

APOLLO MOTORHOME ULTIMATE HOLDINGS PTY LTD

(ABN 88 122 107 180)

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2016

Corporate Information

Directors

Luke Trouchet, Managing Director

Karl Trouchet, Chief Financial Officer and Company Secretary

Registered Office

698 Nudgee Road

Northgate

Queensland 4013

Australia

Principal place of business

698 Nudgee Road

Northgate

Queensland 4013

Australia

Auditors

Ernst & Young

Australia

Solicitors

Jones Day

Australia

Bankers

National Australia Bank

Westpac Banking Corporation

Bank of New Zealand

ASB Bank

Union Bank of California

Directors' report

Your Directors submit their report for the year ended 30 June 2016.

DIRECTORS

The names and details of the Company's directors in office during the financial year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

L G Trouchet LLB AIM (Managing Director)

L Trouchet joined Apollo in 1996 and was appointed CEO in 2001.

K R L Trouchet BBus AICD (CFO & Company Secretary)

K Trouchet joined Apollo in 1997 and was appointed CFO in 2001.

PRINCIPAL ACTIVITIES

The principal activities of the company during the year were the manufacture, hire and sale of camper vans.

Apollo's rental activities are generated from 12 centrally located branches across Australia and New Zealand. Sales of new and used motorhomes and caravans in Australia are principally through the Apollo retail network located in major cities and ex-rental motorhome sales in NZ are through an established dealer network. The Australian and New Zealand manufacturing entities produce all 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. The Group also includes a strategic 16.87% shareholding in CanaDream Corporation, a publically listed Canadian RV rental and ex-fleet sales company.

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

DIVIDENDS

No dividends were paid or declared since the start of the financial year.

No recommendation for payment of dividends has been made.

REVIEW OF OPERATIONS

The Group reported a consolidated profit before tax from continuing operations of \$6,263,612 for the year ended 30 June 2016, an increase of 52% from the previous year amount of \$4,129,980.

The Group generated an increase in cash and cash equivalents of \$2.3m for the year ended 30 June 2016, this increase reflects the improved trading result and Balance Sheet management strategies implemented by the Board.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of the company's affairs during the financial year.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

Other than that described in Note 27, there have been no significant events which have occurred after the balance date.

DIRECTORS' MEETINGS

There were 6 meetings of directors held during the year, the number of meetings attended by each director were as follows:

L. Trouchet 6

K. Trouchet 6

Directors' report (Continued)

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The company anticipates consistent incremental growth in its rental operations. With the expansion of retail vehicle sales sites, retail vehicle sales are forecast to increase significantly with the Australian manufacturing operation expanding to meet this increased demand.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

OPTIONS

No options over issued shares or interests in the company were issued during or since the end of the financial year and there were no options outstanding at the date of this report.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

No indemnities have been given or insurance premiums paid during, or since the end of the financial year, for any person who is, or has been an officer of the Group.

INDEMNIFICATION OF AUDITORS.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of court to bring proceedings on behalf of the company or 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 any part of those proceedings as at the date of this report.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

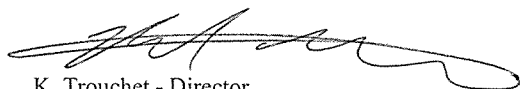
The directors received the declaration from the auditor of Apollo Motorhome Ultimate Holdings Pty Ltd which is included in this directors' report.

The following non-audit services were provided by the entity's auditor, Ernst & Young. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Ernst & Young received or are due to receive the following amounts for the provisions of non-audit services:

Non-Audit related services Nil

Signed in accordance with a resolution of the Board of Directors:



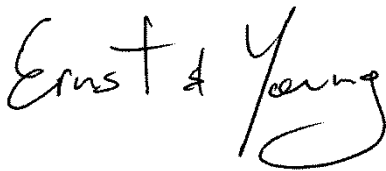
K. Trouchet - Director

Brisbane, 5 October 2016

Auditor's Independence Declaration to the Directors of Apollo Motorhome Ultimate Holdings Pty Ltd

As lead auditor for the audit of Apollo Motorhome Ultimate Holdings Pty Ltd for the financial year ended 30 June 2016, 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.



Ernst & Young



Ric Roach
Partner
5 October 2016

Consolidated statement of profit or loss and other comprehensive income

FOR THE YEAR ENDED 30 June 2016

	Notes	2016 \$	2015 \$
Revenue			
Sales of services		69,087,448	64,995,901
Sales of goods	<u>5(a)</u>	26,085,550	26,968,880
Other revenue	<u>5(b)</u>	2,756,215	2,427,221
Total revenue		<u>97,929,213</u>	<u>94,392,002</u>
Cost of goods sold		(23,127,829)	(24,603,692)
Motor vehicle running expenses		(21,574,979)	(19,684,209)
Advertising, promotions and commissions paid		(2,577,863)	(1,776,982)
Employee benefits expense	<u>5(f)</u>	(13,301,177)	(11,627,739)
Depreciation expense	<u>5(e)</u>	(19,028,994)	(18,484,073)
Rental costs on land & buildings		(2,770,294)	(2,537,954)
Share of profit/ (loss) in associates		788,029	(252,353)
Other expenses		(2,781,316)	(3,506,960)
Profit before tax and finance costs		<u>13,554,790</u>	<u>11,918,040</u>
Finance costs	<u>5(d)</u>	(7,291,178)	(7,788,060)
Profit before tax		<u>6,263,612</u>	<u>4,129,980</u>
Income tax (expense)/ benefit	<u>6</u>	(1,429,987)	(1,249,269)
Profit/ (loss) for the period		<u>4,833,625</u>	<u>2,880,711</u>
Exchange differences on translation of foreign operations		680,954	(559,416)
Total comprehensive profit /(loss) to be reclassified to profit and loss in subsequent periods		<u>680,954</u>	<u>(559,416)</u>
Total comprehensive profit /(loss)		<u>5,514,579</u>	<u>2,321,295</u>
Earnings per share from profit for the year attributable to the equity holders of the company			
Basic earnings per share (\$)	<u>18</u>	363	216
Diluted earnings per share (\$)	<u>18</u>	363	216

The accompanying notes form part of, and should be read in conjunction with, these financial statements.

Consolidated statement of financial position

As at 30 June 2016

	Notes	2016 \$	2015 \$
ASSETS			
Current Assets			
Cash and cash equivalents	<u>7</u>	5,535,162	3,195,748
Trade and other receivables	<u>8</u>	747,978	347,601
Income tax receivable		332,873	-
Inventory	<u>9</u>	16,033,736	15,508,893
Prepayments and other current assets	<u>10</u>	3,362,178	2,047,982
Total Current Assets		<u>26,011,927</u>	<u>21,100,224</u>
Non-current Assets			
Deferred income tax assets	<u>6</u>	2,633,695	2,029,750
Property, plant and equipment	<u>12</u>	129,624,912	123,675,345
Related party receivables	<u>8</u>	9,052,087	11,583,499
Investment in Canadream (associated entity)	<u>13</u>	3,032,408	2,244,379
Intangible assets		87,311	87,311
Total Non-current Assets		<u>144,430,413</u>	<u>139,620,284</u>
TOTAL ASSETS		<u>170,442,340</u>	<u>160,720,508</u>
LIABILITIES			
Current Liabilities			
Trade and other payables	<u>14</u>	9,850,959	11,967,075
Unearned income		6,963,958	6,374,532
Interest-bearing loans and borrowings	<u>15</u>	42,282,167	32,810,997
Income tax payable	<u>6</u>	1,202,438	622,240
Provisions	<u>16</u>	1,164,501	608,445
Other liabilities	<u>17</u>	1,750,971	1,422,203
Total Current Liabilities		<u>63,214,994</u>	<u>53,805,492</u>
Non-current Liabilities			
Unearned income		319,000	-
Interest-bearing loans and borrowings	<u>15</u>	60,699,330	68,749,829
Deferred income tax liabilities	<u>6</u>	11,154,918	10,065,615
Provisions	<u>16</u>	158,545	-
Other liabilities	<u>17</u>	3,342,605	2,061,203
Total Non-current Liabilities		<u>75,674,398</u>	<u>80,876,647</u>
TOTAL LIABILITIES		<u>138,889,392</u>	<u>134,682,139</u>
NET ASSETS		<u>31,552,948</u>	<u>26,038,369</u>
EQUITY			
Issued capital	<u>22</u>	1,422	1,422
Reserves	<u>23</u>	631,510	(49,444)
Retained earnings		30,920,016	26,086,391
TOTAL EQUITY		<u>31,552,948</u>	<u>26,038,369</u>

The accompanying notes form part of, and should be read in conjunction with, these financial statements.

Consolidated statement of changes in equity

FOR THE YEAR ENDED 30 June 2016

	Notes	<i>Issued capital</i> \$	<i>Retained earnings</i> \$	<i>Foreign currency translation reserve</i> \$	<i>Total equity</i> \$
At 1 July 2014		1,422	23,205,680	509,972	23,717,074
Profit for the year		-	2,880,711	-	2,880,711
Other comprehensive income		-	-	(559,416)	(559,416)
Total comprehensive income		-	2,880,711	(559,416)	2,321,295
At 30 June 2015		1,422	26,086,391	(49,444)	26,038,369
Profit for the year		-	4,833,625	-	4,833,625
Other comprehensive income		-	-	680,954	680,954
Total comprehensive income		-	4,833,625	680,954	5,514,579
At 30 June 2016		1,422	30,920,016	631,510	31,552,948

The accompanying notes form part of, and should be read in conjunction with, these financial statements.

Consolidated statement of cash flows

FOR THE YEAR ENDED 30 June 2016

	Notes	2016 \$	2015 \$
Cash flows from operating activities			
Receipts from customers		108,181,246	104,486,207
Payments to suppliers and employees		(77,305,294)	(80,148,440)
Income tax (paid)/refunded		(339,792)	-
Borrowing costs	5(d)	(7,291,178)	(7,788,060)
Interest received	5(b)	527,696	682,116
Net cash flows from operating activities	7	<u>23,772,678</u>	<u>17,231,823</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	12	(2,121,329)	(1,245,591)
Proceeds from sale of property, plant and equipment		13,507,787	13,579,028
Net cash flows from/(used in) investing activities		<u>11,386,458</u>	<u>12,333,437</u>
Cash flows from financing activities			
Related entity loans		229,414	1,374
Repayment of borrowings/finance lease principal		(33,140,509)	(27,250,364)
Net cash flows from/(used in) financing activities		<u>(32,911,095)</u>	<u>(27,248,990)</u>
Net increase in cash and cash equivalents		2,248,041	2,316,270
Effect of FX rates		91,373	(48,416)
Cash and cash equivalents at beginning of period		3,195,748	927,894
Cash and cash equivalents at end of period	7	<u>5,535,162</u>	<u>3,195,748</u>

The above cash flow statement should be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements

FOR THE YEAR ENDED 30 June 2016

1. CORPORATE INFORMATION

The consolidated financial statements of Apollo Motorhome Ultimate Holdings Pty Ltd and its subsidiaries (collectively, the "Group") for the year ended 30 June 2016 were authorised for issue in accordance with a resolution of the directors on the date the Directors' declaration was signed.

Apollo Motorhome Ultimate Holdings Pty Ltd (the "company") is a for-profit company limited by shares incorporated in Australia whose shares are not publically traded on the Australian Stock Exchange.

The registered office and principal place of business of the Group is 698 Nudgee Road, Queensland 4013.

The nature of the operations and the principal activities of the Group are described in the directors' report.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report has been prepared on a historical cost basis.

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar (\$), except when otherwise indicated.

The group is in consolidated net current liability position as at 30 June 2016 of \$37.2 million (current assets of \$26 million and current liabilities of \$63.2 million) as a result of liabilities due under finance lease and hire purchase contracts, and unearned income of \$7 million being classified as current liabilities. Due to the terms associated with certain finance facilities and, in accordance with AAS, these facilities are treated as current liabilities with the assets that are being financed included as non-current assets. Based on projected profits 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 believe 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 2016. Accordingly, the Directors believe 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.

The consolidated financial statements provide comparative information in respect of the previous period.

Compliance with International Financial Reporting Standards (IFRS)

The financial report also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

2.2. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2016. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Notes to the consolidated financial statements

FOR THE YEAR ENDED 30 June 2016

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2. Basis of consolidation (Continued)

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.3. Summary of significant accounting policies

a) Changes in accounting policies, disclosures, standards and interpretations

(i) Changes in accounting policies, new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year.

(ii) Accounting Standards and Interpretations issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the group for the annual reporting period ending 30 June 2016 are outlined below:

A project team has been formed to assess the impact of these new standards and interpretations. A final assessment has not been made, however it is expected that they will not result in a significant change to the Group's accounting policies.

• AASB 9 Financial Instruments includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010 - 7 to reflect amendments to the accounting for financial liabilities. The effective date of this standard is 1 January 2018, however it is available for early adoption.

• AASB 15 Revenue from Contracts with Customers was issued by AASB in January 2015 and replaces all revenue recognition requirements, including those as set out in AASB 118 Revenue. The standard contains a single model that applies to all revenue arising from contracts, unless the contracts are in the scope of other standards (e.g. leases). The effective date of this standard is 1 January 2018 with early adoption permitted, otherwise it will apply in the reporting period ending 30 June 2019.

• AASB 2015 - 1 Amendment to Australian Accounting Standards - Annual Improvements to Australian Accounting Standards 2012-2014 Cycle. The principal amendments to the standards included:

An amendment to AASB 119 Employee Benefits - clarifying that high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability. As the Group currently uses the G100 corporate rate that is denominated in the same currency as the post-employment benefit obligations this amendment has been assessed as having no impact on the Group.

Disclosure of information 'elsewhere' in the interim financial report' - amends AASB 134 to clarify the meaning of disclosure of information 'elsewhere in the interim financial report' and to require the inclusion of a cross-reference from the interim financial statements to the location of this information.

• AASB 16 Leases was issued in February 2016. The standard introduces a single lessee accounting model and requires lessees to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The standard removes the clarification of leases as either operating or finance leases for the lessee and effectively treats all leases as finance leases. There are also changes in the accounting over the life of the lease. AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, lessor accounting will remain similar to correct practice. The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted, provided the new revenue standard, AASB 15 Revenue from Contracts with Customers has been applied, or is applied at the same date as AASB 16.

The group has not yet assessed how it will be affected by the new standards and has not yet decided when to adopt them.

Notes to the consolidated financial statements

FOR THE YEAR ENDED 30 June 2016

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3. Summary of significant accounting policies (Continued)

b) Terms and conditions of ordinary shares

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation.

c) Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period.
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

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

d) Fair Value Measurement

The Group measures financial instruments such as derivatives, at fair value at each balance sheet date.

Fair value is 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability,
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group 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.

The Group's directors determine the policies and procedures for both recurring fair value measurement, such as investment properties and unquoted AFS financial assets, and for non-recurring measurement, such as assets held for distribution in discontinued operations. At 30 June 2016, no such assets are held.

At each reporting date, the directors analyse the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the directors verify the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

Notes to the consolidated financial statements

FOR THE YEAR ENDED 30 June 2016

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3. Summary of significant accounting policies (Continued)

d) Fair Value Measurement (Continued)

The directors, in conjunction with the Group's external valuers where relevant, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

e) Investment in Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associate are accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit or loss and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for a different reporting period as the Group, being the year ending 30 April. When necessary and information is available, adjustments are made to bring the accounting policies in line with those of the Group, and to account for results of the investee for the two months to 30 June.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as 'Share of profit in associate' in the statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

f) Investment in subsidiaries

Investments in subsidiaries held by the Company are accounted for at cost in the statement of financial position less any impairment charges.

g) Financial Instruments

Initial recognition and measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, Available for sale (AFS) financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Notes to the consolidated financial statements

FOR THE YEAR ENDED 30 June 2016

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3. Summary of significant accounting policies (Continued)

g) Financial Instruments (Continued)

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at fair value through profit or loss
- Loans and receivables
- Held-to-maturity investments
- AFS financial assets

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39. The Group has not designated any financial assets at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the statement of profit or loss.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

Loans and receivables

This category is the most relevant to the Group. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

AFS financial assets

AFS financial assets include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, AFS financial assets are subsequently measured at fair value with unrealised gains or losses recognised in OCI and credited in the AFS reserve until the investment is derecognised, at which time, the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the statement of profit or loss in finance costs. Interest earned whilst holding AFS financial assets is reported as interest income using the EIR method.

The Group evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if the management has the ability and intention to hold the assets for foreseeable future or until maturity.

For a financial asset reclassified from the AFS category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

Notes to the consolidated financial statements

FOR THE YEAR ENDED 30 June 2016

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3. Summary of significant accounting policies (Continued)

g) Financial Instruments (Continued)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired
 - The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
- (a) the Group has transferred substantially all the risks and rewards of the asset, or

- (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original EIR.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income (recorded as finance income in the statement of profit or loss) continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans, together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the statement of profit or loss.

AFS financial assets

For AFS financial assets, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss – is removed from OCI and recognised in the statement of profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised in OCI.

The determination of what is 'significant' or 'prolonged' requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

In the case of debt instruments classified as AFS, the impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the statement of profit or loss, the impairment loss is reversed through the statement of profit or loss.

Notes to the consolidated financial statements

FOR THE YEAR ENDED 30 June 2016

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3. Summary of significant accounting policies (Continued)

g) Financial Instruments (Continued)

i) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IAS 39 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

ii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

h) Foreign currency translation

Both the functional and presentation currency of Apollo Motorhome Ultimate Holdings Pty Ltd is Australian dollars (A\$). The functional currency of the group's New Zealand subsidiaries is New Zealand dollars.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Notes to the consolidated financial statements

FOR THE YEAR ENDED 30 June 2016

2. STATEMENT OF ACCOUNTING POLICIES (Continued)

2.3. Summary of significant accounting policies (Continued)

h) Foreign currency translation (Continued)

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

On consolidation, the assets and liabilities of foreign operations are translated into Australian dollars at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

i) Inventory

Inventories consist of spare parts held at branches and new or ex-fleet vehicles for retail sale. Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials: purchase cost on a first-in/first-out basis
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs
- Provisions for obsolescence of raw materials is recognised on specific identification
- Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

j) Property, plant and equipment

Plant and equipment including rental vehicle fleet is stated at cost less accumulated depreciation and any impairment in value. Cost is adjusted for supplier vehicle rebates received.

Upon a rental fleet vehicle being identified for sale, the carrying value is transferred to inventory as used vehicles for sale.

Depreciation is calculated on estimated residual values on a straight-line basis over the estimated useful life of the asset as follows:

Plant and Equipment over 3 to 10 years

Motor Vehicles over 5 to 13 years (2015: 5 - 13 years)

Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate the carrying value may be impaired.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

Impairment losses are recognised in profit and loss in the cost of sales line item.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit and loss in the year the asset is derecognised.

Notes to the consolidated financial statements

FOR THE YEAR ENDED 30 June 2016

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3. Summary of significant accounting policies (Continued)

k) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

l) Impairment of Assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset or at a cash generating unit level where the cash inflows of an individual asset are not material. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

m) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount.

Related parties debts are reviewed annually to establish current portion payable, commercial rates of interest are charged on outstanding balances. An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

n) Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

o) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transactions costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in profit and loss when the liabilities are derecognised and as well as through the amortisation process.

p) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provision is made for the Group's liability for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include salaries and wages, annual leave and long service leave.

Liabilities arising in respect of wages and salaries, annual leave, long service leave and other employee entitlements expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled.

The liability for long service leave is measured at the present value of the estimated future cash outflows to be made in respect of services by employees up to reporting date. In determining the present value of future cash outflows, the interest rates attaching to government guaranteed securities which have terms to maturity approximating the terms of the related liability are used.

The contributions made to superannuation funds are charged against profits when due.

Provisions for warranty related costs are recognised when the product is sold to the customer. Initial recognition is based on historical experience, and provisions revised annually.

Notes to the consolidated financial statements

FOR THE YEAR ENDED 30 June 2016

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3. Summary of significant accounting policies (Continued)

q) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if 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 or assets, even if that right is not explicitly specified in an arrangement.

Group as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Gains/losses under sale and leaseback transactions are deferred and recognised to profit and loss on a straight line basis over the period of the lease agreement.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

r) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery of the goods to the customer.

Sale of services

Revenue from the rendering of services including rentals is recognised by reference to the stage of completion over the period for which the service is provided. Non-refundable booking deposits are recognised over the rental period or upon cancellation of the booking. Bonds are held as a security deposit on vehicles and may be fully refundable on vehicle return subject to terms and conditions. If there is loss or damage to the vehicle caused by the customer the bond will be used to cover such damage up to the amount of the relevant liability amount. Revenue is recognised at this point.

s) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted by the balance date. Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

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

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Notes to the consolidated financial statements

FOR THE YEAR ENDED 30 June 2016

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3. Summary of significant accounting policies (Continued)

s) Income tax (Continued)

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

t) Other taxes (GST)

Revenues, expenses, assets and liabilities are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the cash flow statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

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

u) Trade and Other Payables

Trade payables and other payables are carried at cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

v) Contributed Equity

Ordinary shares are classified as equity. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

w) Intangible Assets

Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable net assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates. When the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. When goodwill forms part of a cash-generating unit (group of cash-generating units) and an operation within that unit is disposed of, the goodwill associated with the operation is disposed of is included in the carrying amount of the operation when determining the gains or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment losses recognised are not subsequently reversed.

Other Intangibles

The Group carries an amount of \$87,311 relating to the "Apollo Motorhome Holidays" brand name.

Brands are deemed to have an indefinite life as the Group has determined that there is no foreseeable limit to the period over which the brands are expected to generate net cash in-flows for the entity.

Brands are tested annually for impairment and are carried at cost less any accumulated impairment losses.

Notes to the consolidated financial statements

FOR THE YEAR ENDED 30 June 2016

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and internally.

Impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of an asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

No impairment has been recognised in respect of assets for the period ended 30 June 2016.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in profit and loss unless the asset has previously been re-valued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the profit and loss.

Income Taxes

The Group is subject to income taxes in three jurisdictions.

Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

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.

Net realisable value of Raw materials

The group estimates the net realisable value of raw materials inventory to assess whether a provision for obsolete stock is required. The group has considered the appropriateness of recording a provision by analysing the type of materials, future expected use and value recorded.

4. SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker.

The chief operating decision-maker (CODM), who is responsible for allocating resources, assessing performance of the operating segments and making strategic decisions, has been identified as the Managing Director.

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.

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.

The Managing Director has identified that the most appropriate business segmentation is by geography. Given the manufacturing entities in each of Australia and New Zealand operate on a cost recovery basis in order to breakeven and manufacture only to order by the respective Australia and New Zealand operating entities, the directors do not consider the manufacturing entities to be separate operating segments. Accordingly, the Group segments are Australia and New Zealand. Each of these segments operates as follows:

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

Refer to note 26 for segment information.

Notes to the consolidated financial statements (Continued)

FOR THE YEAR ENDED 30 June 2016

5 REVENUES AND EXPENSES

	2016	2015
	\$	\$
(a) Sales of goods		
Sales of goods	26,085,550	26,968,880
Cost of goods sold	(23,127,829)	(24,603,692)
Vehicle selling expenses	(646,828)	(676,542)
Cost of sales	(23,774,657)	(25,280,234)
Margin on sale	2,310,893	1,688,646
(b) Other Revenue		
Miscellaneous	109,481	240,458
Revenue from deferred gain on sale and leaseback transactions	1,422,203	1,122,689
Retail parts sales	85,564	-
Finance income	527,696	682,116
Repairs income	611,271	381,958
	2,756,215	2,427,221
(c) Other expenses		
Net Foreign exchange gain/(loss)	(241,413)	18,488
(d) Finance costs		
Finance charges payable under finance leases and hire purchase contracts	(7,070,056)	(7,345,121)
Other finance charges	(221,122)	(442,939)
Total finance costs	(7,291,178)	(7,788,060)
(e) Depreciation expense		
Depreciation expense	(19,028,994)	(18,484,073)
(f) Employee benefits expense		
Wages and salaries	(12,351,091)	(10,760,223)
Workers' compensation costs	(129,342)	(103,001)
Superannuation costs	(820,744)	(764,515)
	(13,301,177)	(11,627,739)

6 INCOME TAX

The major components of income tax expense for the years ended 30 June 2016 and 2015 are:

Consolidated statement of profit or loss	2016	2015
	\$	\$
Current income tax:		
Current income tax charge	942,266	794,448
Research & development claim	(105,072)	-
Deferred tax:		
Relating to origination and reversal of temporary differences	592,793	454,821
Income tax expense/(benefit) reported in profit and loss	1,429,987	1,249,269
Income tax refundable/(payable)	(1,202,438)	(622,240)

Reconciliation of tax expense and the accounting profit multiplied by Australia's domestic tax rate for 2016 and 2015:

	2016	2015
	\$	\$
Accounting profit before income tax	6,263,612	4,129,980
Tax calculated at domestic rates applicable to profits in the respective countries	1,821,888	1,217,470
Non-assessable income on associates	(236,409)	75,706
Prior year tax adjustment	(79,910)	(205)
Other	29,500	(43,702)
Non-deductible expenses for tax purposes:		
Research & development expenditure	315,246	-
Research & development claim	(420,328)	-
	1,429,987	1,249,269

Notes to the consolidated financial statements (Continued)

FOR THE YEAR ENDED 30 June 2016

6 INCOME TAX (Continued)

a) Deferred tax assets

	2016 \$	2015 \$
Provisions	394,476	180,316
Property, plant and equipment	322	328
Tax losses	55,576	156,696
Tax credits	107,435	-
Other liabilities	1,528,073	1,045,022
Unearned income	479,457	604,540
Other	68,356	42,848
Deferred tax assets	2,633,695	2,029,750

b) Deferred tax liabilities

Property, plant and equipment	10,807,290	9,756,195
Prepayments	347,777	226,414
Other	(149)	83,006
Deferred tax liabilities	11,154,918	10,065,615

Deferred income tax

Deferred tax assets	2,633,695	2,029,750
Deferred tax liabilities	(11,154,918)	(10,065,615)
Net deferred tax assets/(liabilities)	(8,521,223)	(8,035,865)

Reconciliation of deferred tax liabilities, net

As at 1 July	(8,035,865)	(7,581,043)
Income statement charge	(491,673)	534,174
Tax losses utilised	(101,120)	(988,996)
Tax credits	107,435	-
As at 30 June	(8,521,223)	(8,035,865)

Tax assets and liabilities are offset if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority. The Group has not offset any deferred tax assets and liabilities.

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 2016 tax entities within the Group cumulatively have \$1,235,663 (2015: \$1,157,220) of tax effected unrecognised tax losses available to respective entities which generated them.

Franking credit balance

The amount of franking credits available for the subsequent financial year are:

- Franking account balance as at the end of the financial year at 30% (2015: 30%)	1,326,177	737,279
- Franking credits that will arise from the payment of income tax payable as at the end of the financial year	427,844	588,898
	1,754,021	1,326,177

Notes to the consolidated financial statements (Continued)

FOR THE YEAR ENDED 30 June 2016

	2016 \$	2015 \$
7 CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	5,535,162	3,195,748
	<u>5,535,162</u>	<u>3,195,748</u>
Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates.		
The fair value of cash and cash equivalents	5,535,162	3,195,748
Reconciliation of cash		
For the purposes of the cash flow statement, cash and cash equivalents comprise the following at 30 June:		
Cash at bank and in hand	5,535,162	3,195,748
	<u>5,535,162</u>	<u>3,195,748</u>
Reconciliation from the net profit after tax to the net cash flows from operations		
Net profit	4,833,625	2,880,711
<i>Adjustments for:</i>		
Depreciation expense	19,028,994	18,484,073
Net (profit)/loss on disposal of property, plant and equipment	(1,520,162)	(627,582)
Unrealised foreign exchange loss (gain)	241,413	(18,488)
Rebate adjustments	187,549	188,700
Share of (profits)/losses from associates	(788,029)	252,353
Other	32,311	47,777
<i>Changes in assets and liabilities</i>		
(Increase)/decrease in trade and other receivables	(434,838)	(30,387)
(Increase)/decrease in prepayments and other current assets	(1,281,368)	(195,363)
Increase)/decrease in inventories	(366,506)	(8,192,327)
(Increase)/decrease in future deferred income tax asset	(563,283)	530,441
(Decrease)/increase in deferred income tax liabilities	849,889	103,273
(Decrease)/increase in income tax receivable	(339,792)	-
(Decrease)/increase in tax provision	1,097,130	589,207
(Decrease)/increase in trade and other payables	(617,223)	531,056
(Decrease)/increase in unearned income	823,212	1,387,560
(Decrease)/increase in provision for warranty	150,000	-
(Decrease)/increase in employee entitlements	554,444	(21,018)
(Decrease)/increase in other liabilities	1,885,312	1,321,837
Net cash from operating activities	<u>23,772,678</u>	<u>17,231,823</u>

Notes to the consolidated financial statements (Continued)

FOR THE YEAR ENDED 30 June 2016

8 TRADE AND OTHER RECEIVABLES

Current

	2016 \$	2015 \$
Trade receivables	631,427	349,486
Less provision for impairment of receivables	(4,297)	(1,885)
Trade receivables - net	627,130	347,601
Other receivables	120,848	-
Related party receivables - current	-	-
Total trade and other receivables	747,978	347,601

As at 30 June, the ageing analysis of trade receivables is, as follows:

	Total	Neither past due nor impaired	Past due but not impaired			
			<30 days	30-60 days	61-90 days	91-120 days
	\$	\$	\$	\$	\$	\$
2016	627,130	465,089	34,570	88,747	23,880	14,844
2015	347,601	63,750	51,401	174,919	35,078	22,453

Trade receivables are non-interest bearing and are generally on terms of 0 to 30 days. See Note 11 on credit risk of trade receivables, which explains how the Group manages and measures credit quality of trade receivables.

	2016 \$	2015 \$
Non-current		
Related party receivables – non-current	9,052,087	11,583,499

Terms and conditions of related party receivables are set out in note 21.

9 INVENTORIES

	2016 \$	2015 \$
New vehicles for retail sale	5,640,527	5,862,099
Used rental vehicles for sale	5,252,810	5,082,457
Raw materials	3,816,800	2,702,337
Work in progress	702,078	350,682
Goods in transit	237,513	1,114,927
Spare parts	384,008	396,391
Total inventories at the lower of cost and net realisable value	16,033,736	15,508,893

10 PREPAYMENTS AND OTHER CURRENT ASSETS

	2016 \$	2015 \$
Prepayments	2,449,569	1,174,256
Deposits	912,609	873,726
	3,362,178	2,047,982

Notes to the consolidated financial statements (Continued)

FOR THE YEAR ENDED 30 June 2016

11 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

a. Financial Risk Management

In the normal course of business the Group is exposed to a variety of financial risks including foreign currency, interest rate, credit and liquidity risks. To manage this risk the Group's treasury activities are performed by a central treasury function.

Details of the significant accounting policies and methods adopted, including criteria for recognition and the basis of measurement are disclosed in the Significant Accounting Policies (note 2).

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group does not enter into derivative financial instruments for trading or speculative purposes.

i) Currency Risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar for related party transactions. Foreign exchange risk arises when future commercial transactions are in currencies other than local currency and on recognised assets or liabilities and net investments in foreign operations.

The Group has investments in foreign operations in New Zealand, whose net assets are exposed to foreign currency translation risk. This is managed primarily through borrowings denominated in the relevant foreign currencies.

The following tables show the impact of a 5 percent movement up or down in the US dollar vs. the Australian dollar and the impact that this exchange rate change has on reported net profit before tax. A 5 percent change is considered a reasonable possible change based on prior year movements.

		2016 \$	2015 \$
Post-tax impact on reported profit and equity of:			
A 5 % increase in the US dollar vs the AU dollar	(loss)	(141,173)	(259,472)
A 5 % decrease in the US dollar vs the AU dollar	gain	156,033	286,785

ii) Interest Rate Risk

The Group's interest rate risk arises primarily from long-term borrowings, cash and cash equivalents and advances to subsidiaries. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings at fixed rates expose the Group 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 tables show 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.

		2016 \$	2015 \$
Pre tax impact of:			
An increase in interest rates of 1%	(loss)	(112,769)	(112,002)
A decrease in interest rates of 1%	gain	112,769	112,002

iii) 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.

iv) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Group Treasury aims to maintain flexibility in funding by keeping credit lines available.

Notes to the consolidated financial statements (Continued)

FOR THE YEAR ENDED 30 June 2016

11 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

b. Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and benefits for other stakeholders and maintain an optimal capital structure to reduce the cost of capital. The Group consider capital to be share capital and interest bearing debt. To maintain or alter the capital structure the Group has the ability to review the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, reduce or increase debt or sell assets.

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 2016 and 2015.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

Year ended 30 June 2016	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Interest-bearing loans and borrowings	1,904,832	7,934,945	37,307,429	66,428,470	-	113,575,676
Trade and other payables	-	9,850,959	-	-	-	9,850,959
Unearned income	-	5,753,493	1,210,465	319,000	-	7,282,958

Year ended 30 June 2015	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Interest-bearing loans and borrowings	4,477,049	6,493,864	25,631,832	76,361,446	-	112,964,191
Trade and other payables	-	11,967,075	-	-	-	11,967,075
Unearned income	-	4,187,041	2,187,491	-	-	6,374,532

c. 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 26. New Zealand and Australia's profits are typically generated over the southern hemisphere summer months. Due to the seasonal nature of the businesses the risk profile at year end is not representative of all risks faced during the year.

Notes to the consolidated financial statements (Continued)

FOR THE YEAR ENDED 30 June 2016

12 PROPERTY, PLANT AND EQUIPMENT

	2016	2015
	\$	\$
<i>Motor Vehicles-purchased under finance leases</i>		
Cost	171,887,005	163,207,386
Accumulated depreciation	(48,800,606)	(45,575,061)
Net carrying amount	123,086,399	117,632,325
<i>Plant and equipment</i>		
Cost	20,599,898	18,195,152
Accumulated depreciation	(14,061,385)	(12,152,132)
Net carrying amount	6,538,513	6,043,020
Total property, plant & equipment	129,624,912	123,675,345

Reconciliation of Property, Plant and Equipment

<i>Motor Vehicles-purchased under finance leases</i>		
Carrying amount at beginning of the year, net of accumulated depreciation	117,632,325	119,576,388
Additions	32,646,382	34,778,780
Transfer to used rental vehicles for sale at net book value	(12,236,241)	(17,878,973)
Depreciation charge for the year (i)	(17,656,935)	(17,203,212)
Exchange differences	2,700,868	(1,640,658)
Carrying amount at the end of the year, net of accumulated depreciation	123,086,399	117,632,325

Reconciliation of Property, Plant and Equipment

<i>Plant and equipment</i>		
Carrying amount at beginning of the year, net of accumulated depreciation	6,043,020	6,448,320
Additions	2,121,329	1,245,591
Disposals	-	-
Depreciation charge for the year (i)	(1,647,201)	(1,638,416)
Exchange differences	21,365	(12,475)
Carrying amount at the end of the year, net of accumulated depreciation	6,538,513	6,043,020

(i) Depreciation charge for the year contains \$275,142 (2015: \$357,555) capitalised as part of the cost of motor vehicle manufacture and depreciation expense of \$19,028,994 (2015: \$18,484,073).

During the period the Group acquired property, plant and equipment with an aggregate cost of \$32,646,382 (2015: \$34,778,780) 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.

Notes to the consolidated financial statements (Continued)

FOR THE YEAR ENDED 30 June 2016

13 Investment in Canadream (associated entity)

In Oct 2009, the Group acquired a shareholding in CanaDream Corporation for AUD2,274k. As at 30 June 2016, this represented a 16.83% interest (2015: 17.0%). CanaDream Corporation is a publically 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's, 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 is prepared for a different reporting period as the Group, being the year ending 30 April. When necessary, adjustments are made to bring the accounting policies in line with those of the Group, and to account for results of the investee for the two months to 30 June. In 2016 impairment on this investment of \$246,553 previously recorded in 2015 was reversed.

The following table illustrates the summarised financial information of the Group's investment in CanaDream Corporation:

	2016 CAD\$	2015 CAD\$
Current assets	12,881,884	14,441,904
Non-current assets	46,978,958	38,877,314
Current liabilities	(20,809,465)	(20,866,358)
Non-current liabilities	(21,745,924)	(18,508,584)
Equity	17,305,453	13,944,276
Group's share of Net Assets CAD	2,911,914	2,370,620
Group's share of Net assets AUD based on period end forex rate of 0.9589 (2015: 0.9571)	3,036,723	2,476,878
Provision for investment write down	-	(246,553)
FX and other	(4,315)	14,054
Group's carrying amount of investment	3,032,408	2,244,379
	2016 CAD\$	2015 CAD\$
Revenue	43,922,581	34,111,259
Other income	933,197	609,172
Cost of sales	(38,504,810)	(30,483,618)
Administrative expenses	(369,243)	(303,403)
Finance costs	(1,638,507)	(1,318,582)
Profit before tax	4,343,218	2,614,828
Income tax expense	(1,079,049)	(486,954)
Profit for the year	3,264,169	2,127,874
Total comprehensive income for the year	3,264,169	2,127,874
Group's share of profit for the year CAD	549,249	361,753
Group's share of profit for the year AUD based on average forex rate of 0.9858 (2015: 1.0128)	541,476	366,384
Carrying value adjustment	-	(372,184)
Impairment (expense)/reversal	246,553	(246,553)
Share of profit/(loss) in associates	788,029	(252,353)

The fair value of the group's investment in associate is AUD \$3,529,772 (2015: AUD\$2,231,715) using year end share price of CAD\$1.03 (2015: CAD\$0.65).

Notes to the consolidated financial statements (Continued)

FOR THE YEAR ENDED 30 June 2016

14 TRADE AND OTHER PAYABLES

	2016 \$	2015 \$
Trade creditors	6,928,781	8,751,540
Sundry accruals	2,658,178	1,384,961
	9,586,959	10,136,501
Related party payables – current	264,000	1,830,574
	9,850,959	11,967,075

Terms and conditions of related party payables are set out in note 21.

15 INTEREST-BEARING LOANS AND BORROWINGS

	2016 \$	2015 \$
Current		
Obligations under finance leases and hire purchase contracts (i)	40,377,335	28,333,948
Floor Plan (ii)	1,904,832	4,477,049
Total Current Interest Bearing Loans and Borrowings	42,282,167	32,810,997
Non-current		
Obligations under finance leases and hire purchase contracts	60,699,330	68,749,829
Total Non-Current Interest Bearing Loans and Borrowings	60,699,330	68,749,829
	102,981,497	101,560,826

(i) Obligations under finance leases and hire purchase contracts

The Group's obligations under finance leases are secured by the lessor's title to the leased assets.

Interest rates applicable at 30 June 2016 on term loans to finance the rental fleet and Australian capitalised lease obligations range from 5% to 8% p.a. (2015: 5% to 8% p.a.).

(ii) Floor plan

Floor plan facilities are maintained to fund the inventory of new motorhomes and caravans held for resale at Apollo's retail sales outlets.

Terms are interest only for the first six months and then interest plus principal of between 5% to 15%.

Interest rates applicable at 30 June 2016 on floor plan facilities range from 7% to 8.25% p.a. (2015: 7% to 8.5% p.a.).

The Group companies cross guarantee all secured loans.

16 PROVISIONS

	2016 \$	2015 \$
Current		
Employee entitlements:		
Annual Leave	804,128	576,545
Long service leave	210,373	31,900
	1,014,501	608,445
Provision for Warranty (i)	150,000	-
	1,164,501	608,445
Non-current		
Employee entitlements:		
Long service leave	158,545	-

(i) Provision for warranty is recognised for expected warranty claims on products sold during the last three years, based on past experience of the level of repairs and returns. It is expected that most of these costs will be incurred in the next financial year.

17 OTHER LIABILITIES

	2016 \$	2015 \$
Deferred gain relating to sale and lease back transactions - current	1,750,971	1,422,203
Deferred gain relating to sale and lease back transactions - non current	3,342,605	2,061,203
	5,093,576	3,483,406

Notes to the consolidated financial statements (Continued)

FOR THE YEAR ENDED 30 June 2016

18 EARNINGS PER SHARE (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent (after adjusting for interest on any convertible preference shares) by the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table reflects the income and share data used in the basic and diluted EPS computations :

	2016	2015
	\$	\$
Profit attributable to the equity holders of the Parent	4,833,625	2,880,711
Weighted average number of ordinary shares on issue	13,320	13,320
Basic earnings per share (\$)	363	216

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

Weighted average number of ordinary shares on issue	13,320	13,320
Redeemable shares if exercised	-	-
Total shares	13,320	13,320
Diluted earnings per share (\$)	363	216

Notes to the consolidated financial statements (Continued)

FOR THE YEAR ENDED 30 June 2016

19 COMMITMENTS

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.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2016	2015
	\$	\$
Within one year	2,647,136	2,694,876
After one year but not more than five years	3,406,127	5,397,654
More than five years	-	67,641
	<u>6,053,263</u>	<u>8,160,171</u>

Operating lease commitments - motor vehicles and other

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

Other commitments relate to IT services.

	2016	2015
	\$	\$
Within one year	931,258	464,200
After one year but not more than five years	148,959	378,331
More than five years	-	-
	<u>1,080,217</u>	<u>842,531</u>

Finance lease and hire purchase commitments

The Group has finance leases and hire purchase contracts for various items of plant and machinery. The Group's obligations under finance leases and hire purchase are secured by the lessor's title to the leased assets. Future minimum payments under finance leases and hire purchase contracts, together with the present value of the net minimum lease payments are, as follows :

	2016		2015	
	\$	\$	\$	\$
	Minimum payments	Present value of payments	Minimum payments	Present value of payments
Within one year	45,242,374	40,377,335	32,125,696	28,333,948
After one year but not more than five years	66,428,470	60,699,330	76,361,446	68,749,829
More than five years	-	-	-	-
Total minimum lease payments	111,670,844	101,076,665	108,487,142	97,083,777
Less amounts representing finance charges	(10,594,179)	-	(11,403,365)	-
Present value of minimum lease payments	<u>101,076,665</u>	<u>101,076,665</u>	<u>97,083,777</u>	<u>97,083,777</u>

20 GROUP INFORMATION

Information about subsidiaries

The consolidated financial statements of the group include:

Name	Principal activities	Country of incorporation	% equity interest	
			2016	2015
Apollo Motorhome Holdings (Aus) Pty Ltd	Investment	Australia	100	100
Apollo Motorhome Holdings (NZ) Pty Ltd	Investment	Australia	100	100
Apollo Motorhome Holidays Ltd (NZ)	Hire and sale of camper vans	New Zealand	100	100
Talvor Motorhomes Ltd (NZ)	Manufacture of camper vans	New Zealand	100	100
Apollo Motorhome Holidays Pty Ltd	Hire and sale of camper vans and caravans	Australia	100	100
Apollo Motorhome Industries Pty Ltd	Manufacture of camper vans and caravans	Australia	100	100
GRL Enterprises Pty Ltd	Labour Hire	Australia	100	100

Notes to the consolidated financial statements (Continued)

FOR THE YEAR ENDED 30 June 2016

21 RELATED PARTY DISCLOSURES

Note 20 provides information about the Group's structure, including details of the subsidiaries and the holding company. The following table provides the total amount of transactions that have been entered into with director related parties for the relevant financial year.

		Sales/ recharges to related parties	Purchases from related parties	Interest income/ (expenses)	Amounts owed by related parties	Amount owed to related parties
Apollo Motorhome Holidays LLC	2016	2,333,939	-	516,713	2,964,636	-
	2015	735,568	-	667,499	5,448,921	-
Lurk Investment Trust	2016	-	-	-	2,127,692	-
	2015	-	-	-	1,861,132	-
Apollo Finance	2016	-	-	-	559,004	-
	2015	-	-	-	554,004	-
Salamanda Travel Pty Ltd	2016	243,054	-	-	3,400,755	-
	2015	334,084	-	-	2,152,868	-
Eastglo Pty Ltd	2016	-	158,400	-	-	264,000
	2015	-	158,400	-	-	264,000
Key management of personnel of the Group:						
Other directors' interests	2016	-	-	-	-	-
	2015	-	-	-	-	-

Nature terms and conditions of transactions with related parties

Transactions with Apollo Motorhome Holidays LLC, Apollo Finance and Salamanda Travel Pty Ltd

Sales and recharged amounts to these related parties represent amounts incurred on their behalf for head office administrative type services. Loans to these entities are an accumulation of these recharges which are yet to be repaid. Loans receivable from Salamanda additionally include amounts owing for rental sales made by the travel agency in prior years.

Eastglo Pty Ltd

Transactions and loan balances with this entity are for prior year rent expense incurred by the group yet to be repaid.

Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 30 June 2016, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2015: \$Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

The ultimate parent

The parent entity is Apollo Motorhome Ultimate Holdings Pty Ltd. The ultimate parent entity is Lurk Investment Trust, which is registered in Australia.

The loan balance represents amounts owing for transactions incurred by the Group on the Trust's behalf.

Transactions with key management personnel

Directors' loans

Loans to directors are interest free. There are no loan to executives incurred for FY16 and FY15.

	2016	2015
	\$	\$
Compensation of key management personnel of the Group:		
Short-term employee benefits	1,462,414	1,316,289
Post-employment benefits	103,228	119,421
Other long-term benefits	36,374	-
Termination benefits	-	-
Share-based payment	-	-
Total compensation paid to key management personnel	1,602,016	1,435,710

22 ISSUED CAPITAL

		2016	2015
Issued shares			
Ordinary shares	\$	1,422	1,422
Ordinary shares	#no	13,320	13,320

Notes to the consolidated financial statements (Continued)

FOR THE YEAR ENDED 30 June 2016

23 FOREIGN CURRENCY TRANSLATION RESERVE

	2016	2015
	\$	\$
Balance at the beginning of the year	(49,444)	509,972
Currency translation differences	680,954	(559,416)
	<u>631,510</u>	<u>(49,444)</u>

Exchange differences arising on the translation of foreign operations are taken to the foreign currency translation reserve. When any net investment is disposed of, the related component of the reserve is recognised in profit and loss as part of the gain or loss on disposal.

The closing NZ/AU exchange rate used to translate the balance sheet was 1.0489 (2015: 1.1294).

24 AUDITOR'S REMUNERATION

	2016	2015
	\$	\$
Amounts received or due and receivable by Ernst & Young for:		
An audit of the financial report of the entity and any other entity in the consolidated group	129,890	129,780
Other services in relation to the entity and any other entity in the consolidated group	-	-

25 INFORMATION RELATING TO APOLLO MOTORHOME ULTIMATE HOLDINGS PTY LTD (THE PARENT)

	2016	2015
	\$	\$
Current assets	37	36
Total assets	813,476	25,447
Current liabilities	-	-
Total liabilities	-	83,144
Issued capital	1,422	1,422
Retained earnings	812,054	(59,119)
	<u>813,476</u>	<u>(57,697)</u>
Profit or loss of the Parent entity	871,173	(252,353)
Total comprehensive income of the Parent entity	871,173	(252,353)

26 SEGMENT INFORMATION

The chief operating decision-maker (CODM) has been identified as the Managing Director. The Managing Director monitors the operating results of its 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.

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.

As at 30 June 2016 the CODM has identified that the most appropriate business segmentation is by geography. Given the manufacturing entities in each of Australia and New Zealand operate on a cost recovery basis in order to breakeven and manufacture only to order by the respective Australia and New Zealand operating entities, the directors do not consider the manufacturing entities to be separate operating segments and that non operating segments are amalgamated.

Year ended 30 June 2016	Australia	New Zealand	Others and eliminations	Total
	\$	\$	\$	\$
Sales of services	49,915,727	19,171,721	-	69,087,448
Sale of goods	21,717,366	4,368,184	-	26,085,550
Other revenue	1,553,438	964,159	238,618	2,756,215
Revenue from external customers	<u>73,186,531</u>	<u>24,504,064</u>	<u>238,618</u>	<u>97,929,213</u>
Costs of goods sold	(19,160,127)	(3,967,702)	-	(23,127,829)
Depreciation expense	(13,151,234)	(5,877,760)	-	(19,028,994)
Other expenses	(32,910,417)	(9,856,594)	(238,618)	(43,005,629)
Share of profit from associates	-	-	788,029	788,029
Operating profit before interest and tax	<u>7,964,753</u>	<u>4,802,008</u>	<u>788,029</u>	<u>13,554,790</u>
Interest expense	(4,715,343)	(2,575,835)	-	(7,291,178)
Profit before tax	<u>3,249,410</u>	<u>2,226,173</u>	<u>788,029</u>	<u>6,263,612</u>
Income tax (expense)/benefit	(1,023,005)	(643,391)	236,409	(1,429,987)
Profit/(loss) for the period	<u>2,226,405</u>	<u>1,582,782</u>	<u>1,024,438</u>	<u>4,833,625</u>
Costs of manufacture	(15,094,465)	(4,164,508)	-	(19,258,973)
Capital expenditure	24,302,715	10,464,996	-	34,767,711
Investment in associates (i)	-	-	3,032,408	3,032,408
Total assets	<u>119,585,613</u>	<u>50,045,036</u>	<u>811,691</u>	<u>170,442,340</u>
Total liabilities	<u>97,304,269</u>	<u>41,585,123</u>	<u>-</u>	<u>138,889,392</u>

(i) Investment in associate balance includes \$246,553 of impairment reversal.

Notes to the consolidated financial statements (Continued)

FOR THE YEAR ENDED 30 June 2016

26 SEGMENT INFORMATION (Continued)

Year ended 30 June 2015	Australia \$	New Zealand \$	Others and eliminations \$	Total \$
Sales of services	47,741,526	17,254,375	-	64,995,901
Sale of goods	23,319,710	3,649,170	-	26,968,880
Other revenue	1,589,801	694,787	142,633	2,427,221
Revenue from external customers	72,651,037	21,598,332	142,633	94,392,002
Costs of goods sold	(20,816,951)	(3,786,741)	-	(24,603,692)
Depreciation expense	(12,799,829)	(5,684,244)	-	(18,484,073)
Other expenses	(30,410,985)	(8,580,226)	(142,633)	(39,133,844)
Share of profit/ (loss) from associates	-	-	(252,353)	(252,353)
Operating profit before interest and tax	8,623,272	3,547,121	(252,353)	11,918,040
Interest expense	(5,028,826)	(2,759,234)	-	(7,788,060)
Profit before tax	3,594,446	787,887	(252,353)	4,129,980
Income tax (expense)/benefit	(1,079,907)	(245,068)	75,706	(1,249,269)
Profit/(loss) for the period	2,514,539	542,819	(176,647)	2,880,711
Costs of manufacture	(15,251,546)	(3,854,402)	-	(19,105,948)
Capital expenditure	26,280,638	9,743,733	-	36,024,371
Investment in associates (i)	-	-	2,244,379	2,244,379
Total assets	117,804,347	42,892,499	23,662	160,720,508
Total liabilities	97,902,673	36,696,322	83,144	134,682,139

(i) Investment in associate balance includes \$246,553 of impairment expense recorded in the year.

27 EVENTS AFTER BALANCE SHEET DATE

On 30 September 2016, the affiliated entities, Apollo Motorhome Holidays LLC and Apollo Finance Pty Ltd were acquired by Apollo Motorhome Ultimate Holdings Pty Ltd. The purchase consideration representing fair value determined by the directors of Apollo Motorhome Ultimate Holdings Pty Ltd was \$16.425 million. The consideration was paid via the issue of shares in Apollo Motorhome Ultimate Holdings Pty Ltd. As this is a transaction involving 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 Apollo Motorhome Ultimate Holdings Pty Ltd. This will not give rise to any goodwill on consolidation within Apollo Motorhome Ultimate Holdings Pty Ltd or a gain/loss on the transaction, rather will result in the recognition of a Common Control Reserve within equity of Apollo Motorhome Ultimate Holdings Pty Ltd consolidated group.

Given the transaction occurred on 30 September 2016 and the financial statements signed on 5 October 2016, management accounts information is not currently available to present the carrying value of assets and liabilities acquired.

Other than that noted above, there are no significant events which have occurred after the Balance Date.

Directors' Declaration

In accordance with a resolution of the directors of Apollo Motorhome Ultimate Holdings Pty Ltd, we state that:

1. In the opinion of the directors:

(a) the financial statements and notes of the group for the financial year ended 30 June 2016 are in accordance with the Corporations Act 2001, including:

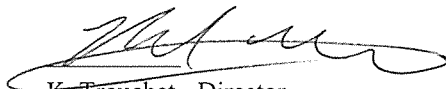
(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and Corporations Regulations 2001; and

(b) the financial statements and notes comply with International Financial Reporting Standards disclosed in Note 2.1, and

(c) there are reasonable grounds in accordance with note 2.1 to believe that the group will be able to pay its debts as and when they become due and payable.

On behalf of the Board



K. Trouchet - Director

5 October 2016

Independent auditor's report to the members of Apollo Motorhome Ultimate Holdings Pty Ltd

Report on the financial report

We have audited the accompanying financial report of Apollo Motorhome Ultimate Holdings Pty Ltd, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility 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 controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

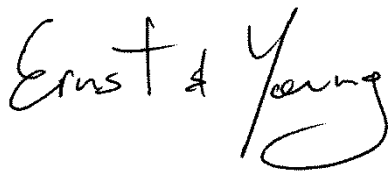
Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Opinion

In our opinion:

- a. the financial report of Apollo Motorhome Ultimate Holdings Pty Ltd is in accordance with the *Corporations Act 2001*, including:
 - i giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.



Ernst & Young



Ric Roach
Partner
Brisbane
5 October 2016