



Results for Announcement to the Market

Motorcycle Holdings Limited **("Company")**

ABN 29 150 386 995

APPENDIX 4D **HALF YEAR REPORT** *for the six months ended 31 December 2016*

1 Details of the reporting period

Current Period: 1 July 2016 – 31 December 2016

Previous Corresponding Period (pcp): 1 July 2015 – 31 December 2015

2 Results for announcement to the market

Comparison to previous corresponding period	Increase/Decrease	Change %	To A\$'000
2.1 Revenue from ordinary operations	Increase	14.9%	120,661
2.2 Statutory profit from ordinary activities after tax attributable to members	Increase	47.1%	5,558
2.3 Net profit attributable to members	Increase	47.1%	5,558

2.4 Dividends	Amount per security	Franked amount per security
Interim dividend	7.5 cents	7.5 cents
Record date for determining entitlement to the interim dividend		17/03/2017
Date the interim dividend is payable		5/04/2017

3 NTA backing

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	39 cents	N/A

1.5 Results Overview

Table 1: Highlights

Six months to:	Dec 2016	Pro forma June 2016*	Pro forma Dec 2015*	Dec 2016 vs Dec 2015 (%)
Motorcycle sales (units)	8,561	6,647	7,284	18%
Revenue (\$M)	120.7	104.3	105.0	15%
EBITDA (\$M)*	8.6	5.8	7.0	23%
EBITDA margin (%)*	7.1	5.6	6.7	6%
NPAT (\$M)*	5.6	3.6	4.4	27%
Dividend (cents)	7.5	0	0	n/a

* The figures for June 2016 and December 2015 are pro forma results, prepared in accordance with methodologies employed for the Initial Public Offering (IPO) and listing of the company on the Australian Securities Exchange in April 2016. Adjustments were made to statutory results to reflect the revised capital structure of the company after listing, and after excluding certain non-recurring costs such as IPO expenses. These numbers are provided as comparisons here to provide a more accurate comparison of the performance of the underlying business.

Leading Australian motorcycle retailing group MotorCycle Holdings Limited (ASX:MTO) has achieved record sales, record revenues and record net profit for the six months to 31 December 2016. The Company has declared an interim dividend of 7.5 cents per share - its first dividend since listing on the Australian Securities Exchange in April 2016.

The six months to 31 December 2016 represented the first full six months period of trading for the Company as a listed entity.

The Company recorded a net profit of \$5.56 million for the December half year, up 27% compared with the pro-forma results for the six months to December 2015.

The strong result was driven by solid growth in revenues and earnings across all divisions. Motorcycle sales increased to a record of 8,561 units for the six months to December, which was up 18% from 7,284 units in the December half of 2015, and 29% higher than the 6,647 units sold in the immediately preceding six months to June 2016.

Growth was strongest in the new motorcycle segment, where sales totaled 4,943 units, up 23% compared with December 2015 and well above national market growth of 7.4%.

Used motorcycle sales grew by 11.2% to 3618 units, which again exceeded market growth, estimated to be about 7.5% in our main market in Queensland.

Sales growth was recorded across all motorcycle segments and in all the major markets in which the Company operates.

The increase in motorcycle sales underpinned increases in business across all divisions of the company, with revenues in Parts increasing 8.5%, Service revenues up 9.7% and Finance and Insurance revenues 21% higher.

Overall group revenue for the half-year increased 14.9% to \$120.7 million, with the strong performance attributed to improvements in divisional management and across the dealership network. Acquisitions completed in 2015 were bedded down during the year and the broader dealer network consolidated the gains achieved through various improvements implemented during the past 18 months.

The cost of sales increased 14.7% to \$88.4 million, just below the revenue increase. Operating costs increased 13.4% to \$23.7 million, due to increased variable costs

associated with the increased sales levels. However the rate of cost increases was kept below revenue growth, boosting profit margins. This resulted in a healthy 23% increase in earnings before interest and tax (EBITDA) to \$8.6 million, providing an EBITDA margin of 7.1%, up from 6.7% at December 2015.

After tax of \$2.41 million, the result was a profit of \$5.56 million for the half-year.

ASIC Finance Products Sales Review

ASIC is continuing to work with the industry to address issues related to the sale of add-on Insurance products in motor dealerships and commissions payable on finance origination. No new regulatory regime has been agreed on to date, so no estimate of the effect on our future results is possible. We will be working within any new rules to mitigate any loss of income.

If MotorCycle Holdings determines that the financial impact of any reforms arising out of ASIC's report are material to the business, it will advise shareholders.

Outlook

Trading conditions within the motorcycle industry are now at their strongest since 2009, having improved steadily during the past 12 months. MotorCycle Holdings continues to gain market share through innovative marketing, solid brand relationships and expert dealership support as well as high standards of customer service.

The outlook for the remainder of the year remains positive, with good sales momentum in the network. In addition, we continue to consider various acquisition opportunities as we seek to add dealerships that generate positive cash returns.

The Company has declared its first dividend with these results.

Table 2: Results for the 6 months to 31 December 2016

\$m	Notes	Dec 16	Jun 16 Pro Forma	Dec 15 Pro Forma	% Change Dec 16 vs Dec 15
Revenue	1	120.7	104.3	105.0	14.9
Materials purchased and change in inventories		(88.4)	(77.7)	(77.1)	14.7
Gross Profit		32.3	26.6	27.9	15.8
Employee benefits expense		(17.4)	(14.5)	(15.1)	15.2
Occupancy expenses		(2.8)	(2.6)	(2.6)	7.7
Other expenses	2	(3.4)	(3.5)	(3.0)	13.3
Bailment interest	3	(0.1)	(0.2)	(0.2)	(50.0)
Operating expenses		(23.7)	(20.8)	(20.9)	13.4
EBITDA		8.6	5.8	7.0	22.9
Depreciation and amortisation		(0.4)	(0.4)	(0.4)	0
EBIT		8.2	5.4	6.6	24.2
Net interest (excluding bailment finance facilities)		(0.2)	(0.3)	(0.2)	0
Profit Before Tax		8.0	5.1	6.4	25.0
Tax expense		(2.4)	(1.5)	(2.0)	(20.0)
Net Profit After Tax		5.6	3.6	4.4	27.3

1. Revenue represents the sales and income from the Company's five business streams: new motorcycle sales, used motorcycle sales, finance, insurance and warranty income, parts and accessories sales and service and repair sales. Prospectus revenue numbers were restated in an ASX announcement released on 4 August 2016.

2. Other expenses notably include motor vehicle fleet and distribution costs and marketing expenses.

3. The Company includes the accrued interest cost associated with its bailment finance facilities within EBITDA as it is considered an integral operating cost of the Company doing business

Table 3: Operational metrics

	Dec 16	Jun 16	Dec 15	% Change Dec 16 vs Dec 15
Total motorcycles sold	8,561	6,647	7,284	17.5
New motorcycles sold	4,943	3,507	4,031	22.6
Number of used motorcycles sold	3,618	3,140	3,253	11.2



MotorCycle Holdings Limited

ABN 29 150 386 995

**Interim Financial Report
for the half year ended
31 December 2016**

MotorCycle Holdings Limited ABN 29 150 386 995
31 December 2016 Interim Financial Report

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DIRECTORS' REPORT

The Directors present their report together with the consolidated financial statements for the Group, being MotorCycle Holdings Limited ("the Company") and its controlled entities, for the six months ended 31 December 2016 and the review report thereon.

DIRECTORS

The directors of the Company at any time during or since the end of the interim period are:

Dave Ahmet	Managing Director
David Foster	Chairperson
Warren Bee	Non Executive Director
Scott Greck	Non Executive Director
Rick Dennis (Appointed 1 September 2016)	Non Executive Director
Robert Thorn (retired 25 July 2016)	Non Executive Director

REVIEW OF OPERATIONS

The Company recorded a net profit of \$5.56 million for the December half year, up 47.1% compared with the results for the six months to December 2015.

The current year is the first full six months of operation as a listed company. The prior year figures include a different capital structure and no public company costs.

The strong result was driven by solid growth in revenues and earnings across all divisions. Overall group revenue for the half-year increased 14.9% to \$120.7 million.

Motorcycle sales increased to a record of 8,561 units for the six months to December, which was up 18% from 7,284 units in the December half of 2015, and 29% higher than the 6,647 units sold in the immediately preceding six months to June 2016.

Growth was strongest in the new motorcycle segment, where sales totaled 4,943 units, up 23% compared with December 2015.

Used motorcycle sales grew by 11.2% to 3,618 units.

All divisions of the company had strong results, with revenues in Parts increasing 8.5%, Service revenues up 9.7% and Finance and Insurance revenues 21.1% higher.

The cost of sales increased 14.7% to \$88.4 million, just below the revenue increase. Operating costs increased 13.4% to \$23.7 million.

After tax of \$2.41 million, the result was a profit of \$5.56 million for the half-year.

DIVIDENDS

No dividends were paid during the half year ended 31 December 2016 (2015 - no dividend was paid).

A fully franked interim dividend of 7.5 cents per fully paid share was declared on 24 February 2017.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

(a) On 21 February 2017 the Company announced it had agreed to acquire the business of Action Motorcycles on the Gold Coast from Action Motorcycles Gold Coast Pty Ltd ATF the Action Motorcycles Unit Trust.

The acquisition is to be funded from existing banking facilities and will be earnings accretive upon settlement.

The business had an annual turnover of \$6.8 million in FY16. Settlement is expected in March 2017.

It is subject to completion of satisfactory due diligence by the Company and obtaining manufacturer and landlord approval.

(b) On 21 February 2017 the Company announced it had agreed to acquire the business of Evolution Motorcycles in Epping, Victoria from Curley Investments Pty Ltd.

The acquisition is to be funded from existing banking facilities and will be earnings accretive upon settlement.

The business had an annual turnover of \$10.8 million in FY16. Settlement is expected in March 2017.

It is subject to completion of satisfactory due diligence by the Company and obtaining manufacturer and landlord approval. It is further subject to a franchise from Honda Australia Motorcycle and Power Equipment Pty Ltd being granted.

(c) The Company has negotiated a new \$4M facility with the Company's bankers to reduce reliance on bailment borrowings.

There has not been any other matter or circumstances occurring subsequent to the end of the financial year that significantly affected, or may significantly affect, the operations of the group or the state of affairs of the group in future financial years.

LEAD AUDITORS INDEPENDENCE DECLARATION

The lead auditor's independence declaration is set out on page 4 and forms part of the directors report for the six months ended 31 December 2016

ROUNDING OFF

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that instrument, amounts in the condensed consolidated interim financial statements and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the directors:



David Foster
Chairman
24 February 2017



David Ahmet
Managing Director
24 February 2017



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

To: the directors of MotorCycle Holdings Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year 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

Simon Crane
Partner
Brisbane
24 February 2017

MotorCycle Holdings Limited

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

	Notes	31 Dec 16 \$'000	31 Dec 15 \$'000 * Restated
Revenue	5	110,593	96,561
Other revenue		10,068	8,489
Raw materials and inventory expense		88,395	77,210
Employee benefits expense		17,406	14,902
Finance costs		347	1,362
Depreciation and amortisation expense		396	401
Other expenses		6,153	5,753
Profit before tax		7,964	5,422
Income tax expense		2,406	1,643
Profit for the period		5,558	3,779
Other comprehensive income		-	-
Total comprehensive income for the period attributable to owners of the company		5,558	3,779

* Please refer to Note 13 'Intercompany sales and revenue restatement'

	Cents	Cents
Earnings per share:		
Basic earnings per share	14.8	13.6
Diluted earnings per share	14.8	13.6

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

MotorCycle Holdings Limited

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Notes	31 Dec 16 \$'000	30 Jun 16 \$'000
Current assets			
Cash and cash equivalents		6,722	4,226
Trade and other receivables		2,402	1,541
Inventories	7	41,780	37,036
Other		21	4
Total current assets		50,925	42,807
Non-current assets			
Property, plant and equipment	8	6,870	7,004
Deferred tax assets		2,325	2,562
Goodwill		25,904	25,904
Other		56	56
Total non-current assets		35,155	35,526
Total assets		86,080	78,333
Current liabilities			
Trade and other payables		7,433	6,740
Short term borrowings		18,890	19,243
Current tax liabilities		1,716	784
Provisions		5,163	3,813
Total current liabilities		33,202	30,580
Non-current liabilities			
Borrowings		11,000	11,000
Deferred tax liabilities		530	1,168
Provisions		595	390
Total non-current liabilities		12,125	12,558
Total liabilities		45,327	43,138
Net assets		40,753	35,195
EQUITY			
Contributed equity		29,635	29,635
Retained earnings		11,118	5,560
Total equity		40,753	35,195

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

MotorCycle Holdings Limited

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

	Issued capital \$'000	Retained earnings \$'000	Total \$'000
Balance at 1 July 2015	11,198	(11)	11,187
Profit for the period	-	3,779	3,779
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	3,779	3,779
Transactions with owners in their capacity as owners:			
Issue of shares	-	-	-
	-	-	-
Balance at 31 December 2015	11,198	3,768	14,966
Balance at 1 July 2016	29,635	5,560	35,195
Profit for the period	-	5,558	5,558
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	5,558	5,558
Transactions with owners in their capacity as owners:			
Issue of shares	-	-	-
	-	-	-
Balance at 31 December 2016	29,635	11,118	40,753

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

MotorCycle Holdings Limited

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

	Notes	31 Dec 16 \$'000	31 Dec 15 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		131,843	125,343
Payments to suppliers and employees (inclusive of GST)		(126,869)	(119,192)
Interest and other costs of finance paid		(347)	(1,362)
Income taxes paid		(1,875)	(1,001)
Interest received		6	9
Net cash provided by operating activities		2,758	3,797
Cash flows from investing activities			
Payments for property, plant and equipment		(284)	(363)
Proceeds from sale of property, plant and equipment		22	-
Net cash used in investing activities		(262)	(363)
Cash flows from financing activities			
IPO Costs (inclusive of GST) not capitalised		-	(550)
Repayment of shareholder loans		-	(3,410)
Net cash (used)/provided by financing activities		-	(3,960)
Net increase/(decrease) in cash and cash equivalents		2,496	(526)
Cash and cash equivalents at the beginning of the period		4,226	1,930
Cash and cash equivalents at the end of the period		6,722	1,404

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

1 REPORTING ENTITY

MotorCycle Holdings Limited (the "Company") is a company domiciled in Australia. These consolidated interim financial statements ("interim financial statements") as at and for the six months ended 31 December 2016 comprise the Company and its subsidiaries (together referred to as the "Group").

The Group is primarily involved in the ownership and operation of motorcycle dealerships engaging in the sale of new motorcycles, used motorcycles, accessories and parts, finance, insurance and warranty products as well as service and repair. The Group also owns and operates a rider training school and a motorcycle repair business which performs smash repair work for insurers.

The consolidated annual financial statements of the Group as at and for the year ended 30 June 2016 are available upon request from the Company's registered office at 68 Moss St, Slacks Creek, Queensland or at www.mcholdings.com.au.

2 BASIS OF PREPARATION

These interim financial statements are general purpose financial statements prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*, and with IAS 34 *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 as at and for the year ended 30 June 2016.

These interim financial statements were authorised for issue by the Company's Board of Directors on 24 February 2017.

The Company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and in accordance with the legislative instrument, amounts in the consolidated interim financial statements have been rounded off to the nearest thousand dollars, unless otherwise stated.

The accounting policies applied by the Group in this consolidated interim financial report are the same as those applied by the Group in its consolidated financial report for the financial year ended 30 June 2016.

3 USE OF JUDGEMENTS AND ESTIMATES

In preparing these interim financial statements, Management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2016.

4 SEGMENT INFORMATION

The Group operates in one operating and reporting segment being Motorcycle Retailing, identified on the basis of how the consolidated entity is regularly reviewed by the chief decision maker for the purpose of resource allocation and assessment of segment performance.

The basis for segmentation and basis of measurement of segment results are the same as those applied by the Group in its consolidated financial report for the year ended 30 June 2016. As the Group operates in only one segment, the consolidated results of the Group are also its segment results for the current and prior periods. All revenue of the Group is from external customers.

5 REVENUE

	31 Dec 16 \$'000	31 Dec 15 \$'000 Restated
Sales revenue		
New motorcycles	54,854	45,002
Used motorcycles	32,154	29,812
Parts & Accessories	17,888	16,490
Service	5,275	4,809
Other	422	448
	110,593	96,561

6 DIVIDENDS PAID AND PROPOSED

	31 Dec 16 \$'000	31 Dec 15 \$'000
Final Dividend for the year ended 30 June 2016 (30 June 2015: NIL)	-	-
2017 Fully franked interim dividend of 7.5 cents per fully paid share payable on 5 April 2017 (31 December 2015: NIL)	2,657	-

The total 2017 interim dividends on ordinary shares determined but not recognised in the consolidated interim statement of financial position are estimated based on the total number of shares on issue as at 31 December 2016. The actual amount recognised in the consolidated financial statements for the year ending 30 June 2017 will be based on the actual number of shares on issue on the record date.

7 INVENTORIES

	31 Dec 16 \$'000	30 Jun 16 \$'000
New motorcycles - bailment and owned stock - at cost	23,050	19,861
Less: Write-down to net realisable value	(114)	(142)
	<u>22,936</u>	<u>19,719</u>
Used motorcycles - at cost	9,972	8,775
Less: Write-down to net realisable value	(105)	(136)
	<u>9,867</u>	<u>8,639</u>
Parts, accessories, and other consumables -	11,391	10,994
Less: Write-down to net realisable value	(2,414)	(2,316)
	<u>8,977</u>	<u>8,678</u>
Total inventories	<u>41,780</u>	<u>37,036</u>

During the six months ended 31 December 2016, the Group wrote-down its inventory to net realisable value by \$39,000. (31 December 2015: \$316,000) This relates to stock obsolescence and was determined using the same principles adopted for the year ended 30 June 2016.

8 PROPERTY, PLANT AND EQUIPMENT

Reconciliations

Reconciliation of the carrying amounts of each class of property, plant and equipment at the beginning and end of the year is set out below:

31 Dec 2016	Leasehold Improvements \$'000	Motor Vehicles \$'000	Plant and equipment \$'000	Furniture, Fixture & Fittings \$'000	Low value pool assets \$'000	Total \$'000
Carrying amount at the start of the period	4,974	374	941	454	261	7,004
Additions	85	71	96	7	25	284
Disposals/transfers	-	(16)	(6)	-	-	(22)
Depreciation expense	(170)	(46)	(115)	(27)	(38)	(396)
Carrying amount at end of period	<u>4,889</u>	<u>383</u>	<u>916</u>	<u>434</u>	<u>248</u>	<u>6,870</u>
31 Dec 2015						
Carrying amount at the start of the period	5,117	376	951	507	315	7,266
Additions	115	107	140	4	25	391
Disposals/transfers	-	(28)	-	-	-	(28)
Depreciation expense	(164)	(47)	(107)	(28)	(55)	(401)
Carrying amount at end of period	<u>5,068</u>	<u>408</u>	<u>984</u>	<u>483</u>	<u>285</u>	<u>7,228</u>

9 FINANCIAL INSTRUMENTS

The financial instruments held by the Group at 31 December 2016 relate to cash and cash equivalents, trade receivables and payables, and borrowings.

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded in the financial statements approximate their fair value.

10 CONTINGENT LIABILITIES

There have been no material changes in contingent assets or liabilities since 30 June 2016.

11 RELATED PARTIES

Other transactions of directors and director related entities

The aggregate amount of "Other transactions" with key management personnel are as follows:

- (i) As disclosed in the 30 June 2016 annual financial statements, the Group has entered into leases in respect of 11 properties that are part-owned by David Ahmet or that are part-owned by entities owned and controlled by David Ahmet. The lease terms on these properties expired on 30 June 2016 and options were exercised to extend the lease period to 30 June 2021. On lease renewal, each property was subject to an independent market assessment and the annual lease payment adjusted accordingly. Total rental expense payable to related parties for the six months ended 31 December 2016 was \$950,041 (31 Dec 2015: \$918,508)

12 SUBSEQUENT EVENTS

(a) On 21 February 2017 the Company announced it had agreed to acquire the business of Action Motorcycles on the Gold Coast from Action Motorcycles Gold Coast Pty Ltd ATF the Action Motorcycles Unit Trust.

The acquisition is to be funded from existing banking facilities and will be earnings accretive upon settlement.

The business had an annual turnover of \$6.8 million in FY16. Settlement is expected in March 2017.

It is subject to completion of satisfactory due diligence by the Company and obtaining manufacturer and landlord approval.

(b) On 21 February 2017 the Company announced it had agreed to acquire the business of Evolution Motorcycles in Epping, Victoria from Curley Investments Pty Ltd.

The acquisition is to be funded from existing banking facilities and will be earnings accretive upon settlement.

The business had an annual turnover of \$10.8 million in FY16. Settlement is expected in March 2017.

It is subject to completion of satisfactory due diligence by the Company and obtaining manufacturer and landlord approval. It is further subject to a franchise from Honda Australia Motorcycle and Power Equipment Pty Ltd being granted.

(c) The Company has negotiated a new \$4M facility with the Company's bankers to reduce reliance on bailment borrowings.

There has not been any other matter or circumstances occurring subsequent to the end of the financial year that significantly affected, or may significantly affect, the operations of the group or the state of affairs of the group in future financial years.

13 INTERCOMPANY SALES AND REVENUE RESTATEMENT

Revenue and expenditure arising from transactions between internal departments have been historically disclosed on a gross basis within the consolidated statement of profit and loss and other comprehensive income. As these transactions should be eliminated, the comparative sales and cost of sales for the period ended 31 December 2015 have been restated to reflect this position. There is no impact on the comparative statement of financial position reported.

The Directors note that this change did not impact the underlying profit before tax disclosed in the consolidated statement of profit or loss and other comprehensive income, the operating cash flows disclosed within the consolidated statement of cash flows nor the earnings per share previously reported for the period ended 31 December 2015.

	31 December 2015		
	Previously stated \$'000	Restatement \$'000	Restated \$'000
CONSOLIDATED STATEMENT OF PROFIT OR LOSS			
Revenue	104,118	(7,557)	96,561
Other revenue	8,489	-	8,489
Raw materials and inventory expense	84,767	(7,557)	77,210
Employee benefits expense	14,902	-	14,902
Finance costs	1,362	-	1,362
Depreciation and amortisation expense	401	-	401
Other expenses	5,753	-	5,753
Gross profit	<u>5,422</u>	<u>-</u>	<u>5,422</u>
Income tax expense	1,643	-	1,643
Profit for the year	<u>3,779</u>	<u>-</u>	<u>3,779</u>
Other comprehensive income for the year	-	-	-
TOTAL COMPREHENSIVE INCOME	<u>3,779</u>	<u>-</u>	<u>3,779</u>

Directors' declaration

Directors' declaration

In the opinion of the directors of MotorCycle Holdings Limited ("the Company"):

- (a) the consolidated financial statements and notes set out on pages 5 to 12, 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, for the six month period ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; 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 Brisbane on the 24th day of February 2017



David Ahmet
Director



Independent auditor's review report to the members of MotorCycle Holdings Limited

We have reviewed the accompanying interim financial report of MotorCycle Holdings Limited, which comprises the consolidated statement of financial position as at 31 December 2016, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes 1 to 13 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 half-year's end or from time to time during the half-year.

Responsibility of the Directors for the interim financial report

The directors of the company 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 half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of MotorCycle Holdings Limited, 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*.



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 MotorCycle Holdings Limited 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 half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

KPMG

A handwritten signature in black ink, appearing to read 'Simon Crane', written over a horizontal line.

Simon Crane
Partner
Brisbane
24 February 2017