

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 2017
 Previous period: For the year ended 30 June 2016

2. Results for announcement to the market

			\$'000
Revenues from ordinary activities	up	80.7% to	177,001
Profit from ordinary activities after tax attributable to the owners of Apollo Tourism & Leisure Ltd	up	78.9% to	8,646
Profit for the year attributable to the owners of Apollo Tourism & Leisure Ltd	up	78.9% to	8,646

	2017 Cents	2016 Cents
Basic earnings per share	8.89	5.09
Diluted earnings per share	8.89	5.09

Dividends

	Amount per security Cents	Franked amount per security Cents
Dividend paid March 14 2017	0.50	0.50
Final dividend declared	2.00	2.00

The record date for determining entitlements to the dividend is 30 August 2017.

Comments

The profit for the Consolidated Entity after providing for income tax amounted to \$8,646,000 (30 June 2016: \$4,834,000).

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

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>51.48</u>	<u>33.15</u>

4. Control gained over entities

Name of entities (or group of entities) Refer to note 31 'Business combinations' in the attached Annual Financial Report for details.

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Refer to note 31 'Business combinations' in the attached Annual Financial Report for details.

Date control gained

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

	Amount per security Cents	Franked amount per security Cents
Dividend paid March 14 2017	0.50	0.50
Final dividend declared	2.00	2.00

The record date for determining entitlements to the dividend is 30 August 2017.

Previous period

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

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 %	Reporting period \$'000
Canadream Corporation	20.22%	644
Camplify Co (Australia) Pty Ltd	24.90%	(61)
<i>Group's aggregate share of associates and joint venture entities' profit/(loss) (where material)</i>		
Profit/(loss) from ordinary activities before income tax		583

9. Foreign entities

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

The Consolidated Entity's share of profits from Canadream Corporation have been calculated under 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 have been audited and an unqualified opinion has been issued.

11. Attachments

Details of attachments (if any):

The Annual Report of Apollo Tourism & Leisure Ltd for the year ended 30 June 2017 is attached.

12. Signed

Signed _____



Date: 23 August 2017

Peter Jans
Company Secretary
Brisbane

Apollo Tourism & Leisure Ltd

ABN 67 614 714 742

Annual Report - 30 June 2017

Apollo Tourism & Leisure Ltd
Corporate directory
30 June 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. Commonwealth Bank of Australia.
Stock exchange listing	Apollo Tourism & Leisure Ltd shares are listed on the Australian Securities Exchange (ASX code: ATL)
Website	http://www.apollotourism.com/ .
Business objectives	In accordance with Listing Rule 4.10.19, the Consolidated Entity states that it has used the cash and assets in a form readily convertible to cash that it had at the time of admission in a way consistent with its business objectives. The business objective is primarily: the manufacture, hire and sale of recreational vehicles. The Group considers that has used its cash in a consistent manner to which was disclosed under the Prospectus dated 6 October 2016.
Corporate Governance Statement	http://www.apollotourism.com/corporate-governance/ .

Apollo Tourism & Leisure Ltd
Directors' report
30 June 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 year ended 30 June 2017.

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:

- Stephen Lonie, Non-executive Chairman (appointed 20 September 2016).
- Sophie Mitchell, Non-executive Director (appointed 8 September 2016).
- Luke Trouchet, Managing Director and Chief Executive Officer (appointed 8 September 2016).
- Karl Trouchet, Executive Director and Chief Financial Officer (appointed 8 September 2016).

Principal activities

Established in 1985, Apollo is an Australian, multinational, manufacturer, importer, 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 location outlets across Australia, New Zealand (NZ) and North America. Sales of new and used motorhomes and caravans in Australia are principally through the Apollo retail network located in major cities. Ex-rental motorhome sales in NZ and North America are through an established dealer network. The Australian and New Zealand manufacturing entities produce the majority of the units purchased by the rental operations in those countries. 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. At 30 June 2017, the Group also owned a strategic 20.22% shareholding in CanaDream Corporation, a publicly listed Canadian RV rental and ex-fleet sales company. On 11 July 2017, Apollo successfully acquired the remaining shares in CanaDream Corporation, which is now a wholly-owned subsidiary.

During the period, Apollo increased its retail sales presence through the following activities:

- The 100% acquisition of Sydney RV Group Pty Limited ("Sydney RV"), a major new and used caravan and motorhome retailer in New South Wales; and
- The acquisition of the operations and assets of the business trading as Kratzmann Caravans and Clint's Caravan Warehouse ("Kratzmann Caravans"), one of south-east Queensland's largest retailers for a number of popular motorhome and caravan brands.

During February 2017, the Group also acquired a 25% shareholding in Camplify Co (Australia) Pty Ltd ("Camplify"), a peer-to-peer RV and caravan sharing company.

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:

	Consolidated	
	2017	2016
	\$'000	\$'000
Interim dividend for the half-year ended 31 December 2016 at 0.5 cents per ordinary share	726	-

At the date of signing the financial report, the Directors have recommended the payment of a final fully franked dividend of 2.0 cents per share at a record date of 30 August 2017, which is expected to be paid on 14 September 2017.

Review of operations

The profit for the Consolidated Entity after providing for income tax amounted to \$8,646,000 (30 June 2016: \$4,834,000).

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Corporate Restructure and IPO

During the year, a corporate restructure took place to prepare the Group for listing on the Australian Securities Exchange (ASX). This restructure resulted in Apollo Tourism & Leisure Ltd acquiring the former parent entity, Apollo Ultimate Holdings Pty Ltd, as well as Apollo Finance Pty Ltd and Apollo Motorhome Holidays LLC (USA), which were entities under common control.

Apollo Tourism & Leisure Ltd was admitted to the ASX on 4 November 2016, raising \$50,000,000, which equated to approximately 35% of the share capital of the Group.

Acquisitions

Retail Acquisitions

During the year, the Group made two strategic retail RV dealership acquisitions in Sydney RV Group Pty Ltd and Kratzmann Caravans. These retail acquisitions provide the Group with the following key benefits:

- Additional exposure and sales outlets for Apollo's RV brands Winnebago, Adria and Talvor, as well as ex-rental used vehicles;
- Accelerated preparation of ex-rental vehicles for sale by leveraging service department capabilities; and
- Adding depth to Apollo's growing retail operations through experienced management and staff brought into the Group as part of acquisitions.

Peer-to-peer Investments

On 8 February 2017, the Group purchased a 25% stake in peer-to-peer RV sharing website Camplify, offering the Group a strategic foothold into the online RV sharing community.

Camplify is Australia's largest caravan and RV sharing community and provides a solution for RV owners to quickly and easily connect with customers looking for different RV rental options.

This investment has established a relationship that allows Apollo to work closely with Camplify to exploit synergies between the businesses, including expanding the range of products and services offered to Apollo's retail customers. It also provides Apollo with exposure to the peer to peer economy in the RV sector.

Acquisitions subsequent to balance date

On 11 July 2017, the Group acquired the remainder of the shares in CanaDream Corporation ("CanaDream") for \$28,084,000, a publicly listed Canadian RV rental and ex-fleet sales company, in which the Company had previously held 20.22% of the ordinary shares.

On 23 August 2017, the Group entered into a binding agreement to acquire the assets, including the brand names, of the George Day Caravans business for \$9,100,000. The acquisition is expected to settle on 31 August 2017, subject to normal settlement adjustments.

Group Financial Results

Statutory Net Profit After Tax of \$8,646,000 (30 June 2016: \$4,836,000) increased by 78.8% over the 2016 result. Apollo recorded a pro forma result of \$13,868,000, also outperforming the pro forma prospectus forecast of \$12,367,000 by 12.1%.

Following the corporate restructure, the Group entered into a Tax Consolidation Group covering all Australian entities, resulting in a one-off gain of \$2,323,000 (2016: nil).

Apollo's key financial metrics are summarised in the following table:

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Key Financial Metrics

	Statutory Actual FY2017²	Statutory Forecast FY2017²	Change	Pro forma Actual FY2017¹	Pro Forma Forecast FY2017¹	Change
Total Revenue (\$'000)	177,001	170,378	3.9%	191,772	182,997	4.8%
EBIT (\$'000) ³	15,758	16,721	(5.8%)	28,053	26,988	3.9%
EBIT Margin	8.9%	9.8%	(9.3%)	14.6%	14.7%	(0.8%)
Net profit after tax (\$'000)	8,646	6,212	39.2%	13,868	12,367	12.1%
Cash flow movement (\$'000) ⁴	43,064	19,195	124.4%	6,969	23,354	(70.2%)
Cash & cash equivalents (\$'000) ⁵	48,599	24,730	96.5%	12,504	28,889	(56.7%)
Earnings per share (cents/share) ⁶	8.9	4.29		9.57	8.53	N/A
Final Dividend (cents/share)	2.0	2.0		N/A	N/A	N/A

Notes:

1 Pro forma figures represent non-IFRS financial information that has not been subject to audit or review but have been determined using information presented in the Company's financial statements and the prospectus dated 06 October 2016. Refer to the table below for a reconciliation of pro forma amounts to IFRS amounts.

2 Statutory results do not include the first three months of performance of Apollo Motorhomes LLC (USA) and Apollo Finance Pty Ltd.

3 EBIT means Earnings before Interest, tax, depreciation and amortisation. Statutory EBIT includes unforecasted acquisition costs.

4 Statutory actual cash includes unforecasted rights issue proceeds.

5 Pro forma actual cash includes payment for unforecasted acquisitions and investments.

6 Pro forma actual earnings per share is calculated using 144.96m shares in line with the pro forma forecast.

Reconciliation of pro forma net profit after tax to statutory net profit after tax

	Adjustments \$'000	2017 \$'000
Pro forma net operating profit after tax		13,868
USA/ Finance profit before tax 1 July 2016 to 30 September 2016	(7,422)	
IPO & rights issue costs	(2,105)	
Income tax effect of group restructure & pro forma adjustments	6,449	
Amortisation of intangibles on acquisitions	(137)	
Stamp duty on acquisitions	(885)	
Consultant acquisition costs	(779)	
USA loan interest to 30 September 2016	(343)	
Statutory net operating profit after tax		8,646

Note:

Pro forma figures represent non-IFRS financial information that has not been subject to audit or review but have been determined using information presented in the Company's financial statements and the prospectus dated 06 October 2016.

Operating results by segment

Australia

The Australian rental fleet remained steady at approximately 1,700 units. Rental days (unaudited) grew by 7.8% to 413,114 days (2016: 383,418). Retail RV sales grew 131.8% to \$50,340,000 (2016: \$21,717,000), primarily due to the additional part-year contributions of Sydney RV and Kratzmann Caravans. Total segment revenue increased 49.2% over the prior corresponding period and profit before income tax rose 115.4% to \$7,004,000 (2016: \$3,252,000).

New Zealand

The New Zealand rental fleet increased to approximately 700 units, (2016: 610 units) an increase of 14.8% over the prior period. Rental days (unaudited) grew by 13.7% to 166,979 days (2016: 146,922).

North America

The North American operation contributed revenue of \$40,056,000 and a loss before tax of \$4,737,000, primarily due to Apollo's ownership commencing after the peak season in the North American summer. Two new rental locations opened in May 2017 on the east coast of the United States of America to service the New York and Orlando regions. Having locations on both the West and East coast extends Apollo's rental season and allows for coast to coast one way rentals.

The Group's acquisition of CanaDream in July 2017 supports Apollo's growth plans in North America, adding seven rental locations and approximately 1,000 rental units to Apollo's fleet of approximately 750 units in the United States of America.

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Strategy and future performance

The Group remains focused on its key value drivers to deliver future growth:

Rental Operations:

- Investigate opportunities to open additional rental branches in North America;
- Introduction of the new 'Dynamic Fleet' offering, comprising new rental units on short leases designed to expand fleet capacity during peak periods;
- Investment in technology to improve fleet logistics and yield; and
- Integrate CanaDream into the Apollo business and extract operational efficiencies to accelerate revenue growth.

Retail Operations

- Maintain a strong focus on integrating recent acquisitions and unlocking synergies, including offering Apollo's retail brands through the new dealerships and utilising servicing capabilities for retail and fleet in key locations;
- Expand the Group's product offerings across the retail network;
- Capitalise on scale efficiencies as a result of retail acquisitions; and
- Grow wholesale partnerships in both Canada and the United States for ex-fleet sales.

Material business risks

Apollo's business is subject to risk factors, both specific to its business activities, and risks of a 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.

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.

Scale and Integration risk

Apollo has recently undertaken significant growth and change through several acquisitions and admission to the Australia Securities Exchange. Successfully integrating and extracting synergies from acquisitions and managing growth is critical to Apollo's continued performance. In particular, the integration of the recently acquired CanaDream Corporation business will be an important focus for FY18.

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.

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Dependence on Key Suppliers

Apollo depends upon certain suppliers providing it with 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 Finance

Apollo's business is affected by the availability of financing to Apollo, its dealers and its customers. A decrease in the availability of financing facilities or an increase in the cost of 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 in place what it considers are adequate levels of insurance for property, travel, RV fleet cover, cybersecurity liability, directors and officers liability, key man 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 and this could have a negative impact on the financial results of Apollo.

Significant changes in the state of affairs

During the financial year, a corporate reorganisation took place in preparation for the listing of the Consolidated Entity on the Australian Securities Exchange ('ASX'). This reorganisation involved the incorporation of a new parent entity, Apollo Tourism & Leisure Ltd, which acquired the issued capital of Apollo Ultimate Holdings Pty Ltd, Apollo Finance Pty Ltd and Apollo Motorhome Holidays LLC (USA).

Apollo Tourism & Leisure Ltd was admitted to the ASX on 4 November 2016.

On 8 February 2017, the Consolidated Entity acquired 100% of the shares of Sydney RV Group Pty Ltd.

On 8 February 2017, the Consolidated Entity acquired 25% of the shares of Camplify Co (Australia) Pty Ltd.

On 29 May 2017, the Consolidated Entity acquired the operations and assets of the business trading Kratzmann Caravans and Clint's Caravan Warehouse from San Ancona Pty Ltd and Concept Aust Pty Ltd respectively.

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

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. At the date of this financial report, fair value calculations are under consideration, making it impracticable to provide details of the fair value of the assets and liabilities acquired in the transaction.

On 23 August 2017, the Group entered into a binding agreement to acquire the assets, including the brand names, of the George Day Caravans business for \$9,100,000. The acquisition is expected to settle on 31 August 2017, subject to normal settlement adjustments.

Apart from the dividend declared as discussed above, no other matter or circumstance has arisen since 30 June 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.

Likely developments and expected results of operations

The Company anticipates consistent incremental growth within its existing Australian, New Zealand and USA rental operations. Retail vehicle sales are forecast to increase significantly with the full-year contributions of acquisitions of Sydney RV and Kratzmann. Australian manufacturing operations are expanding to meet this increased retail demand.

Rental operations are expected to increase significantly over the prior period with the full-year contribution of the USA operations, and the acquisition of CanaDream at the start of peak season in North America. Forward bookings for Australia and New Zealand are also ahead of the prior period.

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Other key initiatives include:

- The implementation of a new ERP system in the manufacturing business to enhance the Group's reporting abilities and facilitate greater analysis of key trading information; and
- The planned expansion of Apollo's Global Corporate Office and manufacturing operations.

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 (3rd edition) published by the ASX Corporate Governance Council. The 2017 corporate governance statement is dated 23 August 2017 and reflects the corporate governance practices in place throughout the financial year since admission to the Australian Securities Exchange on 4 November 2017. The 2017 corporate governance statement was approved by the Board on 23 August 2017. 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/.

Environmental regulation

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

Information on Directors

Name: Stephen Lonie.
Title: Independent, Non-executive Chairman.
Qualifications: BCom, MBA, FCA, FAICD, SF Fin, FIMC.
Experience and expertise: Stephen is a Chartered Accountant, with more than 38 years' industry experience, and a former managing partner of the international accounting and consulting firm KPMG.
Other current directorships: Corporate Travel Management Limited (ASX: CTD), Retail Food Group Limited (ASX: RFG), MyState Limited (ASX: MYS).
Former directorships (last 3 years):
Special responsibilities: Member of Audit and Risk Committee, Chair of Nomination and Remuneration Committee.
Interests in shares: 247,059 Ordinary shares.
Interests in options: None.
Interests in rights: None.
Contractual rights to shares: None.

Name: Sophie Mitchell.
Title: Independent, Non-executive Director.
Qualifications: BEc, GAICD, SF Fin.
Experience and expertise: Sophie is an experienced financial services professional and a director of Morgans Financial Limited. She is also a member of the Takeovers Panel, the Queensland Performing Arts Trust, the Queensland advisory board for AustralianSuper, and a board member of the Australia Council for the Arts.
Other current directorships: Silver Chef Limited (ASX: SIV), Flagship Investments Limited (ASX: FSI).
Former directorships (last 3 years): None.
Special responsibilities: Chair of Audit and Risk Committee, Member of Nomination and Remuneration Committee.
Interests in shares: 123,530 Ordinary shares.
Interests 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
Experience and expertise: After completing a Bachelor of Laws in 1996, Luke joined Apollo full time as sales and marketing manager. Luke was appointed CEO and Managing Director of Apollo in 2001.
Other current directorships: CanaDream Corporation (TSXV: CDN).
Former directorships (last 3 years): None.
Special responsibilities: None.
Interests in shares: 95,807,458 ordinary shares via directorship of Barmil Enterprises Pty Ltd which holds the shares on trust for Lurk Investment Trust.
Interests in options: None.
Interests in rights: None.
Contractual rights to shares: None.

Name: Karl Trouchet.
Title: Executive Director and Chief Financial Officer.
Qualifications: BBus, MAICD.
Experience and expertise: After completing a Bachelor of Business majoring in Accounting in 1997, Karl joined Apollo full time managing finance and strategic business planning. Karl is actively involved in developing and managing new initiatives across all divisions of Apollo.
Other current directorships: None.
Former directorships (last 3 years): None.
Special responsibilities: None.
Interests in shares: 95,807,458 ordinary shares via directorship of Barmil Enterprises Pty Ltd which holds the shares on trust for Lurk Investment Trust.
Interests in options: None.
Interests in rights: None.
Contractual rights to shares: None.

Name: Peter Jans.
Title: Company Secretary.
Qualifications: LLB (Hons), Grad. Dip (Ancient History), MA.
Experience and expertise: Peter is an experienced legal professional and has over a decade of ASX listed board experience.
Other current directorships: None.
Former directorships (last 3 years): None.
Special responsibilities: None.
Interests in shares: None.
Interests in options: None.
Interests in rights: None.
Contractual rights to shares: None.

'Other current directorships' quoted above 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 3 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') and of each Board committee held during the year ended 30 June 2017, and the number of meetings attended by each Director were:

	Full Board		Nomination and Remuneration Committee		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
Stephen Lonie	8	8	4	4	5	5
Sophie Mitchell	8	8	4	4	5	5
Luke Trouchet	8	8	-	-	-	-
Karl Trouchet	8	8	-	-	-	-

Held: represents the number of meetings held during the time the Director held office or was a member of the relevant committee.

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, including all Directors.

Principles used to determine the nature and amount of remuneration

The objective of the Consolidated Entity's executive reward framework is to ensure reward for performance is 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 reward satisfies the following key criteria:

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

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

The reward framework is designed to align executive reward to shareholders' interests. The Board has considered that it should seek to enhance shareholders' interests by:

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

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

- Rewarding capability and experience;
- Reflecting competitive reward 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.

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 Nomination and Remuneration Committee. The Nomination and 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.

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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, stands at \$450,000. The current non-executive Director fees are \$130,000 per annum for the Chair and \$65,000 per annum for other non-executive Directors (inclusive of superannuation where applicable). Directors may also be reimbursed for all travelling and other expenses incurred in connection with their Company duties.

Consolidated entity performance and link to remuneration

Remuneration for certain individuals is directly linked to the performance of the Consolidated Entity. A portion of cash bonus and incentive payments are dependent on defined earnings targets being met. The remaining portion of the cash bonus and incentive payments are at the absolute discretion of the Nomination and Remuneration Committee.

Executive remuneration

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

The executive remuneration and reward framework has 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 comprises the executive's total remuneration.

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

Executives may receive their total fixed remuneration 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 executive.

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The short-term incentives ('STI') program is designed to align the targets of the business units with the performance hurdles of executives in order to deliver short-term growth. STI payments are granted to 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 the executive's role;
- (b) Behaviours and key personal business milestones outlined in business plans; 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 base salary, multiplied by the achievement percentage allocated to this component. The at-risk amount is discretionary and is set by the Nomination and Remuneration committee at the commencement of the financial year. The Nomination and Remuneration Committee 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 Nomination and Remuneration Committee. Achievement is assessed and amounts are payable after the end of the financial year under review.

Executive Directors were not eligible for Part 1 of the STI plan for the year ended 30 June 2017.

Part 2 – Company financial performance (commencing 2017 financial year)

Financial performance for the 2017 financial year is measured on the achievement of pro forma Net Profit After Tax (NPAT) for the Company of \$12,367,000, as presented in the Prospectus forecast financial information. A minimum achievement of greater than 100% of NPAT must be achieved for the incentive to be payable. Payments increase on a sliding scale designed to encourage superior performance that exceeds established targets, up to a maximum cap of 10% above the targeted amount set by the Nomination and Remuneration Committee. Participants can earn up to 10% of their base salary under Part 2 of the STI program.

Any amount that may be awarded for Part 2 is self-funding out of the pro forma NPAT and is assumed to be self-funding out of the statutory NPAT for the 2017 financial year. 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 forecast pro forma NPAT as set out in the Prospectus forecast financial information. Amounts will be payable upon finalisation of financial results for the 2017 financial year.

Participants eligible for Part 1 had 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. Luke Trouchet and Karl Trouchet were not eligible for Part 1 of the STI Plan for the year ended 30 June 2017, however remained eligible for Part 2 of the STI plan.

The Company is yet to establish a long term incentive ('LTI') program. The Nomination and Remuneration Committee intends to implement an LTI program during 2018 for KMP and senior management.

Consolidated entity performance and link to remuneration

Remuneration for certain individuals is directly linked to the performance of the Consolidated Entity. A portion of cash bonus and incentive payments are dependent on defined earnings targets being met. The remaining portion of the cash bonus and incentive payments are at the absolute discretion of the Nomination and Remuneration Committee.

The Nomination and Remuneration Committee is of the opinion that the continued improved results can be attributed in part to the adoption of performance based compensation and is satisfied that this improvement will continue to increase shareholder wealth if maintained over the coming years.

Details of remuneration

Amounts of remuneration

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

Apollo Tourism & Leisure Ltd
Directors' report
30 June 2017

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

- Stephen Lonie – Non-executive Chair;
- Sophie Mitchell – Non-executive Director;
- Luke Trouchet – Chief Executive Officer (CEO) and Managing Director;
- Karl Trouchet – Chief Financial Officer (CFO) and Executive Director;
- Paul Truman – Executive General Manager - Product; and
- Scott Fahey – Executive General Manager - Commercial and Operations.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees	Cash bonus	Non-monetary*	Super-annuation	Long service leave	Equity-settled	
2017	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
Stephen Lonie	106,816	-	-	9,118	-	-	115,934
Sophie Mitchell	53,191	-	-	4,539	-	-	57,730
<i>Executive Directors:</i>							
Luke Trouchet	511,639	110,000	4,796	28,074	8,835	-	663,344
Karl Trouchet	380,786	46,000	13,176	26,528	7,336	-	473,826
<i>Other Key Management Personnel:</i>							
Paul Truman	202,103	43,600	31,937	28,792	7,078	-	313,510
Scott Fahey	259,443	54,700	-	19,595	6,081	-	339,819
	<u>1,513,978</u>	<u>254,300</u>	<u>49,909</u>	<u>116,646</u>	<u>29,330</u>	<u>-</u>	<u>1,964,163</u>

* Non-monetary benefits relate to motor vehicle leases.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		At risk - STI	
	2017	2016	2017	2016
<i>Non-Executive Directors:</i>				
Stephen Lonie	100%	-	-	-
Sophie Mitchell	100%	-	-	-
<i>Executive Directors:</i>				
Luke Trouchet	83%	-	17%	-
Karl Trouchet	90%	-	10%	-
<i>Other Key Management Personnel:</i>				
Paul Truman	86%	-	14%	-
Scott Fahey	84%	-	16%	-

Apollo Tourism & Leisure Ltd
Directors' report
30 June 2017

The proportion of the cash bonus paid/payable or forfeited is as follows:

Name	Cash bonus paid/payable 2017	Cash bonus forfeited 2017
<i>Executive Directors:</i>		
Luke Trouchet	100%	-
Karl Trouchet	100%	-
<i>Other Key Management Personnel:</i>		
Paul Truman	76%	24%
Scott Fahey	92%	8%

Luke Trouchet and Karl Trouchet were not eligible for Part 1 the STI program for the year ended 30 June 2017, though remained 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 2017 of \$550,000 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 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 and Chief Financial Officer
Agreement commenced: 23 September 2016
Term of agreement: No fixed term
Details: Base salary for the year ending 30 June 2017 of \$460,000 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 2 of the short-term incentive plan (Company financial performance) only, at a rate of 10% of base salary.

Name: Paul Truman
Title: Executive General Manager, Product
Agreement commenced: 23 September 2016
Term of agreement: No fixed term
Details: Base salary for the year ending 30 June 2017 of \$286,000 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 maximum rate of 10% of base salary.

Name: Scott Fahey
Title: Executive General Manager, Commercial and Operations
Agreement commenced: 19 September 2016
Term of agreement: No fixed term
Details: Base salary for the year ending 30 June 2017 of \$297,000 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 maximum rate of 10% of base salary.

Apollo Tourism & Leisure Ltd
Directors' report
30 June 2017

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

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 2017.

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 2017.

There were no options over ordinary shares granted to or vested by Directors and other key management personnel as part of compensation during the year ended 30 June 2017.

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 below:

	Balance at the start of the year	Received as part of remuneration **	Additions - corporate reorganisation **	Additions - other **	Balance at the end of the year
<i>Ordinary shares</i>					
Karl Trouchet & Luke Trouchet*	13,320	-	94,946,680	847,458	95,807,458
Stephen Lonie	-	-	200,000	47,059	247,059
Sophie Mitchell	-	-	100,000	23,350	123,350
Paul Truman	-	-	10,000	11,464	21,464
Scott Fahey	-	-	10,000	9,395	19,395
	<u>13,320</u>	<u>-</u>	<u>95,266,680</u>	<u>938,726</u>	<u>96,218,726</u>

* Held as directors of Barmil Pty Ltd holding shares on trust for Lurk Investment Trust. The shareholding of 94,960,000 received in the corporate reorganisation are held in escrow until 3 November 2018.

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

Loans to key management personnel and their related parties

A loan to Salamanda Travel Pty Ltd of \$3,400,755 was repaid during the period as part of the corporate reorganisation. Salamanda Travel Pty Ltd is a related party of Luke Trouchet and Karl Trouchet.

A loan to Lurk Investment Trust of \$2,127,692 was repaid during the period as part of the corporate reorganisation. Lurk Investment Trust is a related party of Luke Trouchet and Karl Trouchet.

Other transactions with key management personnel and their related parties

Eastglo Pty Ltd

During the year, rental payments totalling \$158,400 at market prices have been made by Group companies from Eastglo Pty Ltd for rental of business premises, of which Luke Trouchet and Karl Trouchet are Directors and controlling shareholders. \$29,040 was outstanding at 30 June 2017 and is included within current trade payables. The lease expires on 5 October 2019 and contains two option periods of three years each.

Morgans Corporate Limited

During the year, the Group engaged Morgans Corporate Limited, an entity of which Sophie Mitchell is a Director. The services performed were in relation to capital raising in conjunction with the Group's initial public offering and subsequent rights issue. Total fees of \$2,277,447 were paid during the year, representing market prices. No payments were outstanding at the end of the financial year.

Apollo Tourism & Leisure Ltd
Directors' report
30 June 2017

Campstay Pty Ltd

During the year, the Group received Board fees received from Campstay Pty Ltd, a Director-related entity of L Trouchet. Total fees of \$43,222 were received during the year. No amounts were outstanding at the end of the financial year.

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 2017 and up to the date of this report.

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.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

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.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 40 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the additional services, as disclosed in note 40 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.

Apollo Tourism & Leisure Ltd
Directors' report
30 June 2017

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

23 August 2017
Brisbane

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

As lead auditor for the audit of Apollo Tourism & Leisure Ltd for the financial year ended 30 June 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 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.



Ernst & Young



Mike Reid
Partner
23 August 2017

Apollo Tourism & Leisure Ltd

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30 June 2017

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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 23 August 2017. 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 2017

	Note	Consolidated 2017 \$'000	2016 \$'000
Revenue			
Sales of services		85,054	69,087
Sales of goods		88,213	26,086
Other revenue		3,734	2,756
Total revenue		<u>177,001</u>	<u>97,929</u>
Expenses			
Cost of goods sold		(81,035)	(23,128)
Motor vehicle running expenses		(24,630)	(21,575)
Advertising, promotions and commissions paid		(2,304)	(2,355)
External acquisition costs		(1,664)	-
Employee benefits expense		(16,579)	(13,524)
Depreciation and amortisation expense	5	(21,055)	(19,029)
Rental costs on land and buildings		(3,962)	(2,770)
Share of profit/(loss) in associates		583	788
Other expenses		<u>(10,597)</u>	<u>(2,780)</u>
Profit before tax and finance costs		15,758	13,556
Finance costs		<u>(7,753)</u>	<u>(7,292)</u>
Profit before income tax (expense)/benefit		8,005	6,264
Income tax (expense)/benefit	6	<u>641</u>	<u>(1,430)</u>
Profit after income tax (expense)/benefit for the year attributable to the owners of Apollo Tourism & Leisure Ltd	15	8,646	4,834
Other comprehensive income/(loss)			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		<u>(515)</u>	681
Other comprehensive income/(loss) for the year		<u>(515)</u>	<u>681</u>
Total comprehensive income for the year attributable to the owners of Apollo Tourism & Leisure Ltd		<u><u>8,131</u></u>	<u><u>5,515</u></u>
		Cents	Cents
Basic earnings per share	7	8.89	5.09
Diluted earnings per share	7	8.89	5.09

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 2017

	Note	Consolidated 2017 \$'000	2016 \$'000
Assets			
Current assets			
Cash and cash equivalents	8	48,599	5,535
Trade and other receivables	17	6,166	749
Inventories	16	47,097	16,035
Income tax refund receivable	6	1,452	333
Prepayments and other current assets	20	8,513	3,363
Total current assets		<u>111,827</u>	<u>26,015</u>
Non-current assets			
Receivables - non-current	18	-	9,050
Investments accounted for using the equity method	33	5,953	3,032
Property, plant and equipment	25	188,162	129,625
Intangibles	26	8,782	87
Deferred tax asset	6	296	2,635
Other non-current assets	19	1,742	-
Total non-current assets		<u>204,935</u>	<u>144,429</u>
Total assets		<u>316,762</u>	<u>170,444</u>
Liabilities			
Current liabilities			
Trade and other payables	21	16,488	10,124
Borrowings - current	9	111,894	42,281
Income tax payable	6	1,005	1,202
Provisions - current	27	1,734	1,165
Unearned income - current	22	15,197	6,696
Other liabilities - current	29	1,459	1,751
Total current liabilities		<u>147,777</u>	<u>63,219</u>
Non-current liabilities			
Borrowings - non-current	10	56,787	60,699
Deferred tax liability	6	7,321	11,155
Provisions - non-current	28	181	159
Unearned income - non-current	23	160	319
Other liabilities - non current	30	3,120	3,343
Total non-current liabilities		<u>67,569</u>	<u>75,675</u>
Total liabilities		<u>215,346</u>	<u>138,894</u>
Net assets		<u>101,416</u>	<u>31,550</u>
Equity			
Issued capital	12	75,679	1
Reserves	14	(13,101)	631
Retained profits	15	38,838	30,918
Total equity		<u>101,416</u>	<u>31,550</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 2017

	Issued	Foreign Currency Translation Reserve	Retained	Total equity
Consolidated	capital \$'000	\$'000	profits \$'000	\$'000
Balance at 1 July 2015	1	(50)	26,084	26,035
Profit after income tax expense for the year	-	-	4,834	4,834
Other comprehensive income for the year, net of tax	-	681	-	681
Total comprehensive income for the year	-	681	4,834	5,515
Balance at 30 June 2016	1	631	30,918	31,550

	Issued	Common Control	Foreign Currency Translation Reserve	Retained	Total equity
Consolidated	capital \$'000	Reserve \$'000	\$'000	profits \$'000	\$'000
Balance at 1 July 2016	1	-	631	30,918	31,550
Profit after income tax benefit for the year	-	-	-	8,646	8,646
Other comprehensive loss for the year, net of tax	-	-	(515)	-	(515)
Total comprehensive income/(loss) for the year	-	-	(515)	8,646	8,131
Issue of shares to acquire Apollo Motorhome Holidays LLC	16,000	-	-	-	16,000
Issue of shares to acquire Apollo Finance Pty Ltd	465	-	-	-	465
Changes arising from investment in acquired Apollo Motorhome Holidays LLC	-	(13,399)	604	-	(12,795)
Changes arising from investment in acquired Apollo Finance Pty Ltd	-	(422)	-	-	(422)
Issue of shares in Public Offering	50,000	-	-	-	50,000
Vendor payment	(30,000)	-	-	-	(30,000)
Shares issued as consideration for business acquisitions	1,123	-	-	-	1,123
Issue of shares in rights issue	40,293	-	-	-	40,293
Transaction costs for IPO and Rights Issue	(2,203)	-	-	-	(2,203)
<i>Transactions with owners in their capacity as owners:</i>					
Dividends paid (note 13)	-	-	-	(726)	(726)
Balance at 30 June 2017	75,679	(13,821)	720	38,838	101,416

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 2017

	Note	Consolidated 2017 \$'000	2016 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		181,748	118,541
Payments to suppliers and employees (inclusive of GST)		(149,264)	(87,665)
Borrowing costs		(7,754)	(7,291)
Proceeds from sale of rental fleet		45,965	13,508
Interest received		117	528
Income taxes paid		(4,655)	(340)
		<u> </u>	<u> </u>
Net cash from operating activities	24	<u>66,157</u>	<u>37,281</u>
Cash flows from investing activities			
Payment for purchase of subsidiary, net of cash acquired	31	(14,467)	-
Payments for investments		(1,750)	-
Payments for property, plant and equipment	25	(968)	(2,121)
Acquisition of common controlled entities - cash acquired	31	6,169	-
		<u> </u>	<u> </u>
Net cash used in investing activities		<u>(11,016)</u>	<u>(2,121)</u>
Cash flows from financing activities			
Proceeds from issue of shares	12	90,293	-
Related entity loans		5,786	229
Payment to founding shareholders		(30,000)	-
Transaction costs capital raising		(2,240)	-
Dividends paid	13	(726)	-
Repayment of borrowings/finance lease principal		(75,110)	(33,141)
		<u> </u>	<u> </u>
Net cash used in financing activities		<u>(11,997)</u>	<u>(32,912)</u>
Net increase in cash and cash equivalents		43,144	2,248
Cash and cash equivalents at the beginning of the financial year		5,535	3,196
Effects of exchange rate changes on cash and cash equivalents		(80)	91
		<u> </u>	<u> </u>
Cash and cash equivalents at the end of the financial year	8	<u><u>48,599</u></u>	<u><u>5,535</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.

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.

Basis of preparation

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. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

The Group is in a consolidated net current liability position as at 30 June 2017 of \$36.0 million (current assets of \$111.8 million and current liabilities of \$147.8 million), primarily as a result of liabilities due under finance lease and hire purchase contracts, and unearned income of \$15.1 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 30 June 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 30 June 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.

Comparatives have been restated where needed to confirm to current-year classification and presentation. Significant reclassifications of comparative items include the reclassification of *Proceeds from sale of rental fleet* from to Cash Flows from Investing Activities to Cash Flows from Operating Activities (2016: \$13,508,000).

Historical cost convention

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

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Consolidated Entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

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 39.

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 2017 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.

1. Significant accounting policies (continued)

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 of.

Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the Consolidated Entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Sale of goods

Sale of goods revenue is recognised at the point of sale, which is where the customer has taken delivery of the goods, the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns and trade discounts.

Rendering of services

Service revenue is measured by reference to the degree of completion over the period for which the service is provided. Where the contract outcome cannot be reliably estimated, revenue is only recognised to the extent of the recoverable costs incurred to date.

Interest

Interest revenue 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.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

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.

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.

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.

1. Significant accounting policies (continued)

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Consolidated Entity has transferred substantially all the risks and rewards of ownership.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets

The Consolidated Entity assesses, at the end of each reporting period, whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor, a breach of contract such as default or delinquency in payments, the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do, it becomes probable that the borrower will enter bankruptcy or other financial reorganisation, the disappearance of an active market for the financial asset, or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for loans and receivables carried at amortised cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. If there is a reversal of impairment, the reversal cannot exceed the amortised cost that would have been recognised had the impairment not been made and is reversed to profit or loss.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or, if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life, or over the shorter of the asset's useful life and the lease term, if there is no reasonable certainty that the Consolidated Entity will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

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.

1. Significant accounting policies (continued)

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.

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 2017. The Consolidated Entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Consolidated Entity, are set out as follows.

• AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace AASB 139 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition, in which case, the lifetime ECL method is adopted. The standard introduces additional new disclosures. The Consolidated Entity is in the process of analysing the new standard noting hedging is not applicable. Analysis is ongoing in relation to impacts associated with classification and measurement and associated impairment elements of the new standard. The Consolidated Entity has not selected a transitional method and will adopt this standard from 1 July 2018.

1. Significant accounting policies (continued)

• AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers, the significant judgements made in applying the guidance to those contracts, and any assets recognised from the costs to obtain or fulfil a contract with a customer. Based on a high level preliminary impact assessment, there are some areas such as agent vs. principal concepts and bundling elements which require further detailed analysis, which is ongoing, in order to determine the impacts (if any). The Consolidated Entity will adopt this standard from 1 July 2018 and expects to apply the modified retrospective transitional method.

• AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and, for lessees, will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture), where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (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. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. The Consolidated Entity expects that operating leases will be recorded on the Statement of Financial Position instead of being recorded as a commitment. The Consolidated Entity will adopt this standard from 1 July 2019.

2. 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. 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 in the relevant notes to the financial statements.

Business combinations

Business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the Consolidated Entity, taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

2. Critical accounting judgements, estimates and assumptions (continued)

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models, which include discounted cash flow analysis or the use of observable inputs that may require significant adjustments based on unobservable inputs.

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 lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Goodwill and other indefinite life intangible assets

The Consolidated Entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets 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.

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.

Fleet depreciation rates

The Group 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.

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.

3. Operating segments

Identification of reportable operating segments

The Consolidated Entity is organised into geographical operating segments: Australia, New Zealand, North America. These operating segments are based on the internal reports that are reviewed and used by the Managing Director (who 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 arose from the corporate reorganisation whereby Apollo Motorhome Holidays LLC becoming a part of the Consolidated Entity during the 2017 financial year.

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 for 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 Managing Director monitors the operating results of the business units 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 Australia segment also carries the Group's investment in CanaDream Corporation and Camplify Co (Australia) Pty Ltd.

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 Eliminations column represents inter-segment 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.

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3. Operating segments (continued)

Operating segment information

Consolidated - 2017	Australia \$'000	New Zealand \$'000	North America \$'000	Eliminations \$'000	Total \$'000
Revenue					
Sales of services	55,387	22,503	7,164	-	85,054
Sales of goods	50,340	5,079	32,794	-	88,213
Total sales revenue	105,727	27,582	39,958	-	173,267
Other revenue	3,460	1,206	98	(1,030)	3,734
Total revenue	109,187	28,788	40,056	(1,030)	177,001
EBITDA					
Depreciation and amortisation	(13,494)	(6,254)	(1,307)	-	(21,055)
Finance costs	(4,549)	(2,069)	(2,573)	1,437	(7,754)
Profit/(loss) before income tax benefit	7,004	5,657	(4,737)	81	8,005
Income tax benefit					641
Profit after income tax benefit					8,646
<i>Material items include:</i>					
Manufacturing costs	(20,526)	(4,362)	-	-	(24,888)
Cost of goods sold	(45,200)	(4,615)	(31,220)	-	(81,035)
Other expenses	(39,442)	(10,193)	(9,693)	(408)	(59,736)
Share of profit from associates	583	-	-	-	583
Assets					
Segment assets	223,389	52,757	56,881	(16,561)	316,466
<i>Unallocated assets:</i>					
Deferred tax asset					296
Total assets					316,762
<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					215,346

Apollo Tourism & Leisure Ltd
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3. Operating segments (continued)

Consolidated - 2016	Australia \$'000	New Zealand \$'000	Others and Eliminations \$'000	Total \$'000
Revenue				
Sales of services	49,916	19,172	-	69,088
Sales of goods	21,717	4,368	-	26,085
Total sales revenue	71,633	23,540	-	95,173
Other revenue	1,553	964	239	2,756
Total revenue	73,186	24,504	239	97,929
EBITDA				
Depreciation and amortisation	(13,151)	(5,878)	-	(19,029)
Finance costs	(4,715)	(2,576)	-	(7,291)
Profit before income tax expense	3,250	2,226	788	6,264
Income tax expense				(1,430)
Profit after income tax expense				4,834
<i>Material items include:</i>				
Manufacturing costs	(15,094)	(4,165)	-	(19,259)
Cost of goods sold	19,160	3,968	-	23,128
Other expenses	(32,910)	(9,857)	(239)	(43,006)
Share of profit from associates	-	-	788	788
Assets				
Segment assets	117,078	49,920	3,446	170,444
Total assets				170,444
<i>Total assets includes:</i>				
Investments in associates	-	-	3,032	3,032
Acquisition of non-current assets	24,303	10,465	-	34,768
Liabilities				
Segment liabilities	89,286	38,451	11,157	138,894
Total liabilities				138,894

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.

4. Revenue

	Consolidated	
	2017	2016
	\$'000	\$'000
Other Revenue		
Revenue from deferred gain on sale and leaseback transactions	1,602	1,422
Retail parts sales	167	86
Finance income	240	528
Repairs income	961	611
Miscellaneous	764	109
Total other revenue	3,734	2,756

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5. Expenses

	Consolidated	
	2017	2016
	\$'000	\$'000
Profit before income tax includes the following specific expenses:		
<i>Depreciation and amortisation expense</i>		
Depreciation expense	(20,918)	(19,029)
Amortisation expenses	(137)	-
	<u>(21,055)</u>	<u>(19,029)</u>
Total depreciation and amortisation expense		
<i>Finance costs</i>		
Finance charges payable under finance leases and hire purchase contracts	(7,059)	(7,070)
Other finance charges	(695)	(221)
	<u>(7,754)</u>	<u>(7,291)</u>
Finance costs expensed		
<i>Net foreign exchange loss</i>		
Net foreign exchange gain/(loss)	(668)	(241)
	<u>(668)</u>	<u>(241)</u>
<i>Employee benefits expense</i>		
Wages and salaries	(15,141)	(12,351)
Workers' compensation costs	(260)	(129)
Superannuation costs	(1,178)	(821)
	<u>(16,579)</u>	<u>(13,301)</u>

6. Income tax

The major components of income tax expense are:

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6. Income tax (continued)

	Consolidated	
	2017	2016
	\$'000	\$'000
<i>Income tax expense/(benefit)</i>		
Current tax	2,630	1,022
Deferred tax - origination and reversal of temporary differences	6,256	491
Adjustment recognised for prior periods	-	(79)
Research and development claim	-	(105)
Tax losses utilised	(7,559)	101
Tax uplift on formation of tax consolidated group	(2,311)	-
Non-deductible acquisition costs	343	-
	<u>(641)</u>	<u>1,430</u>
Aggregate income tax expense/(benefit)		
Deferred tax included in income tax expense/(benefit) comprises:		
Increase in deferred tax assets	(3,456)	(598)
Increase in deferred tax liabilities	9,712	1,089
	<u>6,256</u>	<u>491</u>
Deferred tax - origination and reversal of temporary differences		
<i>Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate</i>		
Profit before income tax (expense)/benefit	8,005	6,264
Tax at the statutory tax rate of 30%	2,402	1,879
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-assessable income on associates	(175)	(237)
Variance due to differing corporate tax rates in offshore entities	(411)	(57)
Research and development expenditure	-	315
Research and development claim	-	(421)
Tax uplift on formation of tax consolidated group	(2,311)	-
Prior year tax adjustment	(36)	-
Non-assessable interest income	(420)	-
Non-deductible acquisition costs	343	-
Other	(33)	30
	<u>(641)</u>	<u>1,509</u>
Adjustment recognised for prior periods	-	(79)
Income tax expense/(benefit)	<u>(641)</u>	<u>1,430</u>

Apollo Tourism & Leisure Ltd
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6. Income tax (continued)

	Consolidated	
	2017	2016
	\$'000	\$'000
<i>Deferred tax asset</i>		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Tax losses	7,615	56
Unearned income	2,257	479
Provisions	557	395
Capital raising costs	925	-
Unearned profits on leaseback	1,374	1,530
Other	226	68
Deferred interest	533	-
Property, plant and equipment	946	-
Inventories	148	-
Research and development tax rebate	-	107
Set off against deferred tax liability based on jurisdiction	(14,285)	-
Deferred tax asset	<u>296</u>	<u>2,635</u>
Movements:		
Opening balance	2,635	2,031
Credited to profit or loss	3,456	598
Additions through business combinations (note 31)	115	-
Tax losses recognised / (utilised)	7,559	(101)
Capital raising costs	816	-
Set off against deferred tax liability based on jurisdiction	(14,285)	-
Research and development tax rebate	-	107
Closing balance	<u>296</u>	<u>2,635</u>
	Consolidated	
	2017	2016
	\$'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	20,470	10,807
Inventories	11	-
Prepayments	386	348
Intangible assets	739	-
Set off deferred tax asset based on jurisdiction	(14,285)	-
Deferred tax liability	<u>7,321</u>	<u>11,155</u>
Movements:		
Opening balance	11,155	10,066
Charged to profit or loss	9,712	1,089
Additions through business combinations (note 31)	739	-
Set off deferred tax asset based on jurisdiction	(14,285)	-
Closing balance	<u>7,321</u>	<u>11,155</u>

6. Income tax (continued)

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

	Consolidated	
	2017	2016
	\$'000	\$'000
<i>Income tax refund due</i>		
Income tax refund due	1,452	333

	Consolidated	
	2017	2016
	\$'000	\$'000
<i>Income tax payable</i>		
Income tax payable	1,005	1,202

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. At 30 June 2017 tax entities within the Group cumulatively have \$nil (2016: \$1,235,663) of tax effected unrecognised tax losses available to respective entities which generated them.

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.

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 tax 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.

6. Income tax (continued)

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.

7. Earnings per share

	Consolidated	
	2017	2016
	\$'000	\$'000
Profit after income tax attributable to the owners of Apollo Tourism & Leisure Ltd	<u>8,646</u>	<u>4,834</u>
	Cents	Cents
Basic earnings per share	8.89	5.09
Diluted earnings per share	8.89	5.09
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>97,201,915</u>	<u>94,923,612</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>97,201,915</u>	<u>94,923,612</u>

For comparative purposes, the previous corresponding period calculation has been compiled using the same number of securities issued as the current period adjusted for the initial public offering. The actual weighted average number of shares for the year ended 30 June 2016 was 13,320.

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.

8. Cash and cash equivalents

	Consolidated	
	2017	2016
	\$'000	\$'000
Cash at bank and in hand	<u>48,599</u>	<u>5,535</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.

9. Borrowings - current

	Consolidated	
	2017	2016
	\$'000	\$'000
Floor Plan (i)	20,014	1,905
Hire purchase (ii)	91,880	40,376
	<u>111,894</u>	<u>42,281</u>

Refer to note 11 for further information on financial risk management objectives and policies.

(i) 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 15%. For some lenders, balances are secured through retention of title until point of sale.

(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 30 June 2017 on term loans to finance the rental fleet and Australian capitalised lease obligations range from 5% to 8% p.a. (2016: 5% to 8% p.a.).

10. Borrowings - non-current

	Consolidated	
	2017	2016
	\$'000	\$'000
Obligations under finance leases and hire purchase contracts	<u>56,787</u>	<u>60,699</u>

Refer to note 11 for further information on financial risk management objectives and policies.

Total secured liabilities

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

	Consolidated	
	2017	2016
	\$'000	\$'000
Floor plan	20,014	1,905
Obligations under finance leases and hire purchase contracts	148,667	101,075
	<u>168,681</u>	<u>102,980</u>

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.

Accounting policy for borrowings

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.

11. Financial risk management objectives and policies

Financial risk management objectives

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.

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 and the United States of America, whose net assets are exposed to foreign currency translation risk. This risk is managed primarily through borrowing denominated in the relevant foreign currencies.

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 90% 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.

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

	Basis points increase			Basis points decrease		
	Basis points change	Effect on profit before tax	Effect on equity	Basis points change	Effect on profit before tax	Effect on equity
Consolidated - 2017						
Variable rate borrowings	100	<u>(292,426)</u>	<u>204,698</u>	100	<u>292,426</u>	<u>(204,698)</u>
	Basis points change	Effect on profit before tax	Effect on equity	Basis points change	Effect on profit before tax	Effect on equity
Consolidated - 2016						
Variable rate borrowings	100	<u>(112,769)</u>	<u>78,938</u>	100	<u>112,769</u>	<u>(78,938)</u>

11. Financial risk management objectives and policies (continued)

Credit risk

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 via 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 and, where appropriate, provision is made. Trade receivables less than three months old are not considered impaired. Overdue amounts that have not been provided for relate to customers that have a reliable trading credit history and no recent history of default.

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.

Remaining contractual maturities

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

In order to achieve this overall objective, the Group's capital management, among other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define the capital structure requirements. These covenants are calculated monthly and reported to banks quarterly. 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) and minimum shareholders' equity. 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 2017 and 2016.

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.

Consolidated - 2017	On demand \$'000	Less than 3 months \$'000	3 to 12 months \$'000	1 to 5 years \$'000	Remaining contractual maturities \$'000
Non-derivatives					
<i>Non-interest bearing</i>					
Trade payables	-	16,488	-	-	16,488
<i>Interest-bearing</i>					
Hire purchase	43	8,404	88,387	61,167	158,001
Floorplan	20,014	-	-	-	20,014
Total non-derivatives	<u>20,057</u>	<u>24,892</u>	<u>88,387</u>	<u>61,167</u>	<u>194,503</u>

11. Financial risk management objectives and policies (continued)

Consolidated - 2016	On demand \$'000	Less than 3 months \$'000	3 to 12 months \$'000	1 to 5 years \$'000	Remaining contractual maturities \$'000
Non-derivatives					
<i>Non-interest bearing</i>					
Trade payables	-	9,851	-	-	9,851
<i>Interest-bearing</i>					
Leases and hire purchase contracts	-	7,935	37,307	66,428	111,670
Floor Plan	1,905	-	-	-	1,905
Total non-derivatives	1,905	17,786	37,307	66,428	123,426

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

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

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 3. 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.

12. Issued capital

	Consolidated			
	2017 Shares	2016 Shares	2017 \$'000	2016 \$'000
Ordinary shares - fully paid	<u>179,944,265</u>	<u>13,320</u>	<u>75,679</u>	<u>1</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$'000
Balance	1 July 2015	13,320		1
Balance	30 June 2016	13,320		1
Shares transferred out - Apollo Ultimate Holdings Pty Ltd		(13,320)	\$0.00	-
- Founding Shareholders		94,960,000	\$0.17	16,465
- The Public	4 November 2016	50,000,000	\$1.00	50,000
Payment to founding shareholders	4 November 2016	-	\$0.00	(30,000)
Costs associated with Public Offering		-	\$0.00	(809)
Shares issued as partial consideration of Sydney RV Group Pty Ltd acquisition	8 February 2017	157,829	\$1.39	219
Shares issued as partial consideration of Kratzmann acquisition	26 May 2017	680,082	\$1.33	905
Shares issued in rights issue	7 June 2017	34,146,354	\$1.18	40,293
Costs associated with rights issue		-	\$0.00	(1,395)
Balance	30 June 2017	<u>179,944,265</u>		<u>75,679</u>

12. 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.

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 arrangements covenants and meeting these covenants is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

Other than the availability of public equity capital following the Consolidated Entity's admission to the Australian Securities Exchange, the Group's overall capital risk management policy remains unchanged from the 30 June 2016 Annual Report.

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.

13. Dividends

Dividends

Dividends paid during the financial year were as follows:

	Consolidated	
	2017	2016
	\$'000	\$'000
Interim dividend for the half-year ended 31 December 2016 at 0.5 cents per ordinary share	726	-

At the date of signing the financial report, the Directors have recommended the payment of a final fully franked dividend of 2.0 cents per share at a record date of 30 August 2017, which is expected to be paid on 14 September 2017.

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13. Dividends (continued)

Franking credits

	Consolidated	
	2017	2016
	\$'000	\$'000
Franking credits available at the reporting date based on a tax rate of 30%	1,787	1,326
Franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date based on a tax rate of 30%	1,843	428
	<u>3,630</u>	<u>1,754</u>

Accounting policy for dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

14. Reserves

	Consolidated	
	2017	2016
	\$'000	\$'000
Foreign currency translation reserve	720	631
Common control reserve	(13,821)	-
	<u>(13,101)</u>	<u>631</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.

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 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 have 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.

15. Retained profits

	Consolidated	
	2017	2016
	\$'000	\$'000
Retained profits at the beginning of the financial year	30,918	26,084
Profit after income tax (expense)/benefit for the year	8,646	4,834
Dividends paid (note 13)	(726)	-
	<u>38,838</u>	<u>30,918</u>

Apollo Tourism & Leisure Ltd
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16. Inventories

	Consolidated	
	2017	2016
	\$'000	\$'000
Raw materials	4,370	3,817
Work in progress	596	702
New vehicles for retail sale	29,958	5,641
Used rental vehicles for sale	10,048	5,253
Stock in transit and spare parts	2,125	622
	<u>47,097</u>	<u>16,035</u>

Accounting policy for inventories

Raw materials, work in progress and vehicles for sale are stated at the lower of cost and 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, 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.

Stock in transit is stated at the lower of cost and net realisable value. Cost comprises 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.

17. Trade and other receivables

	Consolidated	
	2017	2016
	\$'000	\$'000
Trade receivables	6,151	632
Less: Provision for impairment of receivables	(12)	(4)
	<u>6,139</u>	<u>628</u>
Other receivables	27	121
	<u>6,166</u>	<u>749</u>

The ageing of the impaired receivables provided for above are as follows:

	Consolidated	
	2017	2016
	\$'000	\$'000
91 to 120 days overdue	12	4

Movements in the provision for impairment of receivables are as follows:

	Consolidated	
	2017	2016
	\$'000	\$'000
Opening balance	4	2
Additional provisions recognised	12	4
Receivables written off during the year as uncollectable	(4)	(2)
Closing balance	<u>12</u>	<u>4</u>

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17. Trade and other receivables (continued)

Past due but not impaired

Customers with balances past due but without provision for impairment of receivables amount to \$3,810,000 as at 30 June 2017 (\$163,000 as at 30 June 2016).

The Consolidated Entity did not consider a credit risk on the aggregate balances after reviewing the credit terms of customers based on recent collection practices.

The ageing of the past due but not impaired receivables are as follows:

	Consolidated	
	2017	2016
	\$'000	\$'000
0 to 30 days overdue	2,102	35
31 to 60 days overdue	855	89
61 to 90 days overdue	827	24
91 to 120 days overdue	26	15
	<u>3,810</u>	<u>163</u>

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 provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the Consolidated Entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

18. Receivables - non-current

	Consolidated	
	2017	2016
	\$'000	\$'000
Related party receivable - non-current	<u>-</u>	<u>9,050</u>

19. Other non-current assets

	Consolidated	
	2017	2016
	\$'000	\$'000
Prepayments	298	-
Security deposits	1,444	-
	<u>1,742</u>	<u>-</u>

Non-current prepayments relate to insurance premiums.

Security deposits relate primarily to deposits over leased properties.

20. Prepayments and other current assets

	Consolidated	
	2017	2016
	\$'000	\$'000
Prepayments	3,878	2,450
Deposits	4,635	913
	<u>8,513</u>	<u>3,363</u>

21. Trade and other payables

	Consolidated	
	2017	2016
	\$'000	\$'000
Trade payables	11,064	7,203
Sundry accruals	5,424	2,921
	<u>16,488</u>	<u>10,124</u>

Refer to note 11 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 and 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.

22. Unearned income - current

	Consolidated	
	2017	2016
	\$'000	\$'000
Other unearned income - current	275	160
Rental income in advance	10,261	5,731
Customer bonds held	4,661	805
	<u>15,197</u>	<u>6,696</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 Company during rentals and deposits held for retail vehicle sales.

23. Unearned income - non-current

	Consolidated	
	2017	2016
	\$'000	\$'000
Other unearned income - non-current	<u>160</u>	<u>319</u>

Other unearned income - non-current relates to the non-current portion of a compulsory third party insurance refund.

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24. Reconciliation of profit after income tax to net cash from operating activities

	Consolidated	
	2017	2016
	\$'000	\$'000
Profit after income tax (expense)/benefit for the year	8,646	4,834
Adjustments for:		
Depreciation and amortisation	21,314	19,029
Share of profit - associates	(583)	(788)
Foreign exchange differences	530	241
Rebate adjustments	161	188
Other	-	32
Transfer of ex-fleet vehicles to inventory	42,638	11,988
Change in operating assets and liabilities:		
Increase in trade and other receivables	(4,687)	(435)
Decrease/(increase) in inventories	662	(367)
Increase in income tax refund due	(306)	(340)
Increase in deferred tax assets	(1,934)	(563)
Increase in prepayments	(3,068)	(1,281)
Increase/(decrease) in trade and other payables	2,180	(617)
Increase/(decrease) in provision for income tax	(643)	1,097
Increase/(decrease) in deferred tax liabilities	(2,505)	850
Increase in employee benefits	242	554
Increase in unearned income	4,131	824
Increase in provision for warranty	34	150
Increase/(decrease) in other liabilities	(655)	1,885
Net cash from operating activities	<u>66,157</u>	<u>37,281</u>

25. Property, plant and equipment

	Consolidated	
	2017	2016
	\$'000	\$'000
Plant and equipment - at cost	25,550	20,600
Less: Accumulated depreciation	(17,849)	(14,061)
	<u>7,701</u>	<u>6,539</u>
Motor vehicles under lease	232,971	171,887
Less: Accumulated depreciation	(52,490)	(48,801)
Less: Impairment	(20)	-
	<u>180,461</u>	<u>123,086</u>
	<u>188,162</u>	<u>129,625</u>

25. 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	Total \$'000
Balance at 1 July 2015	117,633	6,043	123,676
Additions	32,646	2,121	34,767
Exchange differences	2,701	21	2,722
Transfers in/(out)	(12,236)	-	(12,236)
Depreciation expense *	(17,657)	(1,647)	(19,304)
Balance at 30 June 2016	123,087	6,538	129,625
Additions	83,116	2,317	85,433
Additions through business combinations (note 31)	40,372	1,052	41,424
Disposals	-	(15)	(15)
Exchange differences	(423)	38	(385)
Impairment of assets	(20)	-	(20)
Transfers in/(out)	(46,743)	-	(46,743)
Depreciation expense*	(18,923)	(2,234)	(21,157)
Balance at 30 June 2017	<u>180,466</u>	<u>7,696</u>	<u>188,162</u>

* (i) Depreciation charge for the year contains \$259,399 (2016: \$275,412) capitalised as part of the cost of motor vehicle manufacture and depreciation expense of \$21,157,000 (2016: \$19,028,994).

During the period, the Group acquired property, plant and equipment with an aggregate cost of \$83,116,000 (2016: \$32,646,382) by means of finance leases, representing the entire motor vehicle asset category.

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

Accounting policy for property, plant and equipment

Plant and equipment is 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 of each item of property, plant and equipment (excluding land) over their expected useful lives. Certain assets are depreciated on a diminishing value basis.

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

Buildings	40 years.
Leasehold improvements	3-10 years.
Plant and equipment	3-7 years (7% - 50% diminishing value).
Plant and equipment under lease	2-5 years.
Motor vehicles	5-13 years (18% - 25% diminishing value).

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

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

25. Property, plant and equipment (continued)

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.

26. Intangibles

	Consolidated	
	2017	2016
	\$'000	\$'000
Goodwill - at cost	6,365	-
Website - at cost	10	-
Less: Accumulated amortisation	(9)	-
	1	-
Brand names	2,250	87
Customer deposits	303	-
Less: Accumulated amortisation	(137)	-
	166	-
	8,782	87

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	Goodwill \$'000	Website \$'000	Brand Names \$'000	Customer Deposits \$'000	Total \$'000
Balance at 1 July 2015	-	-	87	-	87
Balance at 30 June 2016	-	-	87	-	87
Additions through business combinations (note 31)	6,365	1	2,163	303	8,832
Amortisation expense	-	-	-	(137)	(137)
Balance at 30 June 2017	6,365	1	2,250	166	8,782

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 cash generating unit (CGU) group, which is also an operating segment, for impairment testing.

26. Intangibles (continued)

A segment-level summary of the Group's goodwill and indefinite life intangible asset allocation is presented in the following table:

	Consolidated	
	2017	2016
	\$'000	\$'000
Australia segment:		
Goodwill	6,365	-
Website	1	-
Brand names	2,250	-
Customer deposits	166	-
	<hr/>	<hr/>
Total	8,782	-
	<hr/> <hr/>	<hr/> <hr/>

Goodwill was acquired during the second half of the year through business combinations and intangibles with indefinite lives (all of the group's) and has been allocated to the Australian group of CGUs, which is also an operating and reportable segment for impairment testing. The balances are still based on provisional business combination accounting. Refer to note 31 for further information.

Australian Group of CGUs

The recoverable amount of the Australian group of CGUs has been determined based on fair value less costs to sell. The fair value less costs to dispose has been determined based on the actual statutory EBIT (historical performance) which has been presented to the Board as part of the financial review process and in calculation of the expected multiple range.

The calculation of fair value less costs to dispose is most sensitive to the following assumptions (level three assumptions):

- EBIT (actual statutory EBIT \$11,553,000); and
- EV/EBIT Multiple range (12–17 times), which is based on an assessment of comparable companies, future growth expectations and takes into account the spread of businesses within the CGU group.

Based on these calculations, the recoverable amount is in excess of the carrying value of the Australian group of CGUs and, therefore, no impairment was recorded.

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.

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.

26. Intangibles (continued)

Customer deposits

Customer deposits acquired in a business combination represent the 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.

27. Provisions - current

	Consolidated	
	2017	2016
	\$'000	\$'000
Long service leave	228	211
Employee benefits	1,251	804
Warranties	207	150
Lease straight lining provision	48	-
	<u>1,734</u>	<u>1,165</u>

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

Short-term 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.

28. Provisions - non-current

	Consolidated	
	2017	2016
	\$'000	\$'000
Long service leave	<u>181</u>	<u>159</u>

Accounting policy for other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are 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 national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

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29. Other liabilities - current

	Consolidated	
	2017	2016
	\$'000	\$'000
Deferred gain relating to sale and lease back transactions - current	1,459	1,751

The sale and lease back arrangement is between the Australian and New Zealand manufacturing entities who 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.

30. Other liabilities - non current

	Consolidated	
	2017	2016
	\$'000	\$'000
Deferred gain relating to sale and lease back transactions - non current	3,120	3,343

The sale and lease back arrangement is between the Australian and New Zealand manufacturing entities who 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.

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31. Business combinations

Acquisition of entities under common control

On 30 September 2016, affiliated entities, Apollo Motorhome Holidays LLC and Apollo Finance Pty Ltd, 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 paid was shares in Apollo Tourism & Leisure Ltd. As this transaction involved entities under common control, the Directors have 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.

The acquisition of Apollo Motorhome Holidays LLC changed the tax base of certain USA fleet assets for USA tax purposes. Judgement has been applied in determining the value of these amounts and the related deferred tax liabilities.

Details of the acquisition are as follows:

	Fair value \$'000
Cash and cash equivalents	6,169
Trade receivables	143
Inventories	59
Investment in CanaDream Corporation	588
Other current assets	2,592
Plant and equipment	40,372
Trade payables	(1,522)
Related party payables	(2,653)
Deferred tax liability	(1,554)
Provisions - current	(40)
Unearned income	(1,188)
Interest-bearing loans and borrowings	<u>(40,323)</u>
Net assets acquired	2,643
Goodwill	<u>-</u>
Acquisition-date fair value of the total consideration transferred	<u><u>2,643</u></u>
Representing:	
Common control reserve arising on acquisition	<u><u>13,821</u></u>
Acquisition costs expensed to profit or loss (included within 'Other expenses')	<u><u>2,000</u></u>
Cash used to acquire business, net of cash acquired:	
Net cash acquired with the subsidiaries (included in cash flows from investing activities)	<u><u>6,169</u></u>

From the date of acquisition, the combined entities have contributed revenues of \$40,057,000 and a loss of \$4,786,000 after tax to the continuing operations of the Group. If the acquisition had taken place from 1 July 2016, the revenue would have been \$54,893,000, with a net profit after tax of \$2,635,000.

Acquisition of businesses

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

31. Business combinations (continued)

Sydney RV Group Pty Ltd

On 8 February 2017, the Group acquired 100% of the share capital of Sydney RV Group Pty Ltd for total consideration of \$1,750,000. The acquired business contributed revenues of \$18,950,000 and a profit after tax of \$136,000 to the Group for the period from 8 February 2017 to 30 June 2017. The values identified in relation to the acquisition are provisional as at 30 June 2017.

Kratzmann Caravans and Clint's Caravan Warehouse

On 26 May 2017, the Group acquired 100% of the assets of Kratzmann Caravans and Clint's Caravan Warehouse from San Ancona Pty Ltd and Concept Aust Pty Ltd respectively, for the total consideration of \$14,921,000. The acquired business contributed revenues of \$3,405,000 and profit after tax of \$14,000 (excluding acquisition costs) to the Group for the period from 26 May 2017 to 30 June 2017. The values identified in relation to the acquisition are provisional as at 30 June 2017.

If the Sydney RV and Kratzmann acquisitions had occurred on 1 July 2016 (the beginning of the financial year), the adjusted Group consolidated revenue would have been \$241,117,000 and the consolidated Group profit after tax would have been \$10,119,000.

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31. Business combinations (continued)

Details of the acquisitions are as follows:

	Sydney RV Fair value \$'000	Kratzmann Caravans Fair value \$'000
Cash and cash equivalents	1,081	-
Other receivables	83	-
Inventories	7,690	8,328
Other assets	1,584	392
Plant and equipment	493	545
Brands and trademarks	742	1,419
Customer contracts	165	138
Deferred tax asset	115	-
Trade payables	(700)	-
Provision for income tax	(249)	-
Deferred tax liability	(272)	(467)
Employee benefits	(211)	(64)
Customer deposits	(1,732)	(1,010)
Bank loans	(7,743)	-
Other liabilities	-	(20)
	<hr/>	<hr/>
Net assets acquired	1,046	9,261
Goodwill	704	5,660
	<hr/>	<hr/>
Acquisition-date fair value of the total consideration transferred	<u>1,750</u>	<u>14,921</u>
Representing:		
Cash paid or payable to vendor	1,531	14,017
Apollo Tourism & Leisure Ltd shares issued to vendor	219	905
	<hr/>	<hr/>
	<u>1,750</u>	<u>14,922</u>
Acquisition costs expensed to profit or loss	<u>(168)</u>	<u>(999)</u>
Cash used to acquire business, net of cash acquired:		
Acquisition-date fair value of the total consideration transferred	1,750	14,922
Less: cash and cash equivalents	(1,081)	-
Less: shares issued by Company as part of consideration	(219)	(905)
	<hr/>	<hr/>
Net cash used	<u>450</u>	<u>14,017</u>

Goodwill 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. These benefits were not recognised separately from goodwill as the future economic benefits arising from them could not be reliably measured in time for inclusion in these financial statements. Therefore, the amount allocated to goodwill on acquisition has been provisionally determined at the end of the reporting period.

The Group issued ordinary shares as part consideration for the acquisitions. The fair value of the shares is calculated with reference to the quoted price of the shares of the Company at the date of acquisition.

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.

31. Business combinations (continued)

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.

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.

32. Interests in subsidiaries

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

Name	Principal place of business / Country of incorporation	Ownership interest	
		2017 %	2016 %
Apollo Motorhome Ultimate Holdings Pty Ltd	Australia	100.00%	100.00%
Apollo Motorhome Holdings (Aus) Pty Ltd	Australia	100.00%	100.00%
Cheapa Campa Pty Ltd	Australia	100.00%	100.00%
GRL Enterprises Pty Ltd	Australia	100.00%	100.00%
Talvor Motorhomes Pty Ltd	Australia	100.00%	100.00%
Apollo Motorhome Holidays Pty Ltd	Australia	100.00%	100.00%
Apollo Motorhome Industries Pty Ltd	Australia	100.00%	100.00%
Hippie Camper Pty Ltd	Australia	100.00%	100.00%
Sydney RV Group Pty Ltd	Australia	100.00%	-
Apollo Motorhome Holdings (NZ) Pty Ltd	Australia	100.00%	100.00%
Apollo Motorhome Holidays Ltd	New Zealand	100.00%	100.00%
Talvor Motorhomes Ltd	New Zealand	100.00%	100.00%
Hippie Camper Ltd	New Zealand	100.00%	100.00%
Cheapa Campa Ltd	New Zealand	100.00%	100.00%
Apollo Car Hire Ltd	New Zealand	100.00%	100.00%
Apollo Finance Pty Ltd	Australia	100.00%	-
Winnebago RV Pty Ltd	Australia	100.00%	100.00%
Apollo Motorhome Holidays LLC (USA)	United States of America	100.00%	-
Apollo Investments Pty Ltd	Australia	100.00%	-
ATL Canada Ltd	Canada	100.00%	-

33. Investments accounted for using the equity method

	Consolidated	
	2017	2016
	\$'000	\$'000
Investment in CanaDream Corporation	4,264	3,032
Investment in Camplify Co (Australia) Pty Ltd	1,689	-
	<u>5,953</u>	<u>3,032</u>

Interests in associates

During October 2009, the Group acquired an initial shareholding in CanaDream Corporation for \$2.274m. As at 30 June 2017, this investment represented a 20.22% interest (2016: 16.83%). CanaDream Corporation was, until recently, a publicly listed Canadian RV rental and ex-fleet sales company. The Group can exert significant influence through its representation on the Board of CanaDream Corporation. The investment has been equity accounted for as an investment in associate, and the Group's share of associates profits have been recognised within the share of profit/(loss) of associates in the consolidated profit and loss statement. The financial statements of CanaDream Corporation are prepared for a different reporting period as the Group, being the year ending 30 April 2017. When necessary, adjustments are made to bring the accounting policies in line with those of the Group. In 2016, impairment on this investment of \$246,553, previously recorded in 2015, was reversed.

On 11 July 2017, the Consolidated Entity acquired the remaining shares of CanaDream Corporation. Please refer to note 38 for more information.

On 8 February 2017, the Group acquired a 25.00% shareholding in Camplify Co (Australia) Pty Ltd ("Camplify"), a peer to peer RV and caravan sharing company, for cash consideration of \$1,750,000.

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 below:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2017	2016
		%	%
CanaDream Corporation	Canada	20.22%	16.83%
Camplify Co (Australia) Pty Ltd	Australia	25.00%	-

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33. Investments accounted for using the equity method (continued)

Summarised financial information

	CanaDream Corporation	CanaDream Corporation	Camplify Co (Australia) Pty Ltd
	2017	2016	2017
	\$'000	\$'000	\$'000
<i>Summarised statement of financial position</i>			
Current assets	20,255	12,882	1,854
Non-current assets	55,673	46,979	189
Total assets	75,928	59,861	2,043
Current liabilities	19,271	20,809	198
Non-current liabilities	35,063	21,746	-
Total liabilities	54,334	42,555	198
Net assets	21,594	17,306	1,845
<i>Summarised statement of profit or loss and other comprehensive income</i>			
Revenue	57,820	43,923	129
Cost of sales	(50,604)	(38,874)	-
Administrative expenses	-	-	(623)
Finance costs	(1,533)	(1,639)	-
Profit/(loss) before income tax	5,683	3,410	(494)
Income tax expense	(1,428)	(1,079)	-
Profit/(loss) after income tax	4,255	2,331	(494)
Other comprehensive income	-	933	-
Total comprehensive income/(loss)	4,255	3,264	(494)
<i>Reconciliation of the Consolidated Entity's carrying amount</i>			
Opening carrying amount	3,032	2,244	1,750
Share of profit/(loss) after income tax	644	541	(61)
Impairment (expense)/reversal	-	247	-
Additional shares acquired through common control transaction	588	-	-
Closing carrying amount	4,264	3,032	1,689
Quoted fair value	7,205	3,530	-

CanaDream Corporation values are presented in Australian Dollars. The fair value of the Group's investment in CanaDream Corporation is calculated using the year end share price of CAD\$1.84 (2016: CAD\$1.03), converted into Australian Dollars.

Camplify Co (Australia) Pty Ltd is presented in Australian Dollars.

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34. 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.

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:

	2017
	\$'000
Statement of profit or loss and other comprehensive income	
Sales of services	55,386
Sales of goods	50,340
Other revenue	3,459
Cost of goods sold	(45,200)
Motor vehicle running expenses	(15,768)
Advertising, promotions and commissions paid	(1,960)
External acquisition costs	(1,664)
Employee benefits expense	(14,147)
Depreciation and amortisation expense	(13,494)
Rental costs on land and buildings	(2,751)
Share of profit/(loss) in associates	799
Other expenses	(3,151)
Finance costs	(4,549)
	<hr/>
Profit before income tax benefit	7,300
Income tax benefit	747
	<hr/>
Profit after income tax benefit	8,047
Other comprehensive income for the year, net of tax	<hr/> -
Total comprehensive income for the year	<hr/> <hr/> 8,047

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34. Deed of cross guarantee (continued)

	2017
	\$'000
Equity - retained profits	
Retained profits at the beginning of the financial year	-
Profit after income tax benefit	8,047
	<hr/>
Retained profits at the end of the financial year	8,047
	<hr/> <hr/>

	2017
	\$'000
Statement of financial position	
Current assets	
Cash and cash equivalents	40,744
Trade and other receivables	2,282
Inventories	42,378
Income tax refund receivable	1,453
Prepayments and other current assets	4,686
	<hr/>
	91,543
Non-current assets	
Receivables - non-current	10,374
Investments accounted for using the equity method	5,953
Property, plant and equipment	88,721
Intangibles	8,780
Deferred tax asset	2,120
Other non-current assets	17,456
	<hr/>
	133,404
Total assets	<hr/> <hr/> 224,947
Current liabilities	
Trade and other payables	12,162
Borrowings - current	45,674
Employee benefits	1,265
Provisions - current	256
Unearned income - current	8,479
Other liabilities - current	345
	<hr/>
	68,181
Non-current liabilities	
Borrowings - non-current	42,433
Deferred tax liability	8,274
Employee benefits	181
Unearned income - non-current	160
Other liabilities - non current	905
	<hr/>
	51,953
Total liabilities	<hr/> <hr/> 120,134
Net assets	<hr/> <hr/> <hr/> 104,813

35. Related party transactions

Parent entity
Apollo Tourism & Leisure Ltd is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 32.

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35. Related party transactions (continued)

Associates

Interests in associates are set out in note 33.

Key management personnel

Disclosures relating to key management personnel are set out in note 36 and the remuneration report included in the Directors' report.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	2017	2016
	\$	\$
Other income:		
Board fees received from Campstay Pty Ltd (Director-related entity of L Trouchet)	43,222	-
Payment for other expenses:		
Rental expenses paid to Eastglo Pty Ltd (Director-related entity of L Trouchet and K Trouchet)	158,400	158,400
Capital raising fees and paid to Morgans Corporate Limited (a Director-related entity of S Mitchell)	2,277,447	-

Receivable from and payable to related parties

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

	Consolidated	
	2017	2016
	\$	\$
Current payables:		
Trade payables (rent) Eastglo Pty Ltd (director related entity of L Trouchet and K Trouchet)	29,040	264,000

Loans to/from related parties

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

	Consolidated	
	2017	2016
	\$	\$
Current receivables:		
Loan to other related party	-	9,052,087

All related party receivables balances, including those with entities under common control, were settled as part of the corporate reorganisation on 30 September 2016.

Terms and conditions

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

36. 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:

	Consolidated	
	2017	2016
	\$	\$
Short-term employee benefits	1,818,187	1,462,414
Post-employment benefits	116,646	103,228
Long-term benefits	29,330	36,374
	<u>1,964,163</u>	<u>1,602,016</u>

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

37. Commitments

	Consolidated	
	2017	2016
	\$'000	\$'000
<i>Finance lease and hire purchase commitments</i>		
Committed at the reporting date and recognised as liabilities, payable:		
Within one year	62,692	45,242
One to five years	95,309	66,428
	<u>158,001</u>	<u>111,670</u>
Total commitment	158,001	111,670
Less: Future finance charges	(9,335)	(10,594)
	<u>148,666</u>	<u>101,076</u>

Operating lease commitments - where the group company is a lessee

The Group leases various branches and offices under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

Within one year	5,949	2,647
One to five years	13,425	3,406
More than five years	2,188	-
	<u>21,562</u>	<u>6,053</u>

Operating lease commitments - motor vehicles and other

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

Other commitments relate to IT services.

Within one year	532	931
One to five years	20	149
	<u>552</u>	<u>1,080</u>

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38. Events after the reporting period

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. At the date of this financial report, fair value calculations are under consideration, making it impracticable to provide details of the fair value of the assets and liabilities acquired in the transaction.

On 23 August 2017, the Group entered into a binding agreement to acquire the assets, including the brand names, of the George Day Caravans business for \$9,100,000. The acquisition is expected to settle on 31 August 2017, subject to normal settlement adjustments.

Apart from the dividend declared as disclosed in note 13, no other matter or circumstance has arisen since 30 June 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.

39. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent 2017 \$'000
Profit after income tax	726
Total comprehensive income	726

Statement of financial position

	Parent 2017 \$'000
Total current assets	1,452
Total assets	59,176
Total current liabilities	-
Total liabilities	-
Equity	
Issued capital	59,176
Total equity	<u>59,176</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 34 for further information regarding the deed of cross guarantee. The parent also has guarantees in place for its subsidiary's financiers in New Zealand. The parent has no other guarantees in relation to the debts of its subsidiaries as at 30 June 2017.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2017.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2017.

Apollo Tourism & Leisure Ltd
Notes to the financial statements
30 June 2017

39. Parent entity information (continued)

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.

40. 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:

	Consolidated	
	2017	2016
	\$	\$
<i>Audit services - Ernst & Young</i>		
Audit or review of the financial statements	244,110	129,890
<i>Other services - Ernst & Young</i>		
Taxation services	220,840	-
Due diligence	383,504	-
Services in connection with the Initial Public Offering	498,727	-
	1,103,071	-
	1,347,181	129,890

Apollo Tourism & Leisure Ltd
Directors' declaration
30 June 2017

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 39 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 2017 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 34 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

23 August 2017
Brisbane

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 2017, 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 2017 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* (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.

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. For each matter below, 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.

Acquisition of Entities Under Common Control

Why significant

As explained in Note 31, the Group acquired affiliated entities Apollo Motorhome Holidays LLC and Apollo Finance Pty Ltd during the year. The accounting for this acquisition is significant as it is major transaction, and as it was accounted for as a “common control” transaction, with the result that no goodwill was recognised.

This transaction also resulted in the creation of a US Tax base adjustment which has been recognised in the consolidated statement of financial position.

Refer Note 31 for more information.

This matter has been determined as a Key Audit Matter as it was a significant transaction during the period due to its quantum and also due to the amount of audit effort required.

How our audit addressed the key audit matter

We assessed whether the treatment adopted by the Group was consistent with Australian Accounting Standards and in accordance with the acquisition agreement. We assessed the adequacy of the disclosures in the financial report at 30 June 2017 to evaluate if they meet the disclosure requirements.

We also involved our taxation specialists to assess the tax treatment of the restructure including the creation of a US tax base adjustment.

Accounting for Transaction Costs

Why significant

On 4 November 2016, Apollo Tourism & Leisure Ltd listed on the Australia Stock Exchange. The initial public offering (‘IPO’) resulted in a net capital injection into Apollo Tourism & Leisure Ltd of \$20m.

On 2 June 2017, Apollo Tourism & Leisure Ltd completed a share rights issue which resulted in a capital injection of \$40.3m.

Transaction costs of \$6.2m were incurred in connection with the issues of these shares and related acquisition transactions, of which the Group has determined \$2.1m relates to the issue of new share capital and capitalised against issued capital.

This matter has been determined as a Key Audit Matter as the transactions are significant and there is judgment applied in allocating costs between share capital and the consolidated statement of comprehensive income.

Refer Note 12 and Note 31 for more information.

How our audit addressed the key audit matter

We agreed the capital raised and the transaction costs associated to supporting documentation. We assessed the Group’s allocation of the transaction costs between those capitalised to share capital, net of applicable income tax, and those costs expensed to the consolidated statement of comprehensive income. We involved our taxation specialists to assess the tax effect accounting treatment of the transaction costs.

We further evaluated the adequacy of the Group’s disclosures included in the notes to the financial report.

Accounting for the Restructure of the Group

Why significant

Apollo Tourism & Leisure Ltd was formed to be the ultimate parent company as part of a restructure of the Group to create the float vehicle. From an accounting perspective, Apollo Tourism & Leisure Ltd did not have substance at the date of the restructure and, therefore, the restructure was treated as a capital reorganisation whereby the equity balances of Apollo Ultimate Holdings Pty Ltd, the previous parent entity, became the opening balances of the parent entity.

An Australian income tax consolidated group was formed during the 2017 financial year. Entering into this arrangement triggered the reset of the relevant tax bases of the Group, resulting in a material one-off tax credit (\$2.3m) to the Group's income tax expense for the year ended 30 June 2017.

Refer Note 6 for more information.

This is a key audit matter as the restructure was a significant transaction and the estimate of the tax base generates a material tax credit.

How our audit addressed the key audit matter

We assessed the treatment relating to the capital re-organisation of Apollo Tourism & Leisure Ltd, during the period, to assess if it was in line with Australian Accounting Standards.

To obtain sufficient audit evidence of the validity and valuation of the tax credit we involved our taxation specialists to assess the Group's assumptions supporting the calculation of the deferred tax assets and liabilities for the Australian tax consolidated group.

We also considered the appropriateness of the taxation disclosures made in the 30 June 2017 financial report.

Business Acquisition

Why significant

On 26 May 2017, Apollo Tourism & Leisure Ltd completed the purchase of Kratzmann Caravans for a purchase price of \$14.9m. As part of the business acquisition, Australian Accounting Standards require the purchase price to be allocated between the acquired assets and liabilities, resulting in the recognition of tangible, intangible assets and goodwill.

The principal areas of judgment in the Group's purchase price allocation related to the valuation of the tradename intangible and customer deposit intangibles. Valuations of intangible assets are inherently complex and judgmental.

The acquisition accounting is provisional at year-end as, under Australian Accounting Standards, the Group has 12 months to finalise the valuation of assets and liabilities.

Refer Note 31 for more information.

How our audit addressed the key audit matter

To obtain sufficient audit evidence we assessed the purchase agreement to determine any items which may impact on the acquisition price and reviewed the relevant disclosures in the financial report. We involved our valuation specialists to assess the Group's identification of assets and liabilities, their valuation, and the residual goodwill arising.

Information Other than the Financial Report and Auditor's Report

The directors are responsible for the other information. The other information comprises the information included in the Group's 2017 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.

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 judgment 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.
- 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, related safeguards.

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 9 to 15 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Apollo Tourism & Leisure Ltd for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

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.



Ernst & Young



Mike Reid
Partner
Brisbane
23 August 2017