary equity holders of the Company:</b>		
Basic earnings per share	<b>17.0</b>	29.4
Diluted earnings per share	<b>17.0</b>	29.4
<b>Non-IFRS Earnings per share for profit before unusual items* attributable to the ordinary equity holders of the Company:</b>		
Basic earnings per share	<b>26.7</b>	31.7
Diluted earnings per share	<b>26.7</b>	31.7

*\*Unusual items - costs and fees in relation to integration and acquisition-related activities, profit/loss on sale and/or restructures of assets and operations, impairment of assets, transformation activities and benefits applicable to GST refunds (Son of Holdback) (refer to page 2 for a reconciliation of Non-IFRS profit to IFRS profit).*

## 3. Retained Earnings

	<b>Consolidated</b>	
	<b>2017</b>	2016
	<b>\$'000</b>	\$'000
Opening balance at 1 July	<b>150,374</b>	129,275
Net profit for the year attributable to members	<b>55,539</b>	90,071
Dividends paid to members	<b>(74,615)</b>	(68,972)
Closing balance at 30 June	<b>131,298</b>	150,374

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017 – AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

## 4. Dividends Paid and Proposed

	Date paid / payable	Amount per security (fully franked at 30%)	Total Dividends \$'000
<b>Declared and paid during the year ended 30 June 2016</b>			
Final franked dividend for 2015	02/10/15	13.0 cents	39,850
Interim franked dividend for 2016	06/04/16	9.5 cents	29,122
<b>Declared and paid during the year ended 30 June 2017</b>			
Final franked dividend for 2016	05/10/16	13.0 cents	43,111
Interim franked dividend for 2017	05/04/17	9.5 cents	31,504
<b>Proposed and not recognised as a liability</b>			
Final franked dividend for 2017	06/10/17	9.5 cents	31,504

## 5. NTA Backing

	<b>Consolidated</b>	
	<b>2017</b> Cents	2016 Cents
Net tangible asset backing per ordinary security	<b>87.2</b>	83.9

## 6. Contributed Equity

### Ordinary Shares

	No. of Shares	Issue Price	\$'000
01/07/15 <b>Balance at 1 July 2015</b>	<b>306,541,437</b>		<b>541,532</b>
30/06/16 <b>Balance at 30 June 2016</b>	<b>306,541,437</b>		<b>541,532</b>
25/08/16    Institutional placement	19,911,505	\$4.52	90,000
16/09/16    Share purchase plan	5,170,072	\$4.52	23,362
			(2,514)
			754
30/06/17 <b>Balance at 30 June 2017</b>	<b>331,623,014</b>		<b>653,134</b>



# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017 – AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

## 7. Business Combinations

During FY2017, Automotive Holdings Group Limited ('AHG') completed the following business combinations:

	Name	Type	Consideration \$'million	Location
1 July 2016	Doncaster JLR	Certain business assets and liabilities	\$14.210	Doncaster, Victoria
27 July 2016	City Mazda	Certain business assets and liabilities	\$26.159	Melbourne, Victoria
1 September 2016	Daimler Trucks Laverton	Certain business assets and liabilities	\$2.754	Laverton, Victoria
30 September 2016	Newcastle Audi / Skoda	Certain business assets and liabilities	\$9.427	Newcastle, NSW
31 May 2017	Essendon Ford / Mitsubishi	Certain business assets and liabilities	\$9.997	Essendon, Victoria

The business combinations contributed revenues of \$228.12 million and net profit before tax of \$5.33 million for the year ended 30 June 2017 from their dates of acquisition, before unusual items. It is expected that AHG would have reported \$6.18 billion in consolidated revenues and \$57.69 million consolidated net profit after tax attributable to members, for the year ended 30 June 2017, had the business combinations occurred at the beginning of the reporting period.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	Doncaster JLR	City Mazda	Daimler Trucks Laverton	Newcastle Audi / Skoda	Essendon Ford / Mitsubishi	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Vehicle inventories (net of bailment)	1,605	116	92	(214)	1,022	2,621
Parts inventories	615	206	1,579	382	196	2,978
Other inventory	-	20	-	-	42	62
Other assets	6	22	(13)	7	130	152
Property, plant and equipment	614	1,828	182	444	771	3,839
Deferred tax assets	721	253	346	244	392	1,956
	3,561	2,445	2,186	863	2,553	11,608
Trade and other payables	(907)	(770)	(37)	(47)	(248)	(2,009)
Employee entitlements	(1,296)	(630)	(778)	(224)	(978)	(3,906)
Deferred tax liabilities	-	(9)	-	-	-	(9)
	(2,203)	(1,409)	(815)	(271)	(1,226)	(5,924)
<b>Net identifiable assets acquired</b>	1,358	1,036	1,371	592	1,327	5,684
Add: goodwill	4,284	8,374	461	2,945	2,890	18,954
Add: franchise rights	8,568	16,749	922	5,890	5,780	37,909
<b>Net assets acquired</b>	14,210	26,159	2,754	9,427	9,997	62,547

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017 – AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

## 7. Business Combinations (continued)

	Doncaster JLR	City Mazda	Daimler Trucks Laverton	Newcastle Audi / Skoda	Essendon Ford / Mitsubishi	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Purchase consideration</b>						
Cash paid	14,210	26,159	2,754	9,427	9,997	<b>62,547</b>
<b>Total purchase consideration</b>	<b>14,210</b>	<b>26,159</b>	<b>2,754</b>	<b>9,427</b>	<b>9,997</b>	<b>62,547</b>

### *i. Goodwill*

The goodwill is attributable to the workforce, profitability of the acquired business and the synergistic opportunities it offers with AHG's existing automotive retail operations. It is only deductible for tax purposes upon any future sale of this business.

### *ii. Contingent consideration, contingent liabilities, non-controlling interests and acquisition costs*

There is no contingent consideration associated with the acquisitions, nor any contingent liabilities or non-controlling interests to be accounted for.

Integration-related costs (technology, personnel, occupancy) and acquisition-related costs (stamp duty, professional services) of \$0.23 million (before tax) are included in the statement of profit or loss and other comprehensive income in the reporting year ended 30 June 2017.

### *iii. Information not disclosed as not yet available*

The Group has reported provisional amounts for goodwill and other assets acquired from Doncaster JLR, City Mazda, Daimler Trucks Laverton, Newcastle Audi / Skoda and Essendon Ford / Mitsubishi. The amounts proportionally attributable to both goodwill and franchise rights are consistent with the Group's treatment of like amounts previously acquired.

### *iv. FY2016 Business Combination finalisation*

Provisional acquisition accounting has been completed for the FY2016 acquisitions of Western Pacific Mercedes-Benz, Knox Mitsubishi and Sinclair Hyundai (Penrith). This has resulted in an increase of \$1.33 million in intangible assets as a result of the harmonisation of provisioning policies, make good provisions and other adjustments.

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017 – AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

## 8. Revenue and Expenses

	<b>Consolidated</b>	
	<b>2017</b>	2016
	<b>\$'000</b>	\$'000
<b>Sales revenue</b>		
Sale of goods	<b>5,089,614</b>	4,634,937
Rendering of services	<b>969,997</b>	963,809
	<b>6,059,611</b>	5,598,746
<b>Other revenue</b>		
Interest	<b>2,193</b>	3,345
Other revenue	<b>19,941</b>	23,908
	<b>22,134</b>	27,253
<b>Total Revenue</b>	<b>6,081,745</b>	5,625,999
<b>Other Income</b>		
Net gain on disposal of assets	-	2,893
	-	2,893

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017 – AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

## 8. Revenue and Expenses (continued)

	<b>Consolidated</b>	
	<b>2017</b>	2016
	<b>\$'000</b>	\$'000
<b>Depreciation</b>		
Vehicles, plant, furniture and equipment	<b>35,599</b>	32,967
	<b>35,599</b>	32,967
<b>Amortisation</b>		
Capitalised leased assets	<b>4,278</b>	4,068
Leasehold improvements	<b>7,043</b>	6,351
	<b>11,321</b>	10,419
<b>Finance costs (for financial liabilities not at fair value through profit or loss)</b>		
Interest paid - other	<b>6,905</b>	8,532
Interest paid - finance leases	<b>1,352</b>	1,429
Interest paid - hire purchase	<b>4,707</b>	4,493
Interest paid - floor plan	<b>28,483</b>	25,470
	<b>41,447</b>	39,924
<b>Lease payments</b>		
Rental expenses relating to property operating leases	<b>145,551</b>	135,294
Rental expenses relating to equipment operating leases	<b>21,169</b>	20,216
	<b>166,720</b>	155,510
<b>Employee benefits expense</b>		
Wages, salaries and employee benefits	<b>715,374</b>	694,957
Superannuation	<b>51,755</b>	48,914
Share-based payments expense	<b>(152)</b>	332
	<b>766,977</b>	744,203
<b>Other expenses, net loss on sale of assets and impairment</b>		
Bad debts written off	<b>1,278</b>	235
Repairs and maintenance	<b>16,908</b>	25,151
Insurances	<b>28,002</b>	29,985
Stamp duty and bank fees	<b>8,483</b>	10,919
Impairment of intangibles and other assets (current & non-current)	<b>18,713</b>	4,281
Office, IT, telephone and travel	<b>37,239</b>	38,575
Net loss on sale of assets	<b>636</b>	-
Miscellaneous	<b>5,517</b>	5,303
	<b>116,776</b>	114,449

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017 – AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

## 9. Reconciliation to Statement of Cash Flows

	<b>Consolidated</b>	
	<b>2017</b>	2016
	<b>\$'000</b>	\$'000
Cash at bank and on hand	<b>94,525</b>	108,083
Deposits at call	<b>510</b>	510
	<b>95,035</b>	108,593
Profit after tax	<b>61,093</b>	96,886
<i>Non operating activity cash flow in profit</i>		
- Distributions received	<b>(468)</b>	(258)
- Profit on sale of assets	-	(2,893)
- Loss on sale of assets	<b>636</b>	-
- Profit on sale of investments	-	(1,775)
<i>Non cash flow in profit</i>		
- Depreciation	<b>35,599</b>	32,967
- Amortisation	<b>11,321</b>	10,419
- Impairment of assets	<b>18,713</b>	4,281
<i>Changes in operating assets and liabilities</i>		
(Increase) in trade debtors	<b>(33,029)</b>	(14,296)
Decrease in inventories	<b>4,622</b>	15,586
(Increase) in other current assets	<b>(40)</b>	(124)
(Increase) in prepayments	<b>(16,652)</b>	(5,597)
Decrease / (increase) in deferred tax assets	<b>1,795</b>	(680)
(Decrease) in current tax payable	<b>(9,160)</b>	(2,152)
Increase in trade creditors	<b>57,080</b>	1,277
Increase / (decrease) in accruals	<b>3,248</b>	(2,059)
Increase in employee entitlements	<b>401</b>	4,066
Increase in other provisions	<b>452</b>	1,348
Increase in deferred tax liabilities	<b>5,327</b>	2,811
<b>Net cash inflow from operating activities</b>	<b>140,938</b>	139,807

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017 – AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

## 10. Property, Plant & Equipment

	<b>Consolidated</b>	
	<b>2017</b>	2016
	<b>\$'000</b>	\$'000
Land and buildings	17,588	17,588
Accumulated depreciation	(14)	(7)
	<b>17,574</b>	17,581
Plant and equipment at cost	366,063	309,381
Accumulated depreciation	(165,872)	(144,278)
	<b>200,191</b>	165,103
Capitalised leased assets	43,457	34,460
Accumulated amortisation	(16,115)	(15,256)
	<b>27,342</b>	19,204
Leasehold improvements at cost	126,607	110,919
Accumulated amortisation	(35,303)	(31,088)
	<b>91,304</b>	79,831
Assets under construction	64,719	77,322
<b>Total property, plant and equipment</b>	<b>401,130</b>	359,041

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017 – AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

## 10. Property, Plant & Equipment (continued)

Consolidated June 2017	Land and buildings	Plant and equipment	Capitalised leased assets	Leasehold improvements	Assets under construction	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Carrying amount at 1 July 2016</b>	17,581	165,103	19,204	79,831	77,322	359,041
Translation adjustment	-	(2)	-	3	12	13
Additions	-	28,706	14,378	25,030	51,770	119,884
Impairment	-	(157)	-	(6,256)	(1,966)	(8,379)
Disposals	-	(22,228)	-	(281)	-	(22,509)
Transfers	-	64,361	(1,962)	20	(62,419)	-
Depreciation / amortisation	(7)	(35,592)	(4,278)	(7,043)	-	(46,920)
<b>Carrying amount at 30 June 2017</b>	<b>17,574</b>	<b>200,191</b>	<b>27,342</b>	<b>91,304</b>	<b>64,719</b>	<b>401,130</b>

Consolidated June 2016	Land and buildings	Plant and equipment	Capitalised leased assets	Leasehold improvements	Assets under construction	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Carrying amount at 1 July 2015</b>	38,357	144,174	23,086	73,476	70,081	349,174
Translation adjustment	-	200	-	51	10	261
Additions	1,436	72,732	4,903	24,801	11,943	115,815
Impairment	-	-	-	-	(4,712)	(4,712)
Disposals	(22,205)	(23,738)	-	(12,168)	-	(58,111)
Transfers	-	4,695	(4,717)	22	-	-
Depreciation / amortisation	(7)	(32,960)	(4,068)	(6,351)	-	(43,386)
<b>Carrying amount at 30 June 2016</b>	<b>17,581</b>	<b>165,103</b>	<b>19,204</b>	<b>79,831</b>	<b>77,322</b>	<b>359,041</b>

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017 – AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

## 11. Intangible Assets

Intangibles (Goodwill & Franchise Rights) are allocated to the Group's Cash Generating Units (CGUs) identified according to business segments; being Automotive Retail, Refrigerated Logistics and Other Logistics operations (note 1). A segment level summary of this intangible allocation is presented below.

	Goodwill	Franchise Rights & Distribution Agreements	Total
	\$'000	\$'000	\$'000
<b>Consolidated 2017</b>			
Carrying amount at 1 July 2016	209,277	252,983	462,260
Additions	15,122	38,806	53,928
Impairment charges	(1,834)	(1,184)	(3,018)
Carrying amount at 30 June 2017	<b>222,565</b>	<b>290,605</b>	<b>513,170</b>
<b>Consolidated 2016</b>			
Carrying amount at 1 July 2015	186,614	205,427	392,041
Additions	26,392	47,809	74,201
Divestments	(3,729)	(253)	(3,982)
Carrying amount at 30 June 2016	<b>209,277</b>	<b>252,983</b>	<b>462,260</b>
<b>Consolidated 2017</b>			
	Goodwill	Franchise Rights & Distribution Agreements	Total
	\$'000	\$'000	\$'000
Automotive Retail	136,748	280,662	417,410
Refrigerated Logistics	78,762	-	78,762
Other Logistics	7,055	9,943	16,998
Carrying amount at 30 June 2017	<b>222,565</b>	<b>290,605</b>	<b>513,170</b>
<b>Consolidated 2016</b>			
Automotive Retail	123,460	243,040	366,500
Refrigerated Logistics	78,762	-	78,762
Other Logistics	7,055	9,943	16,998
Carrying amount at 30 June 2016	<b>209,277</b>	<b>252,983</b>	<b>462,260</b>

There are no intangible assets associated with the property segment.



# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017 – AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

## 11. Intangible Assets (continued)

### Impairment testing

Goodwill and franchise rights are monitored by management based on operating segment, as disclosed in the above table.

The recoverable amounts of the Group's various CGUs are determined based on value-in-use calculations for these units or its fair value less costs to sell. Value-in-use calculations use cash flow projections based on financial budgets covering a projected five-year period to determine a unit's recoverable amount that is then compared with the carrying value of the assets of that unit. Fair value less costs to sell use the estimated future net consideration to be received on sale.

#### *Key assumptions used for value-in-use calculations*

Calculating value-in-use for each CGU, a pre-tax discount rate of 11% (2016: 11%) is applied, which represents the specific risks relating to the relevant operating segments. The growth rate used to project cash flows beyond the following year's approved budget period is 3% (2016: 3%). This growth rate is consistent with forecasts included in industry reports.

In the analysis of the value-in-use calculation a number of sensitivity assumptions have been incorporated, including the following:

- (i) Sensitivity of discount rates applied. A range of discount rates from 10% to 15% (2016: 10% to 15%) were tested;
- (ii) Breakeven analysis of value-in-use calculations based on estimated future cash flows after extrapolating an appropriate discount rate; and
- (iii) Sensitivity analysis of estimated future cash flows against the pre-tax discount rate of 11% (2016: 11%) and the breakeven point.

#### *Impact of possible changes in key assumptions*

The recoverability of CGU assets has been reviewed across the automotive retail and refrigerated and other logistics business segments incorporating various sensitivity assumptions as discussed above. A review of the results of this testing leads to a conclusion that any reasonable change in these key underlying assumptions, would not significantly affect the Group's capacity to recover the carrying amount of its CGU assets.

#### *Impairment charge*

As a result of the above impairment testing process at 30 June 2017, no impairment charge (2016: \$Nil) has been brought to account in the year ended 30 June 2017.

Over and above the CGU impairment assessment process, an impairment charge of \$3.0 million (2016: \$Nil) was brought to account in the year ended 30 June 2017 against specific Automotive operations where impairment indicators were present such that the recoverable amount of goodwill and/or franchise rights was considered to be below its carrying value.

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2017 – AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

## **12. Events after the Balance Date**

On 3 July 2017 AHG completed the acquisition of a majority stake in the Carlins Auction Group business.

On 3 July 2017 AHG completed the divestment of a 26% minority interest in its KTM and Husqvarna operations in Australia to KTM Austria.

No other material events have occurred since 30 June 2017 requiring disclosure.