



AUTOMOTIVE HOLDINGS GROUP

19 August 2016

The Manager
Company Announcements Office
Australian Securities Exchange

Dear Sir / Madam,

APPENDIX 4E – PRELIMINARY FINAL REPORT AND 2016 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
- 2016 Full Year Results Announcement and Presentation

Yours faithfully,

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

D ROWLAND
COMPANY SECRETARY

Enc.

Appendix 4E – Preliminary Final Report

FOR THE YEAR ENDED 30 JUNE 2016 – AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

ABN 35 111 470 038

Report for the year ended 30 June 2016

This statement includes the results for Automotive Holdings Group Limited and its controlled entities, for the year ended 30 June 2016 (current period) compared with the year ended 30 June 2015 (prior period). The financial results of Automotive Holdings Group Limited and its Australian controlled entities are prepared in accordance with Australian International Financial Reporting Standards (AIFRS), whilst the Group's New Zealand controlled entities local financial statements are prepared in accordance with New Zealand International Financial Reporting Standards (NZIFRS) and converted to AIFRS on consolidation.

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

Results for Announcement to the Market

		\$A'000's		\$A'000's
Revenues from ordinary activities	Up	380,210	7.2% to	5,625,999
Profit after tax from ordinary activities attributable to members	Up	1,980	2.2% to	90,071
Profit after tax from continuing operations attributable to members	Up	1,980	2.2% to	90,071

DIVIDENDS	Amount per security	Franked amount per security
Final dividend	13.0 cents	13.0 cents
Record date for determining entitlement to the final dividend		16/09/2016
Date the final dividend is payable		5/10/2016

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FOR THE YEAR ENDED 30 JUNE 2016 – AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

ABN 35 111 470 038

Commentary on results for the year

Net profit after tax attributable to members for the year ended 30 June 2016 was \$90.07 million (2015: \$88.09 million). Net profit after tax excluding unusual items (costs and fees in relation to integration and acquisition-related activities, profit/loss on sale of assets and operations, impairment of assets and benefits applicable to GST refunds (Son of Holdback) - detailed below) attributable to members for the year ended 30 June 2016 was \$97.25 million (2015: \$94.21 million).

	Consolidated	
	2016	2015
	\$'000	\$'000
Statutory IFRS Profit (net of tax) attributable to members	90,071	88,091
<u>Unusual items</u>		
Add-back:		
- Net costs in relation to integration and acquisition-related activities	4,091	4,088
- Net (profit)/loss on divestments	(740)	-
- Impairment of assets	4,562	3,000
- Net (profit)/loss on other unusual items, including benefits applicable to GST refunds (Son of Holdback)	(737)	(966)
Operating Non-IFRS Profit (net of tax) attributable to members	97,247	94,213
	Consolidated	
	2016	2015
	\$'000	\$'000
Statutory IFRS EBITDA	217,115	204,153
<u>Unusual items</u>		
Add-back:		
- Net costs in relation to integration and acquisition-related activities	4,477	4,498
- Net (profit)/loss on divestments	237	-
- Impairment of assets	4,712	3,000
- Net (profit)/loss on other unusual items, including benefits applicable to GST refunds (Son of Holdback)	(1,053)	4,124
Operating Non-IFRS EBITDA	225,488	215,775

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FOR THE YEAR ENDED 30 JUNE 2016 – AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

ABN 35 111 470 038

2016:

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

Arising from the divestment of Cova there also arose an impairment of IT-related fixed assets in relation to an ERP replacement program that had commenced prior to the divestment. In addition, there were further benefits received applicable to GST refunds (Son of Holdback), relating to amounts lodged in excess of those estimated in FY2015. As previously noted, these refunds arise from a Federal Court decision involving the Commissioner of Taxation that related to GST treatment of various incentive payments in the motor industry that flow from motor vehicle distributors to motor vehicle dealers. Refer to Note 7 for further details in relation to the above individual acquisitions.

2015:

The prior year statutory profit included the following unusual items:

The Group incurred costs and fees (including stamp duty) totalling \$6.12 million (after tax) during the current year in relation to integration and acquisition-related activities, impairment of assets and benefits applicable to Son of Holdback GST claims. These activities included the business acquisitions of Bradstreet Motor Group, Leo Muller CJD and Paceway Mitsubishi and non-recurring integration-related costs in relation to the above acquisitions (e.g. redundancy, technology, occupancy related costs in transitioning acquisitions to AHG practices and procedures). These activities also included impairment of assets in relation to AHG's Other Logistics' segment as well as benefits applicable to GST refunds (Son of Holdback). These refunds arise from a Federal Court decision involving the Commissioner of Taxation that related to GST treatment of various incentive payments in the motor industry that flow from motor vehicle distributors to motor vehicle dealers.

Appendix 4E – Preliminary Final Report

FOR THE YEAR ENDED 30 JUNE 2016 – AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

ABN 35 111 470 038

Performance by Segment Overview

	Consolidated		
	2016	2015	Movement
	\$'000	\$'000	%
<u>Automotive Retail</u>			
Revenue	4,724,800	4,271,145	10.6%
Statutory IFRS Performance			
EBITDA	178,559	165,114	8.1%
EBITDA %	3.8%	3.9%	
EBIT	159,742	147,245	8.5%
Profit before Tax	136,365	125,844	8.4%
Operating* Non-IFRS Performance			
EBITDA	177,940	161,228	10.4%
EBITDA %	3.8%	3.8%	
EBIT	159,123	143,359	11.0%
Profit before Tax	135,746	121,958	11.3%
	2016	2015	Movement
	\$'000	\$'000	%
<u>Refrigerated Logistics</u>			
Revenue	580,420	609,054	(4.7%)
Statutory IFRS Performance			
EBITDA	37,101	42,270	(12.1%)
EBITDA %	6.4%	6.9%	
EBIT	15,628	23,723	(34.1%)
Profit before Tax	8,114	17,269	(53.0%)
Operating* Non-IFRS Performance			
EBITDA	37,160	45,242	(17.9%)
EBITDA %	6.4%	7.4%	
EBIT	15,687	26,696	(41.2%)
Profit before Tax	8,173	20,241	(59.6%)

Appendix 4E – Preliminary Final Report

FOR THE YEAR ENDED 30 JUNE 2016 – AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

ABN 35 111 470 038

	2016	2015	Movement
	\$'000	\$'000	%
<u>Other Logistics</u>			
Revenue	320,459	365,190	(12.2%)
Statutory IFRS Performance			
EBITDA	1,035	(2,024)	151.1%
EBITDA %	0.3%	-0.6%	
EBIT	(2,061)	(6,157)	66.5%
Profit before Tax	(4,068)	(7,276)	44.1%
Operating* Non-IFRS Performance			
EBITDA	9,968	10,512	(5.2%)
EBITDA %	3.1%	2.9%	
EBIT	6,872	6,379	7.7%
Profit before Tax	4,865	5,261	(7.5%)

**Unusual items: excluded from Operating Performance, these are costs and fees in relation to integration and acquisition-related activities, profit/loss on sale of assets and operations, impairment of assets and benefits applicable to GST claims (Son of Holdback) (refer to page 2 for a reconciliation of Non-IFRS profit to IFRS profit).*

Group revenues from continuing operations were \$5.63 billion (2015: \$5.25 billion), representing a 7.2% increase over the previous year's revenue.

The Automotive Retail division contributed revenues of \$4.72 billion (2015: \$4.27 billion) and an Operating Non-IFRS EBITDA result of \$177.94 million (2015: \$161.23 million) before unusual item* benefits totalling \$0.62 million before tax. These represented growth rates of 10.6% and 10.4% respectively. Operating Non-IFRS Profit before tax (before unusual item* benefits of \$0.62 million before tax), was \$135.75 million (2015: \$121.96 million), an increase of 11.3%. These Automotive Retail results were driven by a combination of organic growth across existing core operations and the acquisition of Western Pacific Mercedes-Benz in October 2015.

The Refrigerated Logistics division contributed revenues of \$0.58 billion (2015: \$0.61 billion) and a Operating Non-IFRS EBITDA result of \$37.16 million (2015: \$45.24 million) before unusual item* costs totalling \$0.06 million before tax. These represented growth rates of (4.7%) and (17.9%) respectively. Operating Non-IFRS Profit before tax (before unusual item* costs of \$0.06 million before tax) was \$8.17 million (2015: \$20.24 million), a decrease of 59.6%. The decrease in organic activity was the driver of these results.

The Other Logistics division contributed revenues of \$0.32 billion (2015: \$0.37 billion) and a Operating Non-IFRS EBITDA result of \$9.97 million (2015: \$10.51 million) before unusual item* costs totalling \$8.93 million before tax. These represented growth rates of (12.2%) and (5.2%) respectively. Operating Non-IFRS Profit before tax (before unusual item* costs of \$8.93 million before tax) was \$4.87 million (2015: \$5.26 million), a decrease of 7.5%. The divestment of Covs was a key factor in these results.

Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2016 – AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

		Consolidated	
		2016	2015
		\$'000	\$'000
	Notes		
Revenue from continuing operations	8	5,625,999	5,245,789
Profit on sale of assets	8	2,893	149
Raw materials and inventory expense		(4,165,593)	(3,904,842)
Employee benefits expense	8	(744,203)	(697,121)
Depreciation and amortisation expense	8	(43,386)	(40,549)
Finance costs	8	(39,924)	(36,526)
Advertising and promotion		(49,524)	(46,388)
Occupancy costs		(167,694)	(148,115)
Vehicle preparation and service		(47,158)	(43,353)
Supplies and outside services		(79,543)	(48,419)
Motor vehicle expense		(11,035)	(12,795)
Equipment rental	8	(20,216)	(16,504)
Professional services		(9,342)	(7,743)
Other expenses	8	(114,449)	(113,860)
Share of net profit of joint venture partnership accounted for using equity method		324	305
Profit before income tax		137,149	130,028
Income tax expense		(40,263)	(35,913)
Profit for the year before other comprehensive income		96,886	94,115
Profit attributable to:			
Owners of Automotive Holdings Group Limited	3	90,071	88,091
Non-controlling interest		6,815	6,024
		96,886	94,115
Other Comprehensive Income			
<i>Items that may be reclassified to profit or loss</i>			
Unrealised changes in the fair value of cash flow hedges		(958)	(299)
Exchange differences on translation of foreign operations		1,758	(789)
Total comprehensive income for the year (net of tax)		97,686	93,027
Total comprehensive income attributable to:			
Owners of Automotive Holdings Group Limited		90,871	87,003
Non-controlling interest		6,815	6,024
		97,686	93,027

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 2016 – AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

		Consolidated	
		2016	2015
Notes		\$'000	\$'000
CURRENT ASSETS			
Cash and cash equivalents	9	108,593	69,862
Trade and other receivables		333,614	318,586
Inventories		828,111	732,030
Other current assets		34,548	29,167
TOTAL CURRENT ASSETS		1,304,866	1,149,645
NON CURRENT ASSETS			
Investments accounted for using the equity method		1,048	925
Available-for-sale financial assets		4,028	6,450
Property, plant and equipment	10	359,041	349,174
Intangible assets	11	462,260	392,041
Deferred tax assets		60,192	58,847
TOTAL NON CURRENT ASSETS		886,569	807,437
TOTAL ASSETS		2,191,435	1,957,082
CURRENT LIABILITIES			
Trade and other payables		259,923	268,953
Interest-bearing loans and borrowings		759,873	616,483
Income tax payable		5,051	7,202
Provisions		74,494	66,598
TOTAL CURRENT LIABILITIES		1,099,341	959,236
NON CURRENT LIABILITIES			
Interest-bearing loans and borrowings		334,251	266,466
Deferred tax liabilities		15,800	12,885
Provisions		22,540	22,852
TOTAL NON CURRENT LIABILITIES		372,591	302,203
TOTAL LIABILITIES		1,471,932	1,261,439
NET ASSETS		719,503	695,643
EQUITY			
Contributed equity	6	541,532	541,532
Reserves		2,669	1,537
Retained earnings	3	150,374	129,275
Capital and reserves attributable to the owners of Automotive Holdings Group Limited		694,575	672,344
Non-controlling interest		24,928	23,299
TOTAL EQUITY		719,503	695,643

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 2016 – AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

	Contributed Equity	Reserves	Retained Earnings	Total	Non- Controlling Interest	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 July 2014	541,532	1,446	107,090	650,068	14,310	664,378
Profit for the year (after tax)	-	-	88,091	88,091	6,024	94,115
Changes in fair value of cash flow hedges	-	(610)	-	(610)	-	(610)
Exchange differences on translation of foreign operations	-	(789)	-	(789)	-	(789)
Income tax relating to components of other comprehensive income	-	311	-	311	-	311
Total comprehensive income for the year	-	(1,088)	88,091	87,003	6,024	93,027
Transactions with owners in their capacity as equity holders:						
Other transactions with non-controlling interests	-	-	-	-	3,825	3,825
Non-controlling interest on acquisition of subsidiary	-	-	-	-	4,340	4,340
Dividends provided for or paid	-	-	(65,906)	(65,906)	(5,200)	(71,106)
Employee share scheme	-	1,179	-	1,179	-	1,179
	-	1,179	(65,906)	(64,728)	2,966	(61,762)
At 30 June 2015	541,532	1,537	129,275	672,344	23,299	695,643
At 1 July 2015	541,532	1,537	129,275	672,344	23,299	695,643
Profit for the year (after tax)	-	-	90,071	90,071	6,815	96,886
Changes in fair value of cash flow hedges	-	(1,369)	-	(1,369)	-	(1,369)
Exchange differences on translation of foreign operations	-	1,758	-	1,758	-	1,758
Income tax relating to components of other comprehensive income	-	411	-	411	-	411
Total comprehensive income for the year	-	800	90,071	90,871	6,815	97,686
Transactions with owners in their capacity as equity holders:						
Non-controlling interest on acquisition of subsidiary	-	-	-	-	759	759
Dividends provided for or paid	-	-	(68,972)	(68,972)	(5,945)	(74,917)
Employee share scheme	-	332	-	332	-	332
	-	332	(68,972)	(68,640)	(5,186)	(73,826)
At 30 June 2016	541,532	2,669	150,374	694,575	24,928	719,503

Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2016 – AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

		Consolidated	
		2016	2015
Notes		\$'000	\$'000
Cash flow from operating activities			
	Receipts from customers (inclusive of GST)	6,165,924	5,750,984
	Payments to suppliers and employees (inclusive of GST)	(5,949,255)	(5,564,778)
	Interest paid and costs of finance	(39,924)	(36,526)
	Interest received	3,345	2,951
	Income tax paid	(40,283)	(39,325)
	Net cash inflow from operating activities	139,807	113,306
9			
Cash flow from investing activities			
	Payment for purchase of businesses, net of cash acquired	(75,842)	(74,974)
	Proceeds of sale of businesses, net of cash disposed	22,829	-
	Payment for property plant and equipment	(113,936)	(98,444)
	Dividends and distributions received	258	640
	Proceeds of sale of property, plant and equipment	54,519	17,120
	Proceeds of sale of investments	4,200	-
	Net cash outflow from investing activities	(107,972)	(155,658)
Cash flows from financing activities			
	Net proceeds from borrowings	81,813	83,823
	Dividends paid to members	(68,972)	(65,906)
3			
	Dividends paid to non-controlling interest	(5,945)	(5,198)
	Net cash inflow from financing activities	6,896	12,719
Net increase / (decrease) in cash and cash equivalents		38,731	(29,633)
	Cash and cash equivalents at the beginning of the year	69,862	99,495
	Cash and cash equivalents at the end of the year	108,593	69,862
9			

Non-cash financing and investing activities

During the period the consolidated entity acquired plant and equipment with a fair value of \$4,902,560 (2015: \$5,656,439) by means of finance lease and hire purchase (excluding those assumed in acquisitions – refer note 7). These acquisitions are not reflected in the Statement of Cash Flows.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2016 – AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

1. Segment Information

Segment Reporting June 2016	Automotive Retail	Refrigerated Logistics	Other Logistics	Total Logistics	Property	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Statutory IFRS Financial Performance</u>						
Gross revenue	5,306,624	612,175	304,094	916,269	320	6,223,213
Less: intercompany sales	(584,817)	(31,752)	16,010	(15,742)	-	(600,559)
Segment revenue	4,721,807	580,423	320,104	900,527	320	5,622,654
Interest earned	2,993	(3)	355	352	-	3,345
Total revenue						5,625,999
EBITDA	178,559	37,101	1,035	38,136	420	217,115
Depreciation and amortisation	(18,817)	(21,473)	(3,096)	(24,569)	-	(43,386)
EBIT	159,742	15,628	(2,061)	13,567	420	173,729
Interest expense (net)	(23,377)	(7,514)	(2,007)	(9,521)	(3,682)	(36,580)
Profit before tax						137,149
Income tax expense						(40,263)
Reportable segment profit after tax						96,886
<u>Operating Non-IFRS Financial Performance</u>						
Total revenue	4,724,800	580,420	320,459	900,879	320	5,625,999
EBITDA before unusual items*	177,940	37,160	9,968	47,128	420	225,488
EBIT before unusual items*	159,123	15,687	6,872	22,559	420	182,102
Segment result before unusual items*	135,746	8,173	4,865	13,038	(3,262)	145,522
Unusual items*	619	(59)	(8,933)	(8,992)	-	(8,373)
Reportable segment result after unusual items before tax	136,365	8,114	(4,068)	4,046	(3,262)	137,149
<u>Statutory Financial Position Analysis</u>						
Segment assets	1,695,797	332,151	140,680	472,831	22,807	2,191,435
Total consolidated assets						2,191,435
Segment liabilities	987,757	318,923	125,669	444,592	39,583	1,471,932
Total consolidated liabilities						1,471,932
Acquisition of property, plant, equipment and intangibles	136,886	43,225	(320)	42,905	5,815	185,606

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

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2016 – AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

1. Segment Information (continued)

Segment Reporting June 2015	Automotive Retail	Refrigerated Logistics	Other Logistics	Total Logistics	Property	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<u>Statutory IFRS Financial Performance</u>						
Gross revenue	4,754,876	639,501	414,656	1,054,157	401	5,809,434
Less: intercompany sales	(486,209)	(30,643)	(49,744)	(80,387)	-	(566,596)
Segment revenue	4,268,667	608,858	364,912	973,770	401	5,242,838
Interest earned	2,477	196	278	474	-	2,951
Total revenue						<u>5,245,789</u>
EBITDA	165,114	42,270	(2,024)	40,246	(1,207)	204,153
Depreciation and amortisation	(17,869)	(18,547)	(4,133)	(22,680)	-	(40,549)
EBIT	147,245	23,723	(6,157)	17,566	(1,207)	163,604
Interest expense (net)	(21,401)	(6,454)	(1,119)	(7,573)	(4,602)	(33,576)
Profit before tax						<u>130,028</u>
Income tax expense						(35,913)
Reportable segment profit after tax						<u>94,115</u>
<u>Operating Non-IFRS Financial Performance</u>						
Total revenue	4,271,145	609,054	365,190	974,244	401	5,245,789
EBITDA before unusual items*	161,228	45,242	10,512	55,754	(1,207)	215,775
EBIT before unusual items*	143,359	26,696	6,379	33,075	(1,207)	175,227
Segment result before unusual items*	121,958	20,241	5,261	25,502	(5,809)	141,651
Unusual items*	3,887	(2,973)	(12,536)	(15,509)	-	(11,622)
Reportable segment result after unusual items	125,844	17,269	(7,276)	9,993	(5,809)	130,028
<u>Statutory Financial Position Analysis</u>						
Segment assets	1,461,543	321,991	144,885	466,876	28,663	1,957,082
Total consolidated assets						<u>1,957,082</u>
Segment liabilities	759,953	301,625	155,918	457,543	43,943	1,261,439
Total consolidated liabilities						<u>1,261,439</u>
Acquisition of property, plant, equipment and intangibles	129,620	36,656	6,746	43,402	(3,127)	169,896

*Unusual items - excludes costs and fees in relation to integration and acquisition-related activities, impairment of assets and benefits applicable to GST refunds (Son of Holdback) (refer to page 2 for a reconciliation of Non-IFRS profit to IFRS profit).

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2016 – AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

2. Earnings per Share

	Consolidated	
	2016	2015
	cents	cents
IFRS Earnings per share for profit attributable to the ordinary equity holders of the Company:		
Basic earnings per share	29.4	28.7
Diluted earnings per share	29.4	28.7
Non-IFRS Earnings per share for profit before unusual items* attributable to the ordinary equity holders of the Company:		
Basic earnings per share	31.7	30.7
Diluted earnings per share	31.7	30.7

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

3. Retained Earnings

	Consolidated	
	2016	2015
	\$'000	\$'000
Opening balance at 1 July	129,275	107,090
Net profit for the year attributable to members	90,071	88,091
Dividends paid to members	(68,972)	(65,906)
Closing balance at 30 June	150,374	129,275

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2016 – AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

4. Dividends Paid and Proposed

	Date paid / payable	Amount per security (fully franked at 30%)	Total Dividends \$'000
Declared and paid during the year ended 30 June 2015			
Final franked dividend for 2014	02/10/14	12.5 cents	38,318
Interim franked dividend for 2015	02/04/15	9.0 cents	27,589
Declared and paid during the year ended 30 June 2016			
Final franked dividend for 2015	02/10/15	13.0 cents	39,850
Interim franked dividend for 2016	06/04/16	9.5 cents	29,121
Proposed and not recognised as a liability			
Final franked dividend for 2016*	05/10/16	13.0 cents	39,850

* based on shares on issue as at 30 June 2016 (refer to note 6)

5. NTA Backing

	Consolidated	
	2016 Cents	2015 Cents
Net tangible asset backing per ordinary security	<u>83.9</u>	<u>99.0</u>

6. Contributed Equity

Ordinary Shares

		No. of Shares	Issue Price	\$'000
01/07/14	Balance at 1 July 2014	<u>306,541,437</u>		<u>541,532</u>
30/06/15	Balance at 30 June 2015	<u>306,541,437</u>		<u>541,532</u>
30/06/16	Balance at 30 June 2016	<u>306,541,437</u>		<u>541,532</u>

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2016 – AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

7. Business Combinations

During FY2016, Automotive Holdings Group Limited ('AHG') completed the following business combinations:

	Name	Type	Consideration \$'million	Location
31 October 2015	Western Pacific Mercedes-Benz	Certain business assets and liabilities	\$59.542	Perth, Western Australia
31 March 2016	Knox Mitsubishi	Certain business assets and liabilities	\$5.594	Knox, Victoria
25 May 2016	Sinclair Hyundai (Penrith)	Certain business assets and liabilities	\$6.859	Penrith, New South Wales

The business combinations contributed revenues of \$145.72 million and net profit before tax of \$3.69 million for the year ended 30 June 2016 from their dates of acquisition, before unusual items. It is expected that AHG would have reported \$5.75 billion in consolidated revenues and \$99.56 million consolidated net profit after tax attributable to members, for the year ended 30 June 2016, had the business combinations occurred at the beginning of the reporting period.

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

	Western Pacific Mercedes-Benz	Knox Mitsubishi	Sinclair Hyundai	Consolidated
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Vehicle inventories (net of bailment)	(1,497)	(107)	429	(1,175)
Parts inventories	2,335	121	134	2,590
Other inventory	59	66	50	175
Other assets	166	-	-	166
Property, plant and equipment	2,099	729	164	2,992
Deferred tax assets	813	112	143	1,068
	3,975	921	920	5,816
Trade and other payables	(937)	(70)	(74)	(1,081)
Employee entitlements	(2,192)	(164)	(632)	(2,988)
	(3,129)	(234)	(706)	(4,069)
Net identifiable assets acquired	846	687	214	1,747
Add: goodwill	19,565	1,636	2,215	23,416
Add: franchise rights	39,131	3,271	4,430	46,832
Net assets acquired	59,542	5,594	6,859	71,995

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2016 – AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

7. Business Combinations (continued)

	Western Pacific Mercedes-Benz	Knox Mitsubishi	Sinclair Hyundai	Consolidated
	\$'000	\$'000	\$'000	\$'000
Purchase consideration				
Cash paid	59,542	5,594	6,859	71,995
Total purchase consideration	59,542	5,594	6,859	71,995

i. Goodwill

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

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

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

Integration-related costs (technology, personnel, occupancy) and acquisition-related costs (stamp duty, professional services) of \$3.65 million are included in the statement of profit or loss and other comprehensive income in the reporting year ended 30 June 2016.

iii. Information not disclosed as not yet available

The Group has reported provisional amounts for goodwill and other assets acquired from Western Pacific Mercedes-Benz, Knox Mitsubishi and Sinclair Hyundai (Penrith). The amounts proportionally attributable to both goodwill and franchise rights are consistent with the Group's treatment of like amounts previously acquired.

iv. FY2015 Business Combination finalisation

Provisional acquisition accounting has been completed for the FY2015 acquisitions of Bradstreet Motor Group, Paceway Mitsubishi and Leo Muller CJD. This has resulted in an increase of \$0.99 million in intangible assets as a result of the harmonisation of provisioning policies, make good provisions and other adjustments.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2016 – AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

8. Revenue and Expenses

	Consolidated	
	2016	2015
	\$'000	\$'000
Sales revenue		
Sale of goods	4,634,937	4,227,254
Rendering of services	963,809	975,201
	5,598,746	5,202,455
Other revenue		
Interest	3,345	2,951
Other revenue	23,908	40,383
	27,253	43,334
Total Revenue	5,625,999	5,245,789

	Consolidated	
	2016	2015
	\$'000	\$'000
Other Income		
Net gain on disposal of assets	2,893	149
	2,893	149

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2016 – AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

8. Revenue and Expenses (continued)

	Consolidated	
	2016	2015
	\$'000	\$'000
Depreciation		
Vehicles, plant, furniture and equipment	32,967	29,999
	32,967	29,999
Amortisation		
Capitalised leased assets	4,068	4,899
Leasehold improvements	6,351	5,651
	10,419	10,550
Finance costs (for financial liabilities not at fair value through profit and loss)		
Interest paid - other	8,532	5,287
Interest paid - finance leases	1,429	1,547
Interest paid - hire purchase	4,493	4,760
Interest paid - floor plan	25,470	24,932
	39,924	36,526
Lease payments		
Rental expenses relating to property operating leases	135,294	118,351
Rental expenses relating to equipment operating leases	20,216	16,504
	155,510	134,855
Employee benefits expense		
Wages, salaries and employee benefits	694,957	650,215
Superannuation	48,914	45,727
Share-based payments expense	332	1,179
	744,203	697,121
Other expenses		
Bad debts written off	235	1,066
Repairs and maintenance	25,151	24,106
Insurances	29,985	27,206
Stamp duty and bank fees	10,919	10,448
Impairment of intangibles	4,281	3,000
Office, IT, telephone and travel	38,575	35,449
Miscellaneous	5,303	12,585
	114,449	113,860

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2016 – AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

9. Reconciliation to Statement of Cash Flows

	Consolidated	
	2016 \$'000	2015 \$'000
Cash at bank and on hand	108,083	69,352
Deposits at call	510	510
	<u>108,593</u>	<u>69,862</u>
Profit after tax	96,886	94,115
<i>Non Operating Activity Cash flow in profit</i>		
- Distributions received	(258)	(641)
- Profit on sale of assets	(2,893)	(149)
- Profit on sale of investments	(1,775)	-
<i>Non Cash flow in profit</i>		
- Depreciation	32,967	29,999
- Amortisation	10,419	10,550
- Impairment of assets	4,281	3,000
<i>Changes in operating assets and liabilities</i>		
(Increase) in trade debtors	(14,296)	(11,189)
Decrease / (increase) in inventories	15,586	(35,533)
(Increase) / decrease in other current assets	(124)	595
(Increase) in prepayments	(5,597)	(1,860)
(Increase) in deferred tax assets	(680)	(12,094)
(Decrease) / increase in current tax payable	(2,152)	2,771
Increase / (decrease) in trade creditors	1,277	(427)
(Decrease) / increase in accruals	(2,059)	26,107
Increase in employee entitlements	4,066	4,629
Increase / (decrease) in other provisions	1,348	(2,479)
Increase in deferred tax liabilities	2,811	5,911
Net cash inflow from operating activities	<u>139,807</u>	<u>113,306</u>

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2016 – AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

10. Property, Plant & Equipment

	Consolidated	
	2016	2015
	\$'000	\$'000
Land and buildings	17,588	38,357
Accumulated depreciation	(7)	-
	17,581	38,357
Plant and equipment at cost	309,381	266,157
Accumulated depreciation	(144,278)	(121,983)
	165,103	144,174
Capitalised leased assets	34,460	37,989
Accumulated amortisation	(15,256)	(14,903)
	19,204	23,086
Leasehold improvements at cost	110,919	99,398
Accumulated amortisation	(31,088)	(25,922)
	79,831	73,476
Assets under construction	77,322	70,081
Total property, plant and equipment	359,041	349,174

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2016 – AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

10. Property, Plant & Equipment (continued)

Consolidated June 2016	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	-	200	-	51	10	261
Additions	1,436	72,732	4,903	24,801	11,943	115,815
Impairment	-	-	-	-	(4,712)	(4,712)
Disposals	(22,205)	(23,738)	-	(12,168)	-	(58,111)
Transfers	-	4,695	(4,717)	22	-	-
Depreciation / amortisation	(7)	(32,960)	(4,068)	(6,351)	-	(43,386)
Carrying amount at 30 June 2016	17,581	165,103	19,204	79,831	77,322	359,041

Consolidated June 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 2014	40,469	137,081	23,717	48,054	54,623	303,944
Translation adjustment	-	(127)	-	(34)	(1)	(162)
Additions	69	45,981	5,656	31,279	15,459	98,445
Acquisitions through business combinations	-	3,533	-	61	-	3,594
Disposals	(2,181)	(13,683)	-	(233)	-	(16,097)
Transfers	-	1,388	(1,388)	-	-	-
Depreciation / amortisation	-	(29,999)	(4,899)	(5,651)	-	(40,549)
Carrying amount at 30 June 2015	38,357	144,174	23,086	73,476	70,081	349,174

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2016 – AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

11. Intangible Assets

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

	Goodwill	Franchise Rights & Distribution Agreements	Total
	\$'000	\$'000	\$'000
Consolidated 2016			
Carrying amount at 1 July 2015	186,614	205,427	392,041
Additions	26,392	47,809	74,201
Divestments	(3,729)	(253)	(3,982)
Carrying amount at 30 June 2016	209,277	252,983	462,260
Consolidated 2015			
Carrying amount at 1 July 2014	158,600	164,990	323,590
Additions	28,014	43,437	71,451
Impairment charges	-	(3,000)	(3,000)
Carrying amount at 30 June 2015	186,614	205,427	392,041
	Goodwill	Franchise Rights & Distribution Agreements	Total
	\$'000	\$'000	\$'000
Consolidated 2016			
Automotive Retail	123,460	243,040	366,500
Refrigerated Logistics	78,762	-	78,762
Other Logistics	7,055	9,943	16,998
Carrying amount at 30 June 2016	209,277	252,983	462,260
Consolidated 2015			
Automotive Retail	97,067	195,484	292,551
Refrigerated Logistics	78,762	-	78,762
Other Logistics	10,785	9,943	20,728
Carrying amount at 30 June 2015	186,614	205,427	392,041

There are no intangible assets associated with the property segment.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2016 – AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

11. Intangible Assets (continued)

Impairment testing

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

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

Key assumptions used for value-in-use calculations

Calculating value-in-use for each CGU, a pre-tax discount rate of 11% (2015: 10%) is applied, which represents the Group's historical weighted average cost of capital. The growth rate used to project cash flows beyond the following year's approved budget period is 3% (2015: 3%). This growth rate is consistent with forecasts included in industry reports.

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

- (i) Sensitivity of discount rates applied. A range of discount rates from 10% to 15% (2015: 9.5% to 15%) were tested;
- (ii) Breakeven analysis of value-in-use calculations based on estimated future cash flows after extrapolating an appropriate discount rate; and
- (iii) Sensitivity analysis of estimated future cash flows against the pre-tax discount rate of 11% (2015: 10%) and the breakeven point.

Impact of possible changes in key assumptions

The recoverability of CGU assets has been reviewed across the automotive retail and logistics business segments incorporating various sensitivity assumptions as discussed above. A review of the results of this testing leads to a conclusion that no change in these key underlying assumptions, within the range assessed, would significantly affect the Group's capacity to recover the carrying amount of its CGU assets.

Impairment charge

As a result of the above impairment testing process at 30 June 2016, no impairment charge (2015: \$Nil million) has been brought to account in the year ended 30 June 2016.

Separate to the above assessment process, an impairment charge of \$4.7 million was brought to account in the year ended 30 June 2016 against IT project costs (refer note 10, Assets under Construction) that related to Cova and which were excluded from the divestment of the business to GPC Asia Pacific (Repco). Reversal of impairment charges from prior periods totalling \$0.4 million arose in relation to divested operations.

An impairment charge of \$3.0 million against intangibles was brought to account in FY2015 from a restructure of AHG's WMC related operations.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2016 – AUTOMOTIVE HOLDINGS GROUP LIMITED AND ITS CONTROLLED ENTITIES

12. Events after the Balance Date

On 4 July 2016 AHG announced that it had completed the acquisition of the Lance Dixon group of dealership at Doncaster, Melbourne, representing the Jaguar, Land Rover, Fiat, Abarth and Alfa Romeo franchises.

On 25 July 2016 AHG announced that it had agreed to acquire the Mercedes-Benz Commercial Vehicles dealership in Laverton, Victoria from Mercedes-Benz Australia/Pacific Pty Ltd. The acquisition involves a nominal amount for goodwill plus new inventory. Settlement is expected in September.

On 27 July 2016 AHG announced that it had completed the acquisition of the City Mazda dealership at South Melbourne.

On 19 August 2016 AHG announced that it had agreed to acquire the Audi Centre Newcastle and Newcastle Skoda dealerships in Newcastle, New South Wales. Settlement is expected in September.

On 19 August 2016 AHG announced that it had acquired 29.9% of 360 Finance Pty Ltd, taking its ownership to 100%.

No other material events have occurred since 30 June 2016 requiring disclosure.