

Apollo Tourism & Leisure Ltd
Appendix 4D
Half-year report

1. Company details

Name of entity: Apollo Tourism & Leisure Ltd
 ABN: 67 614 714 742
 Reporting period: For the half-year ended 31 December 2017
 Previous period: For the half-year ended 31 December 2016

2. Results for announcement to the market

			\$'000
Revenues from ordinary activities	up	128.5% to	172,350
Profit from ordinary activities after tax attributable to the owners of Apollo Tourism & Leisure Ltd	up	349.2% to	15,957
Profit for the half-year attributable to the owners of Apollo Tourism & Leisure Ltd	up	349.2% to	15,957
		December 2017	December 2016
		Cents	Cents
Basic earnings per share		8.87	3.15
Diluted earnings per share		8.87	3.15

Dividends

	Amount per security	Franked amount per security
	Cents	Cents
Interim dividend for the half-year ended 31 December 2017	2.000	2.000

The interim dividend will be paid on 14 March 2018 and the record date for determining entitlements to the dividend is 2 March 2018. The interim dividend will be fully franked.

Comments

The profit for the Consolidated Entity after providing for income tax amounted to \$15,957,000 (31 December 2016: \$3,552,000).

An explanation of the above figures is contained in 'Review of Operations' included within the Directors' report in the attached Interim Financial Report.

3. Net tangible assets

	Reporting period	Previous period
	Cents	Cents
Net tangible assets per ordinary security	<u>47.61</u>	<u>51.48</u>

4. Control gained over entities

Refer to note 14 'Business Combinations' in the attached Interim Financial report for details.

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5. Loss of control over entities

Not applicable.

6. Dividends

Current period

	Amount per security Cents	Franked amount per security Cents
Interim dividend for the half-year ended 31 December 2017	2.000	2.000

The interim dividend will be paid on 14 March 2018 and the record date for determining entitlements to the dividend is 2 March 2018. The interim dividend will be fully franked.

Previous period

	Amount per security Cents	Franked amount per security Cents
Interim Dividend for the half-year ended 31 December 2016	0.500	0.500

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Name of associate / joint venture	Reporting entity's percentage holding		Contribution to profit/(loss) (where material)	
	Reporting period %	Previous period %	Reporting period \$'000	Previous period \$'000
CanaDream Corporation*	20.22%	20.22%	316	1,494
Camplify Co (Australia) Pty Ltd	24.90%	-	(77)	-
<i>Group's aggregate share of associates and joint venture entities' profit/(loss) (where material)</i>				
Profit/(loss) from ordinary activities before income tax			239	1,494

* The remaining shares in CanaDream Corporation were acquired on 11 July 2017. See note 14 - Business Combinations for further details.

9. 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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10. Audit qualification or review

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

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

11. Attachments

Details of attachments (if any):

The Interim Report of Apollo Tourism & Leisure Ltd for the half-year ended 31 December 2017 is attached.

12. Signed

Signed  _____

Date: 26 February 2018

Peter Jans
Company Secretary
Brisbane

Apollo Tourism & Leisure Ltd

ABN 67 614 714 742

Interim Report - 31 December 2017

Apollo Tourism & Leisure Ltd
Corporate directory
31 December 2017

Directors	Stephen Lonie, Non-executive Chairman. Sophie Mitchell, Non-executive Director. Luke Trouchet, Managing Director and Chief Executive Officer. Karl Trouchet, Executive Director and Chief Financial Officer.
Company secretary	Peter Jans.
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.
Solicitors	Jones Day.
Bankers	National Australia Bank Limited. Westpac Banking Corporation.
Stock exchange listing	Apollo Tourism & Leisure Ltd shares are listed on the Australian Securities Exchange (ASX code: ATL).
Website	http://www.apollotourism.com/ .
Corporate Governance Statement	http://www.apollotourism.com/corporate-governance/ .

Apollo Tourism & Leisure Ltd
Directors' report
31 December 2017

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Consolidated Entity') 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 half-year ended 31 December 2017.

Directors

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

Stephen Lonie, Non-executive Chairman.
Sophie Mitchell, Non-executive Director.
Luke Trouchet, Managing Director and Chief Executive Officer.
Karl Trouchet, Executive Director and Chief Financial Officer.

Principal activities

Established in 1985, Apollo is a listed, multinational, vertically integrated manufacturer, rental fleet operator, wholesaler and retailer of a broad range of RVs, including motorhomes, campervans and caravans.

Apollo's rental activities are generated from 26 central locations outlets across Australia, New Zealand (NZ), and North America (United States of America and Canada). Sales of new and used motorhomes and caravans are made through a mix of established dealer networks and retail shopfronts. The Australian and New Zealand manufacturing entities produce the majority of all units purchased by the rental operations in those countries. All North American 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 brand which are sold through Apollo's retail sales network.

During the period, Apollo increased its rental and retail sales presence through the following acquisitions:

- The acquisition of the assets and the brand name of the business known as George Day Caravans, a prominent Western Australian RV retailer.
- The acquisition of the remaining shares in CanaDream Corporation, a leading Canadian RV rental and ex-fleet sales company.

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

Dividends

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

	Consolidated	
	December	December
	2017	2016
	\$'000	\$'000
Final dividend for the year ended 30 June 2017 at 2.0 cents per ordinary share	3,599	-

At the date of signing the financial report, the Directors have recommended an interim fully franked dividend of 2.0 cents per share payable on 14 March 2018 to shareholders registered on 2 March 2018.

Review of operations

The profit for the Consolidated Entity after providing for income tax amounted to \$15,957,000 (31 December 2016: \$3,552,000).

Apollo Tourism & Leisure Ltd
Directors' report
31 December 2017

Operating results by segment

Australia

The Australia segment recorded a profit before tax of \$9,393,000 (31 December 2016: \$3,974,000). This improvement includes the one-off revaluation of the Consolidated Entity's pre-acquisition shareholding in CanaDream of \$2,533,000, as well as positive contributions from retail acquisitions including Sydney RV, Kratzmann Caravans and George Day Caravans.

New Zealand

The New Zealand segment recorded a profit before tax of \$1,315,000 (31 December 2016: \$551,000). Rental revenue increased by 5.8% to \$9,675,000 (31 December 2016: \$9,136,000) and net financing costs reduced to \$825,000 (31 December 2016: \$1,290,000).

North America

The North America segment recorded a profit before tax of \$11,366,000, compared to a loss of \$1,972,000 in the prior period, an improvement of \$13,339,000.

The significant improvement in the North America segment reflected:

- The inclusion of the United States of America operations for the entire half-year, having only contributed three months' of off-peak results to the half-year ended 31 December 2016; and
- The acquisition of CanaDream Corporation on 11 July 2017 resulted in the majority of its peak season results being included in the half-year ending 31 December 2017.

Acquisitions

Acquisition of CanaDream Corporation

On 11 July 2017, the Group acquired the remainder of the shares in CanaDream Corporation, a publicly listed Canadian RV rental and ex-fleet sales company, in which the Company had previously held 20.22% of the ordinary shares.

The Group acquired the remaining shares in CanaDream for \$28,084,000. The acquisition also required a revaluation of the previously owned 20.22% of CanaDream shares. The one-off gain on revaluation amounted to \$2,533,000 which is recorded in the operating result for the half-year.

Acquisition of George Day Caravans

On 31 August 2017, the Group acquired the assets, including the brand names, of George Day Caravans, a Perth based RV retail business. Total consideration of \$10,624,000 was paid to complete the acquisition, which was partially funded by a \$6,938,000 floorplan facility secured by the business' vehicle stock.

Net current liability position

Certain Group finance facilities are treated as current liabilities with the financed assets recorded as non-current assets, resulting in a net current liability position of \$39.0 million as at 31 December 2017. The Directors consider that the Group will generate sufficient operating cash flows 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* for further information.

Significant changes in the state of affairs

On 11 July 2017, the Group acquired the remainder of the shares in CanaDream Corporation, a publicly listed Canadian RV rental and ex-fleet sales company, in which the Company had previously held 20.22% of the ordinary shares. Refer to Note 14 "Business Combinations" for further information.

There were no other significant changes in the state of affairs of the Consolidated Entity during the financial half-year.

Matters subsequent to the end of the financial half-year

On 15 December 2017, Canadream entered into an agreement to purchase land and buildings at 196 Park Road, Elmsdale, Nova Scotia for CAD\$1,150,000. Settlement is due to occur on 14 March 2018.

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On 1 January 2018, the Group entered into an agreement to lease land and buildings at 733 Nudgee Road, Northgate for 12 years plus an 8-year option to renew. The base annual rent is \$1,245,000 plus outgoings.

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

Rounding of amounts

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

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.

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

On behalf of the Directors



Luke Trouchet
Director

26 February 2018
Brisbane

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

As lead auditor for the review of Apollo Tourism & Leisure Ltd for the half-year ended 31 December 2017, 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 review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

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



Ernst & Young



Mike Reid
Partner
26 February 2018

Apollo Tourism & Leisure Ltd

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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 half-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 26 February 2018.

Apollo Tourism & Leisure Ltd
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2017

		Consolidated	
	Note	December 2017 \$'000	December 2016 \$'000
Revenue			
Sales of services		77,072	40,206
Sales of goods		92,383	33,893
Other revenue		2,895	1,341
Total revenue	2	<u>172,350</u>	<u>75,440</u>
Expenses			
Revaluation of investment	4	2,533	-
Cost of goods sold		(82,168)	(31,039)
Motor vehicle running expenses		(18,703)	(12,996)
Advertising, promotions and commissions paid		(1,724)	(1,431)
Acquisition costs		(347)	-
Employee benefits expense		(17,518)	(7,466)
Depreciation and amortisation expense		(15,127)	(10,184)
Rental costs on land and buildings		(3,601)	(1,678)
Share of profit/(loss) in associates		239	1,494
Other expenses		<u>(7,862)</u>	<u>(4,240)</u>
Profit before tax and finance costs		28,072	7,900
Finance costs		<u>(6,322)</u>	<u>(3,855)</u>
Profit before income tax expense		21,750	4,045
Income tax expense	3	<u>(5,793)</u>	<u>(493)</u>
Profit after income tax expense for the half-year attributable to the owners of Apollo Tourism & Leisure Ltd		15,957	3,552
Other comprehensive loss			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		<u>(380)</u>	<u>(33)</u>
Other comprehensive loss for the half-year, net of tax		<u>(380)</u>	<u>(33)</u>
Total comprehensive income for the half-year attributable to the owners of Apollo Tourism & Leisure Ltd		<u>15,577</u>	<u>3,519</u>
		Cents	Cents
Basic earnings per share	5	8.87	3.15
Diluted earnings per share	5	8.87	3.15

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 31 December 2017

		Consolidated	
	Note	December 2017 \$'000	June 2017 \$'000
Assets			
Current assets			
Cash and cash equivalents		25,396	48,599
Trade and other receivables		3,595	6,166
Inventories	11	87,042	47,097
Income tax refund receivable	3	-	1,452
Prepayments and other current assets		10,335	8,513
Total current assets		<u>126,368</u>	<u>111,827</u>
Non-current assets			
Investments accounted for using the equity method	15	1,612	5,953
Property, plant and equipment	12	239,400	188,162
Intangibles	13	27,720	8,782
Deferred tax asset	3	-	296
Other		1,513	1,742
Total non-current assets		<u>270,245</u>	<u>204,935</u>
Total assets		<u>396,613</u>	<u>316,762</u>
Liabilities			
Current liabilities			
Trade and other payables		17,950	16,488
Borrowings - current	6	127,001	111,894
Income tax payable	3	2,015	1,005
Provisions - current		2,762	1,734
Unearned income		14,067	15,197
Other liabilities - current		1,609	1,459
Total current liabilities		<u>165,404</u>	<u>147,777</u>
Non-current liabilities			
Borrowings - non-current	7	96,045	56,787
Deferred tax liability	3	18,970	7,321
Provisions - non-current		110	181
Unearned income		80	160
Other liabilities - non current		2,617	3,120
Total non-current liabilities		<u>117,822</u>	<u>67,569</u>
Total liabilities		<u>283,226</u>	<u>215,346</u>
Net assets		<u>113,387</u>	<u>101,416</u>
Equity			
Issued capital	8	75,679	75,679
Reserves	10	(13,488)	(13,101)
Retained profits		51,196	38,838
Total equity		<u>113,387</u>	<u>101,416</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 half-year ended 31 December 2017

Consolidated	Issued Capital \$'000	Common Control Reserve \$'000	Foreign Currency Translation Reserve \$'000	Retained Profits \$'000	Total equity \$'000
Balance at 1 July 2016	1	-	632	30,920	31,553
Profit after income tax expense for the half-year	-	-	-	3,552	3,552
Other comprehensive loss for the half-year, net of tax	-	-	(33)	-	(33)
Total comprehensive income/(loss) for the half-year	-	-	(33)	3,552	3,519
Issue of shares to acquire Apollo Motorhomes LLC	16,000	-	-	-	16,000
Issue of shares to acquire Apollo Finance Pty Ltd	465	-	-	-	465
Changes arising from investment in acquired Apollo Motorhomes LLC	-	(21,238)	603	-	(20,635)
Changes arising from investment in acquired Apollo Finance Pty Ltd	-	(422)	-	-	(422)
Issue of shares in Public Offering	50,000	-	-	-	50,000
Costs associated with Public Offering	(848)	-	-	-	(848)
Vendor payment	(30,000)	-	-	-	(30,000)
Balance at 31 December 2016	<u>35,618</u>	<u>(21,660)</u>	<u>1,202</u>	<u>34,472</u>	<u>49,632</u>

Consolidated	Issued Capital \$'000	Common Control Reserve \$'000	Foreign Currency Translation Reserve \$'000	Retained Profits \$'000	Total equity \$'000
Balance at 1 July 2017	75,679	(13,821)	720	38,838	101,416
Profit after income tax expense for the half-year	-	-	-	15,957	15,957
Other comprehensive loss for the half-year, net of tax	-	-	(380)	-	(380)
Total comprehensive income/(loss) for the half-year	-	-	(380)	15,957	15,577
Changes arising from investment in acquired CanaDream Corporation	-	-	(7)	-	(7)
<i>Transactions with owners in their capacity as owners:</i>					
Dividends paid (note 9)	-	-	-	(3,599)	(3,599)
Balance at 31 December 2017	<u>75,679</u>	<u>(13,821)</u>	<u>333</u>	<u>51,196</u>	<u>113,387</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 half-year ended 31 December 2017

		Consolidated	
	Note	December 2017 \$'000	December 2016 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		179,443	61,863
Payments to suppliers and employees (inclusive of GST)		(160,545)	(47,178)
Borrowing costs		(6,322)	(3,855)
Proceeds from sale of rental fleet		25,624	23,416
Interest received		208	98
Income taxes paid		(1,004)	(1,031)
		<u>37,404</u>	<u>33,313</u>
Net cash from operating activities			
Cash flows from investing activities			
Payment for purchase of subsidiary, net of cash acquired	14	(10,003)	-
Payments for property, plant and equipment	12	(7,211)	(765)
Acquisition of common controlled entities - cash acquired		-	6,169
		<u>(17,214)</u>	<u>5,404</u>
Net cash from/(used in) investing activities			
Cash flows from financing activities			
Proceeds from issue of shares	8	-	50,000
Related entity loans		-	5,490
Payment to founding shareholders		-	(30,000)
Transaction costs for public offering		-	(1,211)
Dividends paid	9	(3,599)	-
Repayment of borrowings/finance lease principal		(39,697)	(57,888)
		<u>(43,296)</u>	<u>(33,609)</u>
Net cash used in financing activities			
Net increase/(decrease) in cash and cash equivalents		(23,106)	5,108
Cash and cash equivalents at the beginning of the financial half-year		48,599	5,535
Effects of exchange rate changes on cash and cash equivalents		(97)	265
		<u>25,396</u>	<u>10,908</u>
Cash and cash equivalents at the end of the financial half-year			

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

1. Significant accounting policies

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

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

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

Basis of preparation

The Group is in a consolidated net current liability position as at 31 December 2017 of \$39.0 million (current assets of \$126.4 million and current liabilities of \$165.4 million), primarily as a result of liabilities due under finance lease and hire purchase contracts, and unearned income of \$14.1 million being classified as current liabilities. Due to the terms associated with certain finance facilities and, in accordance with AASB 101, these facilities are treated as current liabilities with the assets that are being financed included as non-current assets, which results in current liabilities being in excess of current assets in the statement of financial position as at 31 December 2017. Based on projected profit and cash flow forecasts, the Group expects to be able to pay its creditors as and when they fall due for the next 12 months and does not consider that any asset is likely to be realised for an amount less than the amount at which it is recorded in the Balance Sheet as at 31 December 2017. Accordingly, the Directors consider that the Group will generate sufficient cash flows from operations to finance its ongoing operations and meet its financial obligations. Accordingly, the financial report has been prepared on a going concern basis.

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.

2. Operating segments

Identification of reportable operating segments

The Consolidated Entity is organised into geographical operating segments: Australia, New Zealand, North America and Other. 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 North America segment includes Apollo's United States of America operations, as well as the operating results of CanaDream Corporation, located in Canada which was acquired on July 11 2017. Previously the investment in CanaDream prior to acquisition was included in the Others and Eliminations segment.

The Australia segment includes the acquisitions of George Day Caravans (acquired 31 August 2017), Sydney RV (acquired 8 February 2017) and Kratzmann Caravans (acquired 26 May 2017) which are not included in the 31 December 2016 segment results.

Given the manufacturing entities in each of Australia and New Zealand operate on a cost recovery basis in order to break even and manufacture only to order by the respective Australia and New Zealand operating entities, the directors do not consider the manufacturing entities to be separate operating segments so that non-operating segments are amalgamated.

The Board of Directors monitors 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.

- 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 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 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.

Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Seasonality

The tourism industry is subject to seasonal fluctuations with peak demand over tourism attractions and transportation over the summer months. New Zealand and Australia's profits are typically generated over the southern hemisphere summer months and North American operations experiencing stronger profits over the northern hemisphere summer.

Apollo Tourism & Leisure Ltd
Notes to the financial statements
31 December 2017

2. Operating segments (continued)

Operating segment information

Consolidated - December 2017	Australia \$'000	New Zealand \$'000	North America \$'000	Others and Eliminations \$'000	Total \$'000
Revenue					
Sales to external customers	102,003	12,234	55,217	-	169,454
Other revenue	2,342	656	157	(259)	2,896
Total revenue	<u>104,345</u>	<u>12,890</u>	<u>55,374</u>	<u>(259)</u>	<u>172,350</u>
EBITDA					
Depreciation and amortisation	18,570	5,254	19,634	(259)	43,199
Finance costs	(7,014)	(3,114)	(4,674)	(324)	(15,126)
	(2,163)	(825)	(3,594)	259	(6,323)
Profit/(loss) before income tax expense	<u>9,393</u>	<u>1,315</u>	<u>11,366</u>	<u>(324)</u>	<u>21,750</u>
Income tax expense					(5,793)
Profit after income tax expense					<u>15,957</u>
<i>Material items include:</i>					
Manufacturing costs	(12,104)	(2,257)	-	-	(14,361)
Revaluation Gain / (Loss)	<u>2,533</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,533</u>
Assets					
Segment assets	233,285	55,056	145,322	(37,050)	396,613
Total assets					<u>396,613</u>
<i>Total assets includes:</i>					
Investments in associates	1,612	-	-	-	1,612
Acquisition of non-current assets	<u>21,185</u>	<u>7,114</u>	<u>107,610</u>	<u>-</u>	<u>135,909</u>
Liabilities					
Segment liabilities	117,867	40,147	104,786	(559)	262,241
<i>Unallocated liabilities:</i>					
Provision for income tax					2,015
Deferred tax liability					18,970
Total liabilities					<u>283,226</u>

Apollo Tourism & Leisure Ltd
Notes to the financial statements
31 December 2017

2. Operating segments (continued)

Consolidated - December 2016	Australia \$'000	New Zealand \$'000	North America \$'000	Others and Eliminations \$'000	Total \$'000
Revenue					
Sales to external customers	44,700	13,846	17,162	(268)	75,440
Total revenue	<u>44,700</u>	<u>13,846</u>	<u>17,162</u>	<u>(268)</u>	<u>75,440</u>
EBITDA	12,779	5,001	(781)	1,085	18,084
Depreciation and amortisation	(6,672)	(3,160)	(352)	-	(10,184)
Finance costs	(2,133)	(1,290)	(839)	407	(3,855)
Profit/(loss) before income tax expense	<u>3,974</u>	<u>551</u>	<u>(1,972)</u>	<u>1,492</u>	<u>4,045</u>
Income tax expense					(493)
Profit after income tax expense					<u>3,552</u>
<i>Material items include:</i>					
Manufacturing costs	(9,622)	(2,268)	-	-	(11,890)
Consolidated - June 2017					
Assets					
Segment assets	223,389	52,757	56,881	(16,561)	316,466
<i>Unallocated assets:</i>					
Deferred tax asset					296
Total assets					<u>316,762</u>
<i>Total assets includes:</i>					
Investments in associates	5,953	-	-	-	5,953
Acquisition of non-current assets	34,345	11,958	91,503	-	137,806
Liabilities					
Segment liabilities	112,420	38,666	57,497	(558)	208,025
<i>Unallocated liabilities:</i>					
Deferred tax liability					7,321
Total liabilities					<u>215,346</u>

Apollo Tourism & Leisure Ltd
Notes to the financial statements
31 December 2017

3. Income tax

The major components of income tax expense are:

	Consolidated	
	December	December
	2017	2016
	\$'000	\$'000
<i>Income tax expense</i>		
Current tax	3,536	(6,617)
Deferred tax - origination and reversal of temporary differences	2,353	6,256
Adjustment recognised for prior periods	164	-
Tax losses recognised (utilised)	(260)	854
	<u>5,793</u>	<u>493</u>
Aggregate income tax expense		
Deferred tax included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets	4,113	(3,456)
Increase/(decrease) in deferred tax liabilities	(1,760)	9,712
	<u>2,353</u>	<u>6,256</u>
Deferred tax - origination and reversal of temporary differences		
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Profit before income tax expense	21,750	4,045
Tax at the statutory tax rate of 30%	6,525	1,214
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-assessable income on associates	(71)	(448)
Variance due to differing corporate tax rates in offshore entities	(186)	(266)
Adjustments due to future US tax rates	(69)	-
Non-deductible acquisition costs	124	-
Fair value gain on Canadream investment	(759)	-
Other	65	(7)
	<u>5,629</u>	<u>493</u>
Adjustment recognised for prior periods	164	-
Income tax expense	<u><u>5,793</u></u>	<u><u>493</u></u>

Apollo Tourism & Leisure Ltd
Notes to the financial statements
31 December 2017

3. Income tax (continued)

	Consolidated	
	December	June
	2017	2017
	\$'000	\$'000
<i>Deferred tax asset</i>		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Tax losses	5,344	7,615
Unearned income	1,193	2,257
Provisions	767	557
Other	300	226
Deferred Interest	-	533
Property, plant and equipment	784	946
Inventories	148	148
Capital Raising Costs	841	925
Unearned profits on leaseback	1,268	1,374
Set off against deferred tax liability based on jurisdiction	<u>(10,645)</u>	<u>(14,285)</u>
Deferred tax asset	<u>-</u>	<u>296</u>
Movements:		
Opening balance	296	2,635
Credited/(charged) to profit or loss	(4,113)	3,456
Additions through business combinations (note 14)	-	115
Tax losses recognised / (utilised)	260	7,559
Capital raising costs	(83)	816
Set off against deferred tax liability based on jurisdiction	<u>3,640</u>	<u>(14,285)</u>
Closing balance	<u>-</u>	<u>296</u>
	Consolidated	
	December	June
	2017	2017
	\$'000	\$'000
<i>Deferred tax liability</i>		
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Property, plant and equipment	17,023	20,470
Inventories	7,472	11
Prepayments	286	386
Other	6	-
Intangible assets	4,828	739
Set off deferred tax asset based on jurisdiction	<u>(10,645)</u>	<u>(14,285)</u>
Deferred tax liability	<u>18,970</u>	<u>7,321</u>
Movements:		
Opening balance	7,321	11,155
Charged/(credited) to profit or loss	(1,760)	9,712
Additions through business combinations (note 14)	9,769	739
Set off deferred tax asset based on jurisdiction	<u>3,640</u>	<u>(14,285)</u>
Closing balance	<u>18,970</u>	<u>7,321</u>

Apollo Tourism & Leisure Ltd
Notes to the financial statements
31 December 2017

4. Revaluation of investment

	Consolidated	Consolidated
	December	December
	2017	2016
	\$'000	\$'000
Fair value gain on revaluation of investment	<u>2,533</u>	<u>-</u>

As at the date of acquisition of CanaDream Corporation (refer Note 14), the existing investment in CanaDream was restated to fair value in accordance with *AASB 3 Business Combinations* which resulted in a gain of \$2,533,000.

5. Earnings per share

	Consolidated	Consolidated
	December	December
	2017	2016
	\$'000	\$'000
Profit after income tax attributable to the owners of Apollo Tourism & Leisure Ltd	<u>15,957</u>	<u>3,552</u>
	Cents	Cents
Basic earnings per share	8.87	3.15
Diluted earnings per share	8.87	3.15
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share*	<u>179,944,265</u>	<u>112,874,973</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share*	<u>179,944,265</u>	<u>112,874,973</u>

*The weighted average number of ordinary shares has been adjusted in the comparative period due to the subsequent rights issue.

6. Borrowings - current

	Consolidated	Consolidated
	December	June
	2017	2017
	\$'000	\$'000
Bank loans (i)	838	-
Floor Plan (ii)	22,699	20,014
Hire purchase (iii)	<u>103,464</u>	<u>91,880</u>
	<u>127,001</u>	<u>111,894</u>

Apollo Tourism & Leisure Ltd
Notes to the financial statements
31 December 2017

6. Borrowings - current (continued)

(i) Bank loans

Bank loans relates to the current portion of mortgages over land and buildings. Interest rates applicable at 31 December 2017 range from 4.15% to 4.20%.

(ii) 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 5% to 10% (30 June 2017: 5% to 15%).

(iii) 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 31 December 2017 on term loans to finance the rental fleet and Australian capitalised lease obligations range from 4.5% to 8% p.a. (30 June 2017: 5% to 8% p.a.).

7. Borrowings - non-current

	Consolidated	
	December	June
	2017	2017
	\$'000	\$'000
Bank loans (i)	16,164	-
Obligations under finance leases and hire purchase contracts (ii)	79,881	56,787
	<u>96,045</u>	<u>56,787</u>

Total secured liabilities

The total secured liabilities (current and non-current) are as follows:

	Consolidated	
	December	June
	2017	2017
	\$'000	\$'000
Bank loans (i)	17,002	-
Floor Plan	22,699	20,014
Obligations under finance leases and hire purchase contracts (ii)	183,345	148,667
	<u>223,046</u>	<u>168,681</u>

(i) Bank loans

Bank loans relates to mortgages over land and buildings. Interest rates applicable at 31 December 2017 range from 4.15% to 4.20%.

(ii) 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 31 December 2017 on term loans to finance the rental fleet and Australian capitalised lease obligations range from 4.5% to 8% p.a. (30 June 2017: 5% to 8% p.a.).

Assets pledged as security

Leased assets and assets under hire purchase contracts are pledged as security for the related finance lease and hire purchase liabilities.

8. Issued capital

	Consolidated			
	December 2017 Shares	June 2017 Shares	December 2017 \$'000	June 2017 \$'000
Ordinary shares - fully paid	<u>179,944,265</u>	<u>179,944,265</u>	<u>75,679</u>	<u>75,679</u>

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.

Share buy-back

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

9. Dividends

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

	Consolidated	
	December 2017 \$'000	December 2016 \$'000
Final dividend for the year ended 30 June 2017 at 2.0 cents per ordinary share	<u>3,599</u>	<u>-</u>

At the date of signing the financial report, the Directors have recommended an interim fully franked dividend of 2.0 cents per share payable on 14 March 2018 to shareholders registered on 2 March 2018.

10. Reserves

	Consolidated	
	December 2017 \$'000	June 2017 \$'000
Foreign currency translation reserve	333	720
Common control reserve	<u>(13,821)</u>	<u>(13,821)</u>
	<u>(13,488)</u>	<u>(13,101)</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. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Apollo Tourism & Leisure Ltd
Notes to the financial statements
31 December 2017

10. 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 representing fair value of the net assets was determined by the Directors of Apollo Tourism & Leisure Ltd as \$16.464 million. The consideration was paid via 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.

11. Inventories

	Consolidated	
	December	June
	2017	2017
	\$'000	\$'000
Raw materials	5,020	4,370
Work in progress	852	596
New vehicles for retail sale	38,530	29,958
Used rental vehicles for sale	38,390	10,048
Stock in transit and spare parts	4,250	2,125
	<u>87,042</u>	<u>47,097</u>

12. Property, plant and equipment

	Consolidated	
	December	June
	2017	2017
	\$'000	\$'000
Land and buildings - at cost	31,304	-
Less: Accumulated depreciation	(1,101)	-
	<u>30,203</u>	<u>-</u>
Plant and equipment - at cost	33,052	25,550
Less: Accumulated depreciation	(20,696)	(17,849)
	<u>12,356</u>	<u>7,701</u>
Motor vehicles under lease	251,576	232,971
Less: Accumulated depreciation	(54,715)	(52,490)
Less: Impairment	(20)	(20)
	<u>196,841</u>	<u>180,461</u>
	<u>239,400</u>	<u>188,162</u>

Apollo Tourism & Leisure Ltd
Notes to the financial statements
31 December 2017

12. 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:

Consolidated	Motor vehicles under finance leases \$'000	Property, plant and equipment \$'000	Land and buildings \$'000	Total \$'000
Balance at 1 July 2017	180,466	7,696	-	188,162
Additions	20,892	3,773	3,271	27,936
Additions through business combinations (note 14)	59,199	2,929	27,125	89,253
Disposals	(16,572)	(81)	-	(16,653)
Exchange differences	710	(240)	67	537
Transfers in/(out)	(34,977)	-	-	(34,977)
Depreciation expense	(12,877)	(1,721)	(260)	(14,858)
Balance at 31 December 2017	<u>196,841</u>	<u>12,356</u>	<u>30,203</u>	<u>239,400</u>

* (i) Depreciation charge for the year contains \$123,712 (30 June 2017: \$259,399) capitalised as part of the cost of motor vehicle manufacture and depreciation expense of \$14,858,000 (30 June 2017: \$21,157,000).

During the period, the Group acquired property, plant and equipment with an aggregate cost of \$20,892,000 (30 June 2017: \$83,116,000) by means of finance leases. These are represented in the motor vehicles under finance leases category.

Leased assets and assets under hire purchase contracts are pledged as security for the related finance lease and hire purchase liabilities.

Apollo Tourism & Leisure Ltd
Notes to the financial statements
31 December 2017

13. Intangibles

	Consolidated	
	December 2017 \$'000	June 2017 \$'000
Goodwill - at cost	12,069	6,365
Website - at cost	10	10
Less: Accumulated amortisation	(10)	(9)
	<u>-</u>	<u>1</u>
Customer relationships - at cost	2,265	-
Less: Accumulated amortisation	(170)	-
	<u>2,095</u>	<u>-</u>
Software - at cost	994	-
Less: Accumulated amortisation	(43)	-
	<u>951</u>	<u>-</u>
Brand names	12,528	2,250
Customer Deposits - at cost	443	303
Less: Accumulated amortisation	(366)	(137)
	<u>77</u>	<u>166</u>
	<u>27,720</u>	<u>8,782</u>

Reconciliations

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

Consolidated	Goodwill \$'000	Website \$'000	Brand Names \$'000	Customer Deposits \$'000	Customer Relationshi ps \$'000	Software \$'000	Total \$'000
Balance at 1 July 2017	6,365	1	2,250	166	-	-	8,782
Additions	-	-	-	-	-	86	86
Additions through business combinations (note 14)	5,704	-	10,279	140	2,215	907	19,245
Amortisation expense	-	(1)	-	(229)	(120)	(43)	(393)
Balance at 31 December 2017	<u>12,069</u>	<u>-</u>	<u>12,529</u>	<u>77</u>	<u>2,095</u>	<u>950</u>	<u>27,720</u>

Goodwill and intangible assets with indefinite lives

For the purpose of impairment testing, goodwill is allocated to each of the consolidated entity's cash generating units (CGU), 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.

Goodwill and brand names with indefinite lives acquired through business combinations during the financial year were allocated to the Australia or North America cash generating units (CGUs), which are also operating segments, for impairment testing.

14. Business combinations

Completed valuations

On 8 February 2017, the Group acquired 100% of the share capital of Sydney RV Group Pty Ltd, a major new and used caravan and motorhome retailer in New South Wales. In February 2018 the valuation was completed and the acquisition date fair value of the acquired intangibles of \$907,000 and corresponding goodwill of \$704,000 remains unchanged from provisional amounts disclosed at 30 June 2017.

Acquisition of businesses

During the 2017 financial year, the Consolidated Entity made the following acquisitions:

On 11 July 2017, the Group acquired the remaining 79.78% of the voting shares in CanaDream Corporation, having previously held 20.22%.

On 31 August 2017, the Group acquired 100% of the of assets, including the brand names, of George Day Caravans.

CanaDream Corporation

On 11 July 2017, the Group acquired the remainder of the voting shares in CanaDream Corporation, a Canadian RV rental and ex-fleet sales company, in which the Company had previously held 20.22% of the ordinary voting shares (with a fair value of \$7,112,000). The additional shares were acquired for \$28,084,000 (at fair value), resulting in a total investment value of \$35,197,000. The acquired business contributed revenues of \$29,977,000 and a profit after tax of \$5,933,000 to the Group for the period from 11 July 2017 to 31 December 2017. The values identified in relation to the acquisition are provisional as at 31 December 2017.

George Day Caravans

On 31 August 2017, the Group acquired 100% of the assets of the George Day Caravans business for total consideration of \$10,624,000. The acquired business contributed revenues of \$12,282,000 and a profit after tax of \$235,000 to the Group for the period from 31 August 2017 to 31 December 2017. The values identified in relation to the acquisition are provisional as at 31 December 2017.

If the CanaDream Corporation and George Day Caravans acquisitions had occurred on 1 July 2017 (the beginning of the reporting period), the adjusted Group consolidated revenue for the half-year would have been \$180,041,000 and the consolidated Group profit after tax would have been \$16,329,000.

Apollo Tourism & Leisure Ltd
Notes to the financial statements
31 December 2017

14. Business combinations (continued)

Details of the acquisitions are as follows:

	CanaDream Corporation Provisional	George Day Caravans Provisional
	Fair value \$'000	Fair value \$'000
Cash and cash equivalents	21,766	-
Trade receivables	713	28
Inventories	1,602	8,759
Guest fleet	59,199	-
Other assets	960	47
Land and buildings	27,125	-
Property, plant and equipment	2,760	169
Brands and trademarks	9,017	1,262
Customer deposits	-	140
Software	907	-
Customer relationships	2,215	-
Deferred tax asset	-	77
Trade payables	(2,613)	(138)
Deferred tax liability	(9,349)	(421)
Employee benefits	(264)	(258)
Unearned income	(10,237)	(990)
Interest bearing loans and borrowings	(72,330)	-
Other liabilities	-	(30)
	<u>31,471</u>	<u>8,645</u>
Net assets acquired		
Goodwill	3,725	1,979
	<u>35,196</u>	<u>10,624</u>
Acquisition-date fair value of the total consideration transferred		
Representing:		
Cash paid or payable to vendor	28,084	3,685
Existing equity holding	7,112	-
Direct settlement to financier	-	6,939
	<u>35,196</u>	<u>10,624</u>
Acquisition costs expensed to profit or loss (included in Acquisition costs)	<u>(148)</u>	<u>(125)</u>
Cash used to acquire business, net of cash acquired:		
Acquisition-date fair value of the total consideration transferred	35,196	10,624
Less: cash and cash equivalents	(21,766)	-
Less: Direct settlement to financier	-	(6,939)
Less: existing equity holding	(7,112)	-
Net cash used	<u>6,318</u>	<u>3,685</u>

Goodwill (not expected to be tax deductible) arose in the business combinations because as at the date of acquisition the consideration paid for the combination included amounts in relation to the benefit of expected synergies and future revenue and profit growth from the businesses acquired (which have been tax effected).

Apollo Tourism & Leisure Ltd
Notes to the financial statements
31 December 2017

15. Investments accounted for using the equity method

	Consolidated	
	December	June
	2017	2017
	\$'000	\$'000
Investment in Canadream Corporation	-	4,264
Investment in Camplify Co (Australia) Pty Ltd	1,612	1,689
	<u>1,612</u>	<u>5,953</u>

Refer to note 14 - 'Business Combinations' for further information regarding the investment in Canadream Corporation as 100% of the shares were acquired on 11 July 2017.

16. Related party disclosures

Parent entity

Apollo Tourism & Leisure Ltd is the parent entity.

Transactions with related parties

The group continues to lease premise space from Director related entities and incur rent expense under normal commercial terms. In the six month period to 31 December 2017 a further premises was leased from a Director related entity.

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

17. Commitments

	Consolidated	
	December	June
	2017	2017
	\$'000	\$'000
<i>Capital commitments</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Property, plant and equipment	<u>94,781</u>	<u>8,867</u>

The December 2017 balance incorporates North American motor vehicle hire purchase commitments of \$86.6m which were not included at June 2017 due to the timing of vehicle ordering for the Northern hemisphere summer.

18. Events after the reporting period

On 15 December 2017, Canadream entered into an agreement to purchase land and buildings at 196 Park Road, Elmsdale, Nova Scotia for CAD\$1,150,000. Settlement is due to occur on 14 March 2018.

On 1 January 2018, the Group entered into an agreement to lease land and buildings at 733 Nudgee Road, Northgate for 12 years plus an 8-year option to renew. The base annual rent is \$1,245,000 plus outgoings.

Apart from the dividend declared as disclosed in note 9, no other matter or circumstance has arisen since 31 December 2017 that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

Apollo Tourism & Leisure Ltd
Directors' declaration
31 December 2017

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Consolidated Entity's financial position as at 31 December 2017 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors



Luke Trouchet
Director

26 February 2018
Brisbane

Independent Auditor's Review Report To the members of Apollo Tourism & Leisure Ltd

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Apollo Tourism & Leisure Ltd (the Company) and its subsidiaries (collectively the Group), which comprises the condensed statement of financial position as at 31 December 2017, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not 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 31 December 2017 and of its consolidated financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

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

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



Independence

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

A handwritten signature in blue ink that reads 'Ernst & Young' in a cursive style.

Ernst & Young

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

Mike Reid
Partner
Brisbane
26 February 2018