AUTOMOTIVE HOLDINGS GROUP

22 August 2019

The Manager

Company Announcements Office

Dear Sir / Madam,

APPENDIX 4E – PRELIMINARY FINAL REPORT AND 2019 FULL YEAR RESULTS

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

- Appendix 4E – Preliminary Final Report; and
- 2019 Full Year Results Announcement and Presentation.

Yours faithfully,

D ROWLAND

COMPANY SECRETARY

Enc.

Appendix 4E – Preliminary Final Report

FOR THE YEAR ENDED 30 JUNE 2019 – AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

ABN 35 111 470 038

Report for the year ended 30 June 2019

This statement includes the results for Automotive Holdings Group Limited and its controlled entities, for the year ended 30 June 2019 (current period) compared with the year ended 30 June 2018 (prior period). The financial results of Automotive Holdings Group Limited and its Australian controlled entities are prepared in accordance with Australian International Financial Reporting Standards (AIFRS), whilst the Group's New Zealand controlled entities' local financial statements are prepared in accordance with New Zealand International Financial Reporting Standards (NZIFRS) and converted to AIFRS on consolidation.

This report is based on financial accounts which are unaudited.

Results for Announcement to the Market

		$A'000's		$A'000's
Revenues from continuing ordinary activities	Up	39,444	0.7% to	**5,915,245**
(Loss) after tax from ordinary activities attributable to members	Down	(252,719)	-1258.5% to	**(232,639)**
(Loss) after tax from continuing operations attributable to members	Down	(189,579)	-296.7% to	**(125,697)**

DIVIDENDS	Amount per security	Franked amount per security
Interim dividend	nil	nil
Final dividend	nil	nil
Record date for determining entitlement to the final dividend		not applicable
Date the final dividend is payable		not applicable

Commentary on results for the year

Continuing operations

Statutory IFRS loss after tax from continuing operations attributable to members for the year ended 30 June 2019 was $125.70 million compared with profit of $63.88 million in the prior corresponding period. Operating[1] non-IFRS profit after tax from continuing operations attributable to members for the year ended 30 June 2019 was $58.72 million compared with $75.24 million in the prior corresponding period. Statutory IFRS EPS from continuing operations decreased to a loss of 37.9 cents (2018: 19.3 cents profit) due to the significant impairment against AHG's Franchised Automotive assets and other unusual items totalling $184.42 million, plus a decrease of $16.52 million in underlying Operating[1] non-IFRS profit after tax. Refer to note 2 for further details in relation to Operating[1] and Statutory performance and movements on a segment-by-segment basis.

Unusual items in the current year totalled $184.42 million after tax (2018: $11.36 million). $139.74 million related to impairment of intangible assets associated with AHG's Automotive Retail operations ($138.5 million) and a KTM goodwill impairment ($1.2 million) on divestment. $32.23 million of restructure and/or discontinued costs included trading losses on operations closed or committed for closure and/or restructuring and onerous lease provisions associated with these operations, and provision for expected current asset write-downs and/or for closure costs. $13.80 million of other impairments included IT and software assets and other current assets arising from impairment assessments and fair value less costs of disposal. Finally, an unusual items credit of $1.3 million comprised $3.0 million profit from sale of properties (refer Note 12, FY2018 Annual Report) offset by $1.7 million fees in relation to divestment and APE bid activities.

The Automotive division delivered a Statutory IFRS loss before tax of $102.02 million on $5.05 billion of revenue compared with a prior year Statutory IFRS profit before tax of $94.06 million on $5.05 billion of revenue. This represents a decrease in statutory IFRS profit before tax due to the significant impairment expense on a consistent revenue figure. Operating[1] non-IFRS profit before tax was $81.64 million compared with prior year $110.17 million, a decrease of 25.9%.

The Truck division delivered a Statutory IFRS profit before tax of $6.89 million on $600.35 million of revenue compared with a prior year Statutory IFRS profit before tax of $6.53 million on $562.67 million of revenue. This represents a 5.5% increase in statutory IFRS profit before tax on a 6.7% increase in revenue. Operating[1] non-IFRS profit before tax equalled statutory IFRS profit before tax.

The Other Logistics division delivered a Statutory IFRS loss before tax of $23.51 million on $259.57 million of revenue compared with a prior year Statutory IFRS profit before tax of $3.76 million on $262.46 million of revenue. This represents a significant decrease in Statutory IFRS profit before tax and a 1.1% decrease in revenue. The reduction in earnings was due to divestment activities, restructure costs and impairment expenses. Operating[1] non-IFRS loss before tax was $0.57 million compared with prior year profit before tax of $3.76 million, attributed to divestment activities.

The Property division delivered a Statutory IFRS profit before tax of $2.08 million compared with a prior year Statutory IFRS loss before tax of $6.11 million. During 1H FY2019, AHG sold its remaining direct property interests (refer Note 12 FY2018 Annual Report).

Net tangible asset backing per ordinary share decreased to 55.5 cents at 30 June 2019 from 67.8 (restated) cents at 30 June 2018.

Consolidated Revenue and Results (Continuing Operations)

Key Financial Data For the year ended 30 June 2019	Statutory IFRS Result 2019	Unusual items* 2019	Operating Non-IFRS Result 2019	Operating Non-IFRS Result 2018
	$'000	*$'000*	*$'000*	*$'000*
Revenue	**5,915,245**	**-**	**5,915,245**	**5,875,801**
EBITDA	(34,295)	202,307	168,012	170,291
EBITDA margin %	-0.6%		2.8%	2.9%
Depreciation and amortisation	(37,021)	-	(37,021)	(23,317)
EBIT	(71,316)	202,307	130,991	146,974
Interest (net)	(45,245)	-	(45,245)	(32,617)
Profit/(loss) before tax	(116,561)	202,307	85,746	114,357
Tax expense	(4,937)	(18,240)	(23,177)	(33,964)
Profit/(loss) after tax	(121,498)	184,067	62,569	80,393
Non controlling interest	(4,199)	353	(3,846)	(5,153)
Net profit/(loss) after tax attributable to shareholders	**(125,697)**	**184,420**	**58,723**	**75,240**
Basic EPS from continuing operations (cents per share)	-37.9		17.7	22.7

**Unusual items: impairment of current and non-current assets, costs relating to restructure of operations and discontinued operations, net costs relating to integration, acquisition and divestment activities, and costs associated with responding to the APE offer.*

Reconciliation of Statutory IFRS NPAT to Operating[1] NPAT - continuing operations

	2019	2018
	$'000	$'000
Statutory IFRS Profit/(loss) (net of tax) attributable to members	**(125,697)**	63,883
Add back:		
- Impairment of goodwill and franchise rights[1]	139,739	-
- Costs relating to restructure of operations, including trading losses, impairment of current and non-current assets and onerous lease provisions[2]	32,227	10,989
- Impairment of other current and non-current assets - Receivables, PPE and IT	13,796	-
- Net costs relating to integration, acquisition and divestment activities, including sale of properties, and costs associated with responding to the APE offer	(1,342)	368
Operating[2] Non-IFRS Profit (net of tax) attributable to members	**58,723**	75,240

[1] *Impairment of intangible assets are non-deductible for tax purposes.*

[2] *Costs relating to restructure of operations are classified through the appropriate Profit and Loss line items. Costs relating to onerous leases have been classified under other expenses.*

Discontinued operations

As of 30 June 2019, the Board of Directors of AHG have committed to an active plan to sell its Refrigerated Logistics (RL) business. AHG continues to actively engage with prospective buyers with the intention to pursue its divestment strategy of the RL business. AHG has accounted for its RL segment as a discontinued operation for the reporting period ended 30 June 2019, with the Automotive Retail, Truck, Other Logistics and Property segments accounted for as continuing operations. The statement of profit and loss and the trading commentary are exclusive of RL in each individual line item, with RL's performance consolidated into a single line disclosure as profit and loss after tax from discontinuing operation (refer to note 13 for details).

The Refrigerated Logistics division delivered a Statutory IFRS loss before tax of $117.43 million on $573.63 million of revenue compared with a prior year Statutory IFRS loss before tax of $63.85 million on $580.31 million of revenue (as restated, refer to note 14). This represents a significant increase in Statutory IFRS loss before tax and a 1.2% decrease in revenue. The reduction in earnings was due to the impairments expensed in FY2019. Operating[1] non-IFRS loss before tax was $12.93 million compared with prior year loss of $19.90 million (as restated, refer to note 14).

AHG, with the assistance of external advisors, conducted a receivables review following extensive upgrades to the Refrigerated Logistics division's computer systems. The receivables review has shown a material overstatement of revenues in FY2018 which arose as a consequence of complexities associated with, amongst other matters, the introduction of the new computer systems for transport management. This overstatement was $17.94 million pre-tax and has resulted in a restatement of AHG's FY2018 results and of Refrigerated Logistics performance, including commentary below.

Reconciliation of Statutory IFRS NPAT to Operating[1] NPAT - discontinued operations

	2019 $'000	2018 Restated* $'000
Statutory IFRS Loss (net of tax) attributable to members	**(106,942)**	(43,802)
Add back:		
- Impairment of goodwill[1]	78,762	-
- Costs relating to restructure of operations	-	6,942
- Impairment of other current and non-current assets - Receivables and IT	17,454	21,828
- Net costs relating to integration, acquisition and divestment activities	623	1,994
Operating Non-IFRS Loss (net of tax) attributable to members	**(10,103)**	(13,038)

*See note 14 regarding the restatement as a result of an error.

[1] *Impairment of intangible assets are non-deductible for tax purposes.*

Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2019 – AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

	Notes	2019 $'000	2018 Restated* $'000
Continuing operations			
Revenue from contracts with customers	3	**5,915,245**	5,875,801
Profit on sale of assets and investments	3	**4,295**	-
Raw materials and inventory expense		**(4,796,819)**	(4,753,880)
Employee benefits expense	3	**(591,725)**	(576,355)
Depreciation and amortisation expense	3	**(37,021)**	(23,317)
Finance costs	3	**(47,593)**	(34,092)
Advertising and promotion		**(42,778)**	(45,657)
Occupancy costs		**(145,339)**	(145,104)
Vehicle preparation and service		**(52,749)**	(53,036)
Supplies and outside services		**(42,248)**	(39,186)
Motor vehicle expense		**(16,560)**	(14,284)
Equipment rental	3	**(4,070)**	(3,758)
Professional services		**(7,989)**	(7,014)
Other expenses	3	**(92,530)**	(81,940)
Loss on sale of assets and investments	3	**(573)**	(279)
Impairment of non-current assets	3	**(158,546)**	-
Share of profit of joint venture		**439**	340
Profit/(loss) before income tax		**(116,561)**	98,239
Income tax expense		**(4,937)**	(29,203)
Profit/(loss) from continuing operations		**(121,498)**	69,036
Profit/(loss) from discontinued operation, after tax	13	**(106,942)**	(43,802)
Profit/(loss) for the year		**(228,440)**	25,234
Profit/(loss) attributable to:			
Owners of Automotive Holdings Group Limited		**(232,639)**	20,081
Non-controlling interests		**4,199**	5,153
		(228,440)	25,234
Profit/(loss) attributable to owners of the Group relates to:			
Profit/(loss) from continuing operations		**(125,697)**	63,883
Profit/(loss) from discontinued operation	13	**(106,942)**	(43,802)
		(232,639)	20,081

*See note 14 regarding the restatement as a result of an error.

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

Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2019 – AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

	Notes	**2019** **$'000**	2018 Restated* $'000
Profit/(loss) for the year		**(228,440)**	25,234
Other comprehensive income			
Items that may be reclassified to profit or loss			
Unrealised changes in the fair value of cash flow hedges		**(570)**	745
Profit/(loss) on translation of foreign operations		**1,370**	(1,278)
Total comprehensive income/(loss) for the year (net of tax)		**(227,640)**	24,701
Total comprehensive income/(loss) attributable to:			
Owners of Automotive Holdings Group Limited		**(231,839)**	19,548
Non-controlling interests		**4,199**	5,153
		(227,640)	24,701
Earnings per share for profit/(loss) from continuing operations attributable to the owners of the Group			
Basic earnings/(loss) per share (cents)	11	**(37.9)**	19.3
Diluted earnings/(loss) per share (cents)	11	**(37.9)**	19.3

*See note 14 regarding the restatement as a result of an error

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

Statement of Financial Position

AS AT 30 JUNE 2019 – AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

	Notes	2019 $'000	2018 Restated* $'000
CURRENT ASSETS			
Cash and cash equivalents	4	**80,637**	73,046
Trade and other receivables		**270,725**	374,550
Inventories		**1,004,650**	1,110,746
Other current assets		**12,657**	26,331
		1,368,669	1,584,673
Assets classified as held for sale	5,13	**427,858**	18,650
TOTAL CURRENT ASSETS		**1,796,527**	1,603,323
NON CURRENT ASSETS			
Investments accounted for using the equity method		**1,264**	1,127
Other loans receivable		**24,080**	24,080
Financial assets at fair value through profit and loss		**7,228**	7,228
Property, plant and equipment	6	**219,118**	376,524
Intangible assets	7	**311,791**	539,168
Deferred tax assets		**66,425**	74,083
TOTAL NON CURRENT ASSETS		**629,906**	1,022,210
TOTAL ASSETS		**2,426,433**	2,625,533
CURRENT LIABILITIES			
Trade and other payables		**294,027**	379,501
Interest-bearing loans and borrowings		**958,462**	1,028,661
Income tax payable		**2,295**	8,013
Provisions		**91,292**	87,032
		1,346,076	1,503,207
Liabilities directly associated with assets classified as held for sale	5,13	**298,818**	-
TOTAL CURRENT LIABILITIES		**1,644,894**	1,503,207
NON CURRENT LIABILITIES			
Interest-bearing loans and borrowings		**215,061**	317,439
Deferred tax liabilities		**3,882**	11,778
Provisions		**55,829**	29,153
TOTAL NON CURRENT LIABILITIES		**274,772**	358,370
TOTAL LIABILITIES		**1,919,666**	1,861,577
NET ASSETS		**506,767**	763,956
EQUITY			
Contributed equity	9	**653,134**	653,134
Reserves		**4,960**	4,090
Retained earnings/(losses)		**(170,444)**	86,721
Capital and reserves attributable to the owners of Automotive Holdings Group Limited		**487,650**	743,945
Non-controlling interests		**19,117**	20,011
TOTAL EQUITY		**506,767**	763,956

*See note 14 regarding the restatement as a result of an error, and note 1 for details about restatements for changes in accounting policies

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

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2019 – AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

	Notes	Attributable to owners of Automotive Holdings Group Limited					
		Contributed Equity $'000	Reserves $'000	Retained Earnings/(Losses) $'000	Total $'000	Non-Controlling Interests $'000	Total Equity $'000
Balance as at 1 July 2018 (restated*)		**653,134**	**4,090**	**84,745**	**741,969**	**20,011**	**761,980**
Profit/(loss) for the year (after tax)		-	-	(232,639)	(232,639)	4,199	(228,440)
Changes in fair value of cash flow hedges		-	(814)	-	(814)	-	(814)
Gain on translation of foreign operations		-	1,345	-	1,345	-	1,345
Income tax relating to components of other comprehensive income		-	244	-	244	-	244
Total comprehensive income/(loss) for the period		**-**	**775**	**(232,639)**	**(231,864)**	**4,199**	**(227,665)**
Transactions with owners in their capacity as equity holders:							
Acquisition of controlled entities		-	-	-	-	(166)	(166)
Dividends provided for or paid	8	-	-	(22,550)	(22,550)	(4,927)	(27,477)
Employee share scheme		-	95	-	95	-	95
		-	**95**	**(22,550)**	**(22,455)**	**(5,093)**	**(27,548)**
At 30 June 2019		**653,134**	**4,960**	**(170,444)**	**487,650**	**19,117**	**506,767**

	Notes	Attributable to owners of Automotive Holdings Group Limited					
		Contributed Equity $'000	Reserves $'000	Retained Earnings $'000	Total $'000	Non-Controlling Interest $'000	Total Equity $'000
At 1 July 2017		**653,134**	**2,997**	**131,298**	**787,429**	**14,914**	**802,343**
Profit for the year (restated**)		-	-	20,081	20,081	5,153	25,234
Changes in fair value of cash flow hedges		-	1,064	-	1,064	-	1,064
Loss on translation of foreign operations		-	(1,278)	-	(1,278)	-	(1,278)
Income tax relating to components of other comprehensive income		-	(319)	-	(319)	-	(319)
Total comprehensive income/(loss) for the period		**-**	**(533)**	**20,081**	**19,548**	**5,153**	**24,701**
Transactions with owners in their capacity as equity holders:							
Acquisition of controlled entities		-	-	-	-	221	221
Disposal to non-controlling interest holder		-	260	-	260	4,708	4,968
Subsidiary capital reorganisation			1,650	(1,650)	-		-
Dividends provided for or paid	8	-	-	(63,008)	(63,008)	(4,985)	(67,993)
Employee share scheme		-	(284)	-	(284)	-	(284)
		-	**1,626**	**(64,658)**	**(63,032)**	**(56)**	**(63,088)**
At 30 June 2018 (restated)**		**653,134**	**4,090**	**86,721**	**743,945**	**20,011**	**763,956**

*See note 14 regarding the restatement as a result of an error, and note 1 for details about restatements for changes in accounting policies.

**See note 14 regarding the restatement as a result of an error.

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

Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2019 – AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

	Notes	**2019 $'000**	2018 $'000
Cash flow from operating activities			
Receipts from customers (inclusive of GST)		**7,131,718**	7,060,057
Payments to suppliers and employees (inclusive of GST)		**(6,952,276)**	(6,850,708)
Interest paid and costs of finance		**(52,422)**	(44,585)
Interest received		**2,363**	1,482
Income tax paid		**(21,061)**	(18,937)
Net cash inflow from operating activities	4	**108,322**	147,309
Cash flow from investing activities			
Payment for purchase of business, net of cash acquired		**(1,073)**	(30,736)
Payment for step acquisition of controlled entity		**(166)**	-
Payment for property plant and equipment		**(41,211)**	(80,060)
Proceeds of sale of property, plant and equipment		**22,963**	19,248
Dividends and distributions received		**194**	378
Proceeds of sale of investments		**-**	4,968
Net cash outflow from investing activities		**(19,293)**	(86,202)
Cash flows from financing activities			
Net repayments from borrowings		**(39,828)**	(15,103)
Dividends paid to members	8	**(22,550)**	(63,008)
Dividends paid to non-controlling interest		**(5,194)**	(4,985)
Net cash outflow from financing activities		**(67,572)**	(83,096)
Net increase (decrease) in cash and cash equivalents		**21,457**	(21,989)
Cash and cash equivalents at the beginning of the year		**73,046**	95,035
Cash and cash equivalents at the end of the year	4	**94,503**	73,046

The above consolidated statement of cash flows includes both continuing and discontinued operations. The above consolidated statement of cash flows should be read in conjunction with the accompanying notes. Amounts related to discontinued operations are disclosed in note 13.

Non-cash financing and investing activities

During the year the consolidated entity acquired plant and equipment with a fair value of $9,742,000 (2018: $21,021,000) by means of finance lease and hire purchase. These acquisitions are not reflected in the statement of cash flows.

1. Basis of preparation of year end report

The preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.

This report has been prepared in accordance with Australian Accounting Standards (AASBs) and Interpretations issued by the Australian Accounting Standards Board, and the *Corporations Act 2001* .

This year end financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this preliminary report is to be read in conjunction with the annual financial report for the year ended 30 June 2018, the interim financial report for the half-year ended 31 December 2018, and any public announcement made by Automotive Holdings Group Limited during the reporting period in accordance with the continuous disclosure requirement of the *Corporations Act 2001.*

The accounting policies adopted are consistent with those of the previous financial year and prior corresponding reporting period, except for those affected by the adoption of the new accounting standards as disclosed below:

(a) New accounting standards and interpretations adopted from 1 July 2018

The Group has applied the following standards and amendments for the first time for the reporting period commencing 1 July 2018:

AASB 9 Financial Instruments

DESCRIPTION:

This new standard replaces AASB 139 *Financial Instruments: Recognition and Measurement* that relate to the recognition, classification and measurement of financial assets and financial liabilities. This standard amends the classification and measurement of the financial assets. It introduces an “expected credit loss” model rather than “incurred loss” model for impairment of the financial assets. Lastly, the standard changes requirements for hedge accounting to more closely align hedge accounting with risk management.

IMPACT TO THE GROUP:

Re-classification of available-for-sale financial assets to financial assets at fair value through profit or loss

At 30 June 2018, the Group had shares and units in unlisted entities classified as available-for-sale (AFS) financial assets of $7,228,000. On 1 July 2018, these financial assets have been reclassified into the financial assets at fair value through profit or loss category. On adoption of AASB 9, any cumulative fair value changes in the available-for-sale reserve are required to be reclassified into retained earnings and subsequent fair value changes have been recognised in profit or loss. There were no cumulative fair value changes in Group's available-for-sale financial assets in other comprehensive income (OCI) as at 1 July 2018, and therefore no re-classification required from OCI to opening retained earnings.

Trade receivables - impairment:

The Group has trade receivables to which it has applied the expected credit loss model of AASB 9 at 1 July 2018, being the date of transition, which has resulted in an impairment loss of $1,500,000 from the refrigerated logistics receivables being recognised as a transitional adjustment to opening retained earnings and a reduction in the trade receivables balance. Under the impairment approach in AASB 9, it is not necessary for a credit event to have occurred before credit losses are recognised. Upon adoption of AASB 9, the Group has elected to apply the simplified approach to measure expected credit losses, which uses the lifetime expected loss allowance for trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. There was no additional impact in FY2019.

Hedge accounting:

On initial application of AASB 9, the Group may choose, as its accounting policy, to continue to apply the hedge accounting requirements of AASB 139 instead of the hedge accounting requirements of AASB 9. The Group has elected to apply AASB 9 hedge accounting requirements because they are more closely aligned with the way that the Group manages its risks.

The Group applies hedge accounting to:

- The Group’s interest rate swaps that are used to hedge interest rate risk; and
- The transactional currency exposures on purchases in a currency other than the operating unit’s functional currency.

An assessment of the Group’s hedging relationships under AASB 9 has been performed and it has been determined that the relationships qualify as continuing hedging relationships under the new standard and therefore the application of AASB 9 has not had a material impact on the Group’s hedge accounting in the consolidated financial statements.

1. Basis of preparation of year end report (continued)

AASB 9 Financial Instruments

REVISED ACCOUNTING POLICY:

Investments and Other Financial Assets

Classification

The Group classifies its investments or other financial assets in the following categories:
- those to be measured subsequently at fair value (either through OCI, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the purpose for which the investments or other financial assets were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI.

Measurement

At initial recognition, the Group measures a financial asset at its fair value.

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment

For trade receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and days past due.

AASB 15 Revenue from contracts with customers

DESCRIPTION:

This new standard replaces all existing revenue requirements, with the core principle being that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. Under AASB 15 revenue is recognised when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer and excludes amounts collected on behalf of third parties.

The standard introduces a five-step approach to revenue recognition:
Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognise revenue when (or as) each performance obligation is satisfied.

IMPACT OF ADOPTION:

The Group applied AASB 15 for the first time in the current period, after a detailed review of its revenue contracts. The following areas have been identified as being impacted by the adoption of the new standard:

Sale of extended warranties:

AHG sells a number of extended warranty products to customers, which provide additional warranty services over and above the manufacturer warranty period. With some of these products, AHG acts as the principal in the supply of the warranty services, while with others, AHG acts as the agent to arrange a third party to supply the warranty service.

Prior to adoption of AASB 15:

The revenue from the sale of the extended warranty was considered as part of the vehicle sale, which is recognised in full at the time of the vehicle sale. A provision was recognised at the same time for any estimated cost for fulfilling the warranty services in the future.

1. Basis of preparation of year end report (continued)

AASB 15 Revenue from contracts with customers

Under AASB 15:

Where the Group acts as a principle, a portion of the revenue will be allocated to the extended warranty obligation and deferred to the statement of financial position. The revenue will subsequently be recognised over time along with the costs incurred in fulfilling any warranty obligation. The impact from recognising extended warranty over time is not material to the Group.

Where the Group acts as an agent, the portion of the revenue from sale of the extended warranty will be reduced to the net amount retained after any costs paid to the third party service provider. The effect of reducing the warranty portion of the revenue to the net amount is not material.

Buyback transactions:

AHG sells vehicles to various wholesale customers which are subject to buyback obligations. Given the nature of these customers' business and the buyback prices offered, it is highly likely that customers would exercise their right to return the vehicles.

Prior to adoption of AASB 15:

The revenue and profit from the sale of vehicles under buyback arrangements was recognised in full at the time of the initial vehicle sale.

Under AASB 15:

AHG will account for these buyback arrangements as leases, as the Group retains price risk in relation to these vehicles and it has been determined that control of the asset has not passed to the customer in accordance with the requirements of AASB 15. Income and profits will be earned on these contracts over the lease term rather than recognised as a sale at the time that the wholesale customer takes possession of the vehicle. Vehicles are recognised as fixed assets until the end of the buyback period, and then transfer to inventory. Upon the sale of the returned vehicles after the buyback period, the revenue will be recognised. The impact from treating buyback transactions as leases has resulted in a transitional impact on adoption of AASB 15.

REVISED ACCOUNTING POLICY:

Revenue is recognised when control of the promised goods or services are transferred to customers in amount that reflects consideration to which the Group expects to be entitled in exchange for those goods or services. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods which includes motor vehicles and parts is recognised when the performance obligation to transfer a promised good to the customer is satisfied, which is upon the delivery of goods to the customer.

Sale of goods with buyback obligations

When the Group has an obligation to repurchase the good and the customer has significant economic incentive to exercise its right, the sales agreement shall be accounted for as a lease. If the customer does not have a significant economic incentive to exercise its right, the Group shall account for the agreement as if it were the sale of a product with a right of return.

Rendering of services

Revenue from services is recognised as the services are provided to customers and control has passed to the customer.

1. Basis of preparation of year end report (continued)

AASB 15 Revenue from contracts with customers

FINANCIAL IMPACT OF TRANSITION TO AASB 9 AND AASB 15 AS AT THE DATE OF TRANSITION, 1 JULY 2018

The Group took the modified transitional approach to implementation of AASB 9 and AASB 15 where transitional adjustments have been recognised in retained earnings at 1 July 2018 without adjustment of comparatives and the new standard has been applied to contracts that remain in force at that date.

The impacts on the opening financial position are:

	FY2018 restated*	Arising from AASB 9	Arising from AASB 15	Restated balances
	$'000	$'000	$'000	$'000
Assets				
Trade and other receivables	374,550	(1,500)	-	373,050
Property, plant and equipment	376,524	-	41,618	418,142
Deferred tax assets	74,083	450	401	74,934
Liabilities				
Current provisions (contract liability)	(87,032)	-	(14,315)	(101,347)
Non current provisions (contract liability)	(29,153)	-	(28,630)	(57,783)
Equity				
Retained earnings/(losses)	86,721	(1,050)	(926)	84,745

*See note 14 regarding the restatement as a result of an error

The above financial position reflect the impact of the following adjustments:

• Applying the 'expected credit loss' model of AASB 9 has resulted in an accounts receivable impairment charge, decreasing trade receivables and opening retained earnings of $1,050,000 (net of tax effect).

• Treating buyback transactions as leases has resulted in the recognition of fixed assets, contract liabilities and a net reduction in opening retained earnings by $926,000 (net of tax effect).

FINANCIAL IMPACT OF TRANSITION TO AASB 9 AND AASB 15 FOR THE YEAR ENDED 30 JUNE 2019:

The Group's comparative financial information has not been restated. The impact on the current year financial report of adoption of AASB 9 and AASB 15 is as follows:

	30 June 2019
	$'000
Revenue	**49,453**
Cost of sales	**(47,195)**
Other revenue	**(14,430)**
Depreciation	**13,029**
Income tax expense	**(258)**
Net loss	**599**

The impact on assets, liabilities and equity as at 30 June 2019 if AASB 9 and AASB 15 had not been adopted is:

	FY2019 pre adoption impact	Arising from AASB 9	Arising from AASB 15	FY2019 reported balances
	$'000	$'000	$'000	$'000
Assets				
Trade and other receivables	272,225	(1,500)	-	270,725
Property, plant and equipment	160,442	-	58,676	219,118
Deferred tax assets	65,320	450	655	66,425
Liabilities				
Current provisions (contract liability)	(71,005)	-	(20,287)	(91,292)
Non current provisions (contract liability)	(15,255)	-	(40,574)	(55,829)
Equity				
Retained earnings/(losses)	(167,866)	(1,050)	(1,528)	(170,444)

1. Basis of preparation of year end report (continued)

(b) Impact of standards issued but not yet applied:

AASB 16 *Leases*

AASB 16 requires the lessee to recognise assets and liabilities for all leases with the distinction between operating and finance leases being removed. The standard provides certain exemptions from recognising leases on the balance sheet including where the underlying asset is of low value or the lease term is 12 months or less. This standard is effective for the Group as at 1 July 2019.

It is expected to be the most significant new accounting standard for the Group in terms of impact on the financial statements. This is primarily due to the significant number of property-related operating leases the Group will have at the date of initial application of the new standard. As at 30 June 2019, the Group has non-cancellable operating lease commitments of $1.22 billion.

AHG has continued to progress impact studies relating to the initial application of the standard. Per the initial assessment, the Group expects to recognise a right of use asset of $0.81 - $0.86 billion (2018: $0.86 - $0.91 billion) and a lease liability of $0.93 - $0.98 billion (2018: $0.98 - $1.03 billion) as at 1 July 2019. Further updates will be provided in AHG's FY2019 Annual Report.

(c) Significant accounting judgement, estimates and assumptions:

Assets and liabilities held for sale

Refrigerated Logistics

As of 30 June 2019, the Board of Directors of AHG have committed to an active plan to sell to sell its Refrigerated Logistics (RL) business. AHG continue to actively engage with prospective buyers with the intention to pursue its divestment strategy of the RL business.

Judgement was applied in the determination that the RL division met the requirements for classification as a disposal group under AASB 5 *Non-current Assets held for Sale and Discontinued Operations.* Completion of the transaction is highly probable and expected to occur within 12 months of balance sheet date.

Prior to the reclassification of the assets and liabilities to held for sale, a determination was made if the RL assets and liabilities were carried at the lower of their carrying amounts and fair value less costs to sell. Following this assessment, an impairment charge of $23.72 million was recognised to reduce the carrying value of IT assets to their fair value less costs to sell (refer to notes 13 and 15).

Reclassification of Loans

An amount of $24.08 million has been reclassified from trade and other receivables (current assets) to loans receivable (non-current assets) in the current year. These represent dealer principal loans and are not expected to be realised within the next 12 months. For comparability, the prior period comparative has aso reflected this reclassification.

Recoverability of deferred tax assets on capital losses

The recoverability of the deferred tax asset recognised on carried forward capital losses is based on the expected availability of future losses to the tax consolidated group.

Impairment

Refer to note 15 for detail.

The Group makes other significant judgements, estimates and assumptions that affect the reported amounts.

2. Operating segments

Continuing Segments

The Board has determined that AHG's continuing operating segments be divided between two reportable automotive retail segments, a single reportable logistics segment comprising of AHG's other logistical operations, as well as a property segment. All segments operate within the geographical area of Australia and New Zealand. Operations in Australia and New Zealand are classified and managed as one geographical area, and therefore geographic disclosures have not been included.

FY2019 is the first year Trucks are disclosed as their own reportable segment (previously included under automotive retail) with the carrying value of its assets at more than 10% of the combined assets of all operating segments.

Automotive Retail

The automotive retail segment has 144 franchises at 103 dealership locations operating in Australia and New Zealand. In addition, AHG operates 5 fixed-price used car warehouse operations trading at Easyauto123.

Trucks

The truck segment has 33 franchises at 10 dealership locations operating in the Australian states of Western Australia, Queensland. New South Wales and Victoria.

Other Logistics

The other logistics operations segment comprises AHG's automotive parts warehousing and distribution businesses, motorcycle distribution, bus and truck distribution and vehicle storage and engineering.

Property

The property segment comprises AHG's direct property interests in land and buildings. During the year ended 30 June 2019, the land and buildings were disposed.

Discontinued Segment

As of 30 June 2019, the Board of Directors of AHG have committed to an active plan to sell to sell its Refrigerated Logistics business. Completion of the transaction is highly probable and is scheduled to occur within 12 months of the balance sheet date.

Refrigerated Logistics

The Refrigerated Logistics operations segment comprises AHG's cold storage and transport operations.

Sales between segments are eliminated on consolidation, as noted in the tables below. There is no significant reliance on any individual major customers within the segment revenues.

Notes to the Financial Statements

2. Operating segments (continued)

	Continuing Operations										Discontinued Operation	
Segment Reporting June 2019	**Automotive Retail**		**Trucks**		**Other Logistics**		**Property**		**Consolidated**		**Refrigerated Logistics**	
	2019 $'000	2018 $'000	**2019** $'000	2018 $'000	**2019** $'000	2018 $'000	**2019** $'000	2018 $'000	**2019** $'000	2018 $'000	**2019** $'000	2018 Restated* $'000
Gross revenue	5,718,853	5,639,116	616,953	608,720	278,987	296,974	441	432	6,615,234	6,545,242	574,119	607,068
Less: intercompany sales	(666,094)	(590,192)	(16,728)	(46,129)	(19,516)	(34,595)	-	-	(702,338)	(670,916)	(503)	(26,763)
Segment revenue	5,052,759	5,048,924	600,225	562,591	259,471	262,379	441	432	5,912,896	5,874,326	573,616	580,305
Interest earned	2,125	1,315	121	83	102	77	-	-	2,348	1,475	15	7
Total revenue	5,054,884	5,050,239	600,346	562,674	259,573	262,456	441	432	**5,915,245**	5,875,801	573,631	580,312
EBITDA	**(47,088)**	**138,029**	**25,824**	**11,948**	**(16,153)**	**7,126**	**3,121**	**(2,932)**	**(34,295)**	154,171	**(81,686)**	**(24,173)**
Depreciation and amortisation	(19,999)	(18,123)	(14,307)	(2,444)	(2,715)	(2,749)	-	-	(37,021)	(23,317)	(30,596)	(29,193)
EBIT	**(67,087)**	**119,906**	**11,517**	**9,504**	**(18,868)**	**4,377**	**3,121**	**(2,932)**	**(71,316)**	130,855	**(112,282)**	**(53,366)**
Interest expense (net)	(34,930)	(25,852)	(4,630)	(2,975)	(4,645)	(614)	(1,039)	(3,176)	(45,245)	(32,617)	(5,153)	(10,486)
Profit/ (loss) before tax for the year									**(116,561)**	98,238	**(117,435)**	(63,852)
Income tax benefit/ (expense)									(4,937)	(29,203)	10,493	20,050
Reportable segment profit/ (loss) after tax for the year									**(121,498)**	69,036	**(106,942)**	(43,802)
Detailed Segment Trading Analysis:												
Total revenue	**5,054,886**	5,050,239	**600,346**	562,674	**259,572**	262,456	**441**	432	**5,915,245**	5,875,801	**573,631**	580,312
EBITDA before unusual items (non-IFRS)	**136,570**	154,148	**25,824**	11,949	**6,790**	7,126	**(1,174)**	(2,932)	**168,011**	170,291	**22,823**	19,775
EBIT before unusual items (non-IFRS)	**116,571**	136,024	**11,517**	9,504	**4,075**	4,377	**(1,174)**	(2,932)	**130,990**	146,974	**(7,773)**	(9,418)
Non-IFRS Segment result before unusual items	**81,641**	110,173	**6,887**	6,529	**(570)**	3,763	**(2,213)**	(6,108)	**85,745**	114,357	**(12,926)**	(19,904)
Unusual items**	(183,658)	(16,118)	-	-	(22,943)	-	4,295	-	(202,306)	(16,118)	(104,509)	(43,948)
Reportable segment result after unusual items	**(102,017)**	94,055	**6,887**	6,529	**(23,513)**	3,763	**2,082**	(6,108)	**(116,561)**	98,239	**(117,435)**	(63,852)
Segment assets	1,628,792	1,726,743	272,766	247,759	218,334	186,022	-	18,793	2,119,892	2,179,318	296,874	446,215
Total consolidated assets									**2,119,892**	**2,179,318**		
Segment liabilities	1,075,783	955,162	243,962	219,618	203,392	170,729	609	45,334	1,523,746	1,390,843	386,261	470,733
Total consolidated liabilities									**1,523,746**	**1,390,843**		
Acquisition of property, plant, equipment and intangibles	29,823	61,012	9,289	3,118	2,235	2,934	-	-	41,347	67,064	17,690	58,203

*See note 14 regarding the restatement as a result of an error.

***Unusual items: impairment of current and non-current assets, costs relating to restructure of operations and discontinued operations, net costs relating to integration, acquisition and divestment activities, and costs associated with responding to the APE offer.*

3. Revenue and expenses (from continuing operations)

	2019 $'000		2018 Restated* $'000
Sales revenue from contracts with customers			
Sale of goods	**5,499,949**		5,444,541
Rendering of services	**375,363**		399,235
	5,875,312		5,843,776
Other revenue			
Interest	**2,348**		1,475
Other revenue	**37,585**		30,550
	39,933		32,025
Total revenue	**5,915,245**		5,875,801
Other income			
Profit on sale of assets	**4,295**		-
Depreciation			
Vehicles, plant, furniture and equipment	**27,921**	**	13,905
Amortisation			
Capitalised leased assets	**3,037**		4,859
Leasehold improvements	**6,063**		4,553
	9,100		9,412
Finance costs *(for financial liabilities not at fair value through profit or loss)*			
Interest paid - other	**10,113**		1,791
Interest paid - finance leases	**714**		271
Interest paid - hire purchase	**-**		3
Interest paid - floor plan	**36,766**		32,027
	47,593		34,092
Lease payments			
Rental expenses relating to property operating leases	**119,564**		118,606
Rental expenses relating to equipment operating leases	**4,070**		3,758
	123,634		122,364
Employee benefits expense			
Wages, salaries and employee benefits	**549,959**		536,169
Superannuation	**41,671**		40,470
Share-based payments expense	**95**		(284)
	591,725		576,355
Other expenses, including loss on sale of assets and impairment			
Bad debts written off	**389**		230
Repairs and maintenance, insurances	**26,265**		25,698
Stamp duty and bank fees	**8,306**		8,387
Impairment of non-current assets	**158,546**		-
Office, IT, telephone and travel	**28,985**		32,166
Net loss on sale of assets	**573**		279
Onerous lease costs (included in provisions)	**22,075**		11,500
Miscellaneous	**6,510**		3,959
	251,649		82,219

*See note 14 regarding the restatement as a result of an error

** Impact of AASB 15 adoption on FY2019 depreciation is $13,029,000 (See note 1).

4. Cash and cash equivalents

	2019 $'000	2018 $'000
Cash at bank and on hand	**80,127**	72,536
Deposits at call	**510**	510
	80,637	73,046
Cash from continuing operations	**80,637**	73,046
Cash from held for sale and discontinued operations (notes 5,13)	**13,866**	-
	94,503	73,046

Reconciliation to Statement of Cash Flows:	2019 $'000	2018 Restated* $'000
Profit/(loss) for the year after tax	**(228,440)**	25,232
Non Operating Activity Cash flow in profit		
- Distributions received	**(194)**	(378)
- Loss/(profit) on sale of assets	**(3,390)**	(10)
Non Cash flow in profit		
- Depreciation	**53,356**	38,376
- Amortisation	**14,261**	14,133
- Impairment of current and non-current assets, and onerous leases	**288,033**	34,368
Changes in operating assets and liabilities		
Decrease / (increase) in trade receivables	**1,248**	(41,198)
Decrease / (increase) in inventories	**7,995**	(3,465)
(Increase) in other current assets	**(137)**	(39)
Decrease in prepayments	**1,324**	27,210
(Increase) in deferred tax assets	**(3,118)**	(12,588)
(Decrease) / increase in current tax payable	**(15,269)**	12,124
Increase in trade creditors	**27,657**	58,128
Increase / (decrease) in accruals	**10,011**	(6,271)
Increase in employee entitlements	**1,925**	450
(Decrease) / increase in other provisions	**(38,712)**	10,555
(Decrease) in deferred tax liabilities	**(8,231)**	(9,318)
Net cash inflow from operating activities	**108,322**	147,309

*See note 14 regarding the restatement as a result of an error.

5. Assets and liabilities held for sale

On 6 June 2019, AHG entered into a share sale agreement to dispose of its remaining 74% equity holding in Motorcycle Distributors Australia, which holds the franchisee agreements to distribute KTM and Husqvarna products in Australia and New Zealand.

The effective date of completion was 1 July 2019 with total agreed consideration of $15.93 million (74%) (before tax and costs) received in full in the first week of August 2019.

The assets and liabilities held for sale are carried at the lower of cost and fair value less costs to sell at 30 June 2019. Prior to reclassification to held for sale, impairment testing was undertaken. A non current impairment loss of $1.67 million on IT assets, and a goodwill impairment loss of $1.20 million has been included in the statement of profit and loss and other comprehensive income (refer to note 3).

At 30 June 2019 the disposal group (100%) comprised the following assets and liabilities:	**2019** **$'000**
Assets classified as held for sale	
Cash and cash equivalents	6,411
Trade and other receivables	3,848
Inventories	104,892
Other current assets	1,556
Property, plant and equipment	1,930
Intangible assets	11,000
Deferred tax assets	1,349
	130,985
Liabilities directly associated with assets classified as held for sale	
Trade and other payables	58,756
Interest-bearing loans and borrowings	49,941
Income tax payable	105
Provisions - current	571
Deferred tax liabilities	27
Provisions - non-current	51
	109,451

The above assets and liabilities have been aggregated with those from the discontinued operation (see note 13, Refrigerated Logistics) when disclosing the assets and liabilities held for sale in the statement of financial position.

In the prior year, the Group disclosed two blocks of land as held for sale with a carrying value of $18,650,000. These were subsequently disposed of in FY2019 for an agreed consideration of $23,132,000 (before tax and costs).

6. Property, plant and equipment

Consolidated June 2019	Land and buildings	Plant and equipment	Capitalised leased assets	Leasehold improve - ments	Assets under construction	Total
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Cost	31	208,836	15,397	125,803	15,394	365,461
Accumulated depreciation/impairment	(31)	(93,637)	(3,758)	(48,917)	-	(146,343)
Carrying amount at 30 June 2019	**-**	**115,198**	**11,639**	**76,886**	**15,394**	**219,118**
Carrying amount at 1 July 2018 (restated, refer Note 1)	9	245,951	39,288	100,297	32,597	418,142
Translation adjustment	-	140	-	116	75	331
Additions	-	63,717	9,742	3,197	10,440	87,096
Impairment	-	(21,857)	-	(13,436)	(8,447)	(43,740)
Disposals	(19)	(11,201)	-	(2,497)	-	(13,717)
Transfers	19	14,380	(1,448)	3,413	(16,364)	-
Asset classified as held for sale (Note 5,13)	-	(122,585)	(29,317)	(6,569)	(2,906)	(161,377)
Depreciation / amortisation	(9)	(53,347)	(6,626)	(7,635)	-	(67,617)
Carrying amount at 30 June 2019	**-**	**115,198**	**11,639**	**76,886**	**15,394**	**219,118**

Consolidated June 2018	Land and buildings	Plant and equipment	Capitalised leased assets	Leasehold improve - ments	Assets under construction	Total
Cost	12	386,730	56,922	141,443	32,597	617,704
Accumulated depreciation	(3)	(182,397)	(17,634)	(41,146)	-	(241,180)
Carrying amount at 30 June 2018	**9**	**204,333**	**39,288**	**100,297**	**32,597**	**376,524**
Carrying amount at 1 July 2017	17,574	200,191	27,342	91,304	64,719	401,130
Translation adjustment	-	(134)	-	(54)	(85)	(273)
Additions	1,216	28,233	21,021	16,835	33,148	100,453
Impairment	-	(26,430)	-	(7,689)	-	(34,119)
Disposals	-	(15,933)	(183)	(3,392)	-	(19,508)
Transfers	(128)	56,779	(2,512)	11,046	(65,185)	-
Asset classified as held for sale	(18,650)	-	-	-	-	(18,650)
Depreciation / amortisation	(3)	(38,373)	(6,380)	(7,753)	-	(52,509)
Carrying amount at 30 June 2018	**9**	**204,333**	**39,288**	**100,297**	**32,597**	**376,524**

Refer to note 15 for details on impairment.

7. Intangible assets

	Goodwill	Franchise Rights & Distribution Agreements	Total
	$'000	$'000	$'000
Consolidated 2019			
Carrying amount at 1 July 2018	233,738	305,430	539,168
Additions	267	1,463	1,730
Assets classified as held for sale (note 5)	(1,560)	(9,440)	(11,000)
Translation adjustment	132	263	395
Impairment charges	(148,250)	(70,252)	(218,502)
Carrying amount at 30 June 2019	**84,327**	**227,464**	**311,791**
Consolidated 2018			
Carrying amount at 1 July 2017	222,565	290,605	513,170
Additions	11,173	15,075	26,248
Impairment charges	-	(250)	(250)
Carrying amount at 30 June 2018	**233,738**	**305,430**	**539,168**

	Goodwill	Franchise Rights & Distribution Agreements	Total
	$'000	$'000	$'000
Consolidated 2019			
Automotive Retail	73,009	214,145	287,154
Trucks	7,024	12,816	19,840
Refrigerated Logistics	-	-	-
Other Logistics	4,294	503	4,797
Carrying amount at 30 June 2019	**84,327**	**227,464**	**311,791**
Consolidated 2018			
Automotive Retail	140,897	282,671	423,568
Trucks	7,024	12,816	19,840
Refrigerated Logistics	78,762	-	78,762
Other Logistics	7,055	9,943	16,998
Carrying amount at 30 June 2018	**233,738**	**305,430**	**539,168**

There are no intangible assets associated with the property segment.

Refer to note 15 for details on impairment.

8. Dividends

DECLARED AND PAID

	2019 $'000	2018 $'000
Dividends on ordinary shares:		
Final dividend for the year ended 30 June 2018 of 6.8 cents per fully paid share paid on 9 October 2018 (2018: 9.5 cents, paid on 6 October 2017)	**22,550**	31,504
Interim dividend for the half-year ended 31 December 2018 of nil per fully paid share (2018: 9.5 cents, paid on 4 April 2018)	**-**	31,504
	22,550	63,008

PROPOSED AND NOT RECOGNISED AS A LIABILITY

	2019 $'000	2018 $'000
Dividends on ordinary shares:		
Since year end, the Directors have recommended to not pay a final dividend (2018: 6.8 cents paid on 9 October 2018).	**-**	22,550

9. Contributed equity

	Ordinary Shares	
	Shares	$'000
Contributed equity at 1 July 2018	**331,623,014**	653,134
Contributed equity at 30 June 2019	**331,623,014**	653,134

10. Net tangible asset backing

	2019 Cents	2018 Restated* Cents
Net tangible asset backing per ordinary share	**55.5**	67.8

*See note 14 regarding the restatement as a result of an error, and note 1 for details about restatements for changes in accounting policies.

11. Earnings per share

BASIC EARNINGS PER SHARE	**2019 cents**	2018 Restated* cents
IFRS Earnings per share for profit/(loss) attributable to the owners of the Company:		
Basic earnings/(loss) per share	**(70.2)**	**6.1**
Diluted earnings/(loss) per share	**(70.2)**	**6.1**
IFRS Earnings per share for profit/(loss) from continuing operations attributable to the owners of the Company:		
Basic earnings/(loss) per share	**(37.9)**	**19.3**
Diluted earnings/(loss) per share	**(37.9)**	**19.3**
Non-IFRS Earnings per share for profit/(loss) before unusual items** attributable to the owners of the Company:		
Basic and diluted earnings per share	**14.7**	18.8
from continuing operations	**17.7**	22.7
from discontinued operation	**(3.0)**	(3.9)
Diluted earnings per share	**14.7**	18.8
from continuing operations	**17.7**	22.7
from discontinued operation	**(3.0)**	(3.9)

RECONCILIATION OF EARNINGS USED IN CALCULATING EARNINGS PER SHARE

Basic Earnings Per Share	**2019 $'000**	2018 Restated* $'000
IFRS profit/(loss) attributable to the owners of the Company in calculating basic earnings per share	**(232,639)**	20,081
Loss attributable to the owners of the Company from unusual items**	**281,259**	42,121
Non-IFRS profit/(loss) attributable to the owners of the Company before unusual items**	**48,620**	62,202
Operating Non-IFRS profit/(loss) attributable to the ordinary equity holders of the Company		
Profit/(loss) from continuing operations	**58,723**	75,240
Profit/(loss) from discontinued operation	**(10,102)**	(13,038)
IFRS profit/(loss) attributable to the ordinary equity holders of the Company		
Profit/(loss) from continuing operations	**(125,697)**	63,883
Profit/(loss) from discontinued operation	**(106,942)**	(43,802)

*See note 14 regarding the restatement as a result of an error.

**Unusual items: impairment of current and non-current assets, costs relating to restructure of operations and discontinued operations, net costs relating to integration, acquisition and divestment activities, and costs associated with responding to the APE offer.

The Group has no instruments that have a dilutive effect on earnings per share.

12. Business combinations

Provisional acquisition accounting has been completed for the FY2018 acquisitions of Carlins, Hunter Motor Group, Auckland Motor Group and Essendon Nissan/Kia. This resulted in an increase of $0.93 million in intangible assets as a result of the harmonisation of provisioning policies and other adjustments. No material business combinations were completed during the year ended 30 June 2019.

13. Discontinued operation

As of 30 June 2019, the Board of Directors of AHG have committed to an active plan to sell its Refrigerated Logistics (RL) business. AHG continue to actively engage with prospective buyers with the intention to pursue its divestment strategy of the RL business. Completion of the transaction is highly probable and is scheduled to occur within 12 months of balance sheet date.

RL represents a separate major line of business (refer to note 2: Operating segments), being an operator of a national temperature controlled supply chain network throughout Australia.

The segment was not a discontinued operation or classified as held for sale as at 30 June 2018 and the comparative consolidated statements of profit or loss and other comprehensive income have been restated to show the discontinued operation seperately from continued operations.

	2019 **$'000**	2018 Restated* $'000
Results of discontinued operation		
Revenue	**573,631**	580,312
Expenses	**(691,066)**	(644,164)
Profit/(loss) before income tax	**(117,435)**	(63,852)
Income tax (expense) / benefit	**10,493**	20,050
Profit/(loss) after tax from discontinued operation	**(106,942)**	(43,802)
Assets and liabilities of the discontinued operation		
Assets		
Cash and cash equivalents	**7,456**	1,951
Trade and other receivables	**95,307**	109,335
Inventories	**3,695**	3,372
Other current assets	**10,792**	10,824
Income tax payable	**9,663**	4,262
Property, plant and equipment	**159,446**	197,693
Intangible assets	**-**	78,762
Deferred tax assets	**10,515**	26,278
	296,874	432,477
Liabilities		
Trade and other payables	**63,648**	37,030
Interest-bearing loans and borrowings	**31,278**	33,388
Provisions - current	**15,677**	22,388
Interest-bearing loans and borrowings	**71,325**	88,401
Deferred tax liabilities/(asset)	**(360)**	14,912
Provisions - non current	**7,799**	7,683
	189,367	203,802
Cash flows of the discontinued operation		
Net cash from operating activities	**29,298**	11,439
Net cash used in investing activities	**21,380**	(35,940)
Net cash from financing activities	**(31,944)**	26,845
Net cash inflows/(outflows) for the year	**18,734**	2,344

*See note 14 regarding the restatement as a result of an error.

14. Correction of error in accounting for revenue

AHG, with the assistance of external advisors, conducted a receivables review following extensive upgrades to the Refrigerated Logistics division's computer systems. The receivables review has shown a material overstatement of revenues in FY2018 which arose as a consequence of complexities associated with the introduction of the new computer systems for transport management.

The error has been corrected by restating each of the affected financial statement line items for the prior period as follows:

Statement of financial position (extract)	2018 $'000	Asset Increase/ (Decrease) $'000	2018 (Restated) $'000
Assets			
Trade and other receivables	392,490	(17,940)	374,550
Deferred tax assets	68,701	5,382	74,083
Equity			
Retained earnings	99,279	(12,558)	86,721

Statement of profit or loss (extract)	2018 $'000	Profit Increase/ (Decrease) $'000	2018 (Restated) $'000
Profit from continuing operations, after tax	69,036	-	69,036
Profit/(loss) from discontinued operation, after tax	(31,244)	(12,558)	(43,802)
Profit for the year, after tax	37,792	(12,558)	25,234
Profit attributable to:			
Owners of Automotive Holdings Group Limited	32,639	(12,558)	20,081
Non-controlling interests	5,153	-	5,153
	37,792	(12,558)	25,234
Profit attributable to owners of the Group relates to:			
Profit from continuing operations	63,883	-	63,883
Profit/(loss) from discontinued operation	(31,244)	(12,558)	(43,802)
	32,639	(12,558)	20,081

Statement of profit or loss (extract) - discontinued operation (refer to note 13)	2018 $'000	Profit Increase/ (Decrease) $'000	2018 (Restated) $'000
Revenue	598,252	(17,940)	580,312
Income tax (expense)/benefit	14,668	5,382	20,050
Profit/(loss) after tax from discontinued operation	(31,244)	(12,558)	(43,802)

Basic and diluted earnings per share for the prior year have also been restated. The amount of the correction for both basic and diluted earnings per share was an decrease of 3.8 cents per share.

15. Impairments

Impairment testing

The recoverable amount of the Group's Property, Plant and Equipment and Intangible Assets are tested on an annual basis at both the cash generating unit (CGU) level and individual asset level, or where an impairment indicator exists. In the case that significant events or changes in circumstances indicating possible impairment arise during the year, the Group would assess impairment of the impacted CGU or individual asset following such events and changes. AHG performed impairment testing and subsequently recognised impairment charges for both the half-year ended 31 December 2018 and the year ended 30 June 2019.

The recoverable amounts of the Group's various CGUs are calculated using the higher of their fair value less costs of disposal (FVLCOD) and its value-in-use (VIU).

FVLCOD reflects the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants at measurement date. VIU reflects the present value of the future cash flows expected to be derived from the CGU. The future cash flow is based on the Board approved year one budget and then projections using a steady growth rate for subsequent years. This calculated recoverable amount is then compared with the carrying value of the assets of CGU.

As disclosed in the half-year ended 31 December 2018, arising from VIU calculations across all of AHG's continuing CGUs, a $138.539 million (pre-tax) charge has been recognised which relates to the impairment of intangible assets associated with AHG's continuing Automotive Retail operations. The impairment charge reflects the softening of market conditions across the Automotive Retail sector and relate to the identification of underperforming brands and locations.

As disclosed in the half-year ended 31 December 2018, arising from VIU calculations for the discontinued operations of Refrigerated Logistics, a $78.762 million (pre-tax) charge has been recognised which relates to the impairment of goodwill. This relates to actual operating performance being below budgeted forecasts. As disclosed in AHG's FY2018 Annual Report (refer Note 24, page 110) a 0.25% change in EBITDA margin as included in the VIU calculations at 30 June 2018 equated to a $16.3 million impairment risk. In the current reporting period, the operating performance of Refrigerated Logistics was below the Group's cash flow forecast assumptions for FY2019. In addition, arising from FVLCOD calculations at 30 June 2019, a further impairment of $23.715 million (pre-tax) charge has been recognised against its plant and equipment, resulting in a total impairment charge of $102.477 million (pre-tax).

Impairment charge – individual asset level

During the year ended 30 June 2019, prior to reclassification of the KTM and Husqvarna business operations (part of the Other Logistics CGU) to held-for-sale assets and liabilities, an impairment charge of $1.2 million (pre-tax) was recognised on intangibles assets under a FVLCOD calculation, being the stated value within the executed share sale agreement. In addition, the operations IT assets were impaired by $1.673 million (pre-tax), based on the estimated recoverable value of the asset being below its carrying value.

In addition to the above, individual asset level impairments arose in relation to operations under closure and/or restructure. The impairment amounted to $11.912 million (pre-tax) (2018: Nil) in relation to non-current leasehold improvements and other PPE assets, based on the estimated recoverable value of the assets being below their carrying values.

Impairment indicators noted at the individual asset level arose in relation to IT assets within Property, Plant and Equipment, with impairments amounting to $6.440 million (pre-tax) (2018: Nil).

Total impairment charge recognised in profit and loss from continuing operations is $158.546 million (2018: $Nil).

15. Impairments (continued)

Significant accounting judgements, estimates and assumptions

Impairment of property, plant and equipment and intangible assets

The Group determines whether property, plant and equipment and intangibles with indefinite useful lives are impaired under the criteria set out in AASB 136 *Impairment of Assets*. This requires an estimation of the recoverable amount of the cash generating units, to which these assets are allocated, using a VIU discounted cash flow methodology, which includes management's judgement around future cash flows, growth rates and discount rates.

Key assumptions used for value-in-use calculations

Automotive Retail CGUs, Other Logistic CGU and Property CGU

Where the recoverable amount of the Automotive Retail CGUs and Other Logistics CGU have been calculated under a VIU methodology, the following key assumptions were applied:

• Growth rate of 0% (FY2018: 3.0%).

• Pre-tax discount rate 11.0% (FY2018: 11%) and 10.0% (FY2018: 10.0%) for Automotive Retail and Trucks CGUs, and Other Logistics CGU, respectively.

• Cash flow forecast – Board approved reforecasts (FY2018: based on year one Board approved budgets).

The growth rate is based on market estimates of the long-term industry specific growth rates. The pre-tax rate represents the respective CGUs weighted average cost of capital as determined by prevailing or benchmarked market inputs, risk adjusted, where necessary.

Refrigerated Logistics CGU

The recoverable value was below its carrying value (FY2018: marginally above), and accordingly an impairment of $78.762 million was recognised, representing 100% of the Intangible Assets associated with this CGU (see note 7).

16. Events after reporting date

(a) On 10 July 2019, AHG completed the sale of Motorcycle Distributors Australia. This disposal group is classified as held for sale (refer to note 5). The payment price was settled in the first week of August 2019.

(b) On 25 July 2019, the ACCC made a determination to grant merger authorisation for AP Eagers to acquire shares in AHG under its offer. On 16 August 2019, once the statutory period available for parties with a sufficient interest to apply for a review of the ACCC's determination had expired, AP Eagers declared its offer free from all remaining bid conditions and accordingly the offer became unconditional. The current closing date of the offer is 16 September 2019.

(c) On 16 August 2019, AHG provided an update on the receivables review and strategic review in relation to its Refrigerated Logistics operations. The receivables review showed a material overstatement of revenues of $17.94 million pre-tax, which has resulted in a restatement of the Company's FY2018 results (refer to note 14). The AHG Board has now concluded its strategic review and determined that a sale is the preferred option to maximise shareholder value (refer to note 13).

Except for those events detailed above, no other matter or circumstance has arisen since 30 June 2019 requiring disclosure that has significantly affected, or may significantly affect:

• The Group's operations in future financial periods, or

• The result of those operations in future financial periods, or

• The Group's state of affairs in future financial periods.