

**Apollo Tourism & Leisure Ltd**  
**Appendix 4E**  
**Preliminary final report**

**1. Company details**

Name of entity:	Apollo Tourism & Leisure Ltd
ABN:	67 614 714 742
Reporting period:	For the year ended 30 June 2020
Previous period:	For the year ended 30 June 2019

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**2. Results for announcement to the market**

The Consolidated Entity has adopted the Accounting Standard AASB 16 'Leases' for the year ended 30 June 2020 using the modified retrospective approach and as such the comparatives have not been restated. Refer to note 2 of the financial statements for further information.

			<b>\$'000</b>
Revenues from ordinary activities	up	0.7% to	366,746
Loss from ordinary activities after tax attributable to the owners of Apollo Tourism & Leisure Ltd	down	1410.4% to	(61,234)
Loss for the year attributable to the owners of Apollo Tourism & Leisure Ltd	down	1410.4% to	(61,234)

	<b>2020 Cents</b>	<b>2019 Cents</b>
Basic (loss)/earnings per share	(32.89)	2.54
Diluted (loss)/earnings per share	(32.89)	2.54

*Comments*

The loss for the Consolidated Entity after providing for income tax amounted to \$61,234,000 (30 June 2019: profit of \$4,673,000).

An explanation of these figures is contained in 'Review of operations' included within the Directors' report in the attached Annual Financial Report.

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**3. Net tangible assets**

	<b>Reporting period Cents</b>	<b>Previous period Cents</b>
Net tangible assets per ordinary security	<u>17.53</u>	<u>44.79</u>

Net tangible assets calculations above include the right-of-use assets.

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**4. Dividends**

*Current period*

There were no dividends paid, recommended or declared during the current financial period.

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*Previous period*

	<b>Amount per security Cents</b>	<b>Franked amount per security Cents</b>
Final dividend for the year ended 30 June 2018 (paid 13 September 2018)	3.00	-
Interim dividend for the half-year ended 31 December 2018 (paid 10 April 2019)	2.00	-

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## **5. Dividend reinvestment plans**

*The following dividend or distribution plans are in operation:*

The Company's Dividend Reinvestment Plan ("DRP") is in operation, a copy of which can be downloaded from the Apollo website at <https://apollotourism.com/>.

The last date(s) for receipt of election notices for the dividend or distribution plans: N/A

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## **6. Details of associates and joint venture entities**

<b>Name of associate / joint venture</b>	<b>Reporting entity's percentage holding</b>		<b>Contribution to (loss)/profit (where material)</b>	
	<b>Reporting period %</b>	<b>Previous period %</b>	<b>Reporting period \$'000</b>	<b>Previous period \$'000</b>
Camplify Co (Australia) Pty Ltd	24.95%	24.95%	(946)	(239)
<i>Group's aggregate share of associates and joint venture entities' (loss)/profit (where material)</i> (Loss)/profit from ordinary activities before income tax			(946)	(239)

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## **7. Foreign entities**

*Details of origin of accounting standards used in compiling the report:*

Results for all international operations have been calculated using International Financial Reporting Standards.

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## **8. Audit qualification or review**

*Details of audit/review dispute or qualification (if any):*

The financial statements have been audited and an unmodified opinion has been issued. The audit report contains an emphasis of matter in relation to the Group's ability to continue as a going concern. Refer to Note 1 to the financial statements for further details.

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## **9. Attachments**

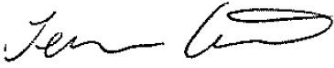
*Details of attachments (if any):*

The Annual Report of Apollo Tourism & Leisure Ltd for the year ended 30 June 2020 is attached.

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**10. Signed**

Signed  \_\_\_\_\_

Tennille Carrier  
Company Secretary  
Brisbane

Date: 31 August 2020

# **Apollo Tourism & Leisure Ltd**

**ABN 67 614 714 742**

**Annual Report - 30 June 2020**

Dear Shareholder,

Apollo is a multinational tourism and leisure business with a 35-year history of delivering memorable experiences to its customers and guests, rewarding work for its employees, and underlying net profits for its shareholders.

FY20 was a year like no other. The impact of COVID-19 and its associated government restrictions has been challenging for Apollo. We have reacted quickly and implemented initiatives to mitigate the impact on the business, however the consequences for our business from government restrictions globally has been significant.

Despite the challenges of COVID-19, Apollo made a number of improvements to guest experience in FY20, with new rental websites and guest apps launched and enhanced in-branch technology implemented. New facilities opened in H2 FY19, including the new Newcastle retail site and upgraded Melbourne rental/retail sites, all benefited from a first full year of trading and generated positive results.

FY20 Statutory Net Loss After Tax was \$61.2M, which included non-cash impairments of goodwill and other assets of \$38.9M, reflecting the impact of COVID-19 on the short to medium term operating environment and a \$12.5M loss on the sale of the USA fleet. Underlying Net Loss After Tax was \$7.7M.

## **SEGMENT PERFORMANCE**

We moved quickly to mitigate the impact of COVID-19 on both the business and its guests, working with guests to change, postpone and cancel reservations.

Global rental revenue for the nine months to 31 March 2020 was consistent with pcp, notwithstanding the impact of the Australian bushfires over the busy summer period. Rental revenue in all regions dropped significantly following the escalation of global travel restrictions in March 2020. The recent easing of restrictions has seen rental revenue increase from the low levels of the previous months in Australia, New Zealand and Canada, however it remains below prior year levels in these regions. In Europe the market is primarily continental guests and revenue is impacted less than other regions.

Despite a significant drop in Australian retail sales in April 2020 due to COVID-19 restrictions, the first full year of Apollo's Geelong, Newcastle and relocated Melbourne dealerships contributed to increased retail vehicle sales for the full year. Pleasingly, retail sales recovered in May, June and July with sales orders averaging 16% higher across these months. Apollo's new Windsor and Coromal branded products were launched in late calendar year 2019 and have been well received. Production of these models was slowed due to restrictions but will be gradually ramped up throughout the remainder of FY21.

Production at the New Zealand manufacturing facility has been winding down in H2 FY20 and will be closed permanently in H1 FY21. New Zealand's future fleet requirements will be manufactured in the Australian factory. The retail store at the new Auckland rental branch and retail sales out of the existing Christchurch branch contributed to increased vehicle sales volumes and revenues compared to prior year.

With the COVID-19 international travel restrictions in place, the Group decided to put its USA operations into hibernation. The USA's large and liquid RV sales market allowed Apollo to sell the entire fleet and retire the associated debt. Cash proceeds exceeded the debt retired, however a book loss of AUD\$12.5M was taken on the USA fleet sale. The accelerated disposal strategy allowed units to be sold quickly on an "as is" basis, saving reconditioning costs and ongoing holding costs such as insurance, registration, interest and principal repayments. A review of the USA business is underway as we explore options to leverage existing supplier and partner relationships and technology that will allow us to take advantage of the opportunities that exist in this market, in a capital light way.

Ex-rental RV sales in Canada were also accelerated, however a meaningful fleet has been retained as the Canadian business is better positioned to transition to a domestic focused rental market. Canada has experienced a large increase in domestic bookings for the summer season.

The European rental business continued to grow in FY20, with an increased fleet size. The COVID-19 restrictions impacted these operations significantly and Apollo decided to close its rental branch in France, moving its fleet to Germany for the 2020 summer season.

## LIQUIDITY

Liquidity continues to be closely monitored, with initiatives including principal repayment holidays, cost reductions, government support, accelerated fleet sales and reduced capital expenditure. Apollo continues to invest in initiatives necessary to support the current focus on growing domestic business. Operationally, employee expenses reduced \$3.6 million (before redundancy costs of \$0.4 million and government wage assistance of \$3.3 million) and other operating expenses, excluding rent, reduced \$3.4 million, in the fourth quarter of FY20<sup>1</sup>.

Since year end, Apollo has secured financial assistance from the Federal Government under the COVID-19 Export Capital Facility in the form of a \$15 million, two-year loan, the Queensland Government under the Industry Support Package in the form of a \$10 million, two-year loan, and the Canadian Government under the COVID-19 relief program in the form of a CAD\$2 million, three-year loan. Further programs for government support continue to be explored globally. The Company had \$23.5M of cash reserves as at 30 June 2020.

These support packages, coupled with a number of other governmental support schemes being accessed by Apollo, will help the Company navigate through this period of uncertainty. The Company is most appreciative of the government support provided in its operating regions.

## YEAR ENDING 30 JUNE 2021 OUTLOOK

We expect the negative impact of COVID-19 to continue well into FY21, with government directives and market analysis suggesting international travel restrictions will remain in place for the foreseeable future. The Company's immediate focus will be to capture a portion of the historically significant outbound international travel spending pool, now available for redirection towards domestic travel.

Pleasingly, domestic booking revenue has increased an average of 38% in Australia, 229% in New Zealand and 115% in Canada over pcp for the period from June 2020 to July 2020, noting that new lockdowns in Australia and New Zealand will have an impact on domestic bookings in August 2020, and that domestic booking revenue prior to COVID-19 made up approximately 20% of annual booking revenue in these regions. The loss of the international market, particularly for the peak summer season in the Northern Hemisphere, will have a significant impact on Apollo's FY21 financial performance. Total booking revenue for the European segment for summer 2020 has been relatively strong to date (up an average of 58% over pcp from June 2020 to July 2020), with many European guests able to travel more freely between countries than in Apollo's other geographies.

As domestic travel re-emerges, followed by international travel in time, Apollo is ideally placed to service guests looking for "COVID-19 safe" ways to explore the great outdoors with family and friends.

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<sup>1</sup> These reductions should not be interpreted as the level of cost reductions for each quarter given they are heavily influenced by seasonal rental and retail activity. Costs moving forward will also be impacted by the shape of the COVID-19 recovery.

We expect the recent increase in retail RV sales to continue as people seek more freedom and control over their holiday choices. With limited options for consumer related travel discretionary spend, and many people finding themselves with more spare time than previously, an RV is becoming an increasingly attractive option.

In addition to the initiatives we have already put in place, we continue to focus on projects to stimulate demand, reduce costs and improve liquidity to ensure we are strongly positioned to benefit when tourism activity recovers.

We would like to acknowledge the tremendous contribution Stephen Lonie made to the Company over many years. He was a member of Apollo's Advisory Board from 2009 and was Chairman of Apollo Tourism & Leisure Ltd from when the Company listed on ASX in 2016 until his death in November 2019.

We would like to thank Apollo's guests, employees, suppliers, partners and shareholders for their continued support of our business, especially during these unprecedented and challenging times.



Luke Trouchet  
CEO and Managing Director



Sophie Mitchell  
Non-Executive Chairman

**Apollo Tourism & Leisure Ltd**  
**Corporate directory**  
**30 June 2020**

Directors	Sophia (Sophie) Mitchell, Non-executive Chairman. Brett Heading, Non-executive Director. Robert Baker, Non-executive Director. Luke Trouchet, Managing Director and Chief Executive Officer. Karl Trouchet, Executive Director - Strategy and Special Projects.
Company secretary	Tennille Carrier.
Registered office	698 Nudgee Rd, Northgate QLD 4013.
Principal place of business	698 Nudgee Rd, Northgate QLD 4013.
Share register	Computershare Investor Services Ltd.
Auditor	Ernst & Young.
Primary Lawyers (Australia)	Jones Day.
Primary Bankers (Australia)	National Australia Bank Limited.
Stock exchange listing	Apollo Tourism & Leisure Ltd shares are listed on the Australian Securities Exchange (ASX code: ATL).
Website	<a href="http://www.apollotourism.com/">http://www.apollotourism.com/</a> .
Corporate Governance Statement	<a href="http://www.apollotourism.com/corporate-governance/">http://www.apollotourism.com/corporate-governance/</a> .



**Apollo Tourism & Leisure Ltd**  
**Directors' report**  
**30 June 2020**

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Consolidated Entity', 'Apollo', or 'the Group') consisting of Apollo Tourism & Leisure Ltd (referred to hereafter as the 'Company', or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2020.

**Directors**

The following persons were Directors of Apollo Tourism & Leisure Ltd during the whole of the financial year and up to the date of this report, unless otherwise stated:

Sophie Mitchell, Non-executive Chairman.  
Brett Heading, Non-executive Director (appointed 14 August 2019).  
Robert Baker, Non-executive Director (appointed 13 January 2020).  
Stephen Lonie, Non-executive Chairman (deceased 18 November 2019).  
Luke Trouchet, Managing Director and Chief Executive Officer.  
Karl Trouchet, Executive Director - Strategy and Special Projects.

**Principal activities**

Apollo is an ASX listed, multinational, rental fleet operator, vertically integrated manufacturer, wholesaler and retailer of a broad range of RVs, including motorhomes, campervans and caravans.

During the year, Apollo's rental activities were generated from 36 locations across Australia, New Zealand, North America (United States of America and Canada) and Europe (United Kingdom, Ireland, Germany and France). Sales of new and used motorhomes and caravans are made through a combination of established dealer networks and retail shopfronts. The manufacturing facility in New Zealand is planned to permanently close in the first half of the 2021 financial year in response to the reduction in the rental activity and reduced requirement for additional fleet in the region due to the Coronavirus (COVID-19) pandemic and associated restrictions. After the closure of the New Zealand facility, the Australian manufacturing entity will produce the majority of units used by the rental operations in Australia and New Zealand. All North American and the majority of European rental vehicles are purchased direct from third party vehicle manufacturers. In addition, the Australian manufacturing entity produces a range of retail motorhomes and caravans under the Winnebago, Windsor and Coromal brands, which are sold through Apollo's retail sales network.

In June 2020, the USA rental operations were put into hibernation as a result of COVID-19. The majority of their fleet assets have been sold and the related debt repaid prior to year end.

There have been no other significant changes in the nature of these activities during the period.

**Dividends**

Dividends paid during the financial year were as follows:

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
No interim dividend for the year ended 30 June 2020	-	-
No final dividend for the year ended 30 June 2019	-	-
Final dividend for the year ended 30 June 2018 (3.0 cents unfranked)	-	5,476
Interim dividend for the year ended 30 June 2019 (2.0 cents unfranked)	-	3,672
	<u>-</u>	<u>9,148</u>

At the date of signing the report, the Directors have not recommended a final dividend for the year ended 30 June 2020.

**Review of operations**

The Company's operating and financial performance is closely linked with the general economy and more specifically, the travel and tourism industry. The COVID-19 pandemic has impacted, and continues to impact, the Group significantly as a result of, among other things:

- Unprecedented government imposed travel restrictions globally;
- "Shut down" requirements imposed by governments which impact travel-related businesses;
- Consumer cautiousness associated with travel, and particularly isolation requirements; and
- General downturn in the economy, business environment and lower consumer demand.

**Apollo Tourism & Leisure Ltd**  
**Directors' report**  
**30 June 2020**

The Company has developed a detailed COVID-19 response plan focused on the health and safety of our guests, customers and staff, business continuity planning and liquidity measures as follows:

- Government support loans and government wage subsidy programs were applied for in all regions, where available;
- Non-executive Directors, executive Directors and executive management globally took a pay reduction of 30% to be reviewed in September 2020;
- Staff were encouraged to take annual leave and long service leave entitlements, work hours were reduced, certain staff were made redundant and a global hiring freeze was implemented;
- Fleet orders were cancelled, or significantly reduced where cancellations were not viable, dynamic fleet vehicles were returned earlier than planned and rental fleet manufacturing in Australia and New Zealand was delayed;
- Sale of rental fleet units were accelerated to match fleet size to anticipated future demand;
- Principal payment holidays were negotiated with lenders globally for periods ranging from three to six months;
- Rent deferrals and rent-free periods were negotiated with landlords globally; and
- All non-critical IT, marketing and operational projects were put on hold.

Group Financial Results

Statutory net profit after tax (NPAT) decreased from the prior year, to a loss of \$61,234,000 (30 June 2019: profit of \$4,673,000). For the half-year ended 31 December 2019, the Group recorded a NPAT of \$11,250,000. The Group operations were significantly impacted by the COVID-19 pandemic from early March 2020 onwards.

For the year ended 30 June 2020, a total impairment loss of \$38,890,000 was recorded reflecting the impact of the COVID-19 on the Group's forecast future results. For the year ended 30 June 2019, the result included an impairment loss in the Australian segment of \$9,486,000 and the European segment of \$1,512,000.

Operating results by segment

In addition to using NPAT as a measure of the Group and its segments financial performance, Apollo uses EBIT and EBITDA. These measures are not defined under accounting standards and are, therefore, termed "Non-IFRS" measures. EBIT is defined as earnings before net interest and tax, while EBITDA is earnings before interest, tax, depreciation and amortisation. These non-IFRS measures are commonly used by management, investors and financial analysts to evaluate companies' performance.

*Australia*

The travel restrictions and other lock-down measures that governments globally put in place from March 2020 in response to the COVID-19 crisis significantly impacted the Australian segment and resulted in a decline in performance. After a non-cash impairment of \$23,003,000, the segment recorded a net loss before tax of \$38,607,000 for the year ended 30 June 2020 (FY19 loss: \$4,628,000).

The Australian rental business was impacted by the bushfires over the peak summer holiday period and was further significantly impacted by the COVID-19 travel restrictions imposed in March 2020, with a 23.3% drop in FY20 total rental days (unaudited) to 333,000 (FY19: 434,000). Domestic bookings increased following the easing of Australian lockdown restrictions in May 2020, however bookings and revenue remained significantly below prior year levels. Rental income fell by 27.7% over the prior year but retail vehicle sales revenue was in line with prior year, resulting in a decrease in total segment revenue of 8.0% to \$191,588,000 (FY19: \$208,350,000). The Australian segment's EBIT for the year declined to a loss of \$8,849,000 (excluding impairment expense), compared to a profit of \$10,987,000 (excluding impairment expense) for the year ended 30 June 2019.

Retail sales were also impacted by the Australian Government imposed COVID-19 lockdown restrictions that began in March 2020, with retail sales and deals dropping significantly in April 2020. Retail sales recovered in May and June 2020 and total retail sales income for the full year increased 0.6% over the prior year to \$146,548,000 (FY19: \$145,592,000).

*New Zealand*

The New Zealand business was significantly impacted by the global COVID-19 related travel restrictions, with rental revenue decreasing 15.6% to \$23,520,000, over the prior year (FY19: \$27,885,000). Rental days (unaudited) decreased by 18.3% to 143,000 (FY19: 175,000). The New Zealand manufacturing facility is planned to be permanently closed in the first half of the 2021 financial year.

The retail store at the new Auckland rental branch contributed to an increase in retail sales revenue of 35.4% to \$6,679,000 (FY19: \$4,933,000). Despite this strong growth in retail sales, segment EBIT dropped to \$6,267,000 (FY19: \$8,543,000) due to the impacts of COVID-19 on the rental business.

**Apollo Tourism & Leisure Ltd**  
**Directors' report**  
**30 June 2020**

*North America*

The strict COVID-19 international travel restrictions put in place in March 2020 saw the USA operations put into hibernation, and all fleet sold. Canadian fleet sales were also accelerated, contributing to the 63.9% increase in retail vehicle sales revenue over the prior year to \$85,345,000 (FY19: \$52,055,000). The sale of the USA fleet generated cash flow and cost savings, but incurred a book loss of \$12,543,000, contributing to the drop in segment EBIT to a loss of \$6,632,000 (excluding impairment expense) (FY19 EBIT: \$16,257,000).

An impairment charge was recognised on the Canadian used rental vehicles for sale and on property lease assets in USA of \$3,320,000.

Rental nights (unaudited) for the segment dropped by 18.3% on prior year to 197,000 (FY19: 241,000), with rental revenue dropping by 14.8% to \$50,887,000 (FY19: \$59,751,000).

*Europe*

The European segment was significantly impacted by the global COVID-19 restrictions implemented in March 2020. Rental revenue for the segment declined 14.8% to \$5,815,000 (FY19: \$6,825,000). Apollo's rental branch near Paris, France was closed, and fleet was relocated to Hamburg, Germany for the 2020 summer season.

The impact of the COVID-19 crisis has resulted in a non-cash impairment expense of \$12,504,000 for the segment.

Overall, the European segment contributed \$9,246,000 of revenue to the Group's results and an EBIT loss of \$2,242,000 (excluding impairment expense) (FY19: \$12,600,000 revenue and \$2,187,000 EBIT excluding impairment expense).

**Adoption of AASB 16 Leases**

The new leasing standard, AASB 16, became effective on 1 July 2019 and had a significant impact on the Consolidated Entity. The elements of the Statement of profit or loss and other comprehensive income affected by the new standard are noted below:

	Jun 2020 \$'000	Impact of AASB 16 Jun 2020 \$'000	Pre AASB 16 Jun 2020 \$'000	Jun 2019 \$'000
Total revenue	366,746	-	366,746	364,139
Other operating expenses	(358,038)	-	(358,038)	(284,544)
Depreciation and amortisation expense	(41,034)	7,919	(33,115)	(26,805)
Rental costs on land and buildings	-	(10,993)	(10,993)	(9,624)
Other expenses	(18,716)	2,068	(16,648)	(17,990)
(Loss)/profit before tax and finance costs	(51,042)	(1,006)	(52,048)	25,176
Finance costs	(18,791)	1,725	(17,066)	(17,122)
(Loss)/profit before income tax (expense)/benefit	(69,833)	719	(69,114)	8,054
Income tax benefit/(expense)	8,599	(202)	8,397	(3,381)
(Loss)/profit after income tax benefit/(expense)	(61,234)	517	(60,717)	4,673
<b>(Losses)/earnings per share attributable to the owners of Apollo Tourism &amp; Leisure Ltd</b>				
Basic (losses)/earnings (cents per share)	(32.89)	0.28	(32.62)	2.54
Diluted (losses)/earnings (cents per share)	(32.89)	0.28	(32.62)	2.54

As at 30 June 2020, net current assets were reduced by \$9,733,000 (attributable to current lease liabilities) and net assets were reduced by \$17,463,000 after impairment of right-of-use assets (attributable to right-of-use assets, lease liabilities and deferred tax balances).

### Net current liability position

The Consolidated Entity is in a net current liability position as at 30 June 2020 of \$64,590,000. In accordance with AASB 101 *Presentation of Financial Statements*, the rental fleet borrowings payable in the next 12 months are treated as current liabilities with the assets that are being financed included as non-current assets. This results in current liabilities being in excess of current assets in the statement of financial position as at 30 June 2020.

The Directors consider that the Group will generate sufficient operating cash flows and has sufficient financing facilities in place to finance its ongoing operations and meet its financial obligations. Accordingly, the financial report has been prepared on a going concern basis. Refer to Note 1, significant accounting policies, located in the financial statements for further information, including uncertainties that have been identified, for the Directors' conclusion in relation to the going concern basis of accounting.

The financing arrangements for the Consolidated Entity are shown below by combining the total current and non-current liability and aligning this with the related asset value:

<b>Borrowings</b>	<b>Related asset</b>	<b>Liability Jun 2020 \$'000</b>	<b>Asset Jun 2020 \$'000</b>	<b>Difference Jun 2020 \$'000</b>
<b>Property financing</b>				
Bank loans	Land and buildings: PPE	30,889	35,972	5,083
Lease liability - land and buildings*	Land and buildings: ROU asset	53,821	28,557	(25,264)
		<u>84,710</u>	<u>64,529</u>	<u>(20,181)</u>
<b>Vehicle financing</b>				
Floor plan and loans from other financiers	New and used vehicles for retail sale and motor vehicle PPE	125,175	165,959	40,784
Lease liability - rental fleet	Motor vehicles: ROU asset	96,159	109,160	13,001
		<u>221,334</u>	<u>275,119</u>	<u>53,785</u>
<b>Total</b>		<u><u>306,044</u></u>	<u><u>339,648</u></u>	<u><u>33,604</u></u>

\* The right-of-use asset (ROU asset) recognised for leases on land and buildings is less than the lease liability due to the impairment on the right-of-use asset as a result of the COVID-19 pandemic on operations and the front loading effect whereby the ROU is depreciated on a straight-line basis and the effective interest rate method is applied to the lease liability, resulting in the liability being higher in the early years of the lease term. The effective interest rate method results in a decreasing total lease interest expense throughout the lease term and the lease liability decreasing unevenly over time.

### Strategy and future performance

The Group has shifted its focus in the short term to navigate the impacts of COVID-19 on the business. The key value drivers to deliver future growth will return to primary focus as the tourism implications of COVID-19 subside.

#### Rental Operations

- To continue our increased focus on domestic tourism markets in all regions, while right sizing rental fleet levels to be more compatible with a largely domestic customer base;
- To continue to implement and develop technologies that improve performance, allow for no contact Guest interactions and increase fleet utilisation and yield, including the implementation of the Sage enterprise resource planning system.

#### Retail Operations:

- To increase the profitability of Apollo built products by continuing the full-scale review of the Australian manufacturing facility to incorporate additional Six Sigma lean principles, improving labour efficiencies and reducing input costs;
- To refine the Group's product offering to increase focus on high demand, high margin products with a mandate for improved optionality, finance and insurance uptake;
- To continue the migration of all Australian dealerships onto a single administration and reporting platform;
- To continue to expand retail offerings in New Zealand and increase retail volumes;
- To grow wholesale partnerships in North America for ex-fleet sales; and
- To continue improvements for new and ex-rental fleet sales processes to ensure earnings are optimised.

*Global Operations:*

- To capitalise on global synergies and leverage logistics, systems and people infrastructure, to generate operational efficiencies;
- To continue to attract high performing personnel, to further strengthen the Company's existing senior management team; and
- To review cost structures and ensure they don't impede business growth expectations.

*Risk Management*

The entity's risk management framework is reviewed quarterly by the Audit and Risk Committee to satisfy the Board that the risk management framework continues to be sound and that the entity is operating with due regard to the risk tolerance set by the Board.

Apollo does not have an internal audit function. On a quarterly basis the Board evaluates and continually improves, where appropriate, the effectiveness of its governance, risk management and internal control processes.

*Material business risks*

Apollo's business is subject to a range of risk factors, both specific to its business activities and risks of a more general nature. The Board remains focused on monitoring and mitigating, where possible, the following key risks:

- **Political, Economic and Business Conditions:** Apollo may be exposed to a deterioration in general political, economic and business conditions, including levels of consumer spending, inflation, interest rates and exchange rates, access to consumer credit, government fiscal, monetary and regulatory policies, oil prices and other disruptions to international travel. Any such deterioration may result in a reduction of leisure travel and retail spending from Apollo's customers, which could have an effect on Apollo's financial performance and position.
- **Force Majeure Events and Major Disruptions;** Apollo may be adversely impacted by international hostilities or war, acts of terrorism, epidemics/pandemics such as COVID-19, political or social instability (particularly as it relates to personal safety and road infrastructure), industrial disputes, natural disasters, large corporate failures in the travel and tourism industry and weather effects. These events may impact upon travel to specific locations or be of generalised effect. These events may also impact airline and travel sales, which may have a flow on effect on the Company's business and trading price of shares.
- **Vehicle Resale Markets:** Apollo is dependent upon the strength and depth of vehicle resale markets in all regions and change in market sentiment may materially impact on Apollo's capacity to sell its ex-rental fleet successfully in any one year.
- **Foreign Exchange Risk:** Apollo manages its international foreign exchange risk by funding regional debt in the currency of operation. However, the effect of foreign currency translation on operating results from offshore operations remains inherent in Apollo's business.
- **Competition and Market Risk:** The Group operates in a competitive market, and current competitors, new competitors or technological disruptions could impact its performance.
- **Key Personnel:** Apollo is reliant on the talent and experience of its people to run its business. The Group's ability to retain and attract key people is critical to its continued success.
- **Digital Ecosystem:** Apollo is highly dependent upon the performance of its digital ecosystem, which includes both internal systems and third party systems and services. The reliable performance of this digital ecosystem is critical to Apollo's business operations.
- **Scale and Integration risk:** Apollo has undertaken significant growth and change through several acquisitions. Successfully integrating and extracting synergies from acquisitions and managing growth is critical to Apollo's continued performance

- Relationships with Manufacturers: Apollo's right to manufacture and sell certain RVs derive exclusively from the rights granted to it under distribution and licence agreements with key suppliers. A failure by Apollo to renew any of these agreements, or to renew them on favourable terms, could adversely impact on Apollo's financial performance.
- Dependence on Key Suppliers: Apollo depends upon certain suppliers providing reliable products and services that compare favourably with competing products in terms of quality, performance, safety and advanced features. Any adverse change in the product quality, production efficiency, product development efforts, technological advancement, marketplace acceptance, reputation, marketing capabilities or financial condition of its key suppliers or any product recall could have an adverse impact on the financial performance of Apollo.
- Availability and Cost of Funding: Apollo's business is affected by the availability of funding to Apollo, its dealers and its customers. A decrease in the availability of financing facilities or an increase in the cost of equity or financing could prevent Apollo from carrying adequate levels of inventory, which may limit product offerings and have an adverse impact on Apollo's financial performance.
- Insurance Coverage: Apollo currently has what it considers are adequate levels of insurance for property, travel, RV fleet cover, cybersecurity liability, directors and officers liability, key person cover, marine cargo, third party personal and property liability and worker's compensation to cover Apollo from potential losses and liabilities. The occurrence of events which are not adequately covered by existing insurance policies, or an increase in the cost of insurance to the Group, could restrict the ability of Apollo to conduct its business which could have a negative impact on the financial results of Apollo.
- Manufacturing Risk: Apollo manufactures RVs for its rental fleet and retail sales in Australia and New Zealand. There is a risk that this may, from time to time, not be the most competitive way to source the Group's RV requirements. This risk needs to be balanced with the risks of sourcing RVs from third party suppliers.
- Climate Change Risk: Apollo's business is centred around renting, buying/manufacturing and selling RVs. There is a risk that if Apollo does not adapt quickly enough to changing expectations of its guests and customers, which may include increasing demand for low emission RVs or for light weight towable products, then rental revenue and RV sales margins may be affected. There is also a risk that regulations could be introduced mandating low emission vehicles. Apollo will work with its suppliers and adapt its fleet profile as required to mitigate risks.
- Seasonal Business: In addition to the ongoing risks related to COVID-19, Apollo's business is seasonal in nature, with significant variability in revenue, net income and cash flows in different quarters. Apollo's financial performance may be impacted by severe weather conditions, political and civil unrest, epidemics/pandemics, terrorism and other circumstances, particularly if they occur during peak travel seasons. If Apollo miscalculates the seasonal demand, this would result in higher labour costs as a percentage of sales, lower margins and excess inventory.
- Fuel Availability and Pricing: Unleaded or diesel fuel is required for the operation of RVs. Shortages of, or increased pricing for, fuel can have an adverse effect on the on the Company's financial performance. These conditions may also affect air travel volumes, negatively impacting the size of the Company's target market.
- Brand and Reputation Risk: The Company relies on, and is committed to maintaining and protecting, its brand and reputation and that of its key suppliers. However, any failure to protect its reputation with customers, suppliers, regulatory authorities and industry bodies could have an adverse effect on the Company's future financial performance and position. The Company also depends upon the reputation of its sales agents, partners and suppliers in various other countries, as well as for such parties to uphold the reputation of the Company. The Company could be subjected to claims and complaints by customers which could be negatively reported on traditional and social media channels.
- Product defects and malfunctions: Specific company product failures, defects or recalls or inadequate maintenance could adversely affect the Company's reputation, earnings and revenue. Product failures and defects of recalls could occur for a number of reasons including, but not limited to, breach of third party maintenance contracts or non-compliance with maintenance and safety rules, policies and legislation. If any claim or issue arising from a product defect or failure is determined adversely to the Company and the Company's insurance arrangements do not cover the liability, the outcome could be an adverse effect on the financial performance of the Company.



- Intellectual property and innovation: The Company's ability to leverage its innovation and expertise depends upon its ability to protect its intellectual property and any improvements to it. The intellectual property may not be capable of being legally protected, it may be the subject of unauthorised disclosure or be unlawfully infringed, or the Company may incur substantial costs in asserting or defending its intellectual property rights.
- Regulatory Environment: The Company is subject to a variety of laws and regulations in Australia, New Zealand, USA, Canada, Europe and more generally around the world. Specifically, the Company is required to comply with laws and regulations that apply to the manufacture of vehicles, motor vehicle dealerships and vehicle hire operators. The Company must comply with laws and regulations which apply to many other businesses, such as employment, taxation, consumer protection, continuous disclosure and intellectual property, as well as laws focused on electronic commerce and the internet. The Company is focused on ensuring compliance with its regulatory obligations and regularly reviews its operations in light of regulatory developments that may impact its business. However, a breach of, or an unfavourable change to, introduction or interpretation of, laws and regulations may have an adverse effect on the ability of the Company to operate all or parts of its business and may cause reputational damage to the Company, which may have a corresponding effect on its share price and/or financial performance. The Company's customers are obliged to be appropriately licensed to drive the Company's RVs. If there was an unfavourable change to any legislation or interpretation of government policy relating to the relevant licensing regimes in any of the jurisdictions in which the Company operates, it could have a negative impact on the financial results of the Company.
- Occupational Health and Safety: The Company has a number of facilities where potentially hazardous tasks are undertaken by employees. Workplace accidents may occur for various reasons including as a result of non-compliance with safety rules and regulations. The Company may be liable for injuries that occur to its employees or any other persons under relevant occupational health and safety laws. If the Company was found to be liable under such laws, the penalties could be significant and the Company may also be liable for compensation.
- Risk of litigation, claims and disputes: The Company is exposed to the risk of litigation (both as complainant and defendant). The Company may be exposed to claims or litigation by persons alleged they are owed fees, refunds or other contractual entitlements, employees, regulatory bodies, competitors or other third parties. Even in circumstances where the Company may ultimately prevail on the merits of a dispute, it may face significant costs defending itself against a claim and suffer reputational damage as a result of its involvement. There can be no assurance as to the outcome of any litigation, arbitration or other legal or regulatory proceeding.

#### **Significant changes in the state of affairs**

Apart from the impact of COVID-19, which has been outlined in detail throughout the report, there were no other significant changes in the state of affairs of the Consolidated Entity during the financial year.

#### **Matters subsequent to the end of the financial year**

The Consolidated Entity secured financial assistance under the Australian Federal Government's COVID-19 Export Capital Facility, administered by Export Finance Australia, in the form of a \$15,000,000 loan with a two-year term. The loan has not been drawn upon at the date of signing the financial report.

The Consolidated Entity secured financial assistance under the Queensland Government's Industry Support Package in the form of \$10,000,000 loan with an initial two-year term. The loan has not been drawn upon at the date of signing the financial report.

In July 2020, the Consolidated Entity received and has drawn down on a \$2,000,000 (CAD) working capital loan from the Business Development Bank of Canada (BDC) under their COVID-19 relief program.

As the impact of the COVID-19 pandemic is ongoing, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly changing and is dependent on measures imposed by Governments in Australia and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

#### **Likely developments and expected results of operations**

The Company anticipates that rental revenue will remain below pre COVID-19 levels until international borders begin to reopen, and expects domestic travel to contribute to a slow and steady increase in rental revenue, from current levels, until that time. Retail vehicle sales are expected to continue at similar levels to prior year.

### **Corporate governance**

Apollo Tourism & Leisure Ltd is committed to achieving and demonstrating the effective standards of corporate governance. The Group has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (4th edition) published by the ASX Corporate Governance Council. The 2020 corporate governance statement is dated 30 June 2020 and reflects the corporate governance practices in place throughout the financial year. The 2020 corporate governance statement was approved by the Board on 31 August 2020. A description of Apollo Tourism & Leisure Ltd's current corporate governance practices is set out in the Apollo Tourism & Leisure Ltd's corporate governance statement which can be viewed on the Apollo website at [www.apollotourism.com/corporate-governance/](http://www.apollotourism.com/corporate-governance/).

### **Environmental regulation**

The Consolidated Entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

### **Inclusion and diversity**

Apollo values inclusion and diversity across all sections of its business and strives to ensure that team members feel valued, respected and empowered. Management is working to attract and retain an inclusive, motivated workforce with a positive customer focus by providing a safe, equitable and engaging working environment. Management regularly review Apollo's strategies, goals and values to ensure that they support a culture of inclusion and diversity.

The Board establishes measurable objectives annually for achieving gender diversity, and each year reports the Company's progress toward achieving them.

The Company's measurable objective for gender diversity is set at achieving overall female representation of not less than one third of the organisation.

The Company has strong commitment to gender diversity at all levels, including senior management and the Board.

The current proportion of female representation at various levels within the Company is as follows:

<b>Item</b>	<b>2020 Men %</b>	<b>2020 Women %</b>	<b>2019 Men %</b>	<b>2019 Women %</b>
Number of employees	66%	34%	62%	38%
Number of senior managers*	62%	38%	69%	31%
Number of Directors**	80%	20%	75%	25%

\*Senior managers are defined as executives who influence the management of the Company on a day to day basis.

\*\*Of the five Directors, two Directors are Executive Directors (Managing Director/Chief Executive Officer (CEO) and Executive Director - Strategy and Special Projects). Of the three Non-executive Directors, the percentages are 33% female and 67% male.

Apollo continues to foster an inclusive and diverse workplace, with gender diversity a clear priority.



**Information on Directors**

Name: Sophie Mitchell.  
Title: Independent, Non-executive Chairman.  
Qualifications: BEc, GAICD.  
Experience and expertise: Sophie Mitchell is an experienced financial services professional and a former director of Morgans Corporate Limited. She is a non-executive director of Morgans Holdings (Australia) Limited and is also a member of the Queensland Advisory Board for AustralianSuper, and a board member of the Australia Council for the Arts.  
Other current directorships: Corporate Travel Management Limited (ASX: CTD) and Flagship Investments Limited (ASX: FSI).  
Former directorships (last 3 years): Silver Chef Limited (ASX:SIV).  
Special responsibilities: Member of Audit and Risk Committee, Chair of Governance and Nomination Committee, Chair of Remuneration Committee.  
Interests in shares: 234,504 Ordinary shares.  
Interests in options: None.  
Interests in rights: None.  
Contractual rights to shares: None.

Name: Brett Heading.  
Title: Independent, Non-executive Director (appointed 14 August 2019).  
Qualifications: BCom, LLB (Hons), FAICD.  
Experience and expertise: Brett Heading is an experienced company director and corporate lawyer with many years of experience in corporate governance, capital raising, mergers and acquisitions. He is a partner of global law firm Jones Day.  
Other current directorships: None.  
Former directorships (last 3 years): None.  
Special responsibilities: Member of Audit and Risk Committee, Member of Governance and Nomination Committee, Member of Remuneration Committee.  
Interests in shares: 250,000 ordinary shares via AMJ (QLD) Holdings Pty Ltd as trustee for A M Jenkins TDT No.1. Brett Heading is a director of AMJ (QLD) Holdings Pty Ltd but is not a beneficiary of the trust.  
Interests in options: None.  
Interests in rights: None.  
Contractual rights to shares: None.

Name: Robert Baker.  
Title: Independent, Non-executive Director (appointed 13 January 2020).  
Qualifications: BBus (Accountancy), FCA, GAICD.  
Experience and expertise: Robert was formerly an audit partner of PricewaterhouseCoopers, with experience in the retail, travel and hospitality sectors. He is also Chairman of Goodman Private Wealth Ltd and Neurosensory Ltd. Robert also has several pro bono Board or Advisory Board roles with organisations in the not-for-profit sector including Chairman of the Audit and Risk Committee of Australian Catholic University Limited.  
Other current directorships: Flight Centre Travel Group Ltd (ASX: FLT) and RightCrowd Limited (ASX: RCW).  
Former directorships (last 3 years): None.  
Special responsibilities: Chair of Audit and Risk Committee, Member of Governance and Nomination Committee, Member of Remuneration Committee.  
Interests in shares: 130,000 Ordinary shares.  
Interest in options: None.  
Interests in rights: None.  
Contractual rights to shares: None.

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Name: Luke Trouchet.  
Title: Managing Director and Chief Executive Officer.  
Qualifications: LLB, IML.  
Experience and expertise: Luke Trouchet was appointed Chief Executive Officer and Managing Director of Apollo in 2001 and since that time has lead the organisation through a strong growth period, expanding internationally into NZ, USA, Canada, United Kingdom and Europe.  
Other current directorships: None.  
Former directorships (last 3 years): None.  
Special responsibilities: Member of Audit and Risk Committee, Member of Governance and Nomination Committee, Member of Remuneration Committee.  
Interests in shares: 99,412,231 ordinary shares via directorship of Eastglo Pty Ltd and Barmil Enterprises Pty Ltd which holds the shares on trust for Lurk Investment Trust and directorship of KRLG Pty Ltd which holds the shares on trust for KL Trust.  
Interests in options: None.  
Interests in rights: None.  
Contractual rights to shares: None.

Name: Karl Trouchet.  
Title: Executive Director - Strategy and Special Projects.  
Qualifications: BBus, MAICD.  
Experience and expertise: Karl Trouchet was appointed as CFO of Apollo in 2001. In November 2019, Karl was appointed Executive Director – Strategy & Special Projects to allow him to focus on executing Apollo's growth strategy to become the global RV solution.  
Other current directorships: None.  
Former directorships (last 3 years): None.  
Special responsibilities: Member of Audit and Risk Committee, Member of Governance and Nomination Committee, Member of Remuneration Committee.  
Interests in shares: 99,412,231 ordinary shares via directorship of Eastglo Pty Ltd and Barmil Enterprises Pty Ltd which holds the shares on trust for Lurk Investment Trust and directorship of KRLG Pty Ltd which holds the shares on trust for KL Trust.  
Interests in options: None.  
Interests in rights: None.  
Contractual rights to shares: None.

Name: Tennille Carrier.  
Title: Company Secretary.  
Qualifications: BSc, MBA, GAICD.  
Experience and expertise: Tennille joined Apollo in 2014 and has been responsible for providing analytical and modelling support across all areas of the business.  
Other current directorships: None.  
Former directorships (last 3 years): None.  
Special responsibilities: None.  
Interests in shares: 32,774 Ordinary shares.  
Interests in options: None.  
Interests in rights: None.  
Contractual rights to shares: None.

Other current directorships quoted are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Former directorships (last 3 years) quoted above are directorships held in the last three years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Interests in shares' refers to shareholdings as at the date of the financial report.

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**Meetings of Directors**

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2020, and the number of meetings attended by each Director were:

	Full Board		Audit and Risk Committee	
	Attended	Held	Attended	Held
Sophie Mitchell	34	34	11	11
Brett Heading*	33	33	10	10
Robert Baker**	23	26	6	6
Stephen Lonie***	1	5	1	4
Karl Trouchet	34	34	11	11
Luke Trouchet	34	34	11	11

	Governance and Nomination Committee		Remuneration Committee	
	Attended	Held	Attended	Held
Sophie Mitchell	2	2	2	2
Brett Heading*	2	2	1	1
Robert Baker**	1	1	1	1
Stephen Lonie***	-	-	1	1
Karl Trouchet	2	2	2	2
Luke Trouchet	2	2	2	2

Held: represents the number of meetings held during the time the Director held office.

\* Brett Heading was appointed as a Non-Executive Director on 14 August 2019.

\*\* Robert Baker was appointed as a Non-Executive Director on 13 January 2020 and attended all meetings held post his appointment except three where he was in transit returning from overseas during the COVID-19 shutdown.

\*\*\* Stephen Lonie fell ill in August 2019, his last meeting attendance was 24 July 2019.

**Remuneration report (audited)**

The remuneration report details the key management personnel remuneration arrangements for the Consolidated Entity, in accordance with the requirements of the *Corporations Act 2001* and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration.
- Details of remuneration.
- Service agreements.
- Share-based compensation.
- Additional disclosures relating to key management personnel.

**Principles used to determine the nature and amount of remuneration**

The objective of the Consolidated Entity's executive reward framework is to ensure rewards for performance are competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic goals and the creation of value for shareholders.

The Board of Directors ('the Board') ensures that executive rewards satisfies the following key criteria:

- Competitiveness and reasonableness;
- Performance linkage / alignment of executive compensation;
- Transparency; and
- Acceptability to shareholders.

The Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its Directors and senior executives. The performance of the Consolidated Entity depends on the quality of its Directors and senior executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The reward framework is designed to align senior executive reward to shareholders' interests by:

- Having economic profit as a core component of plan design; and
- Attracting and retaining high calibre senior executives.

Additionally, the reward framework seeks to enhance senior executives' interests by:

- Reflecting competitive rewards for contribution to growth in shareholder wealth; and
- Providing a clear structure for earning rewards.

In accordance with established corporate governance principles, the structure of non-executive Director and executive Director remuneration is separate.

#### *Remuneration as a result of COVID-19*

All Non-executive Directors, Executive Directors and senior executives received a 30% pay reduction from April 2020 in response to the COVID-19 pandemic to be reviewed in September 2020.

#### *Non-executive Directors' remuneration*

Fees and payments to non-executive Directors reflect the demands and responsibilities of their role. Non-executive Directors' fees and payments are reviewed annually by the Remuneration Committee. The Remuneration Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive Directors' fees and payments are appropriate and in line with the market. The Chair's fees are determined independently to the fees of other non-executive Directors based on comparative roles in the external market. The Chair is not present at any discussions relating to the determination of their own remuneration. Non-executive Directors do not receive share options or other incentives.

Non-executive Directors are remunerated for their services in fixed fees drawn from the Directors' fee pool which, in line with the Company's constitution, currently stands at \$450,000. The current non-executive Director fees are \$130,000 per annum for the Chair, \$90,000 for the Chair of the Audit and Risk Committee and \$65,000 per annum for other non-executive Directors (exclusive of superannuation where applicable). Directors may also be reimbursed for all travelling and other expenses incurred in connection with their Company duties.

Fees for non-executive Directors are not linked to the performance of the consolidated entity or the Company and no portion of their remuneration is at risk. However, non-executive Directors are expected to build a meaningful shareholding in Apollo over time.

#### *Senior executive remuneration*

The Consolidated Entity aims to reward senior executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The senior executive remuneration and reward framework for the year ended 30 June 2020 had two components:

- Base pay, non-monetary benefits, superannuation and long service leave, defined as Total Fixed Remuneration (TFR); and
- Short-term performance incentives (STIs).

The combination of these two elements comprised the senior executive's total remuneration.

TFR, consisting of base salary, superannuation and non-monetary benefits, is reviewed annually by the Remuneration Committee based on individual and business unit performance, the overall performance of the Consolidated Entity and comparable market remuneration.

Senior executives may receive their TFR in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the Consolidated Entity and provides additional value to the senior executive.

### *Short Term Incentive Program*

The STI program is designed to align the targets of the business units with the performance hurdles of senior executives in order to deliver short-term growth. STI payments are granted to senior executives based on specific annual targets and both financial and non-financial key performance indicators ('KPI's') being achieved. The STI plan is made up of the following components.

#### Part 1 – Operational, customer and people KPIs

The amount payable under Part 1 is discretionary and is not contingent on the financial performance of the business. It is determined by the achievement of specific KPIs by the individual executive, including, but not limited, to:

- (a) Performance against KPIs specific to their senior executive roles;
- (b) Behaviours and key personal business milestones outlined in business plans for which they are responsible; and
- (c) Staff performance reviews throughout the year.

Over-achievement incentives do not apply to this component. Payment is capped at the nominal at-risk amount of 10% of TFR, multiplied by the achievement percentage allocated to this component, except for Kelly Shier where the nominal at-risk amount is capped at 15%. The at-risk amount is set by the Remuneration Committee at the commencement of the financial year. The Remuneration Committee subsequently determines what portion of the eligible incentive will be paid. All, none or part of this amount may be awarded at the absolute discretion of the Remuneration Committee. Achievement is assessed and amounts are payable after the end of the financial year under review. Due to the significant impact of COVID-19 on the company operations, no payment has been made under part one for the financial year ended 30 June 2020.

Managing Director, Luke Trouchet and Executive Director, Karl Trouchet do not participate in Part 1 of the STI plan.

#### Part 2 – Company financial performance

Financial performance for the 2020 financial year was measured on the achievement of target net profit after tax (NPAT) for the Company. A minimum achievement of greater than 100% of target NPAT must be achieved for the incentive to be payable. Payments increase on a sliding scale designed to encourage superior performance that exceeds the established target. Participants can earn up to 10% of their TFR under Part 2 of the STI program, apart from Kelly Shier, who can earn up to a maximum of 15% of TFR and Luke Trouchet who can earn up to 20% of TFR.

Any amount that may be awarded for Part 2 is self-funding out of the target NPAT. However, there are circumstances where it may not be self-funding out of statutory NPAT. No payment is provided unless the Company achieves above the target NPAT. Eligible amounts will be payable upon finalisation of financial results for the financial year under review.

Participants eligible for Part 1 need to achieve at least 50% of Part 1 of the STI Plan in order to be eligible for any incentive payment under Part 2 of the STI Plan.

Due to the significant impact of COVID-19 on the company operations, no payment has been made under part two for the financial year ended 30 June 2020.

### *Long Term Incentive Program*

The Company will implement a Share Appreciation Rights Plan as a long term incentive ('LTI') program. The program was approved at the 2017 AGM. Whilst the LTI program was intended to be executed in the 2020 financial year, its implementation has been delayed due to the integration of the acquisitions in the 2018 and 2019 financial years, and the impacts of the COVID-19 pandemic in the 2020 financial year.

Senior management personnel, including executive Directors, will be eligible to participate in the plan. Non-executive Directors are not eligible. The purpose of the plan is to:

- Assist in the reward, retention and motivation of eligible senior management personnel;
- Link the reward of eligible senior management personnel to shareholder value creation; and
- Align the interests of eligible personnel with stakeholders by providing opportunity to receive an equity interest in the Company.

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Participation in the plan will give the right to receive an award from the Company which may be settled by cash or the issue of shares. The LTI will be calculated by reference to an increase in the price of the shares from a base price determined by the Board, or, otherwise, the market value, as at the date of invitation to the participant and the volume-weighted average price per share traded on the ASX over the 30 trading days preceding the time that the performance hurdles and/or other conditions are satisfied. Upon invitation, the Board will determine:

- The number of share appreciation rights for which the person may apply;
- The grant date;
- The amount payable for the grant of each share appreciation right or how such amount is calculated;
- The vesting conditions (if any);
- The performance hurdles (if any);
- If the rights will be equity settled, cash settled or a combination of both, or determined at a later date when performance hurdles have been satisfied and the vesting has occurred;
- Disposal restrictions attaching to the shares under the plan (if any); and
- Any other supplementary terms and conditions.

In considering the impact of the Group's performance on shareholder wealth, the Directors have regard to various factors including the following metrics:

	NPAT/(NLAT)	Share price as at 30 June	Basic EPS/(LPS) Cents per share	Total dividend Cents per share
	\$'000	\$		
Year ended 30 June 2020	(61,234)	\$0.30	(32.89)	-
Year ended 30 June 2019	4,673	\$0.37	2.54	2.00
Year ended 30 June 2018	19,203	\$1.65	10.63	5.00

**Details of remuneration**

*Amounts of remuneration*

Details of the remuneration of key management personnel and Directors of the Consolidated Entity are set out in the following tables.

The Directors and key management personnel of the Consolidated Entity consisted of the following Directors and senior executives of Apollo Tourism & Leisure Ltd:

Independent non-executive Directors:

- Sophie Mitchell - Non-executive Chairman;
- Brett Heading - Non-executive Director (appointed 14 August 2019);
- Robert Baker - Non-executive Director (appointed 13 January 2020);
- Stephen Lonie - Non-executive Chairman (deceased 18 November 2019).

Key Management Personnel:

- Luke Trouchet – Chief Executive Officer (CEO) and Managing Director;
- Karl Trouchet – Executive Director - Strategy and Special Projects (Chief Financial Officer prior to 11 November 2019);
- Kelly Shier - Chief Financial Officer (CFO) (appointed 11 November 2019);
- Scott Fahey – Chief Operating Officer (appointed 8 April 2020, previously Chief Operating Officer - Rental);
- Paul Truman – Executive General Manager - Manufacturing and Product; and
- Chris Rusden - Chief Operating Officer - Retail (ceased 8 April 2020).

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2020	Short-term benefits			Post-employment benefits	Long-term benefits	Total
	Cash salary and fees	STI part 1 and 2	Termination payments	Super-annuation	Long service leave	
	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>						
Sophie Mitchell	93,167	-	-	8,645	-	101,812
Brett Heading*	33,042	-	-	2,877	-	35,919
Robert Baker*	35,641	-	-	2,787	-	38,428
Stephen Lonie**	54,167	-	-	6,175	-	60,342
<i>Executive Directors:</i>						
Luke Trouchet	490,077	-	-	21,003	14,045	525,125
Karl Trouchet	239,002	-	-	18,899	2,764	260,665
<i>Other Key Management Personnel:</i>						
Kelly Shier*	210,374	-	-	13,294	-	223,668
Scott Fahey	302,317	-	-	19,364	13,736	335,417
Paul Truman	263,893	-	-	19,523	15,328	298,744
Chris Rusden***	316,454	-	148,198	21,003	-	485,655
	<u>2,038,134</u>	<u>-</u>	<u>148,198</u>	<u>133,570</u>	<u>45,873</u>	<u>2,365,775</u>

\* Brett Heading was appointed 14 August 2019, Robert Baker was appointed 13 January 2020, Kelly Shier was appointed 11 November 2019.

\*\* Stephen Lonie passed away on 18 November 2019.

\*\*\* Chris Rusden ceased being a KMP on 8 April 2020.

All Non-executive Directors, Executive Directors and senior executives received a 30% pay reduction from April 2020 in response to the COVID-19 pandemic to be reviewed in September 2020.

2019	Short-term benefits			Post-employment benefits	Long-term benefits	Total
	Cash salary and fees	STI part 1 and 2	Super-annuation	Long service leave		
	\$	\$	\$	\$	\$	
<i>Non-Executive Directors:</i>						
Stephen Lonie	130,000	-	12,350	-	142,350	
Sophie Mitchell	65,000	-	6,175	-	71,175	
<i>Executive Directors:</i>						
Luke Trouchet	530,384	-	20,531	15,444	566,359	
Karl Trouchet	360,598	-	20,531	11,375	392,504	
<i>Other Key Management Personnel:</i>						
Scott Fahey	327,384	-	20,531	14,651	362,566	
Paul Truman	280,698	-	20,713	10,220	311,631	
Chris Rusden*	162,737	-	10,266	-	173,003	
	<u>1,856,801</u>	<u>-</u>	<u>111,097</u>	<u>51,690</u>	<u>2,019,588</u>	

\* Chris Rusden was appointed 4th February 2019.



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The proportion of remuneration linked to the at risk maximum STI opportunity and the fixed proportion are as follows:

Name	Fixed remuneration		Maximum opportunity at risk - STI	
	2020	2019	2020	2019
<i>Non-Executive Directors:</i>				
Sophie Mitchell	100%	100%	-	-
Brett Heading	100%	-	-	-
Robert Baker	100%	-	-	-
Stephen Lonie	100%	100%	-	-
<i>Executive Directors:</i>				
Luke Trouchet	83%	80%	17%	20%
Karl Trouchet	91%	90%	9%	10%
<i>Other Key Management Personnel:</i>				
Kelly Shier	87%	-	13%	-
Scott Fahey	85%	83%	15%	17%
Paul Truman	87%	85%	13%	15%
Chris Rusden	73%	63%	27%	37%

The Remuneration Committee determined that despite the hard work and commitment of the team, and particularly since the impact of COVID-19 in March 2020, no portion of the eligible incentive would be paid to senior executives under Part 1 of the STI Program given the operational performance of the Company during the financial year ended 30 June 2020. The senior executives were also not eligible for any incentive payment under Part 2 of the STI Program as participants did not achieve at least 50% of the Part 1 incentive and, even if they had been eligible, no payments would have been made given the internal target NPAT was not exceeded in the financial year ended 30 June 2020. Similarly, Luke Trouchet and Karl Trouchet were not eligible for any incentive payment under Part 2 of the STI Program.

Accordingly, the proportion of the cash bonus paid/payable or forfeited for the year ended 30 June 2020 is as follows:

Name	Cash bonus paid/payable		Cash bonus forfeited	
	2020	2019	2020	2019
<i>Executive Directors:</i>				
Luke Trouchet	-	-	100%	100%
Karl Trouchet	-	-	100%	100%
<i>Other Key Management Personnel:</i>				
Kelly Shier*	-	-	100%	-
Scott Fahey	-	-	100%	100%
Paul Truman	-	-	100%	100%
Chris Rusden	-	-	100%	100%

\* Kelly Shier became a KMP in the 2020 financial year, therefore the cash bonus paid/payable and cash bonus forfeited for the 2019 financial year are not applicable.

Luke Trouchet and Karl Trouchet were not eligible for Part 1 the STI program for the year ended 30 June 2020, though they were eligible for Part 2.



**Service agreements**

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name: Luke Trouchet.  
Title: Managing Director and Chief Executive Officer.  
Agreement commenced: 28 September 2016.  
Term of agreement: No fixed term.  
Details: Base salary for the year ending 30 June 2020 of \$550,915, including superannuation, to be reviewed annually by the Nomination and Remuneration Committee. Six (6) month termination notice by either party, non-solicitation and non-compete clauses. Eligible to participate in Part 2 of the short-term incentive plan (company financial performance) only, at a rate of 20% of base salary.

Name: Karl Trouchet.  
Title: Executive Director - Strategy and Special Projects.  
Agreement commenced: 23 September 2016.  
Term of agreement: No fixed term.  
Details: Base salary for the year ending 30 June 2020 of \$311,650, including superannuation, to be reviewed annually by the Nomination and Remuneration Committee. Six (6) month termination notice by either party, non-solicitation and non-compete clauses. Eligible to participate in Part 2 of the short-term incentive plan (company financial performance) only, at a rate of 10% of base salary.

Name: Kelly Shier.  
Title: Chief Financial Officer.  
Agreement commenced: 11 November 2019.  
Term of agreement: No fixed term.  
Details: Base salary for the year ending 30 June 2020 of \$450,000, including superannuation, to be reviewed annually by the Nomination and Remuneration Committee. Six (6) month termination notice by either party, non-solicitation and non-compete clauses. Eligible to participate in Part 1 and Part 2 of the short-term incentive plan at a combined maximum rate of 15% of base salary, at the discretion of the Board. Eligible to participate in the long-term incentive program, once implemented, at a maximum rate of 50% of base salary, at the discretion of the Board.

Name: Scott Fahey.  
Title: Chief Operating Officer.  
Agreement commenced: 19 September 2016.  
Term of agreement: No fixed term.  
Details: Base salary for the year ending 30 June 2020 of \$347,915, including superannuation, to be reviewed annually by the Nomination and Remuneration Committee. Three (3) month termination notice by either party, non-solicitation and non-compete clauses. Eligible to participate in Part 1 and Part 2 of the short-term incentive plan at a combined maximum rate of 20% of base salary, at the discretion of the Board.

Name: Paul Truman.  
Title: Executive General Manager - Manufacturing and Product.  
Agreement commenced: 23 September 2016.  
Term of agreement: No fixed term.  
Details: Base salary for the year ending 30 June 2020 of \$306,000, including superannuation, to be reviewed annually by the Nomination and Remuneration Committee. Three (3) month termination notice by either party, non-solicitation and non-compete clauses. Eligible to participate in Part 1 and Part 2 of the short-term incentive plan at a combined maximum rate of 20% of base salary, at the discretion of the Board.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct. Termination payment is an amount of salary in lieu of all or part of the notice period (plus any superannuation).

**Share-based compensation**

*Issue of shares*

There were no shares issued to Directors and other key management personnel as part of compensation during the year ended 30 June 2020.

*Options*

There were no options over ordinary shares issued to Directors and other key management personnel as part of compensation that were outstanding as at 30 June 2020.

There were no options over ordinary shares granted to or vested with Directors and other key management personnel as part of compensation during the year ended 30 June 2020.

**Additional disclosures relating to key management personnel**

*Shareholding*

The number of shares in the Company held during the financial year by each Director and other members of key management personnel of the Consolidated Entity, including their personally related parties, is set out in the following table.

Other movements relate to existing shareholdings for KMP which have been newly appointed in the financial year and have not been received as part of remuneration. Negative other movements relate to shareholdings for previous KMP that are no longer in executive positions as at 30 June 2020.

	Balance at the start of the year	Other movements	Shares acquired on market	Balance at the end of the year
<i>Ordinary shares</i>				
Sophie Mitchell*	234,504	-	-	234,504
Brett Heading**	-	250,000	-	250,000
Robert Baker	-	-	130,000	130,000
Stephen Lonie	300,000	(300,000)	-	-
Karl Trouchet & Luke Trouchet***	98,738,117	-	674,114	99,412,231
Kelly Shier	-	163,300	-	163,300
Scott Fahey	22,995	-	-	22,995
Paul Truman	30,294	-	-	30,294
Chris Rusden	30,000	(30,000)	-	-
	99,355,910	83,300	804,114	100,243,324

\* Held as director of Mitchelldangar Pty Ltd.

\*\* Held via AMJ (QLD) Holding Pty Ltd as trustee for A M Jenkins TDT No 1. Brett Heading is a director of AMJ (QLD) Holdings Pty Ltd but is not a beneficiary of the trust.

\*\*\* Held as directors of Eastglo Pty Ltd and Barmil Pty Ltd holding shares on trust for Lurk Investment Trust and as directors of KRLG Pty Ltd holding shares on trust for KL Trust.

All equity transactions with KMP have been entered into under terms and conditions no more favourable than those terms and conditions that the Group would have adopted if dealing at arm's length.

*Other transactions with key management personnel and their related parties*

Eastglo Pty Ltd

During the year, rental payments totalling \$90,000, at market prices have been made for the rental of business premises by Group companies to Eastglo Pty Ltd, of which Luke Trouchet and Karl Trouchet are Directors and controlling shareholders. Due to the circumstances around COVID-19, a rent-free period was granted during the year with a value of \$91,000. All payments were made prior to 30 June 2020 and there is no amount outstanding within current trade payables. The lease expires on 5 October 2022 and contains two option periods of three years each.

**Apollo Tourism & Leisure Ltd**  
**Directors' report**  
**30 June 2020**

KL One Trust

During the year, rental payments totalling \$52,000, at market prices have been made for rental of business premises by Group companies to KL One Trust, a trust associated with Luke Trouchet and Karl Trouchet. Due to the circumstances around COVID-19, a rent-free period was granted during the year with a value of \$53,000. All payments were made prior to 30 June 2020 and there is no amount outstanding within current trade payables. The lease expires on 20 October 2020 and contains two option periods of three years each. The Group expects to exercise the first option period.

Motorhome Purchase

During the year, Angie Trouchet, a related party of Luke Trouchet, purchased a motorhome from the Group at cost for a total of \$267,000, including GST. As part of this purchase, Angie personally paid for design work which the Group will benefit from in the future. There were no amounts outstanding at 30 June 2020.

Jones Day

During the year, the Group engaged Jones Day, a director related entity of Brett Heading. Jones Day are the primary lawyers for the Group and performed services during the year in that capacity. Total fees of \$214,000 were paid during the year, representing market prices. \$76,000 was outstanding at 30 June 2020 and is included in current trade payables.

***This point marks the conclusion of the Remuneration Report, which has been audited.***

**Shares under option**

There were no unissued ordinary shares of Apollo Tourism & Leisure Ltd under option outstanding at the date of this report.

**Shares issued on the exercise of options**

There were no ordinary shares of Apollo Tourism & Leisure Ltd issued on the exercise of options during the year ended 30 June 2020 and up to the date of this report.

**Other information reported to the market**

The Board maintains a system of obtaining (and retaining) verifiable support documentation and material where it is reporting or disclosing to the market any information that is not, in itself, audited. This may include, but is not limited to, any non-IFRS financial information such as EBIT, EBITDA, and underlying earnings, or forecast/forward looking comments.

**Indemnity and insurance of officers**

The Company's constitution provides that, to the extent permitted by law, the Company must indemnify each Director and officer against all losses, liabilities, costs, charges and expenses incurred in performance of their duties for the company and its related bodies corporate. The indemnity continues post-employment and operates without the officer having to incur any expense or make payment.

During the financial year and at the start of the following year, the Company paid a premium in respect of a contract to insure the Directors and executives of the Company against a liability to the extent permitted by the *Corporations Act 2001*. The Directors have not disclosed details of the nature of the liabilities covered or the amount of the premiums paid in respect of the insurance contracts as such disclosure is prohibited under the terms of the contract.

**Indemnity and insurance of auditor**

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young Australia, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). The indemnity does not apply to any loss in respect of matters which are determined to be a result from the auditor's negligent, wrongful or wilful acts or omissions. No payment has been made to indemnify Ernst & Young during or since the end of the financial year.

**Proceedings on behalf of the Company**

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

**Apollo Tourism & Leisure Ltd**  
**Directors' report**  
**30 June 2020**

**Non-audit services**

The Directors are of the opinion that the additional services, as disclosed in note 33 to the financial statements, do not compromise the external auditor's independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

**Officers of the Company who are former partners of Ernst & Young**

There are no officers of the Company who are former partners of Ernst & Young.

**Rounding of amounts**

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

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this Directors' report.

**Auditor**

Ernst & Young continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the Directors



---

Luke Trouchet  
Director

31 August 2020  
Brisbane



**Building a better  
working world**

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## **Auditor's Independence Declaration to the Directors of Apollo Tourism & Leisure Ltd**

As lead auditor for the audit of the financial report of Apollo Tourism & Leisure Ltd for the financial year ended 30 June 2020, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Apollo Tourism & Leisure Ltd and the entities it controlled during the financial year.

A handwritten signature in blue ink that reads 'Ernst &amp; Young'.

Ernst & Young

A handwritten signature in blue ink that reads 'Mike Reid'.

Mike Reid  
Partner  
31 August 2020

## **Apollo Tourism & Leisure Ltd**

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**30 June 2020**

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### **General information**

The financial statements cover Apollo Tourism & Leisure Ltd as a Consolidated Entity consisting of Apollo Tourism & Leisure Ltd and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Apollo Tourism & Leisure Ltd's functional and presentation currency.

Apollo Tourism & Leisure Ltd is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is 698 Nudgee Rd, Northgate QLD 4013, Australia.

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

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 31 August 2020. The Directors have the power to amend and reissue the financial statements.

**Apollo Tourism & Leisure Ltd**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2020**

	Note	Consolidated 2020 \$'000	2019 \$'000
Revenue from contracts with customers	5	242,032	208,355
Rental income		124,284	155,394
Other income		430	390
Total revenue		<u>366,746</u>	<u>364,139</u>
<b>Expenses</b>			
Cost of goods sold		(236,946)	(188,357)
Motor vehicle running expenses		(40,256)	(39,904)
Advertising, promotions and commissions paid		(6,408)	(6,577)
External acquisition costs		-	(158)
Employee benefits expense	6	(34,592)	(39,836)
Depreciation and amortisation expense	6	(41,034)	(26,805)
Rental costs on land and buildings		-	(9,624)
Share of loss in associates	13	(946)	(239)
Impairment expense	6	(38,890)	(10,998)
Remeasurement of contingent consideration		-	1,525
Other expenses		<u>(18,716)</u>	<u>(17,990)</u>
<b>(Loss)/profit before tax and finance costs</b>		(51,042)	25,176
Finance costs	6	<u>(18,791)</u>	<u>(17,122)</u>
<b>(Loss)/profit before income tax benefit/(expense)</b>		(69,833)	8,054
Income tax benefit/(expense)	7	<u>8,599</u>	<u>(3,381)</u>
<b>(Loss)/profit after income tax benefit/(expense) for the year attributable to the owners of Apollo Tourism &amp; Leisure Ltd</b>		(61,234)	4,673
<b>Other comprehensive (loss)/income</b>			
<i>Items that will be reclassified subsequently to profit or loss</i>			
Foreign currency translation		<u>(900)</u>	3,004
Other comprehensive (loss)/income for the year, net of tax		<u>(900)</u>	3,004
<b>Total comprehensive (loss)/income for the year attributable to the owners of Apollo Tourism &amp; Leisure Ltd</b>		<u>(62,134)</u>	<u>7,677</u>
		<b>Cents</b>	<b>Cents</b>
Basic (loss)/earnings per share	8	(32.89)	2.54
Diluted (loss)/earnings per share	8	(32.89)	2.54

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

**Apollo Tourism & Leisure Ltd**  
**Statement of financial position**  
**As at 30 June 2020**

	Note	Consolidated 2020 \$'000	2019 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	9	23,529	34,549
Trade and other receivables	10	4,926	13,385
Inventories	11	90,387	96,778
Income tax refund receivable	7	354	976
Prepayments and other assets	12	8,428	15,182
Total current assets		<u>127,624</u>	<u>160,870</u>
<b>Non-current assets</b>			
Investments accounted for using the equity method	13	1,586	2,532
Property, plant and equipment	14	272,628	381,973
Intangibles	15	24,068	36,088
Deferred tax asset	7	2,529	942
Prepayments and other assets	12	2,202	2,077
Total non-current assets		<u>303,013</u>	<u>423,612</u>
<b>Total assets</b>		<u>430,637</u>	<u>584,482</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	16	27,506	33,122
Contract liabilities	19	5,977	4,970
Borrowings	17	142,045	227,757
Income tax payable	7	99	1,449
Provisions	18	3,701	3,402
Unearned rental income	20	12,262	27,775
Other liabilities	21	624	1,135
Total current liabilities		<u>192,214</u>	<u>299,610</u>
<b>Non-current liabilities</b>			
Borrowings	17	164,000	136,686
Deferred tax liability	7	16,583	25,171
Provisions	18	360	2,589
Unearned rental income	20	450	-
Other liabilities	21	338	962
Total non-current liabilities		<u>181,731</u>	<u>165,408</u>
<b>Total liabilities</b>		<u>373,945</u>	<u>465,018</u>
<b>Net assets</b>		<u>56,692</u>	<u>119,464</u>
<b>Equity</b>			
Issued capital	22	83,709	83,709
Reserves	23	(11,497)	(10,597)
Retained (losses)/profits		<u>(15,520)</u>	<u>46,352</u>
<b>Total equity</b>		<u>56,692</u>	<u>119,464</u>

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



**Apollo Tourism & Leisure Ltd**  
**Statement of changes in equity**  
**For the year ended 30 June 2020**

<b>Consolidated</b>	<b>Issued capital \$'000</b>	<b>Common Control Reserve \$'000</b>	<b>Foreign Currency Translation Reserve \$'000</b>	<b>Retained (losses)/ profits \$'000</b>	<b>Total equity \$'000</b>
Balance at 1 July 2018	79,799	(13,821)	220	50,843	117,041
Adjustment - adoption of AASB 9	-	-	-	(16)	(16)
Balance at 1 July 2018 - restated	79,799	(13,821)	220	50,827	117,025
Profit after income tax expense for the year	-	-	-	4,673	4,673
Other comprehensive income for the year, net of tax	-	-	3,004	-	3,004
Total comprehensive income for the year	-	-	3,004	4,673	7,677
Shares issued for consideration of business acquisitions	921	-	-	-	921
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 22)	2,989	-	-	-	2,989
Dividends paid (note 24)	-	-	-	(9,148)	(9,148)
Balance at 30 June 2019	<u>83,709</u>	<u>(13,821)</u>	<u>3,224</u>	<u>46,352</u>	<u>119,464</u>

<b>Consolidated</b>	<b>Issued capital \$'000</b>	<b>Common Control Reserve \$'000</b>	<b>Foreign Currency Translation Reserve \$'000</b>	<b>Retained (losses)/ profits \$'000</b>	<b>Total equity \$'000</b>
Balance at 1 July 2019	83,709	(13,821)	3,224	46,352	119,464
Adjustment - adoption of AASB 16 (note 2)	-	-	-	(638)	(638)
Balance at 1 July 2019 - restated	83,709	(13,821)	3,224	45,714	118,826
Loss after income tax benefit for the year	-	-	-	(61,234)	(61,234)
Other comprehensive loss for the year, net of tax	-	-	(900)	-	(900)
Total comprehensive loss for the year	-	-	(900)	(61,234)	(62,134)
Balance at 30 June 2020	<u>83,709</u>	<u>(13,821)</u>	<u>2,324</u>	<u>(15,520)</u>	<u>56,692</u>

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

**Apollo Tourism & Leisure Ltd**  
**Statement of cash flows**  
**For the year ended 30 June 2020**

	Note	Consolidated 2020 \$'000	2019 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		303,775	345,439
Payments to suppliers and employees (inclusive of GST)		(249,289)	(315,199)
Interest paid		(19,425)	(17,122)
Proceeds from sale of rental fleet		99,677	65,119
Interest received		473	349
Income taxes paid		(1,219)	(3,676)
		<u>          </u>	<u>          </u>
Net cash from operating activities	27	<u>133,992</u>	<u>74,910</u>
<b>Cash flows from investing activities</b>			
Payment for business combinations, net of cash acquired		-	(12,765)
Payments for investments accounted for using the equity method	13	-	(1,297)
Payments for property, plant and equipment	14	(2,119)	(5,869)
Payments for intangibles	15	(2,237)	(3,436)
Proceeds from disposal of property, plant and equipment		233	357
Payment for purchase of rental fleet		(20,007)	(102,871)
		<u>          </u>	<u>          </u>
Net cash used in investing activities		<u>(24,130)</u>	<u>(125,881)</u>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		142,715	287,504
Repayment of borrowings		(215,930)	-
Dividends paid	24	-	(6,159)
Repayment of lease liabilities		(47,750)	-
Repayment of borrowings/finance lease principal		-	(234,106)
		<u>          </u>	<u>          </u>
Net cash (used in)/from financing activities		<u>(120,965)</u>	<u>47,239</u>
Net decrease in cash and cash equivalents		(11,103)	(3,732)
Cash and cash equivalents at the beginning of the financial year		34,549	36,637
Effects of exchange rate changes on cash and cash equivalents		83	1,644
		<u>          </u>	<u>          </u>
Cash and cash equivalents at the end of the financial year	9	<u><u>23,529</u></u>	<u><u>34,549</u></u>

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

## **1. Significant accounting policies**

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or in the following section. These policies have been consistently applied to all the years presented, unless otherwise stated.

Comparatives have been restated where needed to conform to current-year classification and presentation.

### **Basis of preparation and going concern assumption**

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

The accompanying consolidated financial statements have been prepared on a going concern basis. The going concern basis of presentation assumes that the Company will continue in operation for the foreseeable future and will be able to realise its assets and discharge its liabilities and commitments in the normal course of business.

The Consolidated Entity is in a consolidated net current liability position as at 30 June 2020 of \$64,590,000 (30 June 2019: \$138,740,000) whereby current assets are \$127,624,000 and current liabilities are \$192,214,000. This outcome is primarily as a result of lease liabilities of \$39,999,000, loans from other financiers of \$59,663,000 and unearned income of \$12,262,000 being classified as current liabilities. Due to the terms associated with certain finance facilities and, in accordance with AASB 101 *Presentation of Financial Statements*, these facilities are treated as current liabilities, with the assets that are being financed included as non-current assets. This results in current liabilities being in excess of current assets in the statement of financial position as at 30 June 2020. As at 26 August 2020, the Company held cash on hand of \$24,544,000.

In December 2019, a novel strain of Coronavirus, responsible for COVID-19, was first reported and was subsequently declared a pandemic by the World Health Organisation in March 2020. The measures adopted by governments globally in order to mitigate the spread of the outbreak have and continue to have significant impact on the Group's global operations.

The Consolidated Entity is subject to lending covenants in New Zealand and Canada. Due to the impact of COVID-19 on the Group's rental activities, some of these covenants are currently forecast to be at risk of breach during the 2021 financial year. The Group has obtained waivers from the New Zealand lender and one of the Canadian lenders, and is in advanced discussions with the other Canadian lender in respect of the covenant at risk. However, at this stage, these arrangements do not cover the full 2021 financial year. Since the outbreak of COVID-19, the lenders have supported the Group by approving principal repayment holidays and providing covenant waivers when required. While the Group is confident that it will be able to obtain ongoing support from these lenders, at the time of signing the 2020 financial report, this accommodation is not in place for the full financial year. As a result, these conditions together with the general uncertainty caused by the COVID-19 pandemic as referred to above, indicate that a material uncertainty may exist as to the Consolidated Entity's ability to continue as a going concern.

The Directors believe that the preparation of the financial statements using the going concern basis of accounting is appropriate based on cash flow forecasts which show the Consolidated Entity is expected to be able to pay its debts as and when they fall due for the next 12 months to realise the value of its assets and discharge its liabilities in the ordinary course of business. Key factors in those forecasts include:

- Recovery from the effects of the COVID-19 pandemic at varying speeds over the next three years;
- Additional finance that has been pledged subsequent to year end from the Queensland Government and Export Finance Australia to provide additional working capital of \$25,000,000, refer to note 36; and
- Cost reduction and efficiency improvement which have begun and are expected to provide positive results.

Other options available to the Company, should additional liquidity be required, include monetising assets such as real estate holdings and existing equity in the global fleet.

No adjustments have been made to the amounts and classification of recorded assets and liabilities should the Consolidated Entity be unable to continue as a going concern.

## **1. Significant accounting policies (continued)**

### *Historical cost convention*

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss and certain classes of property, plant and equipment.

### **Parent entity information**

In accordance with the *Corporations Act 2001*, these financial statements present the results of the Consolidated Entity only. Supplementary information about the parent entity is disclosed in note 34.

### **Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Apollo Tourism & Leisure Ltd ('Company' or 'parent entity') as at 30 June 2020 and the results of all subsidiaries for the year then ended. Apollo Tourism & Leisure Ltd and its subsidiaries together are referred to in these financial statements as the 'Consolidated Entity'.

Subsidiaries are all those entities over which the Consolidated Entity has control. The Consolidated Entity controls an entity when the Consolidated Entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Consolidated Entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Consolidated Entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary, together with any cumulative translation differences recognised in equity. The Consolidated Entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

### **Foreign currency translation**

The financial statements are presented in Australian dollars, which is Apollo Tourism & Leisure Ltd's functional and presentation currency.

### *Foreign currency transactions*

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

### *Foreign operations*

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed.

## **1. Significant accounting policies (continued)**

### **Fair value measurement**

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, and assumes that the transaction will take place either in the principal market, or, in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. For assets and liabilities that are recognised on a recurring basis, the Consolidated Entity determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. There have been no transfers in the current year.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

### **Interest**

Interest income is recognised as interest accrues using the effective interest method. This method calculates the amortised cost of a financial asset and the allocation of the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

### **Current and non-current classification**

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when it is either expected to be realised or intended to be sold or consumed in the Consolidated Entity's normal operating cycle, it is held primarily for the purpose of trading, it is expected to be realised within 12 months after the reporting period, or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when it is either expected to be settled in the Consolidated Entity's normal operating cycle, it is held primarily for the purpose of trading, it is due to be settled within 12 months after the reporting period, or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

### **Associates**

Associates are entities over which the Consolidated Entity has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the Consolidated Entity's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

## **1. Significant accounting policies (continued)**

When the Consolidated Entity's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the Consolidated Entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The Consolidated Entity discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

The Consolidated Entity discontinues the use of the equity method upon obtaining control over the associate and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon gaining control and the fair value of the retained investment is recognised in profit and loss. From the date that control has been gained, the entity becomes a subsidiary, is included in the Consolidated Entity and becomes subject to the principles of consolidation.

### **Leases**

The Consolidated Entity assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### *Consolidated Entity as a lessee*

The Consolidated Entity applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Consolidated Entity recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### *Short-term leases and leases of low-value assets*

The Consolidated Entity applies the short-term recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

### **Group as a lessor**

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases as a lessor. Rental income arising is accounted for on a straight-line basis over the lease term and is shown on the statement of profit or loss due to its operating nature.

### **Impairment of non-financial assets**

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently, if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

### **Finance costs**

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

### **Government grants**

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as a reduction in the related expense on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

## **1. Significant accounting policies (continued)**

### **Goods and Services Tax ('GST') and other similar taxes**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case, it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

### **Rounding of amounts**

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

### **New Accounting Standards and Interpretations not yet mandatory or early adopted**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Consolidated Entity for the annual reporting period ended 30 June 2020. The Consolidated Entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, being the most relevant to the Consolidated Entity, are set out in the following sections.

#### *Conceptual Framework for Financial Reporting (Conceptual Framework)*

The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 January 2020 and early adoption is permitted. The Consolidated Entity will not early adopt and the Framework will therefore be adopted from 1 July 2020. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the Consolidated Entity has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the Consolidated Entity may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the Consolidated Entity's financial statements.

## **2. New or amended Accounting Standards and Interpretations adopted**

The Consolidated Entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The impact on the financial performance and position of the Consolidated Entity from the adoption of these Accounting Standards is detailed below. Any change to accounting policies has been detailed in the relevant note.

The following Accounting Standards and Interpretations are most relevant to the Consolidated Entity:



**2. New or amended Accounting Standards and Interpretations adopted (continued)**

**AASB 16 Leases**

AASB 16 replaces AASB 117 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

The standard eliminates the classifications of operating leases and finance leases for lessees. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line expense previously recognised on leases is replaced with a depreciation charge for the right-of-use assets (included in depreciation and amortisation expense) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117 *Leases*. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

AASB 16 was adopted using the modified retrospective method with the date of initial application being 1 July 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Consolidated Entity elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 July 2019. Instead, the Consolidated Entity applied the standard only to contracts that were previously identified as leases applying AASB 117 and IFRIC 4 at the date of initial application.

The effect of adoption of AASB 16 as at 1 July 2019 (increase/(decrease)) is, as follows:

	<b>Operating leases under AASB 117 \$'000</b>	<b>Finance leases under AASB 117 \$'000</b>
<b>Assets</b>		
Land and buildings right-of-use asset	45,618	-
Motor vehicles right-of-use asset	1,513	138,884
Motor vehicles under finance leases	-	(138,884)
Deferred tax asset	13,793	-
	<u>60,924</u>	<u>-</u>
<b>Liabilities</b>		
Lease liabilities	50,552	136,176
Hire purchase contracts	-	(136,176)
Deferred tax liabilities	13,528	-
Straight line lease provision	(2,518)	-
	<u>61,562</u>	<u>-</u>
<b>Retained earnings</b>		
Retained earnings	<u>(638)</u>	<u>-</u>

Certain balances from the statement of financial position have been reclassified within categories of borrowings and within categories of property, plant and equipment, from those previously reported in the interim condensed consolidated financial statements for the six months ended 31 December 2019. The reclass had no impact on the reported profit or loss for the year ended 30 June 2020.

The Consolidated Entity has lease contracts for land and buildings, motor vehicles and other equipment. Before the adoption of AASB 16, the Consolidated Entity classified each of its leases (as lessee) at the inception date as either a finance lease or operating lease.



**2. New or amended Accounting Standards and Interpretations adopted (continued)**

*Leases previously classified as finance leases*

The Consolidated Entity did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under AASB 117). The requirements of AASB 16 were applied to these leases from 1 July 2019.

*Leases previously classified as operating leases*

The Consolidated Entity recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets.

The right-of-use assets were measured using a modified retrospective method, determined on a lease by lease basis as either:

- The carrying amount as if AASB 16 had always been applied, apart from the use of incremental borrowing rate at the date of initial application; or
- Based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised.

Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application. The weighted average incremental borrowing rate applied to the lease liabilities recognised at 1 July 2019, the date of initial application, is 4.74%.

The Consolidated Entity applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Relied on its assessment of whether leases are onerous immediately before the date of initial application;
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application;
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

Based on the above, as at 1 July 2019:

- Right-of-use assets of \$186,015,000 were recognised and presented within property, plant and equipment. This includes the lease assets recognised previously under finance leases of \$138,884,000 that were reclassified from property, plant and equipment. A corresponding deferred tax liability of \$13,528,000 was recognised.
- Lease liabilities of \$186,728,000 were recognised and presented separately in the statement of financial position. This includes the lease liabilities recognised previously under hire purchase contracts of \$136,176,000 that were reclassified from obligations under finance leases and hire purchase contracts. A corresponding deferred tax asset of \$13,793,000 was recognised.
- The lease straight line provision of \$2,518,000 was derecognised.
- The net effect of those adjustments has been adjusted to retained earnings of \$638,000

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as of 30 June 2019 as follows:

	<b>1 July 2019</b> <b>\$'000</b>
Operating lease commitments as at 30 June 2019	58,015
Less: effect of discounting using the incremental borrowing rate	(9,139)
Less: short-term lease recognised on a straight-line basis as expense	(2,065)
Less: commitments not within the scope of AASB 16	(670)
Add: commitments relating to leases previously classified as finance leases	136,176
Add: lease payments relating to renewal periods not included in commitments as at 30 June 2019	4,411
	186,728
Lease liability recognised as at 1 July 2019	186,728

## **2. New or amended Accounting Standards and Interpretations adopted (continued)**

The adoption of AASB 16 has also resulted in a change in the treatment of sale and leaseback transactions. The previous treatment under AASB 117 required the leased asset to be recorded at the transaction price with the gain recognised as a deferred liability which was amortised over the term of the lease and recognised in other income. Any transactions that were in place at 30 June 2019 are grandfathered and will remain accounted for under AASB 117 until the deferred liability is amortised to nil. Any new transaction from 1 July 2019 does not meet the definition of a sale under *AASB 15 Revenue from Contracts with Customers* and is, therefore, not a lease under AASB 16. The transaction is deemed a financing arrangement whereby, the leased asset is recorded at initial cost which will result in decreased depreciation. The asset will continue to be amortised over its useful life. There is no change to the timing of amortisation or depreciation as the lease term and the useful life of the asset are the same.

### *AASB 2020-4 Amendments to AASs - COVID-19 Related Rent Concessions*

This amendment is effective for annual reporting period beginning on or after 1 June 2020, with early application permitted. The Consolidated Entity has applied the amendment in the 2020 financial year. The amendment includes a practical expedient which allows lessees to not account for rent concessions as lease modifications provided certain conditions are met. The concession must be as a direct consequence of the COVID-19 pandemic and meet the following conditions:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than the consideration for the lease immediately prior to the change;
- Any reduction in lease payments only affects payments originally due on or before 30 June 2021; and
- There is no substantive change to other terms and conditions of the lease.

The Consolidated Entity applied the practical expedient to any concessions which met the criteria with any benefit being recognised as a negative variable lease payment included in other expenses in the statement of profit or loss. Refer to note 6 for further information.

### *IFRIC Interpretation 23 Uncertainty over Income Tax Treatment*

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of AASB 112 *Income Taxes* and does not apply to taxes or levies outside the scope of AASB 112, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The Interpretation specifically addresses the following issues:

- Whether an entity considers uncertain tax treatments separately;
- The assumptions an entity makes about the examination of tax treatments by taxation authorities;
- How an entity determines taxable profit/(loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- How an entity considers changes in facts and circumstances.

The Consolidated Entity determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Consolidated Entity applied judgement in identifying uncertainties over income tax treatments. Since the Consolidated Entity operates in a complex multinational environment, it assessed on adoption whether the Interpretation had an impact on its consolidated financial statements. The Interpretation did not have an impact on the consolidated financial statements of the Consolidated Entity.

## **3. Critical accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management considers to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results, especially in the current environment with the additional uncertainty that COVID-19 has introduced regarding future events. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

### **3. Critical accounting judgements, estimates and assumptions (continued)**

#### *Revenue from contracts with customers involving sale of goods*

When recognising revenue in relation to the sale of goods to customers, the key performance obligation of the Consolidated Entity is considered to be the point of delivery of the goods to the customer, which is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access. In applying this to the sale of motor vehicles, control is transferred at the time of formal delivery at which point title transfers.

#### *Principal versus agent considerations*

The Consolidated Entity has determined that it is an agent in the following contracts, and as such the revenue is included in commissions and royalty (refer to note 5 for further information):

- (a) After-market sales - The Consolidated Entity arranges multiple after-market sales with differing third-party providers. The Consolidated Entity is not responsible for fulfilling the promise to the customer. The Consolidated Entity does not take on any inventory or credit risk associated with the contract. The Consolidated Entity does not have discretion to set the price for the sale, the consideration in these contracts is the commission agreed with the third-party. The Consolidated Entity concluded that it transfers control over its services (i.e. arranging for the provision of the good or service), at a point in time, upon delivery of the vehicle to the customer, because this is when the customer benefits from the Consolidated Entity's agency service.
- (b) Vehicles sold on consignment - The Consolidated Entity will organise a sale on the consignors behalf. The Consolidated Entity is not responsible for fulfilling the promise to the customer. The Consolidated Entity does not take any inventory or credit risk associated with the contract. The Consolidated Entity does not have discretion to set the price for the sale, the consideration in these contracts is the difference between selling price stipulated by the consignor and the final selling price negotiated by the Consolidated Entity with the customer. The Consolidated Entity concluded that it transfers control of its services (i.e. arranging for the sale of the vehicle), at a point in time, upon delivery to the customer, because this is when the customer benefits from the Consolidated Entity's agency service.
- (c) Booking agent - The Consolidated Entity is a sales agent to facilitate booking and payment of short term car rentals. The Consolidated Entity is not responsible for fulfilling the promise to the customer. The Consolidated Entity does not take on the risk associated with vehicle damage. The Consolidated Entity does not have discretion to set the price for the sale, the consideration in these contracts is the referral fee. The Consolidated Entity concluded that it transfers control of its services (i.e. arranging booking and payment) once the final payment has been received, because this is when The Consolidated Entity has fulfilled the performance obligation.
- (d) Associate dealers - The Consolidated Entity has an associate dealer that operates using one of the Consolidated Entity's trading names, systems and software. The associate is responsible for fulfilling rental contracts with the customer. The Consolidated Entity does not take any inventory or credit risk. The Consolidated Entity does not have discretion to set the price of the sale, the consideration in these contracts is a set royalty percentage. This transaction has been deemed a licensing transaction, which is a right to access the intellectual property as it exists throughout the licence period. Therefore, the performance obligation is satisfied over time because the associate simultaneously receives and consumes the benefit from the access to the intellectual property as the performance occurs. Variable consideration is received in the form of sales-based royalty and is recognised when the subsequent sale occurs i.e. initiation of the rental between the associate and the customer.

#### *Net realisable value (NRV) assessment of inventory*

The Consolidated Entity is required to measure inventory at the lower of cost and net realisable value. An analysis was performed at year end to compare the cost of all retail and used rental vehicles for sale inventory units to NRV, with reference to recently achieved selling prices, less associated selling costs. As a result, an expense of \$2,984,000 was recognised during the year (2019: \$nil). For further detail refer to Note 11.

#### *Estimation of useful lives of assets*

The Consolidated Entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful life is determined when the asset is purchased however the useful life could change significantly as a result of technical innovations or some other event which would impact future depreciation charged. Management have monitored the useful lives of assets in light of the COVID-19 pandemic.

#### *Fleet depreciation rates*

In accordance with the Group's depreciation policy, Apollo estimates residual values of fleet in order to depreciate motorhome assets using the straight line method. The Group has considered the appropriateness of the residual values that have been used by reviewing the gains/losses made on recent sales of similar motorhomes.

### **3. Critical accounting judgements, estimates and assumptions (continued)**

#### *Fleet classification*

The Consolidated Entity is engaged in the business of both the rental of motorhomes and sale of new and used motorhomes. The rental fleet, recognised as property, plant and equipment or in right-of-use assets, are transferred to inventory on a regular basis to meet forecasted sales demand. The Consolidated Entity classifies fleet motorhomes as property plant and equipment or right-of-use assets until the point in time that the motorhome comes off fleet. Once the motorhome is off fleet and has been prepared for sale the vehicle is transferred to inventory as an used rental vehicle for retail sale.

#### *Cost of internally manufactured vehicles*

In a number of jurisdictions, the Consolidated Entity is engaged in the manufacturing of motorhomes, for use in its rental operations or for retail sale. The Consolidated Entity reviews the manufacturing costs for all internally manufactured vehicles, judgement is used to determine which costs are added to the cost of the vehicles. Management has considered the effect of the COVID-19 pandemic on production volumes and costs, and abnormal production costs have been excluded.

For vehicles manufactured for the rental fleet, the transaction is treated as a financing arrangement, these costs form part of the vehicle cost and are depreciated over the useful life of the vehicle.

For vehicles manufactured for the retail network, these costs are added to the cost of the vehicle and included in inventory. Once the vehicle is sold the costs are released to cost of goods sold.

#### *Goodwill and brand names*

The Consolidated Entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and brand names have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows. The key assumptions used to determine the recoverable amount for each CGU, including sensitivity analysis, are disclosed and further explained in note 15 and have been reassessed at year end in light of the COVID-19 pandemic.

#### *Impairment of non-financial assets other than goodwill and other indefinite life intangible assets*

The Consolidated Entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Consolidated Entity and to the particular asset (or group of assets) that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset (or group of assets) is determined, and which involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions. The key assumptions used to determine the recoverable amount for each CGU, including sensitivity analysis, are disclosed and further explained in note 15 and have been reassessed at year end in light of the COVID-19 pandemic.

#### *Income tax*

The Consolidated Entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax and related deferred tax amounts.

#### *Recovery of deferred tax assets*

Deferred tax assets are recognised for deductible temporary differences and carry forward tax losses only if the Consolidated Entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

#### *Classification of financing arrangements as lease or debt*

The Consolidated Entity enters into financing arrangements with banks, specialist vehicle financing companies and suppliers of motorhome chassis to finance its guest fleet and inventory. Judgement is required to determine whether these arrangements are in substance leases (including hire purchase arrangements), or debt financing. Each agreement is reviewed and the terms and conditions assessed to determine which treatment is most appropriate.

### **3. Critical accounting judgements, estimates and assumptions (continued)**

#### *Lease term*

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Consolidated Entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Consolidated Entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstance that is within the control of the entity.

#### *Incremental borrowing rate*

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Consolidated Entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

#### *Application of the going concern assumption*

The global COVID-19 pandemic has had a substantial impact on the business in the year ended 30 June 2020 and will continue to affect operations into the next financial year. In assessing the appropriateness of the going concern assumption, the directors have considered the group's expected future trading performance, its compliance with financing obligations, and cost containment actions implemented and to be implemented. Due to the nature of the pandemic impact, considerable judgement has been applied in assessing the above factors as part of the assessment of the going concern assumption in preparing the financial report, refer to note 1 for further details.

### **4. Operating segments**

#### *Identification of reportable operating segments*

The Consolidated Entity is organised into geographical operating segments: Australia, New Zealand, North America and Europe. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (which is identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The Australia segment includes the operating results associated with the acquisition of the business assets and intellectual property of the Fleetwood, Coromal and Windsor brands (acquired 1 March 2019), which were not included for a full 12 months of trading in the 30 June 2019 segment results.

The Europe segment includes the operating results of Germany and France which initially began trading in 2019 and therefore were not included for a full 12 months of trading in the 30 June 2019 segment results.

Given the manufacturing entities in each of Australia, New Zealand and Europe operate on a cost recovery basis in order to break even and manufacture only to order for the respective Australia, New Zealand and Europe operating entities. The Directors do not consider the manufacturing entities to be separate operating segments as they are not monitored standalone, but rather within the geographic segment operations.

The CODM monitor the operating results of the geographical segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements, as follows:

#### **4. Operating segments (continued)**

- The Australian segment provides short term hire of motorhomes, manufactures replacement vehicles for the rental fleet, manufactures motorhomes and caravans for sale direct to the public and operates vehicle sales activities for the sale of new units direct to the public and through a dealer network, as well as the sale of ex-rental fleet vehicles direct to the public and through a dealer network.
- The New Zealand segment provides short term hire of motorhomes, manufactures replacement vehicles for the rental fleet and operates vehicle sales activities for the sale of new units direct to the public and ex-rental fleet vehicles through a dealer network.
- The North America segment provides short term hire of motorhomes and operates vehicle sales activities for the sale of ex-rental fleet vehicles through a dealer network.
- The Europe segment provides short term hire of motorhomes, manufactures replacement vehicles for the rental fleet and operates vehicles sales activities for the sale of new and ex-rental fleet units direct to the public.
- The Other / Elimination segment represents intersegment eliminations.

#### *Intersegment transactions*

As transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties, the CODM does not distinguish between revenue from internal or external customers when measuring the performance of segments. Intersegment transactions were made at market rates and are eliminated on consolidation.



**4. Operating segments (continued)**

*Operating segment information*

<b>Consolidated - 2020</b>	<b>Australia \$'000</b>	<b>New Zealand \$'000</b>	<b>North America \$'000</b>	<b>Europe \$'000</b>	<b>Others and Eliminations \$'000</b>	<b>Total \$'000</b>
<b>Revenue</b>						
Revenue from contracts with customers	146,548	6,679	85,345	3,460	-	242,032
Rental income	44,062	23,520	50,887	5,815	-	124,284
Total sales revenue	190,610	30,199	136,232	9,275	-	366,316
Other income	978	(10)	250	(29)	(759)	430
<b>Total revenue</b>	<b>191,588</b>	<b>30,189</b>	<b>136,482</b>	<b>9,246</b>	<b>(759)</b>	<b>366,746</b>
<b>EBIT (Earnings before interest and tax)</b>						
Finance costs	(31,852)	6,267	(9,952)	(14,746)	(759)	(51,042)
	(6,755)	(1,576)	(10,077)	(1,142)	759	(18,791)
<b>(Loss)/profit before income tax benefit</b>	<b>(38,607)</b>	<b>4,691</b>	<b>(20,029)</b>	<b>(15,888)</b>	<b>-</b>	<b>(69,833)</b>
Income tax benefit						8,599
<b>Loss after income tax benefit</b>						<b>(61,234)</b>
<i>Material items include:</i>						
Manufacturing costs	(25,822)	(3,396)	-	-	-	(29,218)
Cost of goods sold	(132,608)	(6,129)	(94,834)	(3,375)	-	(236,946)
Other expenses	(28,140)	(10,340)	(23,329)	(3,571)	-	(65,380)
Depreciation and amortisation	(18,832)	(6,099)	(14,019)	(2,084)	-	(41,034)
Impairment of assets	(23,003)	(63)	(3,320)	(12,504)	-	(38,890)
Employee benefits expenses	(19,912)	(1,290)	(10,932)	(2,458)	-	(34,592)
<b>Assets</b>						
Segment assets	236,247	83,242	133,027	19,204	(43,612)	428,108
<i>Unallocated assets:</i>						
Deferred tax asset						2,529
<b>Total assets</b>						<b>430,637</b>
<i>Total assets includes:</i>						
Investments in associates	1,586	-	-	-	-	1,586
Acquisition of non-current assets	16,825	6,866	13,243	754	-	37,688
<b>Liabilities</b>						
Segment liabilities	165,173	55,958	111,044	25,644	(556)	357,263
<i>Unallocated liabilities:</i>						
Provision for income tax						99
Deferred tax liability						16,583
<b>Total liabilities</b>						<b>373,945</b>

AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. Therefore, the current and comparative EBIT are not directly comparable.

**4. Operating segments (continued)**

<b>Consolidated - 2019</b>	<b>Australia \$'000</b>	<b>New Zealand \$'000</b>	<b>North America \$'000</b>	<b>Europe \$'000</b>	<b>Others and Eliminations \$'000</b>	<b>Total \$'000</b>
<b>Revenue</b>						
Revenue from contracts with customers	145,592	4,933	52,055	5,775	-	208,355
Rental income	60,933	27,885	59,751	6,825	-	155,394
<b>Total sales revenue</b>	<b>206,525</b>	<b>32,818</b>	<b>111,806</b>	<b>12,600</b>	<b>-</b>	<b>363,749</b>
Other income	1,825	50	337	-	(1,822)	390
<b>Total revenue</b>	<b>208,350</b>	<b>32,868</b>	<b>112,143</b>	<b>12,600</b>	<b>(1,822)</b>	<b>364,139</b>
<b>EBIT (Earnings before interest and tax)</b>						
Finance costs	(6,129)	(1,866)	(10,344)	(605)	1,822	(17,122)
<b>(Loss)/profit before income tax expense</b>	<b>(4,628)</b>	<b>6,677</b>	<b>5,913</b>	<b>70</b>	<b>22</b>	<b>8,054</b>
Income tax expense						(3,381)
<b>Profit after income tax expense</b>						<b>4,673</b>
<i>Material items include:</i>						
Manufacturing costs	(33,365)	(4,509)	-	-	-	(37,874)
Cost of goods sold	(128,778)	(4,890)	(49,730)	(4,959)	-	(188,357)
Other expenses	(34,945)	(11,540)	(24,409)	(3,381)	22	(74,253)
Depreciation and amortisation	(11,400)	(6,453)	(8,006)	(946)	-	(26,805)
Impairment of intangible assets	(9,486)	-	-	(1,512)	-	(10,998)
Employee benefits expenses	(22,000)	(1,444)	(13,741)	(2,651)	-	(39,836)
<b>Assets</b>						
Segment assets	266,123	74,733	253,731	32,562	(43,609)	583,540
<i>Unallocated assets:</i>						
Deferred tax asset						942
<b>Total assets</b>						<b>584,482</b>
<i>Total assets includes:</i>						
Investments in associates	2,532	-	-	-	-	2,532
Acquisition of non-current assets	30,091	18,433	80,323	16,918	-	145,765
<b>Liabilities</b>						
Segment liabilities	155,266	49,350	211,332	23,006	(556)	438,398
<i>Unallocated liabilities:</i>						
Provision for income tax						1,449
Deferred tax liability						25,171
<b>Total liabilities</b>						<b>465,018</b>

**Accounting policy for operating segments**

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.



**5. Revenue from contracts with customers**

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Revenue by type</i>		
Vehicle Sales	235,529	201,209
Repairs and servicing	2,953	3,512
Commissions and royalty	2,641	2,647
Other revenue	909	987
	<u>242,032</u>	<u>208,355</u>
<i>Geographical regions</i>		
Australia	146,548	145,592
New Zealand	6,679	4,933
North America	85,345	52,055
Europe	3,460	5,775
	<u>242,032</u>	<u>208,355</u>
<i>Timing of revenue recognition</i>		
Goods transferred at a point in time	239,079	204,843
Services transferred over time	2,953	3,512
	<u>242,032</u>	<u>208,355</u>

*Accounting policy for revenue recognition*

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Consolidated Entity expects to be entitled in exchange for transferring goods or services to a customer.

*Vehicle sales*

Revenue from the sale of vehicles is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery. The performance obligation is satisfied upon delivery of the vehicle and payment is generally received on settlement.

Generally, the Consolidated Entity receives short term advances from its customers as a deposit for the purchase of a vehicle. Using the practical expedient in AASB 15, the Consolidated Entity does not adjust the promised amount of consideration for the effects of a financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

The sale of vehicles is subject to a statutory warranty, which has been deemed to be an assurance type warranty and will, therefore, continue to be accounted for under AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

*Repairs and servicing*

Revenue from a contract to provide repairs and servicing is recognised over-time as the service is rendered, based on the percentage complete. The performance obligation is satisfied over-time and payment is generally due upon completion.

*Commissions and royalty*

Where the Consolidated Entity is acting as an agent, whereby arranging for another party to provide the good or service, revenue from the contract with the principal will be recognised at a point in time. The performance obligation is satisfied when the sale to the customer is complete and payment is generally received upon completion.

**5. Revenue from contracts with customers (continued)**

*Costs to obtain a contract*

The Consolidated Entity pays sales commissions to employees for vehicle sales and incurs costs to register the vehicle. The Consolidated Entity has elected to apply the optional practical expedient for costs to obtain a contract, which allows the Consolidated Entity to immediately expense these costs as the amortisation period of the asset that the Consolidated Entity otherwise would have used is one year or less.

**6. Expenses**

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
(Loss)/profit before income tax includes the following specific expenses:		
<i>Depreciation and amortisation expense</i>		
Plant and equipment	(18,269)	(25,767)
Buildings right-of-use assets	(7,197)	-
Motor vehicles right-of-use assets	(14,008)	-
Amortisation expenses	<u>(1,560)</u>	<u>(1,038)</u>
Total depreciation and amortisation expense	<u>(41,034)</u>	<u>(26,805)</u>
<i>Impairment</i>		
Goodwill	(6,535)	(9,855)
Brand names and other intangible assets	(5,688)	(1,143)
Property, plant and equipment	(3,492)	-
Right-of-use assets	(20,191)	-
Inventory	<u>(2,984)</u>	<u>-</u>
Total impairment	<u>(38,890)</u>	<u>(10,998)</u>
<i>Finance costs</i>		
Finance charges paid/payable on lease liabilities - motor vehicles	(5,393)	-
Finance charges paid/payable under finance leases and hire purchase contracts	-	(13,244)
Finance charges paid/payable on lease liabilities - land and buildings	(1,725)	-
Other finance charges	<u>(11,673)</u>	<u>(3,878)</u>
	<u>(18,791)</u>	<u>(17,122)</u>
<i>Net foreign exchange (loss)/gain - included in other expenses</i>		
Net foreign exchange (loss)/gain	<u>(746)</u>	<u>355</u>
<i>Leases - included in other expenses</i>		
Variable lease payments	466	-
Short-term lease payments	<u>(1,073)</u>	<u>-</u>
	<u>(607)</u>	<u>-</u>
<i>Employee benefits expense includes:</i>		
Wages and salaries	(34,824)	(36,587)
Workers' compensation expense	(613)	(574)
Superannuation expense	(2,481)	(2,675)
Government grants	<u>3,326</u>	<u>-</u>
	<u>(34,592)</u>	<u>(39,836)</u>

Negative variable lease payments relate to rental concessions received from landlords due to COVID-19, these are one off in nature and are not expected to reoccur in future periods beyond the impact in the 2021 financial year.

**6. Expenses (continued)**

Government grants have been received in the form of wage subsidies in Australia, New Zealand, Canada and the United Kingdom, to assist with the impact of COVID-19. There are no unfulfilled conditions or contingencies attached to these grants.

**7. Income tax**

The major components of income tax expense are:

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Income tax (benefit)/expense</i>		
Current tax	989	1,947
Deferred tax - origination and reversal of temporary differences	(3,142)	11,099
Deferred tax - tax losses recognised	(6,446)	(9,823)
Non-deductible acquisition costs	-	158
	<u>(8,599)</u>	<u>3,381</u>
Aggregate income tax (benefit)/expense		
Deferred tax included in income tax (benefit)/expense comprises:		
Decrease/(increase) in deferred tax assets	17,572	(333)
Increase/(decrease) in deferred tax liabilities	(20,714)	11,432
	<u>(3,142)</u>	<u>11,099</u>
Deferred tax - origination and reversal of temporary differences		
<i>Numerical reconciliation of income tax (benefit)/expense and tax at the statutory rate</i>		
(Loss)/profit before income tax benefit/(expense)	<u>(69,833)</u>	<u>8,054</u>
Tax at the statutory tax rate of 30%	(20,950)	2,416
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Impairment of goodwill	1,111	2,790
Non-assessable income on associates	284	72
Variance due to differing corporate tax rates in offshore entities	4,043	(106)
Deferred tax asset on losses not recognised	6,843	-
Write-off for non-recoverable withholding in respect of current and prior years	491	-
Franking deficits tax	-	160
Prior year tax adjustment	320	(75)
Non-assessable income	(55)	(239)
Non-deductible acquisition costs	-	50
Adjustment due to future tax rates	(864)	(925)
Fair value gain on contingent consideration	-	(282)
Other	178	(480)
	<u>(8,599)</u>	<u>3,381</u>
Income tax (benefit)/expense		

**7. Income tax (continued)**

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Deferred tax asset</i>		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Tax losses	16,546	27,530
Unearned income	106	439
Provisions	1,102	1,592
Capital raising costs	227	473
Unearned profits	335	629
Other	461	1,856
Property, plant and equipment	1,123	119
Lease liability	15,767	-
Set off against deferred tax liability based on jurisdiction	(33,138)	(31,696)
	<u>2,529</u>	<u>942</u>
Deferred tax asset		
	<u>2,529</u>	<u>942</u>
Movements:		
Opening balance	942	-
Credited/(charged) to profit or loss	(11,081)	10,156
Additions through business combinations (note 29)	-	(157)
Set off against deferred tax liability based on jurisdiction	(1,441)	(10,203)
Initial adoption of AASB 16	13,793	-
Prior year adjustment	(145)	(225)
Movements in foreign exchange	461	1,371
	<u>2,529</u>	<u>942</u>
Closing balance		
	<u>2,529</u>	<u>942</u>

**7. Income tax (continued)**

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Deferred tax liability</i>		
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Property, plant and equipment	34,879	51,830
Right-of-use assets	8,821	-
Inventories	178	17
Prepayments	223	369
Intangible assets	4,505	5,589
Set off deferred tax asset based on jurisdiction	(33,138)	(31,696)
Other	1,115	(938)
	<u>16,583</u>	<u>25,171</u>
Movements:		
Opening balance	25,171	21,721
Charged/(credited) to profit or loss	(21,279)	11,432
Set off deferred tax asset based on jurisdiction	(1,441)	(10,203)
Prior year adjustment	565	39
Movements in foreign exchange	39	2,182
Initial adoption of AASB 16	13,528	-
	<u>16,583</u>	<u>25,171</u>
Closing balance	<u>16,583</u>	<u>25,171</u>

Note: deferred tax assets and deferred tax liabilities have been offset in each tax jurisdiction on the statement of financial position.

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Income tax refund due	<u>354</u>	<u>976</u>
	<u>99</u>	<u>1,449</u>
Income tax payable	<u>99</u>	<u>1,449</u>

Deferred tax assets are recognised in relation to carried forward tax losses to the extent that the realisation of the related tax benefit through the future taxable profits is probable. The Group has elected to recognise deferred tax assets on tax losses as it expects to generate future taxable profits to utilise the deferred tax assets. The Group has losses that arose and where gross deferred tax assets have been recognised in Australia of \$7,987,099 and Canada of \$8,316,257. The tax losses in Australia can carry forward indefinitely and the tax losses in Canada must be utilised in 20 years. Tax losses (gross) that arose in US of \$17,000,000 USD have not been recognised as deferred tax assets in the current year on the basis that are not probable of recoupment.

*Accounting policy for income tax*

The income tax expense or benefit for the period is the tax payable on that period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

## 7. Income tax (continued)

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Apollo Tourism & Leisure Ltd (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the Australian Tax Group consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

## 8. Earnings per share

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
(Loss)/profit after income tax attributable to the owners of Apollo Tourism & Leisure Ltd	<u>(61,234)</u>	<u>4,673</u>
	<b>Cents</b>	<b>Cents</b>
Basic (loss)/earnings per share	(32.89)	2.54
Diluted (loss)/earnings per share	(32.89)	2.54
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>186,150,908</u>	<u>183,969,314</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>186,150,908</u>	<u>183,969,314</u>

**8. Earnings per share (continued)**

*Accounting policy for earnings per share*

*Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to the owners of Apollo Tourism & Leisure Ltd, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

*Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

**9. Cash and cash equivalents**

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Current assets</i>		
Cash at bank and in hand	<u>23,529</u>	<u>34,549</u>

*Accounting policy for cash and cash equivalents*

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**10. Trade and other receivables**

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Current assets</i>		
Trade receivables	3,346	12,780
Less: Allowance for expected credit losses	<u>(4)</u>	<u>(30)</u>
	3,342	12,750
Other receivables	<u>1,584</u>	<u>635</u>
	<u>4,926</u>	<u>13,385</u>

*Allowance for expected credit losses*

The Consolidated Entity has recognised a loss of \$4,000 (2019: \$30,000) in profit or loss in respect of the expected credit losses for the year ended 30 June 2020.

*Accounting policy for trade and other receivables*

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

**11. Inventories**

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Current assets</i>		
Raw materials (at cost)	7,359	9,517
Work in progress (at cost)	1,469	837
Retail vehicles for sale (at lower of cost and net realisable value)	27,718	49,797
Used rental vehicles for sale (at lower of cost and net realisable value)	46,297	29,142
Stock in transit and spare parts (at cost)	7,544	7,485
	<u>90,387</u>	<u>96,778</u>

During 2020, \$2,984,000 (2019: \$nil) was recognised as an expense for inventories carried at net realisable value. This is recognised in impairment expense.

Retail and used rental vehicles for retail sale are pledged as security under floor plan financing arrangements - refer to note 17.

*Accounting policy for inventories*

Raw materials, work in progress and retail vehicles for sale are stated at the lower of cost or net realisable value on a 'first in first out' basis. Cost comprises of direct materials, purchase and delivery costs, direct labour, import duties and other taxes, and, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Used rental fleet vehicles for sale are stated at the lower of their depreciated value or net realisable value.

Stock in transit and spare parts are stated at the lower of cost or net realisable value. Cost is comprised of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

**12. Prepayments and other assets**

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Current assets</i>		
Prepayments	4,475	6,334
Security deposits	3,953	8,848
	<u>8,428</u>	<u>15,182</u>
<i>Non-current assets</i>		
Security deposits	<u>2,202</u>	<u>2,077</u>

Security deposits relate to bonds for floorplan financing and property leases, and earn market interest rates.



**13. Investments accounted for using the equity method**

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Non-current assets</i>		
Investment in Camplify Co (Australia) Pty Ltd	<u>1,586</u>	<u>2,532</u>

**Interests in associates**

On 8 February 2017, the Group acquired a 24.95% shareholding in Camplify Co (Australia) Pty Ltd ("Camplify"), a peer to peer RV and caravan sharing company, for cash consideration of \$1,750,000. The Group participated in an additional capital raising on 10 April 2019 for \$1,297,000 to maintain a 24.95% shareholding.

Interests in associates are accounted for using the equity method of accounting. Information relating to associates that are material to the Consolidated Entity are set out as follows:

<b>Name</b>	<b>Principal place of business / Country of incorporation</b>	<b>Ownership interest</b>	
		<b>2020</b>	<b>2019</b>
		<b>%</b>	<b>%</b>
Camplify Co (Australia) Pty Ltd	Australia	24.95%	24.95%

**13. Investments accounted for using the equity method (continued)**

*Summarised financial information*

	<b>Camplify Co (Australia) Pty Ltd</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Summarised statement of financial position</i>		
Current assets	5,343	6,286
Non-current assets	264	255
<b>Total assets</b>	<b>5,607</b>	<b>6,541</b>
Current liabilities	3,699	1,920
Non-current liabilities	125	23
<b>Total liabilities</b>	<b>3,824</b>	<b>1,943</b>
<b>Net assets</b>	<b>1,783</b>	<b>4,598</b>
<i>Summarised statement of profit or loss and other comprehensive income</i>		
Revenue	3,379	1,785
Cost of sales	(112)	(46)
Administrative expenses	(5,798)	(3,108)
Loss before income tax	(2,531)	(1,369)
Income tax benefit/(expense)	(1,261)	411
Loss after income tax	(3,792)	(958)
Other comprehensive income	-	-
<b>Total comprehensive loss</b>	<b>(3,792)</b>	<b>(958)</b>
<i>Reconciliation of the Consolidated Entity's carrying amount</i>		
Opening carrying amount	2,532	1,474
Share of loss after income tax	(946)	(239)
Additional capital raising	-	1,297
<b>Closing carrying amount</b>	<b>1,586</b>	<b>2,532</b>

Camplify Co (Australia) Pty Ltd is presented in Australian Dollars. Given that Camplify Co (Australia) Pty Ltd is not a listed entity, there is no quoted fair value.

The associate had no contingent liabilities or capital commitments as at 30 June 2020 or 2019.

**Apollo Tourism & Leisure Ltd**  
**Notes to the financial statements**  
**30 June 2020**

**14. Property, plant and equipment**

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Non-current assets</i>		
Land and buildings - at cost	38,914	39,345
Less: Accumulated depreciation	(2,942)	(2,195)
	<u>35,972</u>	<u>37,150</u>
Plant and equipment - at cost	32,203	32,528
Less: Accumulated depreciation	(21,766)	(19,868)
Less: Accumulated impairment	(3,441)	-
	<u>6,996</u>	<u>12,660</u>
Motor vehicles - at cost	116,751	-
Less: Accumulated depreciation	(24,759)	-
Less: Accumulated impairment	(50)	-
	<u>91,942</u>	<u>-</u>
Motor vehicles under finance lease	-	394,115
Less: Accumulated depreciation	-	(61,932)
Less: Accumulated impairment	-	(20)
	<u>-</u>	<u>332,163</u>
Motor vehicles - right-of-use assets	139,743	-
Less: Accumulated depreciation	(30,582)	-
	<u>109,161</u>	<u>-</u>
Land and buildings - right-of-use assets	65,953	-
Less: Accumulated depreciation	(17,205)	-
Less: Accumulated impairment	(20,191)	-
	<u>28,557</u>	<u>-</u>
	<u><u>272,628</u></u>	<u><u>381,973</u></u>

**14. Property, plant and equipment (continued)**

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out in the following table:

<b>Consolidated</b>	<b>Land and buildings</b>	<b>Plant and equipment</b>	<b>Motor vehicles</b>	<b>Motor vehicles under finance leases</b>	<b>Motor vehicles right-of-use asset</b>	<b>Land and buildings right-of-use asset</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Balance at 1 July 2018	34,432	13,404	-	271,118	-	-	318,954
Additions*	1,283	4,586	-	139,693	-	-	145,562
Additions through business combinations (note 29)	-	203	-	-	-	-	203
Disposals	-	(723)	-	(44,054)	-	-	(44,777)
Exchange differences	2,163	(33)	-	9,335	-	-	11,465
Transfers in/(out)**	-	(1,848)	-	(21,205)	-	-	(23,053)
Depreciation expense***	(728)	(2,929)	-	(22,724)	-	-	(26,381)
Balance at 30 June 2019	37,150	12,660	-	332,163	-	-	381,973
Impact on adoption of AASB 16	-	-	193,279	(332,163)	140,397	45,618	47,131
Additions	424	1,695	29,948	-	805	2,579	35,451
Disposals	-	(271)	(106,247)	-	-	-	(106,518)
Modification to lease terms	-	-	-	-	-	9,719	9,719
Lease termination	-	-	-	-	(476)	(587)	(1,063)
Impairment of assets (note 15)	-	(3,441)	(51)	-	-	(20,191)	(23,683)
Exchange differences	(776)	2	2,352	-	(836)	(129)	613
Transfers in/(out)**	-	(308)	(12,604)	-	(16,721)	-	(29,633)
Depreciation expense***	(826)	(3,341)	(14,735)	-	(14,008)	(8,452)	(41,362)
Balance at 30 June 2020	<u>35,972</u>	<u>6,996</u>	<u>91,942</u>	<u>-</u>	<u>109,161</u>	<u>28,557</u>	<u>272,628</u>

\* In the prior year, the Group acquired property, plant and equipment with an aggregate cost \$139,693,000 by means of finance leases, representing the entire motor vehicle asset category.

\*\* Net transfers out represent assets transferred to inventory.

\*\*\* Depreciation charged to profit and loss for the year comprises depreciation expense of \$41,362,000 (2019: \$26,381,000) and \$1,888,000 (2019: \$614,000) capitalised as part of the cost of motor vehicle manufacture.

Additions to the right-of-use assets during the year were \$3,384,000.

The Consolidated Entity leases land and buildings for its offices, warehouses and retail outlets under agreements of between 1 to 12 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated. The Consolidated Entity also leases motor vehicles and other equipment under agreements of between 1 to 5 years.

*Accounting policy for motor vehicles*

Motor vehicles are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is primarily calculated on a straight-line basis to write off the net cost less the estimated residual value (if applicable) over their expected useful lives.

Land has an unlimited useful life and is, therefore, not depreciated.

#### **14. Property, plant and equipment (continued)**

##### *Accounting policy for plant and equipment*

Useful lives and diminishing value rates, where applicable, for each class of asset are as follows:

Buildings	30 years.
Leasehold improvements	3-10 years.
Plant and equipment	3-7 years.
Motor vehicles	5-13 years.

The residual values, useful lives and depreciation methods are reviewed, and adjusted, if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Consolidated Entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

##### *Accounting policy for right-of-use assets*

Pursuant to note 2, the Group adopted AASB 16 on 1 July 2019, which has resulted in a new accounting policy for right-of-use assets.

A right-of-use asset is recognised at the commencement date of a lease (i.e., the date the underlying asset is available for use). The right-of-use asset is measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of the right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Consolidated Entity at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Consolidated Entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Consolidated Entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

**15. Intangibles**

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Goodwill - at cost	20,274	20,433
Less: Accumulated impairment	(16,376)	(9,855)
	<u>3,898</u>	<u>10,578</u>
Customer relationships - at cost	4,404	4,684
Less: Accumulated amortisation	(1,053)	(819)
Less: Accumulated impairment	(1,820)	-
	<u>1,531</u>	<u>3,865</u>
Software - at cost	9,249	7,047
Less: Accumulated amortisation	(2,027)	(1,051)
Less: Accumulated impairment	(4)	-
	<u>7,218</u>	<u>5,996</u>
Brand names	15,899	16,123
Less: Accumulated impairment	(4,478)	(1,143)
	<u>11,421</u>	<u>14,980</u>
Other Intangible Assets	1,200	1,199
Less: Accumulated amortisation	(671)	(530)
Less: Accumulated impairment	(529)	-
	<u>-</u>	<u>669</u>
	<u><u>24,068</u></u>	<u><u>36,088</u></u>

*Reconciliations*

Reconciliations of the written down values of intangibles at the beginning and end of the current and previous financial year are set out in the following table:

<b>Consolidated</b>	<b>Goodwill</b>	<b>Customer</b>	<b>Software</b>	<b>Brand names</b>	<b>Other</b>	<b>Total</b>
	<b>\$'000</b>	<b>relationships</b>	<b>\$'000</b>	<b>\$'000</b>	<b>intangibles</b>	<b>\$'000</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Balance at 1 July 2018	20,033	4,144	1,019	14,933	-	40,129
Additions	-	-	3,436	-	-	3,436
Additions through business combinations (note 29)	-	-	-	523	753	1,276
Exchange differences	400	172	194	667	2	1,435
Impairment of assets	(9,855)	-	-	(1,143)	-	(10,998)
Transfers in/(out)	-	-	1,848	-	-	1,848
Amortisation expense	-	(451)	(501)	-	(86)	(1,038)
Balance at 30 June 2019	10,578	3,865	5,996	14,980	669	36,088
Additions	-	-	2,237	-	-	2,237
Exchange differences	(145)	(40)	(65)	(224)	-	(474)
Impairment of assets	(6,535)	(1,820)	(4)	(3,335)	(529)	(12,223)
Amortisation expense	-	(474)	(946)	-	(140)	(1,560)
Balance at 30 June 2020	<u><u>3,898</u></u>	<u><u>1,531</u></u>	<u><u>7,218</u></u>	<u><u>11,421</u></u>	<u><u>-</u></u>	<u><u>24,068</u></u>

## **15. Intangibles (continued)**

### *Accounting policy for intangible assets*

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Deferred tax liabilities are recognised in relation to indefinite life intangible assets where the carrying value will be recovered through use. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The amortisation method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

### *Goodwill*

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

### *Customer relationships*

Customer relationships are identified and primarily recognised at the time of a business combination and recorded at their fair value, if their fair value can be measured reliably. Customer relationships are amortised over the expected life of the customer relationship.

### *Software*

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5-10 years.

### *Brand names*

Brand names are identified and primarily recognised at the time of a business combination and recorded at their fair value, if their fair value can be measured reliably. Brand names are not amortised on the basis that they have an indefinite life and are reviewed annually. Expenditure incurred in maintaining brand names is expensed in the period in which it is occurred.

### *Other intangibles*

Other intangible assets relate to intellectual property and customer deposits. Intellectual property is recognised at the time of a business combination and recorded at their fair value, if their fair value can be measured reliably. Intellectual property is amortised over the expected life of the intellectual property. Customer deposits acquired in a business combination represent outstanding forward orders at the date of acquisition. Customer deposits are amortised on a straight line basis over the period of their expected benefit of 3-6 months.

### *Goodwill and intangible assets with indefinite lives*

For the purpose of impairment testing, goodwill acquired through business combinations is allocated to each of the consolidated entity's cash generating units (CGUs), or groups of CGUs, that are expected to benefit from the synergies of the combinations. Each unit or groups of units to which goodwill is allocated represents the lowest level at which assets are monitored for internal management purposes which is also an operating segment. Therefore, goodwill has been allocated to the North America and Europe groups of CGUs. Brand names are allocated to the CGUs that use the brand names.

**15. Intangibles (continued)**

Carrying amount of goodwill and brand names allocated to each of the CGU's or groups of CGUs:

	<b>Goodwill</b>	<b>Brand</b>	<b>Goodwill</b>	<b>Brand</b>
	<b>2020</b>	<b>Names</b>	<b>2019</b>	<b>Names</b>
	<b>\$'000</b>	<b>2020</b>	<b>\$'000</b>	<b>2019</b>
		<b>\$'000</b>		<b>\$'000</b>
Australia CGU Group	-	-	-	523
Apollo Investments Pty Ltd	-	1,508	-	1,508
Sydney RV Group Pty Ltd	-	-	-	386
Apollo RV West Pty Ltd	-	474	-	474
North America CGU Group	3,898	-	3,983	-
Canadream Corporation	-	9,439	-	9,641
Europe CGU Group	-	-	6,595	-
Camperco Ltd	-	-	-	2,448
	<u>3,898</u>	<u>11,421</u>	<u>10,578</u>	<u>14,980</u>

**Key assumptions used in value in use calculations for goodwill and intangible assets**

The Consolidated Entity performed its annual impairment test in June 2020 and 2019. The recoverable amount of the CGU's is determined based on value-in-use calculations, which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by the Board covering one year and further forecasts of two years with growth rates that reflect the business recovery from COVID-19. The budgeted EBITDA is based on past performance and expectations for the future. Cash flows beyond this three year period are extrapolated using the estimated growth rates set out in the tables below, to give a total period of cash flows of five years. These growth rates do not exceed the long-term average growth rates for the industry in which each CGU operates, unless otherwise noted. Capital expenditure and disposal proceeds are estimated based on current costs of manufacture or purchase cost and realisable recoverable value. The discount rates used reflect specific risks relating to the relevant CGU and the countries in which they operate.

*Europe CGU Group*

The recoverable amount of the Europe CGU Group, \$7,134,000 as at 30 June 2020 (2019: \$31,586,000), reflects the impacts of COVID-19 on the business. The pre-tax discount rate applied to the cash flow projection is 13.9% (2019:11.4%). As a result of this analysis, management have written down the Europe CGU Group to its recoverable value and recognised an impairment charge of \$6,535,000 in the current year against goodwill. As a result of this impairment, there is no goodwill balance remaining for the European CGU. The impairment charge is recorded within impairment expense in the statement of profit or loss and other comprehensive income.

	<b>Australia</b>	<b>North</b>	<b>North</b>	<b>Europe</b>	<b>Europe</b>
	<b>2019*</b>	<b>America</b>	<b>America</b>	<b>2020</b>	<b>2019</b>
	<b>%</b>	<b>2020**</b>	<b>2019</b>	<b>%</b>	<b>%</b>
Average revenue growth and variable cost growth rate	2.5%	9.0%	3.0%	3.0%	4.0%
Fixed cost growth rate	2.0%	5.0%	2.0%	3.0%	2.0%
Pre-tax discount rate	15.1%	12.4%	12.9%	13.9%	11.4%
Terminal value growth	2.5%	2.5%	2.5%	2.5%	2.5%

\* There was no goodwill remaining in the Australian CGU Group for the 2020 financial year, and accordingly impairment testing has not been performed at this level and no assumptions have been disclosed.

\*\* The growth rates in year four and five for North America, reflect the CGU's slower recovery to COVID-19 due to the northern hemisphere summer spanning over multiple financial years.

*Impact of possible changes in key assumptions used in value in use calculations -*

As disclosed in note 3, the Directors have made judgements and estimates in respect of impairment testing of goodwill. Should these judgements and estimates not occur the resulting goodwill carrying amount may decrease.

A reasonably possible change in the most sensitive assumptions have the following impact:



**15. Intangibles (continued)**

- Discount rate - An increase in the discount rate of greater than 1.2% would result in an impairment for the North American CGU Group; and
- Terminal growth rate - A decrease in the terminal growth rate of greater than 1.2% would result in an impairment in the North American CGU Group.

**Key assumptions used in value in use calculations for CGUs with brand name intangibles:**

Significant assumptions used for the purposes of assessing the CGUs with brand name intangibles for impairment include:

	<b>Apollo RV West Pty Ltd</b>	<b>Apollo Investments Pty Ltd</b>	<b>Sydney RV Group Pty Ltd</b>	<b>Canadream Corporation*</b>	<b>CamperCo Ltd</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Average revenue and variable cost growth rate	3.0%	3.0%	3.0%	9.0%	3.0%
Fixed cost growth rate	3.0%	3.0%	3.0%	5.0%	3.0%
Pre-tax discount rate	13.4%	13.4%	13.6%	12.4%	13.9%
Terminal value growth	2.5%	2.5%	2.5%	2.5%	2.5%

- \* The growth rates in year four and five for Canadream Corporation, reflect the CGU's slower recovery to COVID-19 due to the northern hemisphere summer spanning over multiple financial years.

The above CGU's undertake the following operations:

- Apollo RV West Pty Ltd - new and used caravan and motorhome retailer in Western Australia, trading as George Day Caravans and Motorhomes;
- Apollo Investments Pty Ltd - new and used caravan and motorhome retailer in Queensland, trading as Kratzmann Caravans and Motorhomes;
- Sydney RV Group Pty Ltd - new and used caravan and motorhome retailer in New South Wales;
- Canadream Corporation - motorhome rental fleet operator and wholesale retailer of ex-fleet sales in Canada; and
- CamperCo Ltd - motorhome rental fleet operator and wholesale retailer of ex-fleet sales in the United Kingdom.

An increase in the discount rate of greater than 1.2% would result in an impairment for Canadream Corporation and an increase of 1.4% would result in impairment for Apollo RV West Pty Ltd. An increase in the discount rate of greater than 2.2% would result in an impairment for Apollo investments Pty Ltd. For Canadream Corporation a decrease of greater than 1.2% in the terminal value growth assumption would result in impairment.

**Sydney RV Group Pty Ltd CGU**

Due to the impacts of COVID-19 on the business, management have written down the Sydney RV Group CGU to its recoverable value and recognised an impairment charge of \$798,000 against brand names and right-of-use assets. The pre-tax discount rate applied to the cash flow projection is 13.6%. The impairment charge is recorded within impairment expense in the statement of profit or loss and other comprehensive income for the Australian segment. Any decrease in the growth rates or increase in the discount rate assumptions for the Sydney RV Group CGU would result in an additional impairment.

**CamperCo Ltd**

Due to the impacts of COVID-19 on the business, management have written down the assets of the CamperCo CGU to the higher of their value in use, or fair value less costs of disposal which is based on recent sales prices and estimated disposal costs (level 2, refer to note 26). An impairment charge of \$5,969,000 was recognised in the current year against brand names, customer relationships, right-of-use assets and plant and equipment. The pre-tax discount rate applied to the cash flow projection is 13.9%. The impairment charge is recorded within impairment expense in the statement of profit or loss and other comprehensive income for the European segment.

**Key assumptions used in value in use calculations for all other CGUs:**

Significant assumptions used for the purposes of assessing impairment include:

**15. Intangibles (continued)**

	<b>Australia Rental %</b>	<b>Australia Retail %</b>	<b>Australia Factory %</b>
Average revenue and variable cost growth rate	3.00%	3.00%	3.00%
Fixed cost growth rate	3.00%	3.00%	3.00%
Pre-tax discount rate	12.70%	12.70%	13.70%
Terminal value growth	2.50%	2.50%	2.50%

There is no reasonably possible change in the above assumptions for Australia rental that would result in an impairment.

Due to the impacts of COVID-19 on the business, management have written down the assets of the Australian retail and Australian factory CGU to the higher of their value in use, or fair value less costs of disposal which is based on recent sales prices and estimated disposal costs (level 2, refer to note 26). The pre-tax discount rate applied to the cash flow projection is 12.7% for the Australian retail CGU and 13.7% for the Australian factory CGU. For the Australian retail CGU an impairment charge of \$3,775,000 was recognised in the current year against right-of use assets and plant and equipment. For the Australian factory CGU an impairment charge of \$16,826,000 was recognised in the current year against right-of-use assets and plant and equipment. The impairment charge is recorded within impairment expense in the statement of profit or loss and other comprehensive income for the Australian segment.

**USA**

During the year, the right-of-use asset related to the USA rental operations was assessed for impairment, and an impairment charge recognised of \$900,000 due to the impact of the hibernation on forecast cashflows.

**16. Trade and other payables**

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Current liabilities</i>		
Trade payables	16,950	20,617
Sundry accruals	10,556	12,505
	<u>27,506</u>	<u>33,122</u>

Refer to note 25 for further information on financial risk management objectives and policies.

*Accounting policy for trade and other payables*

These amounts represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial year, which are unpaid. Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

**17. Borrowings**

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Current liabilities</i>		
Bank loans	1,301	1,168
Floor plan	31,349	39,612
Loans from other financiers	59,663	130,941
Lease liability - rental fleet	39,999	-
Obligations under finance leases and hire purchase contracts	-	56,036
Lease liability - land and buildings	9,733	-
	<u>142,045</u>	<u>227,757</u>
<i>Non-current liabilities</i>		
Bank loans	29,588	27,591
Loans from other financiers	34,163	28,955
Lease liability - rental fleet	56,160	-
Obligations under finance leases and hire purchase contracts	-	80,140
Lease liability - land and buildings	44,089	-
	<u>164,000</u>	<u>136,686</u>

Refer to note 25 for further information on financial risk management objectives and policies.

*Bank loans*

Bank loans include mortgages over land and buildings. Interest rates applicable at 30 June 2020 range from 2.45% to 3.71% p.a (2019: 3.41% to 3.95%).

Bank loans also include \$1,790,000 drawn down on a facility granted to the business in the United Kingdom under the Coronavirus Business Interruption Loan Scheme (CBILS) in the 2020 financial year. The facility has been provided with an interest rate of 3.50% on a 72 month term with no requirement to make repayments for the first 12 months. The United Kingdom Government, under The Department of Business, Energy and Industrial Strategy, has guaranteed the loan to the Bank of Ireland UK up to 80% of the balance drawn down.

*Floor plan*

Floor plan facilities are maintained to fund the inventory of new motorhomes and caravans held for resale at Apollo's retail sales outlets. Terms are interest only for the first six months and then interest plus principal of between 4.24% to 10.00% p.a. (2019: 5.20% to 6.50% p.a.). For some lenders, balances are secured through retention of title until point of sale.

*Loans from other financiers*

Loans from other financiers are fully secured debt in relation to fleet assets and may only be used for the purchase of fleet assets. Interest rates applicable at 30 June 2020 on loans from other financiers range from 2.35% to 7.30% p.a.

*Lease liability - rental fleet*

Lease liabilities for the rental fleet are fully secured by the lessor's title to the leased assets. Interest rates applicable at 30 June 2020 range from 3.25% to 5.80% p.a.

*Obligations under finance leases and hire purchase contracts*

The Group's obligations under finance leases and hire purchase contracts are secured by the lessor's title to the leased assets. Interest rates applicable at 30 June 2019 were 4.20% to 8.50% p.a. On adoption of AASB 16, this classification is no longer applicable.

**17. Borrowings (continued)**

*Financing arrangements*

Unrestricted access was available at the reporting date to the following lines of credit:

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Total facilities		
Bank overdraft	1,758	1,652
Bank loans	30,889	28,759
Floor plan	62,772	49,879
Loans from other financiers	166,256	-
Lease liability - rental fleet	96,159	-
Obligations under finance leases and hire purchase contracts	-	379,790
	<u>357,834</u>	<u>460,080</u>
Used at the reporting date		
Bank overdraft	-	-
Bank loans	30,889	28,759
Floor plan	31,349	39,612
Loans from other financiers	93,826	-
Lease liability - rental fleet	96,159	-
Obligations under finance leases and hire purchase contracts	-	296,072
	<u>252,223</u>	<u>364,443</u>
Unused at the reporting date		
Bank overdraft	1,758	1,652
Bank loans	-	-
Floor plan	31,423	10,267
Loans from other financiers	72,430	-
Lease liability - rental fleet	-	-
Obligations under finance leases and hire purchase contracts	-	83,718
	<u>105,611</u>	<u>95,637</u>

*Accounting policy for borrowings including bank loans, floor plan and loans from other financiers*

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right at balance date to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Any change in terms to an existing financial liability is assessed to determine if the changes are substantial. A substantial change will arise if the discounted present value of the cash flows under the new terms is at least 10 per cent different from the original discounted present value of the remaining cash flows of the original financial liability. Where the change is substantial, the original financial liability is extinguished and the new financial liability is recognised. The Consolidated Entity received a number of concessions in relation to COVID-19, all of the changes to terms were assessed and none of the changes were substantial.

**17. Borrowings (continued)**

*Accounting policy for lease liabilities*

Pursuant to note 2, the Group adopted AASB 16 on 1 July 2019, which has resulted in a new accounting policy for lease liabilities

At the commencement date of the lease, the Consolidated Entity recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any incentives receivable, variable lease payments that depend on an index or rate, and amounts expected to be paid under residual value guarantees. These lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Consolidated Entity and payments of penalties for terminating the lease, if the lease term reflects the Consolidated Entity exercising the option to terminate. Variable lease payments that do not depend on an index or rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Consolidated Entity uses the interest rate implicit in the lease or if that rate is not readily determinable the incremental borrowing rate at the lease commencement date. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying value of lease liabilities is remeasured if there is a change in the following: future lease payments arising from a change in an index or rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit and loss if the carrying amount of the right-of-use asset is fully written down.

*Accounting policy for COVID-19 rent concessions*

The Consolidated Entity has applied the practical expedient in relation to COVID-19 related rent concessions. The practical expedient was applied for all eligible contracts where the concession was agreed in writing before the end of the financial year. These concessions have not been accounted for as a lease modification where:

- The concession was a direct consequence of the COVID-19 pandemic;
- The change in the lease payments results in revised consideration for the lease that is substantially the same as, or less than the consideration for the lease immediately prior to the change;
- Any reduction in lease payments only affects payments originally due on or before 30 June 2021; and
- There is no substantive change to other terms and conditions of the lease.

Any changes to contracts that met the above conditions have not been treated as a lease modification. Any benefit associated with the change in terms (i.e. rent free period) has been recognised in other expenses as a negative variable lease payment. The total value for the financial year was \$466,000.

**18. Provisions**

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Current liabilities</i>		
Long service leave	512	326
Employee benefits	2,465	2,446
Warranties	724	355
Lease straight line provision	-	275
	<u>3,701</u>	<u>3,402</u>
<i>Non-current liabilities</i>		
Long service leave	360	346
Lease straight lining provision	-	2,243
	<u>360</u>	<u>2,589</u>

**18. Provisions (continued)**

*Lease straight line provision*

The provision represents lease incentives received. The incentives are allocated to profit or loss in such a manner that the rent expense is recognised on a straight-line basis over the lease term. This provision was derecognised when the Consolidated Entity adopted AASB 16.

*Warranties*

The provision represents the estimated warranty claims in respect of products sold which are still under warranty at the reporting date. The provision is estimated based on historical warranty claim information, sales levels and any recent trends that may suggest future claims could differ from historical amounts.

*Accounting policy for provisions*

Provisions are recognised when the Consolidated Entity has a present (legal or constructive) obligation as a result of a past event, it is probable the Consolidated Entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

*Accounting policy for employee benefits and long service leave*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

The liability long service leave not expected to be settled within 12 months of the reporting date is measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

**19. Contract liabilities**

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Current liabilities</i>		
Customer vehicle deposits	5,977	4,970

These balances relate to deposits received in advance for pending vehicle sales for which the customer has not yet taken delivery.

*Unsatisfied performance obligations*

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was \$5,977,000 as at 30 June 2020 (\$4,970,000 as at 30 June 2019). The full balance is expected to be recognised in revenue in the next 12 months (2019: within the next 12 months).

*Accounting policy for contract liabilities*

A contract liability is an obligation to transfer goods or services to a customer for which the Consolidated Entity has received consideration, or an amount of consideration is due, from the customer. If a customer pays consideration before the Consolidated Entity transfer goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due, whichever is earlier. Contracts liabilities are recognised as revenue when the Consolidated Entity performs under the contract.

**20. Unearned rental income**

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Current liabilities</i>		
Rental income in advance	11,861	25,936
Customer bonds held	401	1,839
	<u>12,262</u>	<u>27,775</u>
<i>Non-current liabilities</i>		
Rental income in advance	<u>450</u>	<u>-</u>

Rental income in advance relates to booking fees paid by rental customers in advance of service delivery.

Customer bonds are security deposits held by the Consolidated Entity during rentals to compensate the entity in the case of damage or other charges.

**21. Other liabilities**

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Current liabilities</i>		
Deferred gain relating to sale and lease back transactions	<u>624</u>	<u>1,135</u>
<i>Non-current liabilities</i>		
Deferred gain relating to sale and lease back transactions	<u>338</u>	<u>962</u>

The sale and lease back arrangement is between the Australian and New Zealand manufacturing entities which produce all units purchased by the rental operations in those countries through financiers. The gain reflects the adjustment for internalised profits which is deferred over the lease period for rental vehicles. On adoption of AASB 16, the accounting for these arrangements has changed, refer to note 2.

**22. Issued capital**

	<b>Consolidated</b>			
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$'000</b>	<b>\$'000</b>
Ordinary shares - fully paid	<u>186,150,908</u>	<u>186,150,908</u>	<u>83,709</u>	<u>83,709</u>

*Movements in ordinary share capital*

<b>Details</b>	<b>Date</b>	<b>Shares</b>	<b>Issue price</b>	<b>\$'000</b>
Balance	1 July 2018	182,519,479		79,799
Shares issued as part of dividend reinvestment	13 September 2018	1,085,884	\$1.49	1,614
Shares issued as contingent consideration of Camper Co acquisition	2 April 2019	1,011,746	\$0.91	921
Shares issued as part of dividend reinvestment	10 April 2019	<u>1,533,799</u>	\$0.90	<u>1,375</u>
Balance	30 June 2019	<u>186,150,908</u>		<u>83,709</u>
Balance	30 June 2020	<u>186,150,908</u>		<u>83,709</u>

**22. Issued capital (continued)**

*Ordinary shares*

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands, every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

*Dividend reinvestment plan*

The legal parent company has a dividend reinvestment plan under which holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than by being paid in cash. Shares are issued under the plan at a discount to the market price, as the Directors may determine.

*Share buy-back*

There is no current on-market share buy-back.

*Capital risk management*

The Consolidated Entity's goals, when managing capital, is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Consolidated Entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Consolidated Entity is subject to certain financing conditions (covenants) and meeting these covenants is given priority in all capital risk management decisions. COVID-19 adversely impacted the Group's profitability from mid March 2020. As a result, for the June 2020 quarter, the Group sought, and obtained, a waiver for one covenant applicable to one finance facility. There have been no events of default on the financing arrangements during the financial year.

*Accounting policy for issued capital*

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**23. Reserves**

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Foreign currency translation reserve	2,324	3,224
Common control reserve	(13,821)	(13,821)
	<u>(11,497)</u>	<u>(10,597)</u>

*Foreign currency reserve*

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



**23. Reserves (continued)**

*Common control reserve*

On 30 September 2016, affiliated entities, Apollo Motorhome Holidays LLC ("LLC") and Apollo Finance Pty Ltd ("Finance") were acquired by the Apollo Tourism & Leisure Ltd Group. The purchase consideration, which represented fair value of the net assets, was determined by the Directors of Apollo Tourism & Leisure Ltd at \$16,464,000. The consideration was paid through the issue of shares in Apollo Tourism & Leisure Ltd. As this transaction involved entities under common control, the Directors elected for the respective assets and liabilities of each of Apollo Motorhome Holidays LLC and Apollo Finance Pty Ltd to be recognised at book value as at 30 September 2016 in the accounts of Apollo Tourism & Leisure Ltd. This approach did not give rise to any goodwill on consolidation within the Apollo Tourism & Leisure Ltd Group or a gain/loss on the transaction, rather this approach resulted in the recognition of a Common Control Reserve within equity of the Apollo Tourism & Leisure Ltd consolidated financial statements.

**24. Dividends**

*Dividends*

Dividends paid during the financial year were as follows:

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
No interim dividend for the year ended 30 June 2020	-	-
No final dividend for the year ended 30 June 2019	-	-
Final dividend for the year ended 30 June 2018 (3.0 cents unfranked)	-	5,476
Interim dividend for the year ended 30 June 2019 (2.0 cents unfranked)	-	3,672
	<u>-</u>	<u>9,148</u>

At the date of signing the report, the Directors have not recommended a final dividend for the year ended 30 June 2020.

*Franking credits*

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Franking credits available at the reporting date based on a tax rate of 30% (2019: 30%)	<u>226</u>	<u>1,048</u>
Franking credits available for subsequent financial years based on a tax rate of 30%	<u>226</u>	<u>1,048</u>

*Accounting policy for dividends*

Dividends are recognised when declared during the financial year.

**25. Financial risk management objectives and policies**

The Consolidated Entity's activities expose it to a variety of financial risks including market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Consolidated Entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Consolidated Entity. The Consolidated Entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is performed by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Consolidated Entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Consolidated Entity's operating units. Finance reports to the Board on a monthly basis.

**25. Financial risk management objectives and policies (continued)**

**Market risk**

*Foreign currency risk*

The Consolidated Entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The Consolidated Entity has investments in foreign operations in New Zealand, United States of America, Canada, United Kingdom and Europe whose net assets are exposed to foreign currency translation risk. This risk is managed primarily through borrowings denominated in the relevant foreign currencies.

The following tables demonstrate the sensitivity to a reasonably possible change in New Zealand Dollar, United States Dollar, Canadian Dollar, British Pound and Euro exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the value of monetary assets and liabilities. The Group's exposure to foreign currency changes for all other currencies is not material.

Consolidated - 2020	% change	AUD strengthened		% change	AUD weakened	
		Effect on profit before tax \$'000	Effect on pre-tax equity \$'000		Effect on profit before tax \$'000	Effect on pre-tax equity \$'000
New Zealand Dollar	5%	(2,438)	(2,438)	5%	2,695	2,695
United States Dollar	5%	(243)	(243)	5%	269	269
Canadian Dollar	5%	(4,280)	(4,280)	5%	4,731	4,731
British Pound	5%	(649)	(649)	5%	717	717
Euro	5%	(212)	(212)	5%	235	235
		<u>(7,822)</u>	<u>(7,822)</u>		<u>8,647</u>	<u>8,647</u>

Consolidated - 2019	% change	AUD strengthened		% change	AUD weakened	
		Effect on profit before tax \$'000	Effect on pre-tax equity \$'000		Effect on profit before tax \$'000	Effect on pre-tax equity \$'000
New Zealand Dollar	5%	(2,150)	(2,150)	5%	2,376	2,376
United States Dollar	5%	(3,234)	(3,234)	5%	3,574	3,574
Canadian Dollar	5%	(4,270)	(4,270)	5%	4,719	4,719
British Pound	5%	(678)	(678)	5%	749	749
Euro	5%	(215)	(215)	5%	238	238
		<u>(10,547)</u>	<u>(10,547)</u>		<u>11,656</u>	<u>11,656</u>

*Price risk*

The Consolidated Entity does not have any financial instruments subject to any significant price risk.

*Interest rate risk*

The Consolidated Entity's main interest rate risk arises from long-term borrowings, cash and cash equivalents and advances to subsidiaries. Borrowings obtained at variable rates expose the Consolidated Entity to interest rate risk. Borrowings obtained at fixed rates expose the Consolidated Entity to fair value interest rate risk. Approximately 80% (2019: 80%) of the Group's borrowings are at fixed rates, which minimises any short term downside impact of interest rate increases but limits any benefit from interest rate reductions.

**25. Financial risk management objectives and policies (continued)**

The following table shows the impact of a 1 percent interest rate movement up or down in long-term borrowings, cash and cash equivalents and the impact that this interest rate change has on reported net profit before tax. A 1 percent change is considered a reasonable possible change based on prior year movements.

Consolidated - 2020	Basis points increase			Basis points decrease		
	Basis points change	Effect on profit before tax \$'000	Effect on equity \$'000	Basis points change	Effect on profit before tax \$'000	Effect on equity \$'000
Variable rate borrowings	100	<u>(786)</u>	<u>(550)</u>	100	<u>786</u>	<u>550</u>

Consolidated - 2019	Basis points increase			Basis points decrease		
	Basis points change	Effect on profit before tax \$'000	Effect on equity \$'000	Basis points change	Effect on profit before tax \$'000	Effect on equity \$'000
Variable rate borrowings	100	<u>(693)</u>	<u>(485)</u>	100	<u>693</u>	<u>485</u>

**Credit risk**

The Consolidated Entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Consolidated Entity based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

The Group has no significant concentrations of credit risk. Policies are in place to ensure that wholesale sales of products are made to customers with an appropriate credit history. Sales to retail customers are made in cash or through major credit cards.

The Group has numerous credit terms for various customers. The terms vary from pre-payment, cash, monthly terms and longer depending on the service and goods provided and the customer relationship. Collateral is not normally required beyond credit card imprints for rental bonds. All trade receivables are individually reviewed regularly for impairment as part of normal operating procedures.

**Liquidity risk**

Vigilant liquidity risk management requires the Consolidated Entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Consolidated Entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

**Financing arrangements**

Unused borrowing facilities at the reporting date:

	Consolidated	
	2020 \$'000	2019 \$'000
Bank overdraft	1,758	1,652
Floor plan	31,423	10,267
Loans from other financiers	72,430	-
Obligations under finance leases and hire purchase contracts	-	83,718
	<u>105,611</u>	<u>95,637</u>

**25. Financial risk management objectives and policies (continued)**

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice.

*Remaining contractual maturities*

The Group's capital management aims to ensure that it meets any financial covenants that may be attached to the interest-bearing loans and borrowings that define the capital structure requirements. Where covenants do apply, they are calculated and monitored monthly and reported to banks quarterly or half yearly. Depending on jurisdiction, the most significant covenants relating to capital management are net interest bearing debt to EBITDA ratio, an equity to total assets ratio (net of intangible assets), interest cover ratio, current ratio and minimum shareholders' equity. Except for the one instance as referred to in note 22, there have been no breaches of the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or procedures for managing capital during the years ended 30 June 2020 and 2019.

The following tables detail the Consolidated Entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and, therefore, these totals may differ from their carrying amount in the statement of financial position.

<b>Consolidated - 2020</b>	<b>On demand \$'000</b>	<b>Less than 3 months \$'000</b>	<b>3 to 12 months \$'000</b>	<b>1 to 5 years \$'000</b>	<b>More than 5 years \$'000</b>	<b>Remaining contractual maturities \$'000</b>
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	-	27,506	-	-	-	27,506
<i>Interest-bearing - fixed rate</i>						
Bank loans	-	209	1,092	7,762	21,826	30,889
Lease liability - rental fleet	10,913	1,165	27,921	56,160	-	96,159
Floorplan	31,349	-	-	-	-	31,349
Loan from other financiers	36,762	3,686	19,215	34,163	-	93,826
Lease liability - land and buildings	-	1,237	6,539	25,427	20,619	53,822
<b>Total non-derivatives</b>	<b>79,024</b>	<b>33,803</b>	<b>54,767</b>	<b>123,512</b>	<b>42,445</b>	<b>333,551</b>

<b>Consolidated - 2019</b>	<b>On demand \$'000</b>	<b>Less than 3 months \$'000</b>	<b>3 to 12 months \$'000</b>	<b>1 to 5 years \$'000</b>	<b>More than 5 years \$'000</b>	<b>Remaining contractual maturities \$'000</b>
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	-	33,296	-	-	-	33,296
<i>Interest-bearing - fixed rate</i>						
Bank loans	-	570	597	9,775	23,371	34,313
Obligations under finance leases and hire purchase contracts	57,576	23,280	106,120	124,887	1,497	313,360
Floorplan	39,612	-	-	-	-	39,612
<b>Total non-derivatives</b>	<b>97,188</b>	<b>57,146</b>	<b>106,717</b>	<b>134,662</b>	<b>24,868</b>	<b>420,581</b>

The cash flows in this maturity analysis are not expected to occur significantly earlier than contractually disclosed.

**25. Financial risk management objectives and policies (continued)**

Changes in liabilities arising from financing activities:

	1 July 2019 \$'000	Initial adoption of AASB 16 \$'000	Cash flows \$'000	Foreign exchange movements \$'000	Other non- cash movements \$'000	30 June 2020 \$'000
Bank loans	28,759	-	2,865	(735)	-	30,889
Floorplan	39,612	-	(8,205)	(58)	-	31,349
Loans from other financiers	-	159,896	(68,728)	2,658	-	93,826
Lease liability - rental fleet	-	136,176	(39,724)	(293)	-	96,159
Lease liability - land and buildings	-	50,552	(7,173)	(149)	10,592	53,822
Obligations under finance leases and hire purchase contracts	296,072	(296,072)	-	-	-	-
	<u>364,443</u>	<u>50,552</u>	<u>(120,965)</u>	<u>1,423</u>	<u>10,592</u>	<u>306,045</u>

**Seasonality**

The tourism industry is subject to seasonal fluctuations, with peak demand over tourism attractions and transportation over the summer months. The operating revenue and profits of the Group's segments are disclosed in note 4. New Zealand and Australia's profits are typically generated over the southern hemisphere summer months and North American and European operations experiencing stronger profits over the northern hemisphere summer.

**26. Fair value measurement**

*Fair value hierarchy*

The following tables detail the Consolidated Entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

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

	Level	Carrying amount 2020 \$'000	Carrying amount 2019 \$'000	Fair value 2020 \$'000	Fair value 2019 \$'000
<b>Liabilities for which fair values are disclosed</b>					
Bank loans	Level 2	30,889	28,759	30,889	28,759
Floor plan	Level 2	31,349	39,612	31,349	39,612
Loans from other financiers	Level 2	93,826	-	93,826	-
Obligations under finances leases and hire purchase contracts	Level 2	-	296,072	-	296,072
		<u>156,064</u>	<u>364,443</u>	<u>156,064</u>	<u>364,443</u>

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

## **26. Fair value measurement (continued)**

### *Accounting policy for fair value measurement*

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or, in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. For assets and liabilities that are recognised on a recurring basis, the Consolidated Entity determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. There have been no transfers in the current year.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

**27. Reconciliation of (loss)/profit after income tax to net cash from operating activities**

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
(Loss)/profit after income tax benefit/(expense) for the year	(61,234)	4,673
Adjustments for:		
Depreciation and amortisation	42,921	27,439
Impairment of non-current assets	38,890	10,998
Net loss on disposal of property, plant and equipment	37	16
Share of loss - associates	946	239
Foreign exchange differences	(746)	(355)
Rebate adjustments	51	278
Impairment of receivables	-	(22)
Transfer of ex-fleet vehicles to inventory	106,722	62,305
Fair value gain on remeasurement of contingent consideration	-	(1,493)
Variable lease adjustment	(466)	-
Manufacturing costs eliminating through intercompany transactions	(13,408)	-
Manufacturing costs eliminating through sale and leaseback transaction	-	(37,874)
Lease straight line provision	-	1,623
Write-off for non-recoverable withholding tax in respect of current and prior years	491	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	8,178	(4,457)
Decrease in inventories	34,485	6,865
Decrease/(increase) in income tax refund due	621	(975)
Increase in deferred tax assets	(564)	(600)
Decrease/(increase) in prepayments	6,752	(3,310)
Increase/(decrease) in trade and other payables	(5,698)	5,109
Decrease in provision for income tax	(1,347)	(1,161)
Increase/(decrease) in deferred tax liabilities	(8,978)	2,442
Increase in unearned income	(14,266)	2,662
Increase in provisions	605	508
Net cash from operating activities	<u>133,992</u>	<u>74,910</u>

**28. Interests in subsidiaries**

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries with non-controlling interests in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Principal activities	<b>Parent</b>	
			<b>Ownership interest 2020 %</b>	<b>Ownership interest 2019 %</b>
Apollo Motorhome Ultimate Holdings Pty Ltd	Australia	Holding company	100.00%	100.00%
Apollo Motorhome Holdings (Aus) Pty Ltd	Australia	Holding company	100.00%	100.00%
Cheapa Campa Pty Ltd	Australia	Name holding company, non-trading	100.00%	100.00%
GRL Enterprises Pty Ltd	Australia	Labour hire	100.00%	100.00%
Talvor Motorhomes Pty Ltd	Australia	IP holding company	100.00%	100.00%
Apollo Motorhome Holidays Pty Ltd	Australia	RV rentals and sales	100.00%	100.00%

**28. Interests in subsidiaries (continued)**

Name	Principal place of business / Country of incorporation	Principal activities	Parent	
			Ownership interest 2020 %	Ownership interest 2019 %
Apollo Motorhome Industries Pty Ltd	Australia	RV manufacturing	100.00%	100.00%
Hippie Camper Pty Ltd	Australia	Name holding company, non-trading	100.00%	100.00%
Sydney RV Group Pty Ltd	Australia	RV sales	100.00%	100.00%
Apollo Motorhome Holdings (NZ) Pty Ltd	Australia	Holding company	100.00%	100.00%
Apollo Motorhome Holidays Ltd	New Zealand	RV rentals and sales	100.00%	100.00%
Talvor Motorhomes Ltd	New Zealand	RV manufacturing	100.00%	100.00%
Hippie Camper Ltd	New Zealand	Name holding company, non-trading	100.00%	100.00%
Cheapa Campa Ltd	New Zealand	Name holding company, non-trading	100.00%	100.00%
Apollo Car Hire Ltd	New Zealand	Name holding company, non-trading	100.00%	100.00%
Apollo Finance Pty Ltd	New Zealand	Investment company, non-trading	100.00%	100.00%
Winnebago RV Pty Ltd	Australia	Name holding company, non-trading	100.00%	100.00%
Apollo Motorhome Holidays LLC (USA)	United States of America	RV rentals and sales	100.00%	100.00%
Apollo Investments Pty Ltd	Australia	RV sales	100.00%	100.00%
ATL Canada Ltd	Canada	Holding company	100.00%	100.00%
Canadream Corporation	Canada	Holding company	100.00%	100.00%
Apollo RV West Pty Ltd	Australia	RV sales	100.00%	100.00%
Apollo Tourism & Leisure UK Ltd	United Kingdom	Holding company	100.00%	100.00%
Camperco Group Ltd	United Kingdom	Holding company	100.00%	100.00%
Bunk Campers Ltd	United Kingdom	RV rentals and sales	100.00%	100.00%
Nomad Campervans Ltd	United Kingdom	RV manufacturing	100.00%	100.00%
Camperco Ltd	United Kingdom	RV sales	100.00%	100.00%
Camperworks Ltd	United Kingdom	Online accessories sales	100.00%	100.00%
Blue Quadrant Leisure Ltd	United Kingdom	RV rentals and sales	100.00%	100.00%
1032779 BC Ltd	Canada	Property holding company	100.00%	100.00%
Apollo Tourism & Leisure (EU) Limited	Ireland	Holding company	100.00%	100.00%
Apollo Motorhome Holidays GMBH	Germany	RV Rentals	100.00%	100.00%
Apollo Motorhome Holidays SARL	France	RV Rentals	100.00%	100.00%
Canadream Inc.	Canada	RV rentals and sales	100.00%	100.00%
ATL RV ATE Ltd	Singapore	Holding company	100.00%	-

**29. Business combinations**

*Completed purchase price allocations*

On 28 February 2019, the Consolidated Entity acquired the business assets of Direction France. In February 2020, the valuation was completed and the acquisition date fair value of the acquired intangibles of \$119,000 and nil goodwill remains unchanged from provisional amounts disclosed at 30 June 2019.



**29. Business combinations (continued)**

On 1 March 2019, the Consolidated Entity acquired the business assets and intellectual property of the Fleetwood, Coromal and Windsor brands. In February 2020, the valuation was completed and the acquisition date fair value of the acquired intangibles of \$1,157,000 and nil goodwill remains unchanged from provisional amounts disclosed at 30 June 2019.

*Accounting policy for business combinations*

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Consolidated Entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Consolidated Entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Consolidated Entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date.

**30. Commitments**

<b>Consolidated</b>	
<b>2020</b>	<b>2019</b>
<b>\$'000</b>	<b>\$'000</b>

*Capital commitments*

Committed at the reporting date but not recognised as liabilities, payable:

Property, plant and equipment	3,804	-
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*Commitments - motor vehicles and other*

The Group has entered into operating lease agreements for motor vehicles with financiers on 18 month lease terms in the current year.

Other commitments relate to IT services.

Within one year	639	2,789
One to five years	-	652
	639	3,441

Included in other commitments is \$203,000 for short term leases.

### 31. Related party transactions

*Parent entity*

Apollo Tourism & Leisure Ltd is the parent entity.

*Subsidiaries*

Interests in subsidiaries are set out in note 28.

*Associates*

Interests in associates are set out in note 13.

*Key management personnel*

Disclosures relating to key management personnel are set out in note 32 and the remuneration report included in the Directors' report.

*Transactions with related parties*

The following transactions occurred with related parties:

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Sale of goods and services:		
Sale of motorhome to A Trouchet, including GST (related party of L Trouchet)	267,000	-
Other income:		
Administration fees received from Campstay Pty Ltd (Director-related entity of L Trouchet)	-	46,000
Payment for other expenses:		
Rental expenses paid to KL One Trust (Director-related entity of L Trouchet and K Trouchet)	52,000	102,000
Rental expenses paid to Eastglo Pty Ltd (Director-related entity of L Trouchet and K Trouchet)	90,000	177,000
Advisory fees paid to Jones Day (Director-related entity of B Heading)	214,000	321,000

*Receivable from and payable to related parties*

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Current receivables:		
Trade receivables (admin fees) Campstay Pty Ltd (director related entity of L Trouchet)	-	46,000
Current payables:		
Trade payables (advisory) Jones Day (director related entity of B Heading)	76,000	172,000

*Loans to/from related parties*

There were no loans to or from related parties at the current and previous reporting date.

*Terms and conditions*

All transactions were made on normal commercial terms and conditions and at market rates.

### 32. Key management personnel disclosures

#### Compensation

The aggregate compensation made to Directors and other members of key management personnel of the Consolidated Entity is set out in the following table:

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	2,038,134	1,856,801
Post-employment benefits	133,570	111,097
Long-term benefits	45,873	51,690
Termination benefits	148,198	-
	<u>2,365,775</u>	<u>2,019,588</u>

Further details regarding key management personnel remuneration are set out in the Directors' Report.

### 33. Remuneration of auditors

During the financial year, the following fees were paid or payable for services provided by Ernst & Young, the auditor of the Company:

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<i>Fees for Ernst &amp; Young (Australia)</i>		
Fees for auditing the statutory financial report of the parent covering the group and auditing the statutory financial reports of any controlled entities	730,926	627,078
Other services - tax compliance	-	69,850
Other services - advisory services	-	66,950
Total fees to Ernst and Young (Australia)	<u>730,926</u>	<u>763,878</u>
<i>Fees to other overseas member firms of Ernst &amp; Young (Australia)</i>		
Fees for auditing the financial report of any controlled entities	204,559	160,062
Other services - tax compliance	21,234	-
Total fees to overseas member firms of Ernst & Young (Australia)	<u>225,793</u>	<u>160,062</u>
Total auditor's remuneration	<u>956,719</u>	<u>923,940</u>

### 34. Parent entity information - supplementary information

#### Statement of profit or loss and other comprehensive income

	<b>Parent</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit after income tax	-	9,148
Total comprehensive income	-	9,148

**34. Parent entity information - supplementary information (continued)**

*Statement of financial position*

	<b>Parent</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Total current assets	-	-
Total assets	<u>67,204</u>	<u>67,204</u>
Total current liabilities	-	-
Total liabilities	-	-
Equity		
Issued capital	<u>67,204</u>	<u>67,204</u>
Total equity	<u><u>67,204</u></u>	<u><u>67,204</u></u>

*Guarantees entered into by the parent entity in relation to the debts of its subsidiaries*

The parent entity entered into a deed of cross guarantee on 16 June 2017. Please refer to note 35 for further information regarding the deed of cross guarantee. The parent also has guarantees in place for its subsidiary's financiers in New Zealand and Canada. The amounts outstanding at 30 June 2020 on these debts were \$12,900,000 in New Zealand and \$12,500,000 in Canada. The parent has no other guarantees in relation to the debts of its subsidiaries as at 30 June 2020.

*Contingent liabilities*

The parent entity had no contingent liabilities as at 30 June 2020.

*Capital commitments - Property, plant and equipment*

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2020.

*Significant accounting policies*

The accounting policies of the parent entity are consistent with those of the Consolidated Entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent.

**35. Deed of cross guarantee**

The following entities are party to a deed of cross guarantee, entered into on 16 June 2017, under which each company guarantees the debts of the others:

- Apollo Tourism & Leisure Ltd.
- Apollo Motorhome Ultimate Holdings Pty Ltd.
- Apollo Motorhome Holdings (Aus) Pty Ltd.
- Apollo Motorhome Holdings (NZ) Pty Ltd.
- GRL Enterprises Pty Ltd.
- Talvor Motorhomes Pty Ltd.
- Apollo Motorhome Holidays Pty Ltd.
- Apollo Motorhome Industries Pty Ltd.
- Hippie Camper Pty Ltd.
- Sydney RV Group Pty Limited.
- Apollo Finance Pty Ltd.
- Winnebago RV Pty Ltd.
- Apollo Investments Pty Ltd.
- Apollo RV West Pty Ltd.

**35. Deed of cross guarantee (continued)**

By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare financial statements and Directors' reports under the *Corporations (Wholly-owned Companies) Instrument 2016/785* issued by the Australian Securities and Investments Commission.

These companies represent a 'Closed Group' for the purposes of the Corporations Instrument.

A consolidated statement of profit or loss and other comprehensive income and statement of financial position of the 'Closed Group' is set out in the following table:

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Statement of profit or loss and other comprehensive income</b>		
Rental income	44,062	60,933
Revenue from contracts with customers	146,548	145,592
Other income	978	1,825
Cost of goods sold	(132,607)	(128,778)
Motor vehicle running expenses	(18,467)	(20,117)
Advertising, promotions and commissions paid	(5,678)	(5,799)
External acquisition costs	-	(158)
Employee benefits expense	(19,912)	(22,000)
Depreciation and amortisation expense	(18,832)	(11,400)
Rental costs on land and buildings	-	(6,240)
Share of loss in associates	(946)	(239)
Impairment expense	(23,003)	(9,486)
Other expenses	(3,995)	(2,632)
Finance costs	(6,755)	(6,129)
	<hr/>	<hr/>
<b>Loss before income tax benefit/(expense)</b>	(38,607)	(4,628)
Income tax benefit/(expense)	11,810	(825)
	<hr/>	<hr/>
<b>Loss after income tax benefit/(expense)</b>	(26,797)	(5,453)
Other comprehensive income for the year, net of tax	-	-
	<hr/>	<hr/>
<b>Total comprehensive loss for the year</b>	<u>(26,797)</u>	<u>(5,453)</u>
	<hr/>	<hr/>
<b>Equity - retained profits/(accumulated losses)</b>	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Retained profits at the beginning of the financial year	12,409	17,862
Loss after income tax benefit/(expense)	(26,797)	(5,453)
	<hr/>	<hr/>
Retained profits/(accumulated losses) at the end of the financial year	<u>(14,388)</u>	<u>12,409</u>
	<hr/>	<hr/>

**35. Deed of cross guarantee (continued)**

<b>Statement of financial position</b>	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current assets</b>		
Cash and cash equivalents	8,963	5,343
Trade and other receivables	3,251	4,523
Inventories	44,599	70,976
Income tax refund receivable	203	976
Prepayments and other assets	6,365	8,587
	<u>63,381</u>	<u>90,405</u>
<b>Non-current assets</b>		
Investments accounted for using the equity method	1,586	2,532
Property, plant and equipment	105,245	102,005
Intangibles	7,969	8,066
Deferred tax asset	2,895	-
Prepayments and other assets	2,516	2,645
	<u>120,211</u>	<u>115,248</u>
<b>Total assets</b>	<u>183,592</u>	<u>205,653</u>
<b>Current liabilities</b>		
Trade and other payables	16,601	20,591
Contract liabilities	5,427	4,321
Borrowings	56,050	68,304
Employee benefits	2,372	2,068
Provisions	724	1,890
Unearned rental income	3,553	6,132
Other liabilities	-	15
	<u>84,727</u>	<u>103,321</u>
<b>Non-current liabilities</b>		
Borrowings	80,394	51,907
Deferred tax liability	-	9,533
Employee benefits	360	346
	<u>80,754</u>	<u>61,786</u>
<b>Total liabilities</b>	<u>165,481</u>	<u>165,107</u>
<b>Net assets</b>	<u>18,111</u>	<u>40,546</u>

**36. Events after the reporting period**

The Consolidated Entity secured financial assistance under the Australian Federal Government's COVID-19 Export Capital Facility, administered by Export Finance Australia, in the form of a \$15,000,000 loan with a two-year term. The loan has not been drawn upon at the date of signing the financial report.

The Consolidated Entity secured financial assistance under the Queensland Government's Industry Support Package in the form of \$10,000,000 loan with an initial two-year term. The loan has not been drawn upon at the date of signing the financial report.

In July 2020, the Consolidated Entity received and has drawn down on a \$2,000,000 (CAD) working capital loan from the Business Development Bank of Canada (BDC) under their COVID-19 relief program.

As the impact of the COVID-19 pandemic is ongoing, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly changing and is dependent on measures imposed by Governments in Australia and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

**Apollo Tourism & Leisure Ltd**  
**Directors' declaration**  
**30 June 2020**

In the Directors' opinion:

- The attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- The attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Consolidated Entity's financial position as at 30 June 2020 and of its performance for the financial year ended on that date;
- There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- At the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 35 to the financial statements.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors



---

Luke Trouchet  
Director

31 August 2020  
Brisbane



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## **Independent Auditor's Report to the Members of Apollo Tourism & Leisure Ltd**

### **Report on the Audit of the Financial Report**

#### **Opinion**

We have audited the financial report of Apollo Tourism & Leisure Ltd (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2020 and of its consolidated financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### **Basis for Opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Material Uncertainty Related to Going Concern**

We draw attention to Note 1 in the financial report, which describes the principal conditions that raise doubt about the Group's ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.





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## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section of our report, we have determined the matter described below to be the key audit matter to be communicated in our report. Our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

### Impairment of goodwill, intangible assets and non-current assets

#### Why significant

In accordance with the requirements of Australian Accounting Standards and as described in Note 1 to the financial statements, the Group performed an annual impairment assessment of the carrying value of the non-current assets and the cash generating units (CGUs) to which they relate to determine whether their recoverable value is below the carrying amount as at balance date. The Group's assessment in the current year resulted in the recording of impairment charges totaling approximately \$36 million as set out in Note 14 and 15 to the financial statements.

The Group's impairment assessment of goodwill and other identifiable assets involves critical accounting estimates and assumptions. The value-in-use model used by the Group includes cash flow forecasts, discount rates, long term growth rates and terminal growth rates to calculate the recoverable amount of each CGUs. Changes in certain assumptions can lead to significant changes in the assessment of the recoverable amount. The variability of these key inputs has also been affected by economic uncertainty resulting from the COVID-19 pandemic.

#### How our audit addressed the key audit matter

Our audit procedures included the following:

- Assessing the Group's determination of CGUs based on our understanding of the nature of the Group and their operations, and assessing whether this was consistent with the internal reporting of the business;
- Assessing whether the impairment testing methodology used by the Group met the requirements of Australian Accounting Standards;
- Assessing the cash flow forecasts approved by the Board taking into account our knowledge of the business and considering the possible impacts of COVID-19, relevant external data, and historical forecast accuracy;
- Assessing the discount rate applied to the cash flows of each CGU and whether the rate reflects the risks associated with the respective cash flow forecasts and were comparable with externally available industry, economic and financial data;
- Using our valuation specialists we assessed the appropriateness of the key assumptions adopted and valuation methodologies used;



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In this situation the disclosures in the financial report provide particularly important information about the assumptions made in the impairment testing and the market conditions at 30 June 2020.

This matter was considered a key audit matter due to:

- the significant goodwill, intangible assets and non-current asset values recorded on the balance sheet at 30 June 2020;
  - discounted cash flows (DCFs) which underpin the valuation assessment involves complex judgements about forecast cash flows, discount rates, growth rates, and operating margins - all of which have varying degrees of impact on the DCFs and therefore could have a material impact on recoverable amounts. There is also a history of budget misses and inaccuracy in management's forecasting; and
  - the forecasting of cashflows in the short term has significantly increased in complexity and uncertainty particularly in the rental businesses as tourism has been heavily impacted by COVID-19. Assumptions regarding the timing of recovery from the pandemic and when travel restrictions will be lifted in each region could significantly impact the calculation of the recoverable amount.
- Assessing the Group's sensitivity analysis on significant assumptions including discount rates, terminal growth rates, long term growth rates and revenue growth assumptions; and
  - Assessed the adequacy of the Group's disclosures included in Note 15 of the financial report in accordance with Australian Accounting Standards.

## **Information Other than the Financial Report and Auditor's Report Thereon**

The directors are responsible for the other information. The other information comprises the information included in the Group's 2020 Annual Report other than the financial report and our auditor's report thereon. We obtained the Directors' Report that is to be included in the Annual Report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.



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In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of the Directors for the Financial Report**

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

## **Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.



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- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **Report on the Audit of the Remuneration Report**

### **Opinion on the Remuneration Report**

We have audited the Remuneration Report included in pages 12 to 20 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Apollo Tourism & Leisure Ltd for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.



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## **Responsibilities**

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

A handwritten signature in blue ink that reads 'Ernst &amp; Young'.

Ernst & Young

A handwritten signature in blue ink that reads 'Mike Reid'.

Mike Reid  
Partner  
Brisbane  
31 August 2020