Bapcor Limited

ABN 80 153 199 912

Appendix 4D and Financial Report for the half-year ended 31 December 2017

Lodged with the ASX under Listing Rule 4.2A

Bapcor Limited
Appendix 4D
31 December 2017

1. Company details

Name of entity:	Bapcor Limited
ABN:	80 153 199 912
Reporting period:	For the half-year ended 31 December 2017 ('H1 FY18')
Previous period:	For the half-year ended 31 December 2016 ('H1 FY17')

2. Results for announcement to the market

			$'000	%		$'000
Revenue from continuing operations		Up	181,014	41.6	to	616,132
Earnings before interest, taxes, depreciation and amortisation from continuing operations	Statutory	Up	24,565	53.8	to	70,195
	Pro-forma	Up	21,040	42.8	to	70,195
Net profit after tax from continuing operations	Statutory	Up	15,152	60.0	to	40,405
	Pro-forma	Up	12,582	45.2	to	40,405
Net profit after tax	Statutory	Up	18,241	72.2	to	43,494
	Pro-forma	Up	12,955	46.6	to	40,778
Earnings per share - basic (cents per share) - *including contribution from discontinued operations*	Statutory	Up	6.00 cps	62.1	to	15.66 cps
	Pro-forma	Up	3.97 cps	37.3	to	14.61 cps

Statutory revenue and net profit after tax for H1 FY18 increased by 41.6% and 72.2% respectively compared to H1 FY17.

Pro-forma net profit after tax from continuing operations increased by 45.2%. The increase in pro-forma net profit after tax reflects the impact of the acquisitions of Hellaby and other acquisitions made during H2 FY17 as well as the profit growth of Bapcor's existing Trade and Specialist Wholesale businesses.

Earnings per share for H1 FY18 was 14.61 cents per share, up 37.3% compared to H1 FY17 (based on pro-forma NPAT including contribution from discontinued operations).

Net debt at 31 December 2017 was $337.1M representing a leverage ratio of 2.2X (Net Debt : last twelve months EBITDA). The level of debt represents a reduction of $44.8M compared to 30 June 2017 and includes the proceeds from the divestment of the non-core Footwear and Contract Resources businesses.

For a further explanation of the results above, refer to the Company's ASX/Media Announcement for the half-year ended 31 December 2017 and the accompanying Directors' Report.

3. Dividends

	Amount per security Cents	Franked amount per security Cents
2017 Final dividend	7.5	7.5
2018 Interim dividend (declared after balance date but not yet paid)	7.0	7.0

Record date for determining entitlements to the dividend: 16 March 2018
Date dividend payable: 27 April 2018

4. Dividend reinvestment plans

Bapcor operates a Dividend Reinvestment Plan ('DRP'), which provides shareholders with the opportunity to utilise all or part of their dividends to purchase shares in the Company. The DRP will be in operation for the 2018 interim dividend.

Shareholders who elect to participate in the DRP for the 2018 interim dividend will be issued shares at a DRP issue price which will be the average of the daily market price of Bapcor's shares over the period of ten trading days between 3 April 2018 and 16 April 2018 ('Pricing Period'), less a 1.5% discount.

The timetable in respect of the 2018 interim dividend and DRP is as follows:

Event / Action	Date*
Record Date	16 March 2018
Election Date: Last date for shareholders to make an election to participate in the DRP	5.00 pm (Melbourne time) on 29 March 2018
Pricing Period Commencement Date	3 April 2018
Last day of Pricing Period	16 April 2018
Announcement of DRP issue price	17 April 2018
Dividend Payment Date / Issue of DRP shares	27 April 2018

**All dates are subject to change*

Details of the DRP can be downloaded from http://www.bapcor.com.au/dividends. In order to participate in the DRP for the 2018 interim dividend, shareholders should ensure that their DRP Election Form is received, or an online election is made, by no later than 5.00 pm (Melbourne time) on 29 March 2018. An online election can be made by visiting www.investorcentre.com.

5. Attachments

The Financial Report of Bapcor Limited for the half-year ended 31 December 2017 is attached.

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Bapcor Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2017 ('H1 FY18').

1. Directors

The following persons were directors of Bapcor Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Robert McEniry	Independent Non-Executive Chairman
Darryl Abotomey	Chief Executive Officer and Managing Director
Andrew Harrison	Independent, Non-Executive Director
Therese Ryan	Independent, Non-Executive Director
Margaret Haseltine	Independent, Non-Executive Director

2. Principal activities

The principal activities of Bapcor were the sale and distribution of motor vehicle aftermarket parts and accessories, automotive equipment and services, and motor vehicle servicing.

Bapcor is one of the largest automotive aftermarket parts, accessories, equipment and services supplier in Australasia with a continuing operations store network covering over 800 sites.

3. Review of operations

During H1 FY18 Bapcor's operations included its principal automotive activities as well as the non-core businesses of Footwear and Resource Services which were acquired as part of the Hellaby acquisition in January 2017. The non-core businesses are disclosed as Discontinued Operations. During H1 FY18 the Footwear business and the Contract Resources division of Resources Services were divested, with the remaining division of Resource Services, TBS, being the only remaining Discontinued Operation at 31 December 2017.

The key highlights of Bapcor's financial results for H1 FY18 compared to H1 FY17 were:

- Revenue from continuing operations increased by 41.6% from $435.1M to $616.1M

- Statutory earnings before interest, taxes, depreciation and amortisation ('EBITDA') from continuing operations increased by 53.8% to $70.2M
- Pro-forma EBITDA from continuing operations increased by 42.8% to $70.2M

- Statutory net profit after tax ('NPAT') from continuing operations increased by 60.0% to $40.4M
- Pro-forma NPAT from continuing operations increased by 45.2% to $40.4M
- Statutory NPAT including contribution from discontinued operations increased by 72.2% to $43.5M
- Pro-forma NPAT including contribution from discontinued operations increased by 46.6% to $40.8M

- Pro-forma EPS based on NPAT from continuing operations increased by 36.0% to 14.5 cents per share
- Pro-forma EPS based on NPAT including contribution from discontinued operations increased by 37.3% to 14.6 cents per share

- Net debt at 31 December 2017 was $337.1M representing a leverage ratio of 2.2X (Net Debt : last twelve months EBITDA).

The table below reconciles the pro-forma result to the statutory result for H1 FY18 and H1 FY17.

		Consolidated			
$'M	Notes	H1 FY18 Continuing Operations	H1 FY18 Discontinued Operations	H1 FY18 Total	H1 FY17
Statutory NPAT		**40.4**	**3.1**	**43.5**	**25.3**
Costs associated with the Hellaby acquisition	1	-	-	-	3.5
Interest adjustment	2	-	-	-	(0.8)
Depreciation and amortisation adjustment	3	-	(3.8)	(3.8)	-
Net reserve release to profit and loss	4	-	(1.5)	(1.5)	-
Tax adjustment	5	-	2.6	2.6	(0.2)
Pro-forma NPAT		**40.4**	**0.4**	**40.8**	**27.8**

Notes:

1. Relates to one off costs incurred during the acquisition of Hellaby. These costs related to professional advisory fees, target defence costs, finance costs relating to the bridging facility and refinancing, restructuring costs, one time elimination of intercompany profit in stock and other costs.
2. The interest adjustment reflects the additional interest expense that would have been incurred if the Hellaby related capital raising did not occur due to the reduction in borrowings between the time of the capital raising and the payment for Hellaby shares.
3. The depreciation and amortisation adjustment relates to the depreciation and amortisation that would have occurred in the Resource Services and Footwear divisions that was not recorded due to their held for sale status.
4. Relates to the release of net investment hedge and foreign currency reserves to the profit and loss on divestment of Contract Resources and Footwear.
5. The tax adjustment reflects the tax effect of the above adjustments based on local effective tax rates.

The directors' report includes references to pro-forma results to exclude the impact of the adjustments detailed above. The directors believe the presentation of non-IFRS financial measures are useful for the users of this financial report as they provide additional and relevant information that reflect the underlying financial performance of the business. Non-IFRS financial measures contained within this report are not subject to audit or review.

Pro-forma revenue and EBITDA by segment is as follows:

	Revenue			EBITDA[2]		
	H1 FY18 $'M	H1 FY17 $'M	Change %	H1 FY18 $'M	H1 FY17 $'M	Change %
Trade	245.6	230.4	6.6%	34.1	31.3	8.7%
Retail & Service	124.1	117.8	5.4%	14.2	14.2	0.0%
Specialist Wholesale	122.0	97.3	25.4%	12.3	9.8	25.4%
Bapcor NZ (previously Hellaby Automotive)	148.2	-		16.6	-	
Unallocated / Head Office[1]	(23.8)	(10.4)	(128.8%)	(7.0)	(6.1)	(12.5%)
Total continuing operations	**616.1**	435.1	**41.6%**	**70.2**	49.2	**42.8%**
Assets held for sale	129.4	-		7.7	-	
Total	**745.5**	435.1	**71.3%**	**77.9**	49.2	**58.4%**

Notes:

1. Revenue relates to intersegment sales eliminations. EBITDA includes intersegment EBITDA and acquisition costs. H1 FY18 EBITDA includes Hellaby head office costs of $1.0M and intersegment elimination of intercompany profit in stock of $1.0M.
2. Reclassifications in H1 FY17 between segments have occurred to ensure comparability with the presentation of H1 FY18.

3.1 Operating and financial review – Trade

The Trade segment currently consists of the Burson Auto Parts and Precision Automotive Equipment business units. This segment is a distributor of:

- Automotive aftermarket parts and consumables to trade workshops for the service and repair of passenger and commercial vehicles
- Automotive workshop equipment such as vehicle hoists and scanning equipment, including servicing of the equipment
- Automotive accessories and maintenance products to do-it-yourself vehicle owners.

The Trade segment had a successful H1 FY18, and compared to H1 FY17, recorded revenue and EBITDA growth of 6.6% and 8.7% respectively.

The increase in revenue of 6.6% included same store sales growth of 3.4% (compared to 4.6% in FY17). Trade's EBITDA percentage was 0.3 percentage points above H1 FY17 however competition for volume restricted margins during the period. In January 2018 a market wide selling price increase was implemented by both Burson Auto Parts.

During H1 FY18, Burson Auto Parts continued to expand its store network with the number of stores increasing from 160 at 30 June 2017 to 163 at 31 December 2017. The increase of 3 stores consisted of 3 greenfield store developments. The average cost per new store including inventory was $617,000.

The new stores are located in Narellan in New South Wales; Kingston in Tasmania and Albion in Queensland.

Trade also successfully completed the acquisition of Tricor Engineering during the half-year. Tricor Engineering is a business specialising in the supply and installation of lubrication equipment in the Car Dealership and Heavy Vehicle Workshop market and operates out of the Precision Automotive Equipment business unit.

3.2 Operating and financial review – Retail & Service

The Retail & Service segment consists of business units that are retail customer focused, and include the Autobarn, Autopro, Sprint Auto Parts and Car Parts retail store brands, and the Midas and ABS workshop service brands. The majority of this segment is franchised stores and workshops. There are also 62 company owned stores.

Revenue for the Retail & Service segment in H1 FY18 increased by 5.4% compared to H1 FY17 which includes the impact of a higher ratio of company owned stores versus franchise operations. Same store sales growth for franchise stores was approximately 1% and for company owned stores approximately 5%. Predominately, as a result of the higher mix of company owned stores generating a higher level of sales relative to profit, EBITDA as a percentage of sales decreased by 0.6 percentage points from 12.1% in H1 FY17 to 11.4% in H1 FY18.

Bapcor has continued to grow the number of company owned Autobarn stores via both greenfield Autobarn stores as well as some select conversion of franchise stores to company owned stores. The total number of Autobarn stores at 31 December 2017 was 124 stores, a net increase of 2 stores since 30 June 2017. The number of company owned stores increased from 31 to 39, with the 8 new stores consisting of 4 greenfield stores and the conversion of 4 franchise operations. The percentage of company owned Autobarn stores is now 31%, up from 25% at 30 June 2017.

At 31 December 2017 the total number of company owned and franchise stores in the Retail segment was 385 consisting of Autobarn 124 stores, Autopro 88 stores, Sprint Auto Parts 39 stores and Midas and ABS 134 stores.

3.3 Operating and financial review – Specialist Wholesale

The Specialist Wholesale segment consists of the operations that specialise in automotive aftermarket wholesale and include AAD, Bearing Wholesalers, Opposite Lock, Baxters, MTQ and Roadsafe.

The Specialist Wholesale segment achieved revenue and EBITDA growth of 25.4% and 25.4% respectively compared to H1 FY17. This is partly due to the acquisitions of Baxters, MTQ and Roadsafe now being included for the full six months, as well as improved performance in AAD and Opposite Lock.

Continued progress was made during the financial half-year to increase the volume and product groups that the Specialist Wholesale segment sells into other Bapcor group businesses and this will continue in H2 FY18 with growing the level of intercompany sales being a key business strategy.

3.4 Operating and financial review – Bapcor New Zealand

Bapcor New Zealand (previously Hellaby Automotive) consists of Trade and Specialist Wholesale businesses located in New Zealand and Australia and operates across more than 120 locations.

In New Zealand, Trade operates from 79 locations, of which BNT is the predominant business operating from 53 stores supplying automotive truck parts and accessories to workshops. BNT is similar to Bapcor's Burson Automotive business that operates in Australia. Also in New Zealand are the Specialist Wholesale businesses of JAS Oceania NZ - an auto electrical business, HCB – a battery business, Diesel Distributors – a distributor of diesel fuel components, and TRS – a tyre and wheel business predominantly supplying the agricultural market.

In Australia, Bapcor New Zealand operates the auto electrical businesses of JAS Oceania, PAT and Federal Batteries, as well as Diesel Distributors.

Bapcor New Zealand has performed very strongly and contributed $16.6M EBITDA to the H1 FY18 group results (excluding Hellaby head office costs). In local New Zealand currency and compared to the Hellaby reported results for H1 FY17, revenue and EBITDA increased by 10.0% and 29.5% respectively. In H1 FY18 the Australian Dollar versus the New Zealand dollar has strengthened by approximately 5% versus the previous financial year which negatively impacted EBITDA by $0.4M.

Bapcor New Zealand's largest business is the BNT trade business. In H2 FY18 BNT achieved same store sales growth of 8.5% reflecting the success of organisation changes, range expansion and market growth.

3.5 Operating and financial review – Unallocated / Head Office

The Unallocated / Head Office segment consists of all elimination and head office costs or adjustments that are not in the control of the other segments. Unallocated costs increased from $6.1M in H1 FY17 to $7.0M in H1 FY18 due largely to the inclusion of Hellaby related head office costs of $1.0M.

3.6 Operating and financial review – Assets Held for Sale

As part of the acquisition of Hellaby in January 2017, Bapcor acquired the businesses of Resource Services and Footwear. These assets were deemed non-core and reported as held for sale. During H1 FY18, the Contract Resources division of Resource Services and the Footwear business were successfully divested. Total proceeds less costs to sell for these divestments was $54.6M which was in line with estimate disclosed as part of the 30 June 2017 financial report.

The Resource Services business of TBS remains as held for sale, with a sale expected in H2 FY18.

3.7 Financial Position - Capital Raising and Debt

In September 2017, Bapcor issued 932,347 shares to participating shareholders under its Dividend Reinvestment Plan, in respect of the FY17 final dividend. As a result of this issue, ordinary shares on issue increased from 278,633,080 as at 30 June 2017 to 279,565,427 as at 31 December 2017.

Net debt at 31 December 2017 was $337.1M representing a leverage ratio of 2.2X (Net Debt : last twelve months EBITDA).

4. Likely development and expected results of operations

Bapcor expects to continue to see growth in H2 FY18 from business synergies and store network growth as well as solid performance in underlying businesses.

Bapcor continues to forecast pro-forma FY18 NPAT from continuing operations to be circa 30% above FY17 pro-forma NPAT from continuing operations.

5. Matters subsequent to the end of the financial half-year

In January 2018 Bapcor entered into a joint venture agreement with two Asian based partners with Bapcor holding 51% of the share capital. The joint venture initially intends to open a relatively small number of greenfield automotive parts and accessory stores in a major city centre in South East Asia to ascertain the viability of expanding in the region. The initial investment by Bapcor is approximately $2.5M.

From 1 February 2018 the Australian based Specialist Wholesale businesses of Bapcor New Zealand will report to the COO of the Specialist Wholesale business segment and hence will for part of that segment for future reporting. As part of this organisation restructure, the CEO of Hellaby Automotive will become COO New Zealand looking after the New Zealand based operations of Bapcor, as well as being responsible for Bapcor Group Strategic Marketing.

Apart from the dividend declared, no other matter or circumstance has arisen since 31 December 2017 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

6. Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 8 of the directors' report.

7. Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

Robert McEniry
Chairman

Darryl Abotomey
Chief Executive Officer and Managing Director

20 February 2018
Melbourne

Auditor's Independence Declaration

As lead auditor for the review of Bapcor Limited for the half-year ended 31 December 2017, I declare that to the best of my knowledge and belief, there have been:

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

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

This declaration is in respect of Bapcor Limited and the entities it controlled during the period.

Jason Perry
Partner
PricewaterhouseCoopers

Melbourne
20 February 2018

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General information

The financial statements cover Bapcor Limited as a consolidated entity consisting of Bapcor Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Bapcor Limited's functional and presentation currency.

Bapcor Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

61 Gower Street, Preston VIC 3072 AUSTRALIA

A description of the nature of the consolidated entity's operations and its principal activities are included in the Directors' Report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 20 February 2018. The directors have the power to amend and reissue the financial statements.

Bapcor Limited
Consolidated statement of comprehensive income
For the half-year ended 31 December 2017

	Note	Consolidated 31 Dec 2017 $'000	Consolidated 31 Dec 2016 $'000
Revenue from continuing operations		616,132	435,118
Expenses			
Cost of sales		(335,143)	(239,411)
Employee benefits expense		(129,596)	(85,619)
Freight		(10,485)	(6,365)
Advertising		(13,629)	(11,930)
Administration		(23,366)	(18,089)
Motor vehicles		(5,022)	(3,587)
IT & communications		(6,318)	(5,372)
Occupancy		(22,151)	(15,222)
Acquisition costs	4	(227)	(3,893)
Depreciation and amortisation expense	4	(7,441)	(5,995)
Finance costs	4	(6,133)	(2,677)
Profit before income tax expense from continuing operations		56,621	36,958
Income tax expense	5	(16,216)	(11,705)
Profit after income tax expense from continuing operations		40,405	25,253
Profit after income tax expense from discontinued operations	6	3,089	-
Profit after income tax expense for the half-year		43,494	25,253
Other comprehensive income			
Items that may be reclassified to profit or loss			
Foreign currency translation		(13,590)	-
Changes in the fair value of cash flow hedges		3,398	1,390
Other comprehensive income for the half-year, net of tax		(10,192)	1,390
Total comprehensive income for the half-year		33,302	26,643
Profit for the half-year is attributable to:			
Non-controlling interest		(214)	-
Owners of Bapcor Limited	21	43,708	25,253
		43,494	25,253
Total comprehensive income for the half-year is attributable to:			
Non-controlling interest:			
Continuing operations		-	-
Discontinued operations		(214)	-
Total non-controlling interest		(214)	-
Owners of Bapcor Limited			
Continuing operations		30,213	26,643
Discontinued operations		3,303	-
Total owners of Bapcor Limited		33,516	26,643
		33,302	26,643

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

	Note	Consolidated 31 Dec 2017 $'000	31 Dec 2016 $'000
		Cents	**Cents**
Earnings per share for profit from continuing operations attributable to the owners of Bapcor Limited			
Basic earnings per share	30	14.48	9.66
Diluted earnings per share	30	14.42	9.61
Earnings per share for profit from discontinued operations attributable to the owners of Bapcor Limited			
Basic earnings per share	30	1.11	-
Diluted earnings per share	30	1.10	-
Earnings per share for profit attributable to the owners of Bapcor Limited			
Basic earnings per share	30	15.66	9.66
Diluted earnings per share	30	15.60	9.61

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

Bapcor Limited
Consolidated statement of financial position
As at 31 December 2017

	Note	Consolidated 31 Dec 2017 $'000	Consolidated 30 Jun 2017 $'000
Assets			
Current assets			
Cash and cash equivalents		60,139	39,755
Trade and other receivables	7	136,079	135,784
Inventories	8	275,097	261,627
Derivative financial instruments		328	40
Income tax receivable		2,842	-
Assets held for sale	9	44,763	178,860
Total current assets		519,248	616,066
Non-current assets			
Trade and other receivables	10	135	296
Property, plant and equipment	11	52,086	49,781
Intangibles	12	669,341	647,831
Deferred tax asset		14,649	18,664
Other	13	3,406	4,061
Total non-current assets		739,617	720,633
Total assets		1,258,865	1,336,699
Liabilities			
Current liabilities			
Trade and other payables	14	181,513	174,768
Derivative financial instruments		796	1,780
Income tax payable		2,105	3,455
Provisions	15	45,998	32,131
Liabilities relating to assets held for sale	16	11,625	70,842
Total current liabilities		242,037	282,976
Non-current liabilities			
Borrowings	17	396,021	429,747
Derivative financial instruments		333	637
Provisions	18	22,068	33,372
Total non-current liabilities		418,422	463,756
Total liabilities		660,459	746,732
Net assets		598,406	589,967
Equity			
Issued capital	19	602,684	600,675
Reserves	20	(10,037)	(202)
Retained profits/(accumulated losses)	21	5,759	(17,067)
Equity attributable to the owners of Bapcor Limited		598,406	583,406
Non-controlling interest		-	6,561
Total equity		598,406	589,967

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

Bapcor Limited
Consolidated statement of changes in equity
For the half-year ended 31 December 2017

Consolidated	Contributed equity $'000	Other $'000	Reserves $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2016	416,427	-	845	(51,052)	366,220
Profit after income tax expense for the half-year	-	-	-	25,253	25,253
Other comprehensive income for the half-year, net of tax	-	-	1,390	-	1,390
Total comprehensive income for the half-year	-	-	1,390	25,253	26,643
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	181,783	-	-	-	181,783
Share-based payments	-	-	1,028	-	1,028
Treasury shares	-	(1,896)	-	-	(1,896)
Dividends paid (note 22)	-	-	-	(14,781)	(14,781)
Balance at 31 December 2016	598,210	(1,896)	3,263	(40,580)	558,997

Consolidated	Contributed equity $'000	Other $'000	Reserves $'000	Retained earnings $'000	Non-controlling Interests $'000	Total equity $'000
Balance at 1 July 2017	602,571	(1,896)	(202)	(17,067)	6,561	589,967
Profit/(loss) after income tax expense for the half-year	-	-	-	43,708	(214)	43,494
Other comprehensive income for the half-year, net of tax	-	-	(10,192)	-	-	(10,192)
Total comprehensive income for the half-year	-	-	(10,192)	43,708	(214)	33,302
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs (note 19)	4,606	-	-	-	-	4,606
Share-based payments (note 20)	-	-	357	-	-	357
Treasury shares (note 19)	-	(2,597)	-	-	-	(2,597)
Finalisation of prior year business combinations	-	-	-	-	(4,820)	(4,820)
Divestment of non-controlling interest (note 6)	-	-	-	-	(1,527)	(1,527)
Dividends paid (note 22)	-	-	-	(20,882)	-	(20,882)
Balance at 31 December 2017	607,177	(4,493)	(10,037)	5,759	-	598,406

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

Bapcor Limited
Consolidated statement of cash flows
For the half-year ended 31 December 2017

	Note	Consolidated 31 Dec 2017 $'000	Consolidated 31 Dec 2016 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		675,388	477,546
Payments to suppliers and employees (inclusive of GST)		(606,475)	(429,834)
		68,913	47,712
Payments for new store initial inventory purchases		(2,687)	(7,593)
Payments associated with discontinued operations		(531)	-
Borrowing costs		(6,267)	(2,293)
Transaction costs relating to acquisition of business		(227)	(1,761)
Income taxes paid		(18,549)	(15,232)
Net cash from operating activities		40,652	20,833
Cash flows from investing activities			
Payment for purchase of business, net of cash and cash equivalents		(6,894)	(27,618)
Payment for deferred settlements		(6,354)	(995)
Payments for property, plant and equipment	11	(7,826)	(7,629)
Payments for intangibles	12	(496)	(555)
Proceeds from disposal of property, plant and equipment		345	527
Proceeds from divestment of businesses	6	54,340	-
Net cash from/(used in) investing activities		33,115	(36,270)
Cash flows from financing activities			
Proceeds from issue of shares		-	184,075
Share issue transaction costs		(414)	(3,957)
Purchase of treasury shares	19	(2,597)	(1,896)
Net repayment of borrowings		(34,004)	(134,000)
Dividends paid		(15,986)	(14,781)
Borrowing transaction costs		(24)	(935)
Net cash from/(used in) financing activities		(53,025)	28,506
Net increase in cash and cash equivalents		20,742	13,069
Cash and cash equivalents at the beginning of the financial half-year		39,755	22,392
Effects of exchange rate changes on cash and cash equivalents		(358)	-
Cash and cash equivalents at the end of the financial half-year		60,139	35,461

Note: the consolidated statement of cash flows represents the statement of cash flows of the continuing operations only. Discontinued operation's cash flows have been excluded as cash flow disclosures are not required for divestment groups that are classified as held for sale on acquisition in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*.

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

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2017 have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2017 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted
The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 2. Restatement of comparatives

The financial statements contain reclassifications of prior year disclosures to ensure comparability with the current year presentation.

Note 3. Operating segments

Description of segments
The consolidated entity has identified four operating segments based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources including capital allocations.

The operating results of the consolidated entity are currently reviewed by the CODM and decisions are based on four operating segments which also represent the four reporting segments, as follows:

Trade	Represents the trade focused automotive aftermarket parts distribution to independent and chain mechanic workshops. Includes the operations of Burson Auto Parts and Precision Automotive Equipment.
Retail & Service	Represents the retail focused accessory stores that are positioned as the first choice destination for both the everyday consumer and automotive enthusiast as well as the service areas of Bapcor. Includes the operations of Autobarn, Autopro, Sprint Auto Parts, Midas and ABS.
Specialist Wholesale	Includes the specialised wholesale distribution areas of the organisation that focus on a specific automotive area. Includes the operations of AAD, Baxters, Bearing Wholesalers, MTQ Engine Systems and Roadsafe.
Bapcor NZ (previously Hellaby Automotive)	Represents the operations of Brake & Transmission, Autolign, Diesel Distributors, Federal Batteries, HCB Technologies, JAS Oceania, Premier Auto Trade, and TRS Tyre & Wheel.

There is likely to be changes in reportable segments in the near future as the Hellaby businesses become integrated into the consolidated entity.

Note 3. Operating segments (continued)

Segment revenue
Intersegment transactions are carried out at arm's length and eliminated on consolidation. The revenue from external parties reported to the CODM is measured in a manner consistent with that in the statement of comprehensive income.

Segment EBITDA
Segment performance is assessed on the basis of segment EBITDA. Segment EBITDA comprises expenses which are incurred in the normal trading activity of the segments and excludes the impact of depreciation, amortisation, interest, share-based payments and other items which are determined to be outside of the control of the respective segments.

Operating segment information

Consolidated – 31 Dec 2017	Trade $'000	Retail & Service $'000	Specialist Wholesale $'000	Bapcor NZ $'000	Unallocated / Head Office $'000	Total $'000
Revenue						
Sales	245,553	124,114	121,980	148,244	-	639,891
Total segment revenue	245,553	124,114	121,980	148,244	-	639,891
Intersegment sales						(23,759)
Discontinued operations (note 6)						129,417
Total revenue						745,549
EBITDA	34,087	14,191	12,298	16,623	(5,799)	71,400
Intersegment EBITDA						(978)
Depreciation and amortisation						(7,441)
Finance costs						(6,133)
Acquisition costs						(227)
Discontinued operations (note 6)						6,273
Profit before income tax expense						62,894
Income tax expense						(19,400)
Profit after income tax expense						43,494
Assets						
Segment assets	288,612	281,367	207,751	381,151	55,221	1,214,102
Held for sale assets (note 9)						44,763
Total assets						1,258,865
Liabilities						
Segment liabilities	92,515	36,426	21,154	48,531	450,208	648,834
Held for sale liabilities (note 16)						11,625
Total liabilities						660,459

Note 3. Operating segments (continued)

Consolidated – 31 Dec 2016	Trade $'000	Retail & Service $'000	Specialist Wholesale $'000	Bapcor NZ $'000	Unallocated / Head Office $'000	Total $'000
Revenue						
Sales	230,406	117,806	97,288	-	-	445,500
Total segment revenue	230,406	117,806	97,288	-	-	445,500
Intersegment sales						(10,382)
Total revenue						435,118
EBITDA*	31,349	14,228	9,803	-	(3,344)	52,036
Intersegment EBITDA						(2,513)
Depreciation and amortisation						(5,995)
Finance costs						(2,677)
Acquisition costs						(3,893)
Profit before income tax expense						36,958
Income tax expense						(11,705)
Profit after income tax expense						25,253
Consolidated – 30 Jun 2017						
Assets						
Segment assets	280,947	274,241	196,610	358,191	47,850	1,157,839
Held for sale assets (note 9)						178,860
Total assets						1,336,699
Liabilities						
Segment liabilities	91,273	37,549	30,493	44,794	471,781	675,890
Held for sale liabilities (note 16)						70,842
Total liabilities						746,732

* There has been reclassifications of segment EBITDA to ensure comparability between years.

Geographical information

	Sales to external customers		Geographical non-current assets	
	31 Dec 2017 $'000	31 Dec 2016 $'000	31 Dec 2017 $'000	30 Jun 2017 $'000
Australia	528,174	435,118	542,606	531,719
New Zealand	87,958	-	182,362	170,250
	616,132	435,118	724,968	701,969

The geographical non-current assets above are exclusive of, where applicable, financial instruments, deferred tax assets and balances such as intercompany and investments that are eliminated on consolidation. It only pertains to the continuing operations of the consolidated entity.

Revenue is allocated to geographical segments on the basis of where the sale is recorded.

Note 4. Expenses

	Consolidated	
	31 Dec 2017 $'000	**31 Dec 2016 $'000**
Profit before income tax from continuing operations includes the following specific expenses:		
Depreciation and amortisation expense		
Plant and equipment	3,546	2,261
Motor vehicles	2,009	1,778
Amortisation	1,677	1,809
Make good provision	209	147
	7,441	5,995
Acquisition and divestment costs		
Professional consultant costs	194	1,916
Other transaction costs	33	1,977
	227	3,893
Finance costs		
Interest and finance charges paid/payable	6,133	2,677
Rental expense relating to operating leases		
Minimum lease payments	19,878	13,325
Superannuation expense		
Superannuation expense	7,934	6,106

Note 5. Income tax

	Consolidated	
	31 Dec 2017 $'000	**31 Dec 2016 $'000**
Income tax expense		
Current tax on profits for the year	11,603	12,766
Deferred tax expense	4,613	(1,061)
Relating to discontinued operations	3,184	-
Aggregate income tax expense	19,400	11,705
Income tax expense is attributable to:		
Profit from continuing operations	16,216	11,705
Profit from discontinued operations	3,184	-
Aggregate income tax expense	19,400	11,705
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense from continuing operations	56,621	36,958
Profit before income tax expense from discontinued operations	6,273	-
	62,894	36,958
Tax at the statutory tax rate of 30%	18,868	11,087
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Entertainment expenses	67	7
Acquisition and divestment costs	708	626
Other	453	(15)
	20,096	11,705
Difference in overseas tax rates	(696)	-
Income tax expense	19,400	11,705

Note 6. Discontinued operations

Description
The discontinued operations relate to the business units of Footwear and Resource Services that were acquired as part of the Hellaby Holdings Limited acquisition and deemed held for sale on acquisition. During the half-year the Contract Resources division of Resource Services and the Footwear business unit was successfully divested. As these were divested within the twelve month acquisition accounting preliminary period, no gain or loss from these have been recognised in the profit and loss rather the acquired held for sale position has been adjusted as part of the finalisation of the acquisition accounting. Refer to notes 9, 16 and 28 for further information.

Note 6. Discontinued operations (continued)

Financial performance information

	Consolidated 31 Dec 2017 $'000	Consolidated 31 Dec 2016 $'000
Footwear	27,245	-
Resource Services	102,172	-
Total revenue	129,417	-
Footwear	(28,135)	-
Resource Services	(96,537)	-
Total expenses	(124,672)	-
Profit before reserve reclassification	4,745	
Foreign currency reserve reclassification	(1,355)	-
Net investment hedge reserve reclassification	2,883	-
Total reserve reclassifications	1,528	
Profit before income tax expense post reserve reclassifications	6,273	-
Income tax expense	(3,184)	-
Profit after income tax expense from discontinued operations	3,089	-

Carrying amounts of assets and liabilities divested

	Consolidated 31 Dec 2017 $'000	Consolidated 30 Jun 2017 $'000
Assets held for sale	67,300	-
Total assets	67,300	-
Liabilities held for sale	42,702	-
Total liabilities	42,702	-
Net assets	24,598	-

Note 6. Discontinued operations (continued)

Details of the divestments

	Consolidated	
	31 Dec 2017 $'000	31 Dec 2016 $'000
Net cash sale consideration, net of divestment costs paid	54,340	-
Carrying amount of net assets divested	(24,598)	-
Net accrued consideration to be received	2,253	-
Accrued divestment and warranty costs	(2,016)	-
Cash proceeds used to settle intercompany debt	(31,506)	-
Derecognition of non-controlling interest	1,527	-
Gain on divestment before income tax	-	-
Gain on divestment after income tax	-	-

The Footwear division and Contract Resources (North America component only) were divested effective 30 September 2017, and the Contract Resources (excluding the North America component) effective 31 October 2017.

The final consideration adjustment for Contract Resources is yet to be finalised.

Cash flow disclosures are not required for divestment groups that are classified as held for sale on acquisition in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Note 7. Current assets - trade and other receivables

	Consolidated	
	31 Dec 2017 $'000	30 Jun 2017 $'000
Trade receivables	124,377	126,524
Less: Provision for impairment of receivables	(7,554)	(8,296)
	116,823	118,228
Customer loans	1,267	1,366
Less: Provision for impairment of customer loans	(846)	(851)
	421	515
Other receivables	10,297	12,118
Prepayments	8,538	4,923
	18,835	17,041
	136,079	135,784

Note 8. Current assets - inventories

	Consolidated 31 Dec 2017 $'000	Consolidated 30 Jun 2017 $'000
Stock in transit - at cost	13,939	13,325
Stock on hand - at cost	311,068	302,287
Less: Provision for slow moving inventory	(49,910)	(53,985)
	261,158	248,302
	275,097	261,627

Movements in provision for slow moving inventory:

	$'000
Balance at 1 July 2017	(53,985)
Additional provisions recognised	(593)
Additions through business combinations	(528)
Stock written off against provision	4,660
Foreign currency translation	536
Balance at 31 December 2017	(49,910)

Note 9. Current assets - assets held for sale

	Consolidated 31 Dec 2017 $'000	Consolidated 30 Jun 2017 $'000
Footwear	-	27,391
Resource Services	44,763	151,469
	44,763	178,860

As part of the Hellaby Holdings Limited acquisition in the prior financial year, the two acquired business segments of Footwear and Resource Services were immediately deemed held for sale at the time of acquisition. During the half-year ending 31 December 2017, the consolidated entity has divested the Footwear business segment and the Contract Resources business unit of the Resource Services business segment. The TBS business unit of the Resource Services business segment continues to be actively marketed for sale, with completion expected during H2 FY18. The assets and liabilities of this business are classified as held for sale as at 31 December 2017. The results of all held for sale businesses during the half-year ended 31 December 2017 have been reported as discontinued operations (refer note 6).

AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* requires that when the divestment group is acquired as part of a business combination, it is measured at fair value less costs to sell. The fair value less costs to sell of the TBS business unit of the Resource Services business segment has been determined to be NZD $34.5M. The assets held for sale component has been grossed up by the current book value of the associated liabilities which are reported in note 16, as well as the net cash and debt on hand as at 31 December 2017 as this divestment is intended to be net of cash and debt balances. Net cash and debt as at 31 December 2017 for TBS was NZD $1.9M.

Refer to note 24 for information relating to the determination of the fair value of the assets held for sale.

Note 10. Non-current assets - trade and other receivables

	Consolidated 31 Dec 2017 $'000	Consolidated 30 Jun 2017 $'000
Customer loans	498	603
Less: Provision for impairment of receivables	(363)	(307)
	135	296

Note 11. Non-current assets - property, plant and equipment

	Consolidated 31 Dec 2017 $'000	Consolidated 30 Jun 2017 $'000
Plant and equipment - at cost	61,188	55,016
Less: Accumulated depreciation	(27,047)	(22,409)
	34,141	32,607
Motor vehicles - at cost	29,462	27,396
Less: Accumulated depreciation	(11,517)	(10,222)
	17,945	17,174
	52,086	49,781

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Plant and equipment $'000	Motor vehicles $'000	Total $'000
Balance at 1 July 2017	32,607	17,174	49,781
Additions	4,821	3,005	7,826
Additions through business combinations (note 28)	458	141	599
Disposals	(30)	(260)	(290)
Foreign currency translation	(77)	(57)	(134)
Transfers in/(out)	(92)	(49)	(141)
Depreciation expense	(3,546)	(2,009)	(5,555)
Balance at 31 December 2017	34,141	17,945	52,086

Note 12. Non-current assets - intangibles

	Consolidated 31 Dec 2017 $'000	Consolidated 30 Jun 2017 $'000
Goodwill	584,929	561,843
Trademarks	58,932	59,443
Customer contracts	25,520	25,543
Less: Accumulated amortisation	(4,100)	(3,251)
	21,420	22,292
Software	9,418	8,959
Less: Accumulated amortisation	(5,358)	(4,706)
	4,060	4,253
	669,341	647,831

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Computer software $'000	Customer contracts $'000	Trade names $'000	Goodwill $'000	Total $'000
Balance at 1 July 2017	4,253	22,292	59,443	561,843	647,831
Additions	496	-	-	-	496
Additions through business combinations (note 28)	-	-	-	5,462	5,462
Finalisation of prior year business combinations (note 28)	-	-	(277)	32,573	32,296
Foreign currency translation	(27)	-	(234)	(14,949)	(15,210)
Transfers in/(out)	143	-	-	-	143
Amortisation expense	(805)	(872)	-	-	(1,677)
Balance at 31 December 2017	4,060	21,420	58,932	584,929	669,341

Note 13. Non-current assets - other

	Consolidated	
	31 Dec 2017 $'000	30 Jun 2017 $'000
Make good asset	1,176	1,085
Employee loans	2,230	2,976
	3,406	4,061

Employee loans were made to key management personnel and other personnel to assist in the purchase of shares. These loans are secured by the underlying shares acquired. The loans are interest bearing and are repayable on the earlier of sale of the underlying shares, termination of employment or five years from the date of the loan in cash, and cannot be settled by the employees returning the shares to the company.

Note 14. Current liabilities - trade and other payables

	Consolidated	
	31 Dec 2017 $'000	30 Jun 2017 $'000
Trade payables	137,811	133,966
Accrued expenses	43,702	40,802
	181,513	174,768

Note 15. Current liabilities - provisions

	Consolidated	
	31 Dec 2017 $'000	30 Jun 2017 $'000
Employee benefits	29,430	27,191
Deferred settlements	15,827	4,267
Onerous lease provision	741	673
	45,998	32,131

Note 16. Current liabilities - liabilities relating to assets held for sale

	Consolidated 31 Dec 2017 $'000	Consolidated 30 Jun 2017 $'000
Footwear	-	8,184
Resource Services	11,625	63,000
Eliminations	-	(342)
	11,625	70,842

The liabilities relating to assets held for sale relate to the TBS division of the Resource Services business segment which were deemed to be held for sale on business combination of Hellaby Holdings Limited. Refer to note 9 for further information.

Note 17. Non-current liabilities - borrowings

	Consolidated 31 Dec 2017 $'000	Consolidated 30 Jun 2017 $'000
Secured bank loans	398,225	432,229
Less: unamortised transaction costs capitalised	(2,204)	(2,482)
	396,021	429,747

Bapcor has a $500M debt facility with ANZ, Westpac, The Bank of Tokyo-Mitsubishi UFJ and The Hongkong and Shanghai Banking Corporation.

The debt facility comprises funding in three and five year tranches as follows:
- $200M three year tranche, available for general corporate purposes;
- $250M five year tranche, available for general corporate purposes;
- $50M three year tranche, available for working capital requirements.

The facility is secured by way of a fixed and floating charge over Bapcor's assets.

Note 18. Non-current liabilities - provisions

	Consolidated 31 Dec 2017 $'000	Consolidated 30 Jun 2017 $'000
Employee benefits	2,755	2,644
Deferred settlements	9,731	20,913
Make good provision	8,384	8,169
Onerous lease provision	1,198	1,646
	22,068	33,372

Note 19. Equity - issued capital

	Consolidated 31 Dec 2017 Shares	30 Jun 2017 Shares	31 Dec 2017 $'000	30 Jun 2017 $'000
Ordinary shares	279,565,427	278,633,080	607,177	602,571
Treasury shares	-	(200,000)	(4,493)	(1,896)
	279,565,427	278,433,080	602,684	600,675

Movements in ordinary share capital

Details	**Date**	**Shares**	**$'000**
Balance	1 July 2017	278,633,080	602,571
Dividend Reinvestment Plan	29 September 2017	932,347	4,896
Hellaby transaction costs (net of tax)		-	(290)
Balance	31 December 2017	279,565,427	607,177

Movements in treasury shares

Details	**Date**	**Shares**	**$'000**
Balance	1 July 2017	(200,000)	(1,896)
Return of employee shares	1 July 2017	(22)	-
Purchase of treasury shares	14 September 2017	(480,686)	(2,597)
Utilisation of treasury shares for LTI	14 September 2017	680,708	-
Balance	31 December 2017	-	(4,493)

The average purchase price of treasury shares during the period was $5.40 per share.

Note 20. Equity - reserves

	Consolidated 31 Dec 2017 $'000	Consolidated 30 Jun 2017 $'000
Foreign currency reserve	(14,508)	(918)
Cash flow hedge reserve	(705)	(2,519)
Share-based payments reserve	4,240	3,883
Net investment hedge reserve	936	(648)
	(10,037)	(202)

Foreign currency reserve
This reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

Cash flow hedge reserve
This reserve is used to recognise the effective portion of the gain or loss of cash flow hedge instruments that is determined to be an effective hedge.

Share-based payments reserve
This reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Net investment hedge reserve
This reserve is used to recognise the effective portion of the gain or loss of net investment hedge instruments that is determined to be an effective hedge.

Movements in reserves
Movements in each class of reserve during the current financial half-year are set out below:

Consolidated	Foreign currency reserve $'000	Cash flow hedge reserve $'000	Share-based payments reserve $'000	Net investment hedge reserve $'000	Total $'000
Balance at 1 July 2017	(918)	(2,519)	3,883	(648)	(202)
Revaluation	-	2,197	-	3,443	5,640
Deferred tax	-	(632)	(894)	(345)	(1,871)
Share-based payment expense	-	-	1,251	-	1,251
Reclassified to profit and loss (note 6)	1,355	-	-	(2,883)	(1,528)
Foreign currency translation	(14,945)	50	-	-	(14,895)
Cancellation on divestment	-	199	-	1,369	1,568
Balance at 31 December 2017	(14,508)	(705)	4,240	936	(10,037)

Note 21. Equity - retained profits/(accumulated losses)

	Consolidated	
	31 Dec 2017 $'000	30 Jun 2017 $'000
Accumulated losses at the beginning of the financial period	(17,067)	(51,052)
Profit after income tax expense for the period	43,708	64,044
Dividends paid (note 22)	(20,882)	(30,059)
Retained profits/(accumulated losses) at the end of the financial period	5,759	(17,067)

Note 22. Equity - dividends

Dividends
Dividends paid during the financial half-year were as follows:

	Consolidated	
	31 Dec 2017 $'000	30 Jun 2017 $'000
Final dividend for the year ended 30 June 2017 (2016: 30 June 2016) of 7.5 cents (2016: 6.0 cents) per ordinary share*	20,882	14,781
Interim dividend for the year ending 30 June 2017 of 5.5 cents per ordinary share**	-	15,278
	20,882	30,059

* $4,896,000 of the final dividend for the year ended 30 June 2017 was settled under the Dividend Reinvestment Plan.
** $4,558,000 of the interim dividend for the year ended 30 June 2017 was settled under the Dividend Reinvestment Plan

The Board has declared an interim dividend in respect of the current financial year of 7.0 cents per share, fully franked. The interim dividend will be paid on 27 April 2018 to shareholders registered on 16 March 2018.

Franking credits

	Consolidated	
	31 Dec 2017 $'000	30 Jun 2017 $'000
Franking credits available for subsequent financial years based on a tax rate of 30%	44,474	38,252

The above amounts represent the balance of the franking account as at the end of the financial half-year, adjusted for:
- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

Note 23. Net tangible assets

A large proportion of the consolidated entity's assets are intangible in nature, consisting of goodwill, customer contracts and trademarks acquired on business combination as well as software. These assets as well as any deferred taxes are excluded from the calculation of net tangible assets per share.

Net tangible assets per share at 31 December 2017 was (30.6) (30 June 2017: (16.0)) cents per share.

Net assets per share at 31 December 2017 was $2.09 (30 June 2017: $2.12) per share.

Note 24. Fair value measurement

Fair value hierarchy
The following tables detail the consolidated entity's financial instruments, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

- **Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- **Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- **Level 3:** Unobservable inputs for the asset or liability.

Consolidated – 31 December 2017	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Assets				
Derivative financial instruments	-	328	-	328
Assets held for sale	-	-	44,763	44,763
Total assets	-	328	44,763	45,091
Liabilities				
Derivative financial instruments	-	1,129	-	1,129
Liabilities held for sale	-	-	11,625	11,625
Deferred consideration	-	-	25,559	25,559
Total liabilities	-	1,129	37,184	38,313

Consolidated – 30 June 2017	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Assets				
Derivative financial assets	-	40	-	40
Assets held for sale	-	-	178,860	178,860
Total assets	-	40	178,860	178,900
Liabilities				
Derivative financial liabilities	-	2,417	-	2,417
Liabilities held for sale	-	-	70,842	70,842
Deferred consideration	-	-	25,180	25,180
Total liabilities	-	2,417	96,022	98,439

There were no transfers between levels during the financial half-year.

Derivative financial instruments carried at fair value are forward foreign exchange contracts and floating interest rate to fixed interest rate swaps. These are considered to be Level 2 financial instruments because their measurement is derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Note 24. Fair value measurement (continued)

Deferred consideration is considered to be a Level 3 financial instrument because inputs in valuing this instrument are not based on observable market data. The fair value of this instrument is determined based on an estimated discounted cash flow analysis.

Assets and liabilities held for sale are considered to be a Level 3 financial instrument because inputs in valuing these assets are not based on observable market data. The fair value of these instruments are determined based on information obtained by management during the sale process (e.g. indicative bids, adviser estimates) as well as estimates derived on earning multiples.

Note 25. Commitments and contingent liabilities

	Consolidated	
	31 Dec 2017 $'000	30 Jun 2017 $'000
Commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Guarantees in relation to leases	2,952	2,982
Letters of credit in relation to the purchase of inventory	852	343
Guarantees in relation to performance of contracts *	-	483
Other commitments in relation to facility construction and consumable purchases *	-	1,571

* The commitments in relation to performance of contracts and facility construction and consumable purchases as at 30 June 2017 related to the discontinued operations of Resource Services

Contingent liabilities

There are no unrecorded contingent liabilities (30 June 2017: Nil).

The divestment of the non-core businesses of Footwear and Contract Resources includes standard indemnity and warranty clauses as is customary in these type of transactions. At the date of this report, the directors are not aware of any material claims under the divestment indemnity and warranty arrangements.

Note 26. Related party transactions

Parent entity
Bapcor Limited is the parent entity.

Key management personnel
Disclosures relating to key management personnel are set out in note 27.

Note 27. Related party transactions - key management personnel disclosures

During the half-year ending 31 December 2017, a total of 767,883 options were granted to 9 key management personnel. Of these options, 200,816 relate to the FY17 year, and 567,067 to the FY18 year. A total of 378,605 relate to the CEO and Managing Director (D Abotomey) of Bapcor. Refer to note 31 for further details.

Note 28. Business combinations

Current financial half-year acquisitions
The consolidated entity acquired the net assets of the following business:

- Tricor Engineering ('Tricor')

The consolidated entity also acquired 100% of the following companies:

- Autobarn Bendigo
- Autobarn Waurn Ponds
- Autobarn Chirnside Park
- Autobarn O'Conner
- Autopro Seymour

These acquisitions were made to strengthen the Bapcor offering as well as increase the company store network presence.

The assets and liabilities recognised as a result of these acquisitions are set out below. Non-material business combinations have been aggregated. These are provisional at the time of this report and the fair values are to be finalised within the acquisition period of twelve months from acquisition date.

	Tricor Fair value $'000	**Other Fair value $'000**
Cash and cash equivalents	-	8
Trade and other receivables	-	7
Inventories	75	2,159
Plant and equipment	78	380
Motor vehicles	119	22
Deferred tax asset	72	311
Trade and other payables	-	(11)
Provisions	(73)	(213)
Net assets acquired	271	2,663
Goodwill	2,105	3,357
Acquisition-date fair value of the total consideration transferred	2,376	6,020
Representing:		
Cash paid	1,455	5,447
Deferred and contingent consideration	921	-
Debt forgiven	-	573
	2,376	6,020
Cash used to acquire business, net of cash acquired:		
Cash consideration	1,455	5,447
Less: cash and cash equivalents	-	(8)
Net cash used	1,455	5,439

Goodwill in relation to these acquisitions relates to the anticipated future probability of their contribution to the consolidated entity's total business.

Refer to note 4 for details on acquisition related costs incurred.

Note 28. Business combinations (continued)

Deferred and contingent consideration
A contingent consideration has been estimated and provided for on the Tricor acquisition and is accrued at $937,000 as at 31 December 2017 (notes 15 and 18) which is based on expected future earnings. This payment is due to the vendor if certain future targets are met.

Prior financial year acquisitions
In the previous financial year the consolidated entity made the following acquisitions:

- Hellaby Holdings Limited
- Baxters Pty Ltd
- MTQ Engine Systems (Aust) Pty Ltd
- Roadsafe Automotive Products
- Autopro Raymond Terrace
- Autopro Gladstone
- Autopro Colac
- Autopro Gawler
- Autobarn Burleigh Heads
- Autobarn Beenleigh
- Autobarn Nambour
- Autobarn Orange
- Autobarn Virginia

Hellaby Holdings Limited finalisation of acquisition accounting

	31 Dec 2017 Fair value $'000	30 Jun 2017 Fair value $'000
Trade and other receivables	36,280	36,280
Inventories	65,581	65,581
Assets held for sale	121,341	163,334
Plant and equipment	5,328	5,328
Intangible assets	11,107	11,384
Deferred tax asset	9,952	9,952
Trade and other payables	(34,984)	(34,984)
Deferred tax liability	(3,009)	(3,087)
Liabilities held for sale	(59,624)	(64,423)
Provisions	(8,323)	(8,323)
Bank overdraft	(1,065)	(1,065)
Bank loans	(79,487)	(79,487)
Net assets attributable to non-controlling interests	(1,985)	(6,805)
Net assets acquired	61,112	93,685
Goodwill	273,573	241,000
Acquisition-date fair value of the total consideration transferred	334,685	334,685

The change to the held for sale valuation relate to the finalisation of working capital of the discontinued operating divisions of Hellaby Holdings Limited. The underlying cash proceeds expectation presented at 30 June 2017 of NZD 92.4M is still expected to be achieved following the sale of TBS.

The above includes an estimate of the Contract Resources final working capital adjustment as this was not final as per the date of this report. Further, TBS is still based on an estimated position.

Note 29. Events after the reporting period

In January 2018 Bapcor entered into a joint venture agreement with two Asian based partners with Bapcor holding 51% of the share capital. The joint venture initially intends to open a relatively small number of greenfield automotive parts and accessory stores in a major city centre in South East Asia to ascertain the viability of expanding in the region. The initial investment by Bapcor is approximately $2.5M.

From 1 February 2018 the Australian based Specialist Wholesale businesses of Bapcor New Zealand will report to the COO of the Specialist Wholesale business segment and hence will form part of that segment for future reporting. As part of this organisation restructure, the CEO of Hellaby Automotive will become COO New Zealand looking after the New Zealand based operations of Bapcor, as well as being responsible for Bapcor Group Strategic Marketing.

Apart from the dividend declared as disclosed in note 22, no other matter or circumstance has arisen since 31 December 2017 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 30. Earnings per share

	Consolidated	
	31 Dec 2017 $'000	31 Dec 2016 $'000
Earnings per share for profit from continuing operations		
Profit after income tax attributable to the owners of Bapcor Limited	40,405	25,253
	Cents	Cents
Basic earnings per share	14.48	9.66
Diluted earnings per share	14.42	9.61

	Consolidated	
	31 Dec 2017 $'000	31 Dec 2016 $'000
Earnings per share for profit from discontinued operations		
Profit after income tax attributable to the owners of Bapcor Limited	3,089	-
	Cents	Cents
Basic earnings per share	1.11	-
Diluted earnings per share	1.10	-

	Consolidated	
	31 Dec 2017 $'000	31 Dec 2016 $'000
Earnings per share for profit		
Profit after income tax	43,494	25,253
Non-controlling interest	214	-
Profit after income tax attributable to the owners of Bapcor Limited	43,708	25,253
	Cents	**Cents**
Basic earnings per share	15.66	9.66
Diluted earnings per share	15.60	9.61
	Number	**Number**
Weighted average number of ordinary shares		
Weighted average number of ordinary shares used in calculating basic earnings per share	279,104,321	261,399,654
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	1,034,278	1,263,052
Weighted average number of ordinary shares used in calculating diluted earnings per share	280,138,599	262,662,706

The weighted average number of ordinary shares for 2016 has been restated for the effect of any rights issues performed in accordance with AASB 133 *Earnings Per Share*.

Note 31. Share-based payments

The Long Term Incentive ('LTI') plan is intended to assist in the motivation, retention and reward of certain senior executives. The LTI is a payment contingent on two and three year performance and the payments are rights to acquire shares ('Performance Rights'). Refer to the 30 June 2017 audited Remuneration Report within the Directors' Report for further information on the LTI.

In FY18 the following offers were made to eligible participants:

- In relation to the FY17 year for the CEO and Managing Director (D Abotomey) following the successful passing of a resolution at the FY17 Annual General Meeting. These allocated Performance Rights have a performance period that ends 30 June 2019 at which time the performance hurdles are tested.
- In relation to the FY17 year for the Chief Executive - Hellaby Automotive (C Daly). These allocated Performance Rights have a performance period that ends 30 June 2018 and 30 June 2019 in line with the FY17 offer that was previously made to other executives at which time the performance hurdles are tested.
- In relation to the FY18 year an offer to participate in the LTI was made to nine of Bapcor's senior executives. These allocated Performance Rights have a performance period that ends on 30 June 2020 at which time the performance hurdles are tested.

Note 31. Share-based payments (continued)

A summary of the terms for the Performance Rights granted in the current financial half-year are set out in the following tables:

FY17	Tranche 1		Tranche 2	
Grant date	15 August 2017		15 August 2017	
Performance hurdle	Relative TSR	EPS	Relative TSR	EPS
Performance period	1/7/16 to 30/6/18	1/7/16 to 30/6/18	1/7/16 to 30/6/19	1/7/16 to 30/6/19
Test date	30 June 2018		30 June 2019	
Expiry date	Once tested		Once tested	
Quantity granted	4,999	2,978	9,354	5,882
Exercise price	Nil		Nil	
Fair value at 15/8/17 [1]	$2.892	$5.411	$3.037	$5.301
Other conditions	Restriction on sale to 30/6/19		Restriction on sale to 30/6/20	

	FY17	
Grant date	4 December 2017	
Performance hurdle	Relative TSR	EPS
Performance period	1/7/16 to 30/6/19	
Test date	30 June 2019	
Expiry date	Once tested	
Quantity granted	88,802	88,801
Exercise price	Nil	
Fair value at 4/12/17 [1]	$2.842	$5.372
Other conditions	Restriction on sale to 30/6/20	

	FY18	
Grant date	4 December 2017	
Performance hurdle	Relative TSR	EPS
Performance period	1/7/17 to 30/6/20	
Test date	30 June 2020	
Expiry date	Once tested	
Quantity granted	283,535	283,532
Exercise price	Nil	
Fair value at 4/12/17 [1]	$3.059	$5.249
Other conditions	Restriction on sale to 30/6/21	

1. The fair value represents the value used to calculate the accounting expense as required by accounting standards.

Relative total shareholder return ('TSR') hurdle

Fifty per cent of the Performance Rights granted to a participant will vest subject to a TSR performance hurdle that assesses performance by measuring capital growth in the share price together with income returned to shareholders, measured over the performance period against a Comparator Group of companies. The Performance Rights will vest by reference to Bapcor's TSR performance ranking against this Comparator Group of companies, as follows:

Bapcor's TSR relative to the Comparator Group over the performance period	Percentage of TSR Rights vesting
Less than 50th percentile	Nil
Equal to 50th percentile	50%
Greater than 50th percentile and less than 75th percentile	Pro-rata straight-line vesting
Equal to or greater than 75th percentile	100%

Note 31. Share-based payments (continued)

Earnings per share ('EPS') growth

Fifty per cent of the Performance Rights granted to a participant will vest by reference to an EPS performance hurdle that measures the basic EPS on a normalised basis over the performance period. Each tranche of Performance Rights subject to an EPS hurdle will vest as follows:

Bapcor's compound annual EPS growth over the performance period	Percentage of EPS Rights Vesting
Less than 7.5%	Nil
7.5%	20%
Greater than 7.5% and less than 15%	Pro-rata straight-line vesting
Equal to or greater than 15%	100%

Performance Rights issued up to 30 June 2017 are exercised as soon as the vesting conditions are met. If vesting conditions are met, Performance Rights will automatically convert into fully paid ordinary shares of the Company.

For Performance Rights issued on or after 1 July 2017, if the vesting conditions are met, the Performance Rights are converted into fully paid ordinary shares of the Company at the election of the Participant.

There is no specific expiry date, however the Performance Rights lapse if vesting condition are not met.

Shares will be subject to a restriction on sale for twelve months from vesting of the Performance Rights.

Set out below are summaries of Performance Rights granted under the LTIP:

Grant date	Vesting date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the half-year
24/04/2014	30/06/2017	$0.00	475,362	-	(475,362)	-	-
01/07/2015	30/06/2017	$0.00	128,868	-	(128,868)	-	-
01/07/2015	30/06/2018	$0.00	246,986	-	-	(23,252)	223,734
01/08/2015	30/06/2017	$0.00	76,478	-	(76,478)	-	-
01/08/2015	30/06/2018	$0.00	146,574	-	-	-	146,574
01/07/2016	30/06/2018	$0.00	124,286	7,977	-	(9,414)	122,849
01/07/2016	30/06/2019	$0.00	237,389	192,839	-	(17,981)	412,247
01/07/2017	30/06/2020	$0.00	-	567,067	-	-	567,067
			1,435,943	767,883	(680,708)	(50,647)	1,472,471

Employee Salary Sacrifice Share Plan
During the financial half-year, Bapcor issued shares to employees via an Employee Salary Sacrifice Share Plan ('ESSSP'). The ESSSP allowed eligible employees to acquire up to $1,000 of shares from their pre-tax wages. The value of this share-based payment transaction is deemed immaterial to the financial statements.

Bapcor Limited
Directors' declaration
31 December 2017

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 *Interim Financial Reporting*, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the financial half-year ended on that date; and

- 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 directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

Robert McEniry
Chairman

Darryl Abotomey
Chief Executive Officer and Managing Director

20 February 2018
Melbourne

Independent auditor's review report to the members of Bapcor Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Bapcor Limited (the Company), which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Bapcor Group. The Group comprises the Company and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Bapcor Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Independent auditor's review report to the members of Bapcor Limited (continued)

Conclusion

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

1. giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date;

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

PricewaterhouseCoopers

PricewaterhouseCoopers

Jason Perry
Partner

Melbourne
20 February 2018