



AUTOMOTIVE HOLDINGS GROUP

19 February 2016

The Manager
Company Announcements Office
Australian Securities Exchange

Dear Sir / Madam,

APPENDIX 4D – HALF-YEAR REPORT AND DECEMBER 2015 HALF-YEAR RESULTS

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

- Appendix 4D – Half-Year Report; and
- December 2015 Interim Financial Report

Yours faithfully,

A handwritten signature in black ink, appearing to read 'D. Rowland', is written over a light grey rectangular background.

D. ROWLAND
COMPANY SECRETARY

Enc.

Appendix 4D – Half-Year Report

FOR THE HALF-YEAR ENDED 31 DECEMBER 2015 – AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

ABN 35 111 470 038

Report for the half-year ended 31 December 2015

This statement includes the results for Automotive Holdings Group Limited and its controlled entities, for the half-year ended 31 December 2015 (current period) compared with the half-year ended 31 December 2014 (prior period). The financial result 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 are prepared in accordance with New Zealand International Financial Reporting Standards (NZIFRS).

This report is based on financial accounts, which have been reviewed.

Results for Announcement to the Market

		\$A'000's		\$A'000's
Revenues from ordinary activities	Up	185,053	7.2% to	2,750,915
Profit after tax from ordinary activities attributable to members	Up	3,159	7% to	48,179
Net profit after tax from continuing operations attributable to members	Up	3,159	7% to	48,179

DIVIDENDS	Amount per security	Franked amount per security
Interim dividend	9.5 cents	9.5 cents
Record date for determining entitlement to the interim dividend		18/03/2016
Date the interim dividend is payable		6/04/2016

Appendix 4D – Half-Year Report

FOR THE HALF-YEAR ENDED 31 DECEMBER 2015 – AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

ABN 35 111 470 038

Commentary on results for the period

Statutory IFRS profit after tax attributable to members for the half-year ended 31 December 2015 was \$48.179 million compared with \$45.021 million in the prior corresponding period, Operating¹ non-IFRS profit after tax attributed to members for the half-year ended 31 December 2015 was \$49.446 million compared with \$46.078 million in the prior corresponding period. Statutory IFRS EPS improved to 15.7 cents (2014: 14.7 cents).

Unusual items included in the current half year comprised professional fees, stamp duty and external acquisition and integration costs associated with acquisition-related activities and asset divestments, and total \$1.267 million (after tax) (2014: \$1.057 million). These unusual items are primarily associated with the business acquisition of Western Pacific Automotive, Covs divestment, WMC (Deconsolidation) and Charter Hall (property) related activities.

Group revenue was \$2.750 billion representing a 7.2% increase on the prior year revenue of \$2.566 billion.

The Automotive Retail division delivered a statutory IFRS profit before tax of \$61.815 million on \$2.262 billion of revenue compared with a prior half-year statutory IFRS profit before tax of \$50.433 million on \$2.051 billion of revenue. This represents a 22.6% increase in statutory IFRS profit before tax and 10.3% increase in revenue. Operating¹ non-IFRS profit before tax was \$60.979 million compared with prior half-year \$51.468 million, an increase of 18.5%.

The Refrigerated Logistics division delivered a statutory IFRS profit before tax of \$12.921 million on \$308.158 million of revenue compared with a prior half-year statutory IFRS profit before tax of \$14.320 million on \$319.125 million of revenue. This represents a 9.8% decrease in statutory IFRS profit before tax and 3.1% decrease in revenue. Operating¹ non-IFRS profit before tax was \$12.925 million compared with prior half-year \$14.795 million, a decrease of 12.6%.

The Other Logistics division delivered a statutory IFRS loss before tax of \$1.923 million on \$180.901 million of revenue compared with a prior half-year statutory IFRS profit before tax of \$3.851 million on \$195.732 million of revenue. This represents a 150% decrease in statutory IFRS profit before tax and 7.6% decrease in revenue. Operating¹ non-IFRS profit before tax was \$0.718 million compared with prior half-year \$3.851 million, a decrease of 81.4%.

The Property division delivered a statutory IFRS loss before tax of \$0.269 million compared with a prior half-year statutory IFRS loss before tax of \$3.431 million.

Net tangible asset backing per ordinary security decreased from 93.8 cents at 31 December 2014 to 83.0 cents at 31 December 2015 as a consequence of the acquisition of Western Pacific Automotive for \$59.5 million in October 2015.

¹ Operating non-IFRS profit excludes revenues, costs and fees in relation to acquisition-related activities, asset divestments, impairment and sale of properties.

Appendix 4D – Half-Year Report

FOR THE HALF-YEAR ENDED 31 DECEMBER 2015 – AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

ABN 35 111 470 038

NTA Backing

	Half - Year	
	2015 Cents	2014 Cents
Net tangible asset backing per ordinary security	83.0	93.8

Dividends Paid and Proposed

	Date paid / payable	Amount per security (fully franked at 30%)
Declared and paid during the period ended June 2015		
Final franked dividend for 2014	02/10/14	12.5 cents
Interim franked dividend for 2015	02/04/15	9.0 cents
Declared and paid during the period ended December 2015		
Final franked dividend for 2015	02/10/15	13.0 cents
Proposed and not recognised as a liability		
Interim franked dividend for 2016	06/04/16	9.5 cents

Equity Accounted Joint Venture Entity

	% Holding	
	Dec 2015	Dec 2014
Vehicle Parts (WA) Pty Ltd	50%	50%

Contribution to net profit attributable to members was immaterial for current and prior periods.



AUTOMOTIVE HOLDINGS GROUP

**INTERIM FINANCIAL REPORT FOR
THE HALF-YEAR ENDED
31 DECEMBER 2015**

AUTOMOTIVE HOLDINGS GROUP LIMITED

ABN 35 111 470 038

This interim financial report does not include all the notes of the type normally included in the Annual Financial Report. Accordingly this document is to be read in conjunction with the Annual Financial Report for the year ended 30 June 2015 and any public announcements made by Automotive Holdings Group Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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Your directors present their report on the consolidated entity consisting of Automotive Holdings Group Limited (AHG) and entities it controlled (the Group) at the end of, or during, the half-year ended 31 December 2015.

Directors

The following persons were directors of Automotive Holdings Group Limited during the whole of the half-year and up to the date of this report:

David Griffiths	Non Executive Chairman
Howard Critchley	Non Executive Director
Greg Duncan	Non Executive Director
Giovanni (John) Groppoli	Non Executive Director
Bronte Howson	Managing Director
Robert McEniry	Non Executive Director
Jane McKellar	Non-Executive Director (appointed 10 December 2015)
Peter Stancliffe	Non Executive Director
Tracey Horton	Non Executive Director (retired by rotation 20 November 2015)
Michael Smith	Non Executive Deputy Chairman (retired by rotation 20 November 2015)

Commentary on results for the period

Statutory IFRS profit after tax attributable to members for the half-year ended 31 December 2015 was \$48.179 million compared with \$45.021 million in the prior corresponding period, Operating¹ non-IFRS profit after tax attributed to members for the half-year ended 31 December 2015 was \$49.446 million compared with \$46.078 million in the prior corresponding period. Statutory IFRS EPS improved to 15.7 cents (2014: 14.7 cents).

Unusual items included in the current half year comprised professional fees, stamp duty and external acquisition and integration costs associated with acquisition-related activities and asset divestments, and total \$1.267 million (after tax) (2014: \$1.057 million). These unusual items are primarily associated with the business acquisition of Western Pacific Automotive, Cova divestment, WMC (Deconsolidation) and Charter Hall (property) related activities.

Group revenue was \$2.751 billion representing a 7.2% increase on the prior year revenue of \$2.566 billion.

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The Property division delivered a statutory IFRS loss before tax of \$0.269 million compared with a prior half-year statutory IFRS loss before tax of \$3.431 million.

¹ Operating non-IFRS profit excludes revenues, costs and fees in relation to acquisition-related activities, asset divestments, impairment and sale of properties.

Consolidated Revenue and Results

Key Financial Data	Statutory IFRS Result Dec 2015	Unusual items *	Operating Result Dec 2015	Operating Result Dec 2014	Operating Variance
			(excluding Unusual items *)	(excluding Unusual items *)	
For the half-year ending 31 December					
\$'000					
Total revenue	2,750,915	-	2,750,915	2,565,862	7.2%
EBITDA	110,606	(1,810)	112,416	104,077	8.0%
EBITDA margin %	4.0%		4.1%	4.1%	0.7%
Depreciation & amortisation	(21,424)	-	(21,424)	(19,901)	(7.7%)
EBIT	89,182	(1,810)	90,992	84,176	8.1%
Interest (net)	(16,639)	-	(16,639)	(17,493)	4.9%
Profit before tax	72,543	(1,810)	74,353	66,683	11.5%
Tax expense	(20,748)	543	(21,291)	(18,679)	(14.0%)
Profit after tax	51,795	(1,267)	53,062	48,004	10.5%
Non controlling interest	(3,616)	-	(3,616)	(1,926)	(87.8%)
Net profit after tax attributable to shareholders	48,179	(1,267)	49,446	46,078	7.3%
Basic EPS (cents per share)	15.72		16.13	15.03	7.3%

***Unusual items** - revenues, costs and fees in relation to acquisition-related activities, asset divestments, impairment and sale of properties.

Dividends

The directors have declared the payment of an interim dividend of 9.5 cents per fully paid share compared to the prior corresponding interim dividend of 9.0 cents per fully paid share. Refer to note 4 for further information.

Auditor's Independence Declaration

The lead auditor's independence declaration as required under section 307C of the *Corporations Act 2001* has been received and follows the directors' report.

Rounding of Amounts

The Company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of the directors.



David C Griffiths
Chairman
Perth
19 February 2016

DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF AUTOMOTIVE HOLDINGS GROUP LIMITED

As lead auditor for the review of Automotive Holdings Group Limited for the half-year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Automotive Holdings Group Limited and the entities it controlled during the period.



Glyn O'Brien
Director

BDO Audit (WA) Pty Ltd
Perth, 19 February 2016

Automotive Holdings Group Limited
Consolidated Statement of Profit or Loss and
Other Comprehensive Income
For the half-year ended 31 December 2015

	Half - Year	
	2015	2014
	Notes	\$'000
Revenue from continuing operations	2,750,915	2,565,862
Profit on sale of assets and investments	4,023	242
Raw materials and inventory expense	(2,032,367)	(1,911,723)
Employee benefits expense	(370,924)	(342,047)
Depreciation and amortisation expense	(21,424)	(19,901)
Finance costs	(18,804)	(18,899)
Advertising and promotion	(24,405)	(22,826)
Occupancy costs	(83,312)	(72,764)
Vehicle preparation and service	(22,847)	(20,791)
Supplies and outside services	(34,361)	(22,625)
Motor vehicle expense	(5,759)	(6,989)
Equipment rental	(9,310)	(7,959)
Professional services	(5,326)	(4,157)
Other expenses	(53,698)	(50,385)
Share of net profit joint venture partnership accounted for using the equity method	142	135
Profit before income tax	72,543	65,173
Income tax expense	(20,748)	(18,226)
Profit for the half-year before other comprehensive income	51,795	46,947
Profit attributable to:		
Owners of Automotive Holdings Group Limited	48,179	45,021
Non-controlling interest	3,616	1,926
	51,795	46,947
Other Comprehensive Income		
<i>Items that may be reclassified to profit or loss</i>		
Unrealised changes in the fair value of cash flow hedges	(82)	136
Exchange differences on translation of foreign operations	1,247	722
Total comprehensive income for the half-year (net of tax)	52,960	47,805
Total comprehensive income attributable to:		
Owners of Automotive Holdings Group Limited	49,344	45,879
Non-controlling interest	3,616	1,926
	52,960	47,805

		Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the company:			
Basic earnings per share	3	15.7	14.7
Diluted earnings per share		15.7	14.7
Earnings per share is calculated on a weighted average number of shares of:		306,541,437	306,541,437

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

Automotive Holdings Group Limited
Consolidated Statement of Financial Position
As at 31 December 2015

		Consolidated	
		31 Dec 2015	30 Jun 2015
		\$'000	\$'000
Notes			
CURRENT ASSETS			
	Cash and cash equivalents	39,818	69,862
	Trade and other receivables	294,208	318,586
	Inventories	780,508	732,030
	Other current assets	36,967	29,167
		<u>1,151,501</u>	<u>1,149,645</u>
	Assets classified as held for sale	9	52,886
	TOTAL CURRENT ASSETS	<u>1,204,387</u>	<u>1,149,645</u>
NON CURRENT ASSETS			
	Investments accounted for using the equity method	967	925
	Available-for-sale financial assets	4,028	6,450
	Property, plant and equipment	5	351,873
	Intangible assets	6	449,431
	Deferred tax assets	64,258	58,847
	TOTAL NON CURRENT ASSETS	<u>870,557</u>	<u>807,437</u>
	TOTAL ASSETS	<u>2,074,944</u>	<u>1,957,082</u>
CURRENT LIABILITIES			
	Trade and other payables	229,916	268,953
	Interest-bearing loans and borrowings	666,210	616,483
	Income tax payable	12,539	7,202
	Provisions	70,353	66,598
		<u>979,018</u>	<u>959,236</u>
	Liabilities directly associated with assets classified as held for sale	9	11,041
	TOTAL CURRENT LIABILITIES	<u>990,059</u>	<u>959,236</u>
NON CURRENT LIABILITIES			
	Interest-bearing loans and borrowings	344,795	266,466
	Deferred tax liabilities	13,865	12,885
	Provisions	22,444	22,852
	TOTAL NON CURRENT LIABILITIES	<u>381,104</u>	<u>302,203</u>
	TOTAL LIABILITIES	<u>1,371,163</u>	<u>1,261,439</u>
	NET ASSETS	<u>703,781</u>	<u>695,643</u>
EQUITY			
	Contributed equity	541,532	541,532
	Reserves	4,115	1,537
	Retained earnings	137,604	129,275
	Capital and reserves attributable to the owners of Automotive Holdings Group Limited	683,251	672,344
	Non-controlling interest	20,530	23,299
	TOTAL EQUITY	<u>703,781</u>	<u>695,643</u>

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

Automotive Holdings Group Limited
Consolidated Statement of Changes in Equity
For the half-year ended 31 December 2015

		Attributable to owners of Automotive Holdings Group Limited					
		Contributed Equity	Reserves	Retained Earnings	Total	Non-Controlling Interest	Total Equity
Notes		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	At 1 July 2014	541,532	1,446	107,090	650,068	14,310	664,378
	Profit for the half-year (after tax)	-	-	45,021	45,021	1,926	46,947
	Changes in fair value of cash flow hedges	-	136	-	136	-	136
	Exchange differences on translation of foreign operations	-	722	-	722	-	722
	Total comprehensive income for the half-year	-	858	45,021	45,879	1,926	47,805
	Transactions with owners in their capacity as equity holders:						
	Contributions of equity, net of transaction costs	-	-	-	-	4,340	4,340
	Dividends provided for or paid	-	-	(38,318)	(38,318)	(5,199)	(43,517)
	Employee share scheme	-	582	-	582	-	582
		-	582	(38,318)	(37,736)	(859)	(38,595)
	At 31 December 2014	541,532	2,886	113,793	658,211	15,377	673,588
		Contributed Equity	Reserves	Retained Earnings	Total	Non-Controlling Interest	Total Equity
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	At 1 July 2015	541,532	1,537	129,275	672,344	23,299	695,643
	Profit for the half-year (after tax)	-	-	48,179	48,179	3,616	51,795
	Changes in fair value of cash flow hedges	-	(82)	-	(82)	-	(82)
	Exchange differences on translation of foreign operations	-	1,247	-	1,247	-	1,247
	Total comprehensive income for the half-year	-	1,165	48,179	49,344	3,616	52,960
	Transactions with owners in their capacity as equity holders:						
	Contributions of equity, net of transaction costs	-	-	-	-	(440)	(440)
	Dividends provided for or paid	-	-	(39,850)	(39,850)	(5,945)	(45,795)
	Employee share scheme	-	1,413	-	1,413	-	1,413
		-	1,413	(39,850)	(38,437)	(6,385)	(44,822)
	At 31 December 2015	541,532	4,115	137,604	683,251	20,530	703,781

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

Automotive Holdings Group Limited
Consolidated Statement of Cash Flows
For the half-year ended 31 December 2015

		Half - Year	
		2015	2014
Notes		\$'000	\$'000
Cash flow from operating activities			
	Receipts from customers (inclusive of GST)	3,032,756	2,836,433
	Payments to suppliers and employees (inclusive of GST)	(2,981,036)	(2,732,274)
	Interest paid and costs of finance	(18,804)	(18,899)
	Interest received	2,165	1,406
	Income tax paid	(19,701)	(20,257)
	Net cash inflow from operating activities	15,380	66,409
Cash flow from investing activities			
	Payment for purchase of business, net of cash acquired	(63,389)	(67,909)
	Payment for property plant and equipment	(70,715)	(46,407)
	Dividends and distributions received	258	321
	Proceeds of sale of property, plant and equipment	45,141	242
	Proceeds of sale of investments	4,200	-
	Net cash outflow from investing activities	(84,505)	(113,753)
Cash flows from financing activities			
	Net proceeds from borrowings	88,015	70,621
	Dividends paid to members	(39,850)	(38,318)
	Dividends paid to non-controlling interest	(5,933)	(5,199)
	Net cash inflow from financing activities	42,232	27,104
	Net (decrease) in cash and cash equivalents	(26,893)	(20,240)
	Cash and cash equivalents at the beginning of the half-year	69,862	99,495
	Less: Cash included in assets held for sale	(3,151)	-
	Cash and cash equivalents at the end of the half-year	39,818	79,255

Non-cash financing and investing activities

During the half-year the Group acquired plant and equipment with a fair value of \$3,931,729 by means of finance leasing (excluding those acquired in acquisitions). These acquisitions are not reflected in the above Consolidated Statement of Cash Flows.

1. Basis of preparation of half-year report

This general purpose financial report for the interim half-year reporting period ended 31 December 2015 has been prepared in accordance with Australian Accounting Standards *AASB 134 Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in the Annual Financial Report. Accordingly, this document is to be read in conjunction with the annual financial report for the year ended 30 June 2015 and any public announcements made by Automotive Holdings Group Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and prior corresponding interim reporting period, as there are no new standards that are applicable to AHG that have been released since 1 July 2015.

Impact of standards issued but not yet applied by the entity

There were no new standards issued since 30 June 2015 that has not been applied by AHG. The 30 June 2015 annual report disclosed that AHG anticipated no material impacts (amounts recognised and/or disclosed) arising from initial application of those standards issued but not yet applied at that date, and this remains the assessment as at 31 December 2015.

2. Operating segments

The Board has determined that AHG's operating segments be divided between a single reportable automotive retail segment, two reportable logistics segments comprising of AHG's refrigerated logistics operations and the balance of all of its 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.

Automotive Retail

The automotive retail segment has 178 dealerships franchise sites operating within the geographical areas of Australia and New Zealand.

AHG's automotive operations exhibit similar economic characteristics. They have similar product offerings and a consistency of customer base. The generic characteristics of these businesses allow AHG to consistently measure operating performance within this segment.

Refrigerated Logistics

The refrigerated logistics operations segment comprises AHG's cold storage and transport operations.

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.

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.

Automotive Holdings Group Limited
Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2015

2. Operating segments (continued)

Segment Reporting December 2015	Automotive Retail	Refrigerated Logistics	Other Logistics	Logistics	Property	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross revenue	2,555,159	326,192	211,123	537,315	179	3,092,653
Less: intercompany sales	(295,390)	(18,011)	(30,501)	(48,512)	-	(343,902)
Segment revenue	2,259,769	308,181	180,622	488,803	179	2,748,751
Interest earned	1,908	(23)	279	256	-	2,164
EBITDA	81,140	27,037	861	27,898	1,568	110,606
Depreciation and amortisation	(9,256)	(10,442)	(1,726)	(12,168)	-	(21,424)
EBIT	71,884	16,595	(865)	15,730	1,568	89,182
Interest expense (net)	(10,070)	(3,674)	(1,059)	(4,733)	(1,836)	(16,639)
Profit before tax for the half-year						72,543
Income tax expense						(20,748)
Reportable segment profit after tax for the half-year						51,795
Detailed Segment Trading Analysis						
Total revenue	2,261,677	308,158	180,901	489,059	179	2,750,915
EBITDA before unusual items	80,306	27,041	3,503	30,544	1,568	112,416
EBIT before unusual items	71,050	16,599	1,777	18,376	1,568	90,992
Non-IFRS Segment result before unusual items	60,979	12,925	719	13,643	(269)	74,353
Unusual items*	836	(4)	(2,642)	(2,646)	-	(1,810)
Reportable segment result after unusual items	61,815	12,921	(1,923)	10,997	(269)	72,543
Segment Reporting December 2015	Automotive Retail	Refrigerated Logistics	Other Logistics	Logistics	Property	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Segment assets	1,521,981	345,624	187,435	533,059	19,904	2,074,944
Total consolidated assets						2,074,944
Segment liabilities	835,939	325,017	174,371	499,388	35,836	1,371,163
Total consolidated liabilities						1,371,163
Acquisition of property, plant, equipment and intangibles	98,006	32,616	1,286	33,902	2,814	134,722

*Unusual items - revenues, costs and fees in relation to acquisition-related activities, asset divestments, impairment and sale of properties.

Automotive Holdings Group Limited
Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2015

2. Operating segments (continued)

Segment Reporting December 2014	Automotive Retail	Refrigerated Logistics	Other Logistics	Logistics	Property	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross revenue	2,296,819	335,481	221,204	556,685	201	2,853,705
Less: intercompany sales	(247,183)	(16,435)	(25,631)	(42,066)	-	(289,249)
Segment revenue	2,049,636	319,046	195,573	514,618	201	2,564,456
Interest earned	1,168	79	159	238	-	1,406
EBITDA	69,410	26,992	6,199	33,191	(34)	102,567
Depreciation and amortisation	(8,792)	(9,111)	(1,998)	(11,109)	-	(19,901)
EBIT	60,618	17,881	4,201	22,082	(34)	82,666
Interest expense (net)	(10,185)	(3,562)	(350)	(3,911)	(3,397)	(17,493)
Profit before tax for the half-year						65,173
Income tax expense						(18,226)
Reportable segment profit after tax for the half-year						46,947
Detailed Segment Trading Analysis						
Total revenue	2,050,804	319,125	195,732	514,857	201	2,565,862
EBITDA before unusual items	70,445	27,467	6,199	33,666	(34)	104,077
EBIT before unusual items	61,653	18,356	4,201	22,557	(34)	84,176
Non- IFRS Segment result before unusual items	51,468	14,795	3,851	18,646	(3,431)	66,683
Unusual items*	(1,035)	(475)	-	(475)	-	(1,510)
Reportable segment result after unusual items	50,433	14,320	3,851	18,171	(3,431)	65,173
Segment Reporting December 2014	Automotive Retail	Refrigerated Logistics	Other Logistics	Logistics	Property	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Segment assets	1,358,965	313,340	157,405	470,745	37,439	1,867,149
Total consolidated assets						1,867,149
Segment liabilities	687,712	291,225	162,981	454,206	51,643	1,193,561
Total consolidated liabilities						1,193,561
Acquisition of property, plant, equipment and intangibles	93,025	14,745	1,813	16,558	4,720	114,303

*Unusual items - revenues, costs and fees in relation to acquisition-related activities, asset divestments, impairment and sale of properties.

3. Earnings per share

Basic earnings per share

	Half - Year	
	2015 cents	2014 cents
Non-IFRS Earnings per share for profit attributable to the ordinary equity holders of the Company excluding unusual items ¹	16.1	15.0
Earnings per share for profit / (loss) from unusual items ¹ attributable to the ordinary equity holders of the Company	(0.4)	(0.3)
IFRS earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Company	15.7	14.7

Reconciliation of earnings used in calculating earnings per share

	Half - Year	
	2015 \$'000	2014 \$'000
<i>Basic Earnings Per Share</i>		
Operating Non-IFRS Profit attributable to the ordinary equity holders of the Company from continuing operations excluding unusual items ¹	49,446	46,078
Profit / (loss) attributable to the ordinary equity holders of the Company from unusual items ¹	(1,267)	(1,057)
Statutory Profit attributable to the ordinary equity holders of the Company from continuing operations in calculating basic earnings per share	48,179	45,021

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

Weighted average number of shares used as the denominator

	Number	
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	306,541,437	306,541,437

¹ **Unusual items** - revenues, costs and fees in relation to acquisition-related activities, asset divestments, impairment and sale of properties. Unusual items included in statutory profit net of tax are \$1.267 million (2014: \$1.057 million).

4. Dividends paid and proposed

	Parent	
	2015	2014
	\$'000	\$'000
Dividends on ordinary shares:		
Final dividend for the year ended 30 June 2015 of 13.0 cents per fully paid share paid on 2 October 2015 (30 June 2014 of 12.5 cents per fully paid share paid on 2 October 2014)	39,850	38,318
Interim dividend for the half-year ended 31 December 2015 of 9.5 cents per fully paid share payable on 6 April 2016 (31 December 2014 of 9.0 cents per fully paid share paid on 2 April 2015)	29,121	27,589
	68,972	65,907

5. Property, plant and equipment

	Consolidated	
	2015	2015
	\$'000	\$'000
Land and buildings	17,588	38,357
Accumulated depreciation	(4)	-
	17,584	38,357
Plant and equipment at cost	300,411	266,157
Accumulated depreciation	(133,590)	(121,983)
	166,821	144,174
Capitalised leased assets	35,368	37,989
Accumulated amortisation	(14,266)	(14,903)
	21,102	23,086
Leasehold improvements at cost	108,515	99,398
Accumulated amortisation	(28,274)	(25,922)
	80,241	73,476
Assets under construction	66,125	70,081
	66,125	70,081
Total property, plant & equipment	351,873	349,174

5. Property, plant and equipment (continued)

Consolidated December 2015	Land and buildings	Plant and equipment	Capitalised leased assets	Leasehold improve- ments	Assets under construction	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2015	38,357	144,174	23,086	73,476	70,081	349,174
Translation adjustment	-	153	-	40	1	194
Additions	1,437	47,245	3,932	21,871	(3,957)	70,528
Acquisitions through business combinations	-	2,099	-	-	-	2,099
Disposals	(22,206)	(6,979)	-	(11,942)	-	(41,127)
Transfers	-	3,818	(3,831)	13	-	-
Assets classified as held for sale	-	(7,571)	-	-	-	(7,571)
Depreciation / amortisation	(4)	(16,118)	(2,085)	(3,217)	-	(21,424)
Carrying amount at 31 December 2015	17,584	166,821	21,102	80,241	66,125	351,873

6. Intangible assets

	Goodwill	Franchise Rights & Distribution Agreements	Total
	\$'000	\$'000	\$'000
Consolidated 2015			
Carrying amount at 1 July 2015	186,614	205,427	392,041
Additions	22,542	39,793	62,335
Assets classified as held for sale	(4,442)	(503)	(4,945)
Carrying amount at 31 December 2015	204,714	244,717	449,431

	Goodwill	Franchise Rights & Distribution Agreements	Total
	\$'000	\$'000	\$'000
Consolidated 2015			
Automotive Retail	119,609	235,277	354,886
Refrigerated Logistics	78,762	-	78,762
Other Logistics	6,343	9,440	15,783
Carrying amount at 31 December 2015	204,714	244,717	449,431

7. Business combinations

On 30 October 2015 Automotive Holdings Group Limited ('AHG') acquired certain assets and liabilities of Western Pacific Automotive, an automotive retail operation in Western Australia for consideration of \$59.542 million. The acquisition expands AHG's automotive retail operations in Western Australia in the luxury car market.

The business contributed revenues of \$29.265 million and net profit before tax of \$0.419 million for the half-year ended 31 December 2015 before acquisition and integration costs. It is expected that AHG would have reported \$2.896 billion in consolidated revenues and \$48.946 million consolidated net profit after tax attributable to members, for the half-year ended 31 December 2015, had the acquisition occurred at the beginning of the reporting period.

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

	\$'000
Purchase consideration	
Cash paid	59,542
Total purchase consideration	59,542
	Fair Value
	\$'000
Vehicle inventories (net of bailment)	(1,497)
Parts inventories	2,335
Other inventory	59
Other current assets	166
Property, plant and equipment	2,099
Deferred tax assets	813
	3,975
Trade and other payables	(937)
Employee entitlements	(2,192)
	(3,129)
Net identifiable assets acquired	846
Add: goodwill	19,565
Add: franchise rights	39,131
Net assets acquired	59,542

i. Contingent consideration, non-controlling interests and acquisition costs

There is no contingent consideration associated with the acquisition, nor any non-controlling interests to be accounted for. Acquisition-related costs of \$0.024 million are included in professional services and other expenses in the statement of profit and loss and other comprehensive income in the reporting half-year ended 31 December 2015.

ii. Information not disclosed as not yet available

The Group has reported provisional amounts for goodwill and other assets acquired as part of the purchase of Western Pacific Automotive. The amounts proportionally attributable to both goodwill and franchise rights are consistent with the Group's treatment of like amounts previously acquired.

8. Cash flow information

Reconciliation of Cash

	Half - Year	
	2015 \$'000	2014 \$'000
Cash at bank and on hand	39,808	54,245
Deposits at call	<u>10</u>	<u>25,010</u>
	<u>39,818</u>	<u>79,255</u>
	Half - Year	
	2015 \$'000	2014 \$'000
Profit for the half-year after tax	51,795	46,947
<i>Non Operating Activity Cash flow in profit</i>		
- Distributions received	(258)	(319)
- Profit on sale of assets	(4,023)	(242)
- Profit on sale of investments	(1,778)	-
<i>Non Cash flow in profit</i>		
- Depreciation	16,122	14,761
- Amortisation	5,302	5,140
<i>Changes in operating assets and liabilities</i>		
Decrease in trade debtors	12,570	18,184
(Increase) in inventories	(32,375)	(2,393)
(Increase) / decrease in other current assets	(42)	73
(Increase) in prepayments	(7,802)	(3,812)
(Increase) in deferred tax assets	(5,292)	(4,338)
Increase / (decrease) in current tax payable	5,337	(3,759)
(Decrease) in trade creditors	(18,025)	(11,068)
(Decrease) in accruals	(11,349)	(1,473)
Increase in employee entitlements	2,606	2,017
Increase in other provisions	1,590	2,526
Increase in deferred tax liabilities	1,002	4,165
Net cash inflow from operating activities	<u>15,380</u>	<u>66,409</u>

9. Assets held for Sale

Disposal group held for sale

On 5 July 2015, AHG announced that its 100% owned subsidiary, Cova Parts (WA) Pty Ltd was to be sold to GPC Asia Pacific. The Assets and Liabilities disclosed in the below table are classified as held for sale relate to Cova Parts (WA) Pty Ltd, included in the Other Logistics Segment. This transaction is expected to settle before 30 June 2016.

	Consolidated	
	31 Dec 2015	30 June 2015
	\$'000	\$'000
Disposal group - assets held for sale		
Cash	3,151	-
Receivables	11,716	-
Inventory	24,203	-
Other current assets	183	-
Goodwill	4,945	-
Property, plant and equipment	7,571	-
Other non-current assets	1,117	-
	52,886	-
Disposal group - liabilities held for sale		
Payables	8,095	-
Provisions	2,820	-
Other	126	-
	11,041	-
Total liabilities directly associated with disposal group held for sale	11,041	-

10. Unsecured contingent liabilities and contingent assets

A liability exists for after sales service and finance rebates but the amount can not be quantified. In the opinion of the directors the amount is not material to the financial statements.

Unsecured guarantees, indemnities and undertakings have been given by AHG in the normal course of business in respect of banking and financial trade arrangements entered into by its controlled entities. The total of these guarantees is \$27,153,000. At 31 December 2015 no controlled entity was in default in respect of any arrangement guaranteed by AHG.

At 31 December 2015, trusts within the Group had entered into sale and buyback agreements for a number of vehicles. At this date the directors of the trustee companies are of the opinion that the repurchase price of these vehicles, net of the relevant provision at 31 December 2015, is below their expected selling price.

11. Events occurring after reporting date

There has been an increase in Borrowing Facilities available to AHG by \$75 million to \$410 million. This increase is spread across the existing lenders to AHG on the same terms and conditions.

The acquisition of Knox Mitsubishi was announced on 18th February 2016, for consideration of approximately \$5.4 million for goodwill and assets, with settlement expected to occur on or around end of March 2016.

On 18th February 2016, the ACCC cleared the proposed sale of Cova Parts (WA) Pty to GPC Asia Pacific on revised terms and conditions, for approximately \$36-37 million. This transaction is expected to settle on 1 March 2016.

No other material events have occurred since 31 December 2015 requiring disclosure.

12. Fair value measurement of financial instruments

The fair value of the Group's financial assets and liabilities are determined on the following basis.

a) Financial Assets and Financial Liabilities that are measured at fair value on a recurring basis

As of 31 December 2015, AHG's Available-for-Sale Financial Assets included two level 3 investments, being an unlisted equity investment in One Way Traffic Pty Ltd (Carsguide.com.au) with a fair value of \$2.25 million (2015: \$2.25 million) and unlisted units held in the AHG Property Syndicate No. 1 Unit Trust with a fair value of \$1.78 million (2015: \$4.20 million).

At 31 December 2015, the Group held no significant financial assets or liabilities classified as level 1 or level 2 fair value measurements. There were no transfers between level 1, level 2 or level 3 in the period.

AASB 13 requires that, subsequent to initial recognition, all fair value financial instruments are disclosed by reference to their measurement hierarchy levels:

- Level 1 fair value measurements that are derived from quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2 fair value measurements that are derived from inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 fair value measurements that are derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

The fair values of the Level 3 investments are individually determined based on the present value of net cash inflows from future profits and subsequent disposal of the securities. These net cash inflows are discounted to their present value using a pre-tax discount rate that reflects a current market assessment of the time value of money and the risks specific to the asset. This methodology is unchanged from the comparative period.

Unobservable data inputs are earnings growth factors and the risk adjusted discount rate. Earnings growth factors are estimated based on market information for similar types of companies while the risk adjusted discount rate is modelled such as to reflect the time value of money and the risks specific to the individual assets. If the estimated risk-adjusted discount rate was 10% higher or lower, the fair value (and equity reserves) would increase/ decrease by \$0.28 million (2015: \$0.65 million).

12. Fair value measurement of financial instruments (continued)

b) Financial Assets and Financial Liabilities that are not measured at fair value on a recurring basis (but where fair value disclosures are required)

At 31 December 2015 and 30 June 2015, the carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting their future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. For current and non-current borrowings, the fair value approximates the carrying value amount, as the impact of discounting is not significant.

13. Share based payment plans

AHG Performance Rights Plan

The issue of Performance Rights under a Long Term Incentive scheme ('LTI') to AHG's Managing Director, Bronte Howson and selected senior and operational executives was approved by shareholders at the Group's AGM on 20 November 2015. These Performance Rights have been issued in accordance with AHG's existing Performance Rights Plan.

LTI

This is the monetary value of performance rights to be issued on the following basis:

- Subject to shareholder approval at the AGM.
- Issued under the rules of the AHG Performance Rights Plan.
- Based on performance assessed over a three year vesting period against measures approved by the Board with no subsequent re-testing.
- Performance rights granted prior to departure can be retained post departure subject to compliance with service agreement terms including non-compete restrictions.
- For FY2016 the performance rights will vest subject to performance achieved against a relative Total Shareholder Return (TSR) hurdle (50% weighting) and an Earnings per Share (EPS) compound annual growth rate (50% weighting), the details of which are outlined below.

Relative TSR

- AHG's TSR performance over the relevant performance period will be assessed against a defined peer group of companies (refer page 58 of the 2015 Annual Report). This is subject to changes as may be approved by the Board in consultation with an independent party if that is appropriate given changes to the peer group companies.
- Vesting of the TSR portion of the grant will occur on the following basis:

TSR ranking in the comparator group	Vesting outcome of TSR portion of grant
Below 50 th percentile	Nil
At 50 th percentile	25% vesting
50 th percentile up to 75 th percentile	Progressive/pro-rata from 25-100%
At or above 75 th percentile	100% vesting

13. Share based payment plans (continued)

Operating EPS compound annual growth rate

- Baseline operating EPS for assessment of performance over the relevant performance period is set at FY2015 operating EPS (30.8 cents).
- Vesting of the EPS portion of the grant will occur on the following basis:

Compound annual EPS growth performance	Vesting outcome of EPS portion of grant
Below 7% pa	Nil
At 7% pa	25% vesting
7% pa up to 10% pa	Progressive/pro-rata from 25-100%
At or above 10% pa	100% vesting

Cap

The aggregate number of shares subject to outstanding Rights (that is, Rights that have not yet been exercised and that have not lapsed) that have been awarded under all of the Company's equity incentive plans will not exceed 5% of the issued share capital.

LTI Issue Value

Vesting of the Managing Director's, senior executives' and operational executives' FY2016 Performance Rights (as approved by shareholders at the 2015 AGM) is based on achievement of performance criteria measured across the three financial years to 30 June 2018. Those rights that do vest will be issued during the year ended 30 June 2019. The value of the Managing Director's, senior executives' and operational executives' LTI for FY2016 is \$1.717 million. This amount is represented by the issue of 472,911 performance rights at an issue value of \$3.63 per right. This issue value was calculated by independent consultants PricewaterhouseCoopers ("PwC") using a Black-Scholes option pricing model and is based around AHG's share price at 1 July 2015. This and other model inputs to this valuation methodology are disclosed below.

Accounting Fair Value of Performance Rights

Accounting standards require that Performance Rights are expensed based on the market price at the date the rights are formally granted (being AHG's AGM on 20 November 2015). This is different to the issue value, which is determined at the commencement of the performance period (1 July 2015). The assessed fair value for accounting purposes is \$2.98 cents per share. That fair value is determined using separate valuation models for the difference performance criteria. The outcomes from these models are weighted 50:50 between TSR-related and EPS-related criteria reflecting the performance weighting.

The TSR-related shares have been valued using a Monte Carlo option pricing model that takes into account the issue price, the vesting term of the shares, the impact of dilution, the share price at grant date, the expected volatility, the expected dividend yield and the risk free interest rate. The EPS-related shares have been valued using a Black-Scholes option pricing model that takes into account the vesting term of the shares, the impact of dilution, the share price at grant date and the expected dividend yield.

13. Share based payment plans (continued)

The model inputs for the Performance Rights granted during the half-year ended 31 December 2015 are:

- (a) Rights are granted for no consideration and vest 50:50 based on i) AHG's TSR ranking within a peer group of 22 selected companies over a three year period; and ii) AHG's EPS growth rate.
- (b) Performance assessment start date: 1 July 2015
- (c) Issue value (1 July 2015, calculated by PwC): \$3.63
- (d) Expiry date: 30 June 2018
- (e) Share price at AGM grant date: \$4.23
- (f) Expected price volatility of the company's shares: 25%
- (g) Expected dividend yield: 5.2%
- (h) Risk-free interest rate: 2.14%

The expected price volatility is based on the historic volatility of the Company.

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefits expense were \$1.413 million (2014: \$0.582 million) related to the Performance Rights.

The directors of the company declare that:

1. The consolidated financial statements, comprising; the statement of profit and loss and other comprehensive income; statement of financial position; statement of cash flows; statement of changes in equity; and accompanying notes, are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Accounting Standards *AASB 134 Interim Financial Reporting* and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date.
2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



David C Griffiths

Chairman

Perth

19 February 2016

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Automotive Holdings Group Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Automotive Holdings Group Limited, which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the 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 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 2015 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 Automotive Holdings Group 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*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Automotive Holdings Group Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.



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 Automotive Holdings Group Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*

BDO Audit (WA) Pty Ltd

A handwritten signature in blue ink. The signature consists of the letters 'BDO' written above the name 'Glyn O'Brien'.

Glyn O'Brien

Director

Perth, 19 February 2016