Autosports Aggregated Group

Special Purpose Financial Report
Year Ended 30 June 2016

Combining:

Autosports Castle Hill Pty Ltd
Autosports Five Dock Pty Ltd
Autosports Leichhardt Pty Ltd
Autosports Prestige Pty Ltd
Autosports Sutherland Pty Ltd
Autosports Brisbane Pty Ltd
Betar Prestige Cars Pty Ltd
Birchgrove Finance Pty Limited
Modena Trading Pty Limited
Mosman Prestige Cars Pty Ltd
New Centenary Mazda Pty Ltd
New Centenary Mercedes-Benz Pty Ltd
Prestige Auto Traders Australia Pty Ltd
Prestige Repair Works Pty Ltd
Prestige Group Holdings Pty Ltd

Autosports Aggregated Group

Special Purpose Financial Report

Year Ended 30 June 2016

Contents

Directors' Report

The directors of the entities in the Autosports Aggregated Group ('the Group') present their report on the Group for the year ended 30 June 2016.

The Group is seeking admission to the ASX. An Autosports listed group ('IPO Group') will be created through the formation of a new company that will become both the ultimate parent of the group, through acquisition of the ownership interests of all the entities presented in this aggregation, and the listing company. This financial report aggregates all of the operating entities which will form part of the proposed IPO Group but does not include the parent entity described above, which does not exist at 30 June 2016. It has been prepared solely for lodgement with the ASX for the purpose of the proposed IPO. Throughout this financial report the term 'the Group' refers to the aggregation of the entities detailed in Note 23. All entities have a 30 June financial year end and are domiciled and operate in Australia.

Principal activities

The Group's principal activities during the year consisted of the selling of new and used motor vehicles, distribution and sale of parts and accessories, repair and servicing of vehicles, provision of extended warranties and car care products and facilitation of finance in respect of motor vehicles. The products and services supplied by the Group were associated with, and integral to, the Group's motor vehicle dealership operations. There were no significant changes in the nature of the Group's activities during the year.

Review of operations

The profit after tax amounted to $15,446,000 (2015: $11,714,000 and 2014: $8,722,000).

A review of the operations of the Group during the financial year and the results of those operations found that the Group continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

Subsequent events

Subsequent to year end, the Group has undertaken steps to offer investment in the Group through an Initial Public Offering.

The Group has exchanged contracts on 24 August 2016 for the acquisition of a large operating dealership business with a purchase price of $72,500,000 conditional on the Initial Public Offering proceeding.

There are additional discussions also entered into for the acquisition of additional operating dealership businesses

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group.

Likely developments

The Group expects to maintain the present status of existing services offered to its customer base. However, the level of operations will increase with the funds expected to be raised through the Initial Public Offering.

Directors' report (continued)

Significant changes in state of affairs

No significant changes in the Group's state of affairs occurred during the financial year.

No Indemnities

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

Environmental Issues

The Group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

No leave or proceedings

No persons has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings.

Rounding of amounts

Given the size of the Aggregated Group, the directors have determined that it is appropriate to round the amounts contained in the financial report to the nearest thousand. Had the Group been required to prepare these financials statements in accordance with the Corporations Act 2001, the Aggregated Group would have been eligible to apply ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191 dated 24 March 2016.

Signed in accordance with a resolution of each entity's Board of Directors in the Group.

On behalf of the Directors of the aggregated entities

James Ian Pagent
Director

Sydney, 30 September 2016

Nicholas Ian Pagent
Director

Sydney, 30 September 2016

Notes to the financial statements are included on pages 7 to 40.

Autosports Aggregated Group

Aggregated Statement of Profit or Loss and Other Comprehensive Income
For The Financial Year Ended 30 June 2016

	Note	2016 $'000	2015 $'000	2014 $'000
Continuing Operations				
Revenue	5	976,756	784,179	436,475
Cost of sales		(861,115)	(686,536)	(380,914)
		115,641	97,643	55,561
Other income	5	22,487	17,646	10,850
Other losses	6	(198)	(123)	(1)
Employee benefits expenses	7	(62,596)	(50,568)	(25,720)
Finance costs	7	(5,500)	(5,600)	(2,917)
Occupancy costs		(11,991)	(11,434)	(6,198)
Depreciation and amortisation expense	7	(2,439)	(2,331)	(1,600)
Other Expenses		(30,211)	(26,816)	(17,225)
Profit before income tax		**25,193**	**18,417**	**12,750**
Income tax expense	8	(8,567)	(5,754)	(4,028)
Profit for the year from continuing operations		**16,626**	**12,663**	**8,722**
Discontinued Operations				
Loss for the year from discontinued operations	9	(1,180)	(949)	-
Profit for the year		**15,446**	**11,714**	**8,722**
Other comprehensive income for the year, net of income tax		-	-	-
Total comprehensive income for the year		**15,446**	**11,714**	**8,722**

Notes to the financial statements are included on pages 7 to 40.

Aggregated Statement of Financial Position
As At 30 June 2016

	Note	2016 $'000	2015 $'000	2014 $'000
Current assets				
Cash and cash equivalents	10	10,245	12,432	7,438
Trade and other receivables	11	43,988	62,216	45,209
Inventories	13	152,370	111,183	80,693
Other	12	391	352	327
Total current assets		**206,994**	**186,183**	**133,667**
Non-current assets				
Plant and equipment	14	17,645	16,768	14,423
Goodwill	15	25,693	21,861	19,104
Deferred tax assets	8	1,836	2,317	839
Total non-current assets		**45,174**	**40,946**	**34,366**
Total assets		**252,168**	**227,129**	**168,033**
Current liabilities				
Trade and other payables	16	45,183	39,848	34,553
Borrowings	17	172,075	133,064	95,336
Tax liabilities	8	3,618	6,463	3,641
Provisions	18	4,225	3,605	2,364
Total current liabilities		**225,101**	**182,980**	**135,894**
Non-current liabilities				
Other payables	16	-	10,331	8,664
Borrowings	17	4,870	4,826	5,593
Provisions	18	2,054	1,266	877
Total non-current liabilities		**6,924**	**16,423**	**15,134**
Total liabilities		**232,025**	**199,403**	**151,028**
Net assets		**20,143**	**27,726**	**17,005**
Equity				
Issued capital	19	467	467	467
Retained earnings	21	19,676	27,084	16,363
Asset revaluation reserve	20	-	175	175
Total equity		**20,143**	**27,726**	**17,005**

Notes to the financial statements are included on pages 7 to 40.

Aggregated Statement of Changes in Equity
For The Financial Year Ended 30 June 2016

2014	Note	Issued Capital $'000	Asset Revaluation Reserve $'000	Retained earnings $'000	Total $'000
Balance at 1 July 2013	19	467	175	9,123	9,765
Profit for the year		-	-	8,722	8,722
Other comprehensive income net of income tax		-	-	-	-
Total comprehensive income for the year		-	-	17,845	18,487
Dividend paid	21	-	-	(1,482)	(1,482)
Balance at end of the year		467	175	16,363	17,005
2015					
Balance at 1 July 2014	19	467	175	16,363	17,005
Profit for the year		-	-	11,714	11,714
Other comprehensive income net of income tax		-	-	-	-
Total comprehensive income for the year		-	-	28,077	28,719
Dividend paid	21	-	-	(993)	(993)
Balance at end of the year		467	175	27,084	27,726
2016					
Balance at 1 July 2015	19	467	175	27,084	27,726
Profit for the year		-	-	15,446	15,446
Other comprehensive income net of income tax		-	-	-	-
Total comprehensive income for the year		-	-	42,530	43,172
Dividend paid	21	-	-	(22,854)	(22,854)
Reversal on asset disposal	20		(175)	-	(175)
Balance at end of the year		467	-	19,676	20,143

Notes to the financial statements are included on pages 7 to 40.

Aggregated Statement of Cash Flows
For The Financial Year Ended 30June 2016

	Note	2016 $'000	2015 $'000	2014 $'000
Cash flows from operating activities				
Receipts from customers		1,102,167	869,988	483,317
Payments to suppliers and employees		(1,074,920)	(839,091)	(471,885)
Interest paid		(5,584)	(5,610)	(2,917)
Interest received		592	787	643
Income taxes paid		(10,564)	(10,041)	(5,296)
Net cash provided by operating activities		11,691	16,033	3,862
Cash flows from investing activities				
Payment for plant and equipment	14(b)	(3,432)	(2,986)	(2,806)
Proceeds from disposal of assets		-	177	722
Payment for acquisition of business combination	24	(4,129)	(4,574)	(14,416)
Net cash used in investing activities		(7,561)	(7,383)	(16,500)
Cash flows from financing activities				
Dividend paid during the year		(2,563)	(993)	(1,482)
Proceeds from borrowings		540	546	17,964
Loan repayments from/(advances to) related parties		(359)	936	2,637
Advances to related parties		(3,935)	(4,145)	(3,560)
Net cash (used in)/provided by financing activities		(6,317)	(3,656)	15,559
Net (decrease)/increase in cash and cash equivalents		(2,187)	4,994	2,921
Cash and cash equivalents at beginning of year		12,432	7,438	4,517
Cash and cash equivalents at the end of the year		10,245	12,432	7,438

Notes to the financial statements are included on pages 7 to 40.

Notes to the Financial Statements for the Year Ended 30 June 2016

1. General information

This aggregated financial report covers Autosports Aggregated Group ('the Group').

The Group's principal activities are sale of new, demonstrator and used motor vehicles, spare parts and other trade related services.

2. Summary of significant accounting policies

2.1 Statement of compliance

This is a special purpose financial report which has been prepared in accordance with the basis of accounting and disclosure requirements specified by all Australian Accounting Standards applicable to Tier 1 entities, except the requirements of the Australian Accounting Standard listed below:

- AASB 10 – Consolidated Financial Statements
- AASB 5 – Non-current Assets Held for Sale and Discontinued Operations

The entities in the Group are for-profit entities.

2.2 Basis of preparation

These financial statements have been prepared under the historical cost convention, as explained in the accounting policies below.

Historical cost is generally based on the fair values of the consideration given in exchange for goods and services.

All amounts are presented in Australian dollars, unless otherwise noted.

Functional and presentation currency

The functional and presentation currency of the Group is the Australian Dollar.

2.3 Principles of aggregation

The Group is seeking admission to the ASX. An Autosports listed group ('IPO Group') will be created through the formation of a new company that will become both the ultimate parent of the group, through acquisition of the ownership interests of all the entities presented in this aggregation, and the listing company. This financial report aggregates all of the operating entities which will form part of the proposed IPO Group but does not include the parent entity described above, which does not exist at 30 June 2016. It has been prepared solely for lodgement with the ASX for the purpose of the proposed IPO.

As explained above these financial statements are aggregated financial statements and are not consolidated financial statements as required by AASB 10 'Consolidated Financial Statements'. As at 30 June 2016, there is no basis for the preparation of consolidated financial statements as there is no common ownership of the entities which make up the Group. The aggregated financial statements incorporate the assets and liabilities of all entities of the 'Autosports Aggregated Group' as at 30 June 2016, 2015 and 2014 and the results of these entities for the year then ended.

Throughout this financial report the term 'the Group' refers to the aggregation of the entities detailed in Note 23. All entities have a 30 June financial year end and are domiciled and operate in Australia.

In preparing the aggregated financial statements, the following transactions and balances have been eliminated:

- All intercompany balances between entities within the aggregated group, including any unrealised profits or losses.
- All intercompany dividends and distributions have been eliminated in the aggregated entity.
- All intercompany transactions between entities in the aggregated group.

As a consequence of the financial report being prepared on an aggregated basis, no eliminations have occurred in relation to equity balances, specifically; issued capital, retained earnings and reserves.

2. Summary of significant accounting policies (continued)

2.3 Principles of aggregation (continued)

Where an entity has entered or exited the Group during the year, its operating results have been included from the date it was considered to have entered the Group up until the time it was considered to have exited the Group. Details of any entries/exits from the Group are disclosed in Note 23.

The aggregated group differs from a consolidated entity in that there is no single parent entity in the aggregated group.

2.4 Business combinations

Any business acquired by the Group during the period presented have been accounted for as a business combination. The purchase method of accounting is used for all business combinations regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange. Acquisition related costs are recognised in profit or loss as incurred. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill (refer to Note 24). If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in profit or loss but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present values as at the date of acquisition. The discount rate used is the incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

If the initial accounting for a business acquisition is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which accounting is incomplete. The provisional amounts are adjusted during the measurement period (no longer than 12 months from the initial acquisition) on a retrospective basis by restating the comparative information presented in the financial statements.

2.5 Revenue recognition

(i) *Sales revenue*
Revenue from the sales of motor vehicles and parts is recognised when the buyer has accepted the risks and rewards of ownership, generally by taking delivery of the goods.

(ii) *Service revenue*
Service work on customers' motor vehicles is carried out under instructions from the customer.

Service revenue is recognised based upon the percentage completion of the work requested. The percentage completion is measured by reference to labour hours incurred to date as a percentage of estimated total labour hours for the service to be performed. Revenue arising from the sale of parts fitted to customers' vehicles during service is recognised upon delivery of the fitted parts to the customer upon completion of the service.

(iii) *Interest revenue*
Interest revenue is recognised on a time proportional basis, taking into account the effective interest rates applicable to the financial assets.

2. Summary of significant accounting policies (continued)

2.5 Revenue recognition (continued)

(iv) *Finance and insurance income*
Finance and insurance revenue is recognised when the right to receive finance and insurance revenue has been established. Other revenue is recognised when the right to receive the revenue has been established.

(v) *Bonus income*
Bonus income is recognised when the right to receive Bonus income has been established.

(vi) *Other income*
Other revenue is recognised when the right to receive the revenue has been established.

2.6 Cost of sales

Cost of sales represents the cost of raw materials used in the sale of motor vehicles and parts net of any manufacturer rebates. Cost of sales in relation to service work represents the cost of raw materials used and cost of labour.

2.7 Finance costs

Borrowing costs are recognised as expenses in the period in which they are incurred. Borrowing costs include:

- interest on bank overdrafts, short and long-term borrowings;
- interest on vehicle bailment arrangements;
- interest on finance lease liabilities; and
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings.

2.8 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee
Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs.

2.9 Operating segments

Operating segments are identified based on internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and assess its performance. The Group has one operating segment being Car Retailing and Servicing.

Notes to the Financial Statements for the Year Ended 30 June 2016

2. Summary of significant accounting policies (continued)

2.10 Taxes

i) *Income tax*

Each entity in the Group accounts for its income tax on a stand- alone basis. The income tax expense or revenue for the period is the aggregated tax payable of each entity in the Group on the current period's taxable income based on the notional income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(ii) *Goods and services tax ('GST')*

Revenues, expenses and assets 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 is part of the expense item as applicable; and
- receivables and payables 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 Statement of Cash Flows 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.

2.11 *Short-term and long-term employee entitlements*

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave in the period the related service is rendered.

Liabilities recognised in respect of short-term employee entitlements, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long term employee entitlements are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

2.12 *Cash and cash equivalents*

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

2. Summary of significant accounting policies (continued)

2.13 Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less allowance for doubtful debts. Trade receivables are due for settlement no more than 60 days from the date of recognition. In respect of trade receivables, collectability is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off.

An allowance for doubtful debts is raised where some doubt as to collectability exists. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in profit or loss.

2.14 Inventories

New motor vehicles are stated at the lower of cost and net realisable value. Demonstrator vehicles are stated at the lower of cost and net realisable value. Costs are assigned on the basis of specific identification.

Used motor vehicles are stated at the lower of cost and net realisable value on a unit by unit basis. Net realisable value has been determined by reference to the likely net realisable value given the age of the vehicles at year end. Costs are assigned on the basis of specific identification.

Spare parts and accessories are stated at the lower of cost and net realisable value. Costs are assigned to individual items on the basis of weighted average cost.

Work in progress is stated at cost. Cost includes labour incurred to date and consumables utilised during the service. Costs are assigned to individual customers on the basis of specific identification.

2.15 Plant and equipment

(i) Plant and Equipment

Plant and equipment is measured on the cost basis less depreciation and impairment losses.

Plant and equipment is measured initially at cost. Cost includes all directly attributable expenditure incurred including costs to get the asset ready for its use as intended by management and if applicable, cost includes an estimate of any expenditure expected to be incurred at the end of the asset's useful life.

The following useful lives are used in the calculation of depreciation:

Plant and equipment	3 – 15 years
Furniture and fittings	3 – 15 years
Motor Vehicles	4 – 8 years
Leasehold improvements	Lease period

The carrying amount of plant and equipment is reviewed annually by directors for indications of impairment. If any such indications exist, an impairment test is carried out, and any impairment losses on the assets are recognised in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit on loss during the financial period in which they are incurred.

Notes to the Financial Statements for the Year Ended 30 June 2016

2. Summary of significant accounting policies (continued)

2.15 Plant and equipment (continued)

(ii) Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line or diminishing value basis over their useful lives (commencing from the time the asset is ready for use). Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciable amount is the carrying value of the asset less estimated residual amounts. The residual amount is based on what a similar asset of the expected condition of the asset at the end of its useful life could be sold for.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred back to profit or loss as part of the profit or loss on disposal.

2.16 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of the acquisition of the business (see 2.4 above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro rata basis on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

2.17 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. They are recognised initially at the fair value of what is expected to be paid, and subsequently at amortised cost, using the effective interest rate method.

2.18 Borrowings

Borrowings are initially recognised at fair value net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

2. Summary of significant accounting policies (continued)

2.19 New motor vehicle stock and related bailment

Motor vehicles secured under bailment plans are provided to the Group under bailment agreements between the floor plan loan providers and entities within the Group. The Group obtains title to the vehicles immediately prior to sale to end customer. Motor vehicles financed under bailment plans held by the Group are recognised as trading stock with the corresponding liability shown as owing to the finance provider.

2.20 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 the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate taking into account the risks and uncertainties surrounding the obligation.

Provision for Warranties
Provision is made for the estimated claims in respect of extended warranties provided on the majority of the Group's new and used retail vehicle sales. These claims are generally expected to settle in the next financial year but some may be extended into the following year if claims are made late in the warranty period.

2.21 Dividends

Provision is made for the amount of any dividend declared on or before the end of the year but not distributed at balance date.

2.22 Unearned income

Unearned income represents amounts received or receivable from distributors in respect of vehicles in stock at the year end. This amount is brought to income as the vehicles are sold.

2.23 Rounding of amounts

Where stated, amounts in the financial report have been rounded off to the nearest thousand dollars.

2.24 Impairment of tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs of disposal 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

2. Summary of significant accounting policies (continued)

2.24 *Impairment of tangible and intangible assets (continued)*

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.25 *Earnings per share*

Earnings per share has not been presented in the aggregated financial statements because this set of aggregated accounts does not include the parent entity of the IPO Group which will be the listed vehicle and therefore earnings per share is not applicable.

2.26 *Discontinued Operations*

During the year the directors decided to discontinue with the Chrysler Jeep Dodge (CJD) operations in Brisbane. The business decision was made due to the lack of confidence in the future profitability and sales the franchise offers. The Aggregated Financials reflect 100% of the trading activities of Autosports Brisbane Pty Ltd. inclusive of a trading loss associated with CJD of $1,180,327 (2015: ($949,000)).

2.27 *Going Concern*

The following entities in the aggregated Group have a net current asset deficiency as at 30 June 2016 as follows:

- Autosports Five Dock Pty Limited	$ 1,606,326
- Autosports Leichhardt Pty Limited	$ 4,322,827
- Autosports Castle Hill Pty Limited	$ 3,974,526
- New Centenary Mazda Pty Limited	$ 1,051,419
- Autosports Prestige Pty Limited	$ 4,835,192
- Birchgrove Finance Pty Limited	$ 709,647
- Autosports Brisbane Pty Limited	$ 2,593,260
- Betar Prestige Cars Pty Limited	$ 1,818,649
- Prestige Repair Works Pty Limited	$ 2,596,774
- Modena Trading Pty Limited	$ 2,383,734

The main shareholders have provided letters of financial support to the above entities to provide sufficient funding to enable the entities to pay their debts as and when they fall due and payable for a period of at least of at least 12 months from the date of signing this financial report.

3. Application of new and revised Accounting Standards

3.1 Amendments to AASBs and new Interpretations that are mandatorily effective for the current year

In the current year, the Group has applied one amendment to AASBs and a new Interpretation issued by the Australian Accounting Standards Board (AASB) that is mandatorily effective for an accounting period that begins on or after 1 July 2015, and therefore relevant for the current year end.

- AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality' This amendment completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing that Standard to effectively be withdrawn.

The application of this amendment does not have any material impact on the disclosures or the amounts recognised in the Group's financial statements.

Notes to the Financial Statements for the Year Ended 30 June 2016

3. Application of new and revised Accounting Standards (continued)

3.2 Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations that were issued but not yet effective are listed below.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
• AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018	30 June 2019
• AASB 15 'Revenue from Contracts with Customers', AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15', AASB 2015-8 'Amendments to Australian Accounting Standards – Effective date of AASB 15'	1 January 2018	30 June 2019
• AASB 2014-3 'Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations'	1 January 2016	30 June 2017
• AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable 6 Methods of Depreciation and Amortisation'	1 January 2016	30 June 2017
• AASB 16 'Leases'	1 January 2019	30 June 2020
• AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'	1 January 2016	30 June 2017
• AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'	1 January 2016	30 June 2017
• AASB 2016-1 'Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses'	1 January 2017	30 June 2018
• AASB 2016-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107'	1 January 2017	30 June 2018

4. Critical Accounting Estimates and Judgments

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

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

(i) Recoverability of goodwill
Goodwill and other intangibles with indefinite useful lives with a carrying value of $25,693,000 (2015: $21,861,000 & 2014: $19,104,000) are tested annually for impairment, based on estimates made by directors. The recoverable amount of the intangibles is based on fair value less costs to dispose. Fair value less costs to dispose is assessed by the Directors based on their knowledge of the industry and recent market transactions. Further information on the intangibles impairment test can be found in Note 15.

(ii) Vehicle write-down to net realisable value
In determining the amount of write-downs required for demonstrator and used vehicle inventory, management has made judgements based on the expected net realisable value of that inventory based on historical experience, the group accounting policy on write downs and observing current market prices. Details regarding the write-down of vehicles to net realisable value are shown in note 13.

	2016 $'000	2015 $'000	2014 $'000
5. Revenue and Income from continuing operations			
(a) Sales revenue			
New and demonstrator vehicles	591,981	472,181	233,855
Used vehicles	285,985	232,134	159,479
Parts	49,149	40,117	17,985
Service	38,918	29,863	18,686
Other	10,723	9,884	6,470
	976,756	784,179	436,475
(b) Other Revenue			
Finance and insurance	14,609	12,230	7,038
Interest income from director related entities	522	636	587
Interest income from third parties	70	151	56
Commissions	761	350	605
Other	6,525	4,279	2,564
	22,487	17,646	10,850
Total revenue	999,243	801,825	447,325
6. Other losses			
Loss on disposal of other assets	(198)	(123)	(1)
7. Expenses from continuing operations			
Profit before income tax includes the following specific expenses:			
(a) Depreciation and amortisation			
Depreciation	1,863	1,605	1,479
Amortisation on leasehold improvements	576	726	121
	2,439	2,331	1,600
(b) Employee expenses			
Contribution to defined contribution plans	5,620	4,167	2,195
Other employee costs	56,976	46,401	23,525
	62,596	50,568	25,720
(c) Finance Cost			
Interest paid to director related entities	446	491	53
Interest paid to third parties	5,054	5,109	2,864
	5,500	5,600	2,917

Notes to the Financial Statements for the Year Ended 30 June 2016

	2016 $'000	2015 $'000	2014 $'000
8. Income Taxes relating to continuing operations			
(a) Income tax expense/(benefit)			
Current tax	7,204	7,632	4,403
Deferred tax	1,363	(1,878)	(375)
Total income tax recognised in the current Year	8,567	5,754	4,028
(b) Numerical reconciliation of income tax expense to prima facie tax payable			
Profit before income tax expense	24,013	17,468	12,750
Tax at the Australian tax rate of 30% (2015 and 2014: 30%)	7,204	5,240	3,825
Tax effect of amounts which are not deductible (taxable) in calculating taxable income			
Depreciation and amortisation	-	(6)	(165)
Non-allowable expenses	250	515	63
Sundry items	272	20	16
Recognition or adjustments to deferred taxes	(71)	(414)	-
Tax losses not capitalised	1,072	-	-
Tax losses utilised	(160)	399	289
	8,567	5,754	4,028
(c) Tax assets and liabilities			
CURRENT LIABILITIES			
Income tax payable	3,618	6,463	3,641
NON-CURRENT ASSETS			
Net deferred tax asset	1,836	2,317	839
Deferred tax assets comprises the following:			
Employee entitlements	1,866	1,406	954
Allowance for doubtful receivables	481	352	105
Allowance for obsolescence of inventory	(1,702)	(1,012)	(710)
Other	1,191	1,571	490
	1,836	2,317	839

9. Discontinued Operations

(a) Disposal of Chrysler Jeep Dodge Operations in Brisbane

During the year the directors decided to discontinue with the Chrysler Jeep Dodge (CJD) operations in Brisbane.

The business decision was made due to the lack of confidence in the future profitability and sales the franchise offers. The Aggregated Financials reflect 100% of the trading activities of Autosports Brisbane Pty Ltd. inclusive of a trading loss associated with CJD of $1,180,327 (2015: ($949,000)).

(b) Analysis of profit for the year from discontinued operations

The combined results of the discontinued operations included in the profit for the year are set out below. The comparative profit and cash flows from discontinued operations have been re-presented to include those operations classified as discontinued in the current year. The discontinued operation commenced in December 2014 and as such there are no 2014 comparative figures.

	2016 $'000	2015 $'000	2014 $'000
Loss for the year from discontinued operations			
Revenue	6,770	1,774	-
Other gains	503	154	-
	7,273	1,928	-
Expenses	(8,453)	(2,877)	-
Loss before tax	(1,180)	(949)	-
Attributable income tax expense	-	-	-
Loss for the year from discontinued operations	(1,180)	(949)	-

(c) Cash flows from discontinued operations

	2016 $'000	2015 $'000	2014 $'000
Net cash inflows from operating activities	(738)	(641)	-
Net cash inflows from investing activities	(9)	(86)	-
Net cash outflows from financing activities	719	789	-
Net cash inflows/(outflows)	(28)	62	-

10. Cash and cash equivalents

	2016 $'000	2015 $'000	2014 $'000
Cash at bank	9,730	10,512	7403
Short term deposits	515	1,920	35
	10,245	12,432	7,438

Notes to the Financial Statements for the Year Ended 30 June 2016

	2016 $'000	2015 $'000	2014 $'000
11. Trade and other receivables			
CURRENT			
Vehicle debtors	11,752	15,048	3,514
Trade debtors	18,881	14,410	16,143
Other debtors	10,332	7,443	4,931
Allowance for doubtful debts	(778)	(600)	(368)
	40,187	36,301	24,220
Amounts receivable from related parties (refer to Note 29)	3,801	25,915	20,989
	43,988	62,216	45,209

(a) The ageing of trade receivables at 30 June 2016 is detailed below:

	2016		2015		2014	
	Gross $'000	Allowance $'000	Gross $'000	Allowance $'000	Gross $'000	Allowance $'000
Not past due	32,778	-	29,305	-	19,759	-
Past due 0-30 days	3,157	79	2,456	63	1,077	23
Past due 31 days plus	5,030	699	5,140	537	3,752	345
Total	40,965	778	36,901	600	24,588	368

The maximum credit period on trade sales is 60 days. No interest is charged on the trade receivables from the date of invoice or when past due. The Group's provision policy is based on an assessment of changes in credit quality and historical experience.

Included in the Group's trade receivables balance are debtors with a carrying amount of $8,187,000 (2015: $7,596,000 and 2014: $4,829,000) which are past due at the reporting date. The Group still considers the amounts recoverable. The Group does not hold any collateral over these balances. The average age of these receivables is 120-150 days for 2016, 2015 and 2014 years due to time taken for the franchises to pay bonuses and rebates under their programs.

	2016 $'000	2015 $'000	2014 $'000
(b) Movement in provision for doubtful receivables			
Opening balance	600	368	416
Additional provisions	178	232	-
Amounts written off during the year	-	-	(48)
Closing balance	778	600	368

In determining the recoverability of a trade receivable the Group considers any deterioration in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large, diverse and unrelated. Accordingly, the Directors believe that there is no further allowance required in excess of the allowance for doubtful debts.

Notes to the Financial Statements for the Year Ended 30 June 2016

	2016 $'000	2015 $'000	2014 $'000

12. Other current assets

	2016 $'000	2015 $'000	2014 $'000
Prepayments	391	352	327

13. Inventories

	2016 $'000	2015 $'000	2014 $'000
New motor vehicles	71,974	52,192	40,989
Less: Write-down to net realisable value	-	-	-
	71,974	52,192	40,989
Demonstrator vehicles	43,042	30,332	20,857
Less: Write-down to net realisable value	(2,062)	(1,379)	(1,282)
	40,980	28,953	19,575
Used vehicles	32,384	24,228	16,008
Less: Write-down to net realisable value	(836)	(922)	(452)
	31,548	23,306	15,556
Spare parts and accessories	7,294	5,926	4,132
Less: Write-down to net realisable value	(194)	(192)	(159)
	7,100	5,734	3,973
Other inventory	768	998	600
	152,370	111,183	80,693

All inventories are expected to be recovered within twelve months.

The cost of inventories recognised as an expense included $3,092,000 (2015:$2,493,000, 2014:$1,893,000) in respect of write downs of inventory to net realisable value.

14. Plant and equipment

	2016 $'000	2015 $'000	2014 $'000
Plant and equipment at cost	9,820	8,731	7,938
Less: accumulated depreciation	(4,797)	(3,836)	(3,028)
	5,023	4,895	4,910
Leasehold improvements	12,696	11,810	9,501
Less: accumulated amortisation	(4,092)	(3,369)	(2,643)
	8,604	8,441	6,858
Furniture, fixtures and fittings	1,675	1,581	1,257
Less: accumulated depreciation	(544)	(546)	(433)
	1,131	1,035	824
Other assets	4,952	4,207	3,318
Less: accumulated depreciation	(2,065)	(1,810)	(1,487)
	2,887	2,397	1,831
	17,645	16,768	14,423

14. Plant and equipment (continued)

(a) Non-current assets pledged as security
Refer to Note 17 for information on non-current assets pledged as security by the Group.

(b) Reconciliations
Reconciliation of the carrying amounts of each class of property, plant and equipment at the beginning and end of the year is set out below:

	Plant and equipment $'000	Leasehold improvements $'000	Furniture, Fixtures and Fittings $'000	Other assets $'000	Total $'000
2016					
Carrying amount at the start of the year	4,895	8,441	1,035	2,397	16,768
Additions	1,046	1,056	421	909	3,432
Additions through Acquisitions	273	-	-	-	273
Disposals/transfers	-	(317)	(4)	(52)	(373)
Depreciation/amortisation	(1,191)	(576)	(321)	(367)	(2,455)
Carrying amount at end of year	5,023	8,604	1,131	2,887	17,645
2015					
Carrying amount at the start of the year	4,910	6,858	824	1,831	14,423
Additions	992	817	149	1,028	2,986
Additions through Acquisitions	81	1,619	268	32	2,000
Disposals/transfers	(90)	(127)	(63)	(20)	(300)
Depreciation/amortisation	(998)	(726)	(143)	(474)	(2,341)
Carrying amount at end of year	4,895	8,441	1,035	2,397	16,768
2014					
Carrying amount at the start of the year	3,237	7,649	549	571	12,006
Additions	1,299	-	484	1,023	2,806
Additions through Acquisitions	1,513	-	-	420	1,933
Disposals/transfers	-	(670)	(52)	-	(722)
Depreciation/amortisation	(1,139)	(121)	(157)	(183)	(1,600)
Carrying amount at end of year	4,910	6,858	824	1,831	14,423

15. Goodwill

	2016 $'000	2015 $'000	2014 $'000
Goodwill	25,693	21,861	19,104

(a) Movement reconciliation

	2016 $'000	2015 $'000	2014 $'000
Balance at the beginning of the year	21,861	19,104	4,579
Amounts acquired through acquisition (refer Note 24)	3,832	2,757	14,525
Less impairment	-	-	-
Balance at the end of the year	25,693	21,861	19,104

(b) Impairment tests for goodwill

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash generating units (CGU), or groups of CGU's, that are expected to benefit from the synergies of the combinations. Each dealership franchise represents a standalone CGU. Each unit or groups of units to which goodwill is allocated represents the lowest level at which assets are monitored for internal management purposes, largely on a dealership by dealership level.

The recoverable amount of a CGU or group of CGU's to which goodwill and other indefinite life intangible assets is allocated is determined based on the greater of its value in use and its fair value less costs to sell. Fair value is determined as being the amount obtainable from the sale of a CGU in an arm's length transaction between knowledgeable and willing parties at balance date. This fair value assessment less costs to sell is conducted by the directors based on their extensive knowledge of the automotive retailing and servicing industry including the current market conditions prevailing in the industry.

The Directors of the entities in the Group believe that any reasonable change in the key assumptions on which the recoverable amount is based is not expected to cause the carrying amount to exceed the recoverable amount of the CGUs.

The Directors' assessment in 2016 determined that goodwill was not impaired.

16. Trade and other payables

	2016 $'000	2015 $'000	2014 $'000
CURRENT			
Unsecured liabilities			
Trade payables	20,025	21,208	20,891
Other payables	20,894	18,640	13,662
Payable to related parties (refer to Note 29)	4,264	-	-
Total current payables	45,183	39,848	34,553
NON-CURRENT			
Payable to related entities (refer to Note 29)	-	10,331	8,664

Notes to the Financial Statements for the Year Ended 30 June 2016

	2016 $'000	2015 $'000	2014 $'000
17. Borrowings			
CURRENT			
Secured liabilities			
Bailment finance (a)(i)&(a)(ii)	157,453	118,937	82,522
Capital loans (a)(ii)	13,562	13,398	11,967
Other (b)	1,059	728	846
Redeemable preference shares (c)	1	1	1
	172,075	133,064	95,336
NON CURRENT			
Secured liabilities			
Capital loans	4,720	4,555	5,349
Other (b)	150	271	244
	4,870	4,826	5,593

(a) The borrowings of the Group are secured as follows:

(i) Bailment finance is provided on a vehicle by vehicle basis by various finance providers at an average interest rate of 2.60% p.a. applicable at 30 June 2016 (2015:2.94%, 2014: 3.57%). Bailment finance is secured over the vehicles provided to the Group (Note 13).

(ii) Bailment Finance and Capital loans
Additionally, bailment finance and capital loans are secured by a fixed and floating equitable charge over the present and future capital, assets, intellectual property, licences and insurances of the entities in the Group party to these facilities except for certain entities within the Group whereby security interest is held by a debenture charge over the inventory and the proceeds from the sale of that inventory.

(b) Other loans:

This represents oil supplier loans and hire purchase facilities. Security offered on the hire purchase loan is the fixed assets under finance and on the Castrol loan facilities are personal guarantees by the directors. Castrol loans are provided to fund service facilities.

(c) Redeemable preference shares:

Autosports Prestige Pty Ltd redeemable preference shares are fully paid and carry one vote per share and carry the right to discretionary dividends. These shares carry no right to participate in any distribution of surplus assets or profits except on winding up of the company.

Autosports Five Dock Pty Ltd redeemable preference shares carry the right to a non-cumulative preferential dividend of 5% per annum on the capital for the time being paid up thereon in priority to the payment of any dividend on any other share of Autosports Five Dock Pty Ltd.

Autosports Sutherland Pty Ltd redeemable preference shares carry one vote per share and the right to discretionary dividend declared and payable by the company on the class of share held. Upon a reduction of capital or a winding up of the company shall in regards to return of paid up capital rank after any issued 'H' redeemable preference shares (if any are issued) but in priority to all other shares of the company, but they shall not confer any right to participate in any distribution of surplus assets or profits of the company.

Notes to the Financial Statements for the Year Ended 30 June 2016

	2016 $'000	2015 $'000	2014 $'000
18. Provisions			
CURRENT			
Employee entitlements	4,106	3,288	2,337
Other provisions	119	317	27
	4,225	3,605	2,364
NON CURRENT			
Employee entitlements	2,054	1,266	877

Included in other provisions are estimates for statutory used car warranty made based on past experience These warranties are typically for a period of three months.

Notes to the Financial Statements for the Year Ended 30 June 2016

	2016 $'000	2015 $'000	2014 $'000
19. Issued capital			
Ordinary Shares			
Autosports Castle Hill Pty Ltd 100 fully paid ordinary shares (2015 and 2014:100)	-	-	-
Autosports Five Dock Pty Ltd 100 fully paid ordinary shares (2015 and 2014:100)	-	-	-
Autosports Leichhardt Pty Ltd 1,000 fully paid ordinary shares (2015 and 2014: 1,000)	1	1	1
Autosports Sutherland Pty Ltd 200 fully paid ordinary shares (2015 and 2014:200)	-	-	-
Betar Prestige Cars Pty Ltd 100 fully paid ordinary shares (2015 and 2014:100)	10	10	10
Birchgrove Finance Pty Limited 2 fully paid ordinary shares (2015 and 2014:2)	-	-	-
Modena Trading Pty Limited 100 fully paid ordinary shares (2015 and 2014:100)	-	-	-
Mosman Prestige Cars Pty Ltd 10,000 fully paid ordinary shares (2015 and 2014: 10,000)	-	-	-
New Centenary Mazda Pty Ltd 100 fully paid ordinary shares (2015 and 2014:100)	-	-	-
New Centenary Mercedes-Benz Pty Ltd 100 fully paid ordinary shares (2015 and 2014:100)	-	-	-
Prestige Auto Traders Australia Pty Ltd 105,000 fully paid ordinary shares (2015 and 2014:105,000)	105	105	105
Prestige Group Holdings Pty Ltd 10,200 fully paid ordinary shares (2015 and 2014: 85,908	46	46	46
Prestige Repair Works Pty Limited	-	-	-
Total ordinary shares	162	162	162
Other share classes:			
Autosports Prestige Pty Ltd 168,000 A Class Ordinary Shares (2015: 168,000, 2014:168,000)	150	150	150
Autosports Prestige Pty Ltd 576,000 B Class Ordinary Shares (2015 and 2014: 576,000)	155	155	155
	467	467	467

19. Issued capital (continued)

Ordinary shares carry one vote per share and the right to receive dividends.
A Class Ordinary Shares and B Class Ordinary Shares carry one vote per share and the right to receive dividends.

	2016 $'000	2015 $'000	2014 $'000
20. Revaluation reserve			
Asset revaluation reserve	-	175	175
Movement reconciliation			
Opening balance	175	175	175
Reversal of reserve on disposal of asset	(175)	-	-
Closing balance	-	175	175
21. Retained Earnings			
Opening Retained Earnings	27,084	16,363	9,123
Profit for the year after tax	15,446	11,714	8,722
Dividend paid	(22,854)	(993)	(1,482)
	19,676	27,084	16,363
(a) Details of dividends paid			
Dividends paid/payable	22,854	993	1,482
Dividends were paid by the following entities:			
Autosports Five Dock Pty Limited	6,346	-	350
Mosman Prestige Cars Pty Limited	200	-	-
Betar Prestige Cars Pty Limited	13,745	-	-
Prestige Auto Traders Australia Pty Limited	2,228	1,000	1,453
Prestige Group Holdings Pty Limited	1,197	380	230
	23,716	1,380	2,033
Less: Intergroup dividends	(862)	(387)	(551)
	22,854	993	1,482

22. Financial instruments

Overview

The Group has exposure to the following key risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk (interest rate risk)

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

The Directors of the entities in the Group have overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

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The Group's principal financial instruments comprise bank loans, bailment finance, cash and short-term deposits. The main purpose of these financial instruments is to fund the Group's operations. The Group has various other financial instruments such as trade debtors and trade payables which arise directly from its operations. It is, and has been throughout the year, the Group's policy that no speculative trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk.

(a) Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in a financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. Further, it is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

Trade receivables consist of a large number of customers, spread across two geographical areas New South Wales and Queensland. Ongoing credit evaluation is performed on the financial condition of debtors and other receivable balances, with the result that the Group's exposure to bad debts is not significant.

The Group establishes an allowance for doubtful debts that represents its estimate of incurred losses in respect of trade and other receivables.

With respect to credit risk arising from financial assets of the Group comprised of cash, cash equivalents and receivables, the Group's maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date is in the carrying amount as disclosed in the statement of financial position and notes to the financial statements.

The Group's credit risk on liquid funds is limited as the counter parties are major Australian banks with favourable credit ratings assigned by international credit rating agencies.

22. Financial Instruments (continued)

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

The Group's overall objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans.

The Group also manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Information on available facilities can be found in Note 22 (f).

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the Group's profit or loss. The objective of market risk management is to manage and monitor market risk exposures within acceptable parameters, whilst optimising the return on risk.

(i) Interest rate risk

The Group is exposed to interest rate risk as a consequence of its financing facilities as set out in Note 22 (f). Funds are borrowed by the Group at both fixed and floating interest rates. The Group's policy is to manage its interest cost using a mix of fixed and variable rate debt.

(d) Capital management

The Group's policy is to maintain a strong capital base so as to maintain creditor and market confidence and to sustain future development of the business.

The Group seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

Notes to the Financial Statements
for the Year Ended 30 June 2016

22. Financial instruments (continued)

(e) Credit risk

(i) *Exposure to credit risk*
The carrying amount of financial assets (as per Note 11) represents the Group's maximum credit exposure.

(ii) *Impairment losses*
The ageing of trade receivables at reporting date is detailed in Note 11.

(iii) Fair values
The directors consider that the carrying amounts of financial assets and financial liabilities recorded in the financial statements approximate their fair value.

(iv) *Liquidity and interest risk tables*
The below table provides a maturity profile for the Group's financial instruments. The amounts disclosed in the table are gross contractual undiscounted cash flows (principal and interest) required to settle the respective liabilities. The interest rate is based on the rate applicable as at the end of the financial period. The contractual maturity is based on the earliest date on which the Group may be required to pay.

2016	Weighted average effective interest rate	Less than 1 Year $'000	1 - 2 years $'000	3 -5 Years $'000	5+ years $'000	Total $'000
Financial assets						
Cash and cash equivalents	1.3%	10,378	-	-	-	10,378
Receivables	-	40,187	-	-	-	40,187
Receivables - related parties	5.45%	4,008				4,008
	-	54,573	-	-	-	54,573
Financial liabilities						
Trade and other payables		40,919	-	-	-	40,919
Bailment finance	3.49%	162,948	-	-	-	162,948
Capital loans	5.02%	14,480	1,404	2,981	788	19,653
Other loans	5.65%	1,128	140	21	-	1,289
Amounts payable to related parties	-	4,264	-	-	-	4,264
		223,739	1,544	3,002	788	229,073

Notes to the Financial Statements
for the Year Ended 30 June 2016

22. Financial instruments (continued)

(e) Credit risk (continued)

2015	Weighted average effective interest rate	Less than 1 Year $'000	1 - 2 years $'000	3 -5 Years $'000	5+ years $'000	Total $'000
Financial assets						
Cash and cash equivalents	2.05%	12,687	-	-	-	12,687
Receivables	-	36,705	-	-	-	36,705
Receivables - related parties	5.95%	27,457				27,457
		76,849	-	-	-	76,849
Financial liabilities						
Trade and other payables	-	39,848	-	-	-	3,848
Bailment finance	3.88%	123,552	-	-	-	123,552
Capital loans	6.5%	14,565	1,330	2,999	724	19,618
Other loans	5.70%	785	223	66	-	1,074
Amounts payable to related parties	-	10,331	-	-	-	10,331
		189,081	1,553	3,065	724	194,423
2014						
Financial assets						
Cash and cash equivalents	2.15%	7,598	-	-	-	7,598
Receivables	-	24,550	-	-	-	24,550
Receivables - from related parties	6.2%	22,295	-	-	-	22,295
		54,443	-	-	-	54,443
Financial liabilities						
Trade and other payables		34,553				34,553
Bailment finance	4.33%	86,095	-	-	-	86,095
Capital loans	6.96%	13,172	1,569	2,931	1,497	19,169
Other loans	5.75%	705	210	49	-	964
Amounts payable to related parties	-	8,664	-	-	-	8,664
		143,189	1,779	2,980	1,497	149,445

Notes to the Financial Statements for the Year Ended 30 June 2016

22. Financial instruments (continued)

	2016 $'000	2015 $'000	2014 $'000
(f) Financing facilities			
Secured bailment facility			
- amount used	157,453	118,138	86,794
- amount unused	31,947	27,512	19,547
	189,400	145,650	106,341
Secured capital loan facility			
- amount used	19,492	16,640	13,006
- amount unused	4,949	498	551
	24,441	17,138	13,557

23. Aggregated entity details

	Date operation commenced	Equity Holding (a) 2016 %	2015 %	2014 %
Autosports Prestige Pty Ltd	14/02/2003	100	100	100
Prestige Auto Traders Australia Pty Ltd	02/07/2003	100	100	100
Autosports Five Dock Pty Ltd	15/05/2006	100	100	100
Betar Prestige Cars Pty Ltd	06/03/2006	100	100	100
Autosports Sutherland Pty Ltd	31/05/2007	100	100	100
Modena Trading Pty Limited	15/10/2009	100	100	100
Mosman Prestige Cars Pty Ltd	16/02/2011	100	100	100
Autosports Leichhardt Pty Ltd	09/11/2012	100	100	100
Autosports Castle Hill Pty Ltd	28/05/2013	100	100	100
Birchgrove Finance Pty Limited	06/09/2013	100	100	100*
New Centenary Mazda Pty Ltd	21/02/2014	100	100	100*
New Centenary Mercedes-Benz Pty Ltd	02/06/2014	100	100	100*
Prestige Group Holdings Pty Limited	02/07/2003	100	100	100
Autosports Brisbane Pty Limited	11/12/2014	100	100	N/a
Prestige Repair Works Pty Limited	8/04/2016	100*	N/a	N/a

(a) The equity holding percentage reflects the economic interest within these aggregated accounts. For years in which the entities were not formed, N/a is noted. Where the entity first commenced operations in a financial year, the percentage is denoted with a ' * '. All the entities operate and are domiciled in Australia.

24. Business acquisitions

Group members, New Centenary Mercedes-Benz Pty Ltd and New Centenary Mazda Pty Ltd acquired the following businesses during the 2014 year as detailed below:

	Date of Acquisition	Principal Activity	Proportion Acquired
Shannon Nominees No. 219 Pty Limited	28 February 2014	Motor Vehicle Dealer	100%
Denbusy Pty Limited	28 February 2014	Motor Vehicle Dealer	100%
Newstar Classic Pty Limited	28 February 2014	Motor Vehicle Dealer	100%

During 2014, the acquired businesses contributed revenues of $12,286,167 and profit before tax of $504,197.

Allocation of purchase consideration

	2014 $'000
Cash consideration	14,416
Total purchase consideration	14,416
Fair value of net liabilities acquired	(109)
Goodwill	14,525
	14,416
Net assets acquired	
Receivables and prepayments	32
Inventory	617
Plant and equipment	1,933
Employee leave entitlements	(420)
Customer deposits	(439)
Other payables and accruals	(1,832)
Net liabilities acquired	(109)
Acquisition proceeds	14,416
Goodwill on acquisition	14,525

24. Business acquisitions (continued)

Group member, Autosports Leichhardt Pty Ltd acquired the following business during the 2015 year as detailed below:

	Date of Acquisition	Principal Activity	Proportion Acquired
Volkswagen Five Dock	1 August 2014	Motor Vehicle Dealer	100%

During 2015, the acquired businesses contributed revenues of $66,727,664 and profit before tax of $460,229.

Allocation of purchase consideration

	2015 $'000
Cash consideration	4,574
Total purchase consideration	4,574
Fair value of net identifiable assets	1,817
Goodwill	2,757
	4,574
Net assets acquired	
Receivables and prepayments	64
Inventory	269
Plant and equipment	2,000
Employee leave entitlements	(263)
Other payables and accruals	(253)
Net assets acquired	1,817
Acquisition proceeds	4,574
Goodwill on acquisition	2,757

24. Business acquisitions (continued)

The Group acquired the following businesses during the 2016 year as detailed below:

	Date of Acquisition	Principal Activity	Proportion Acquired
Prestige Repair Works	6 June 2016	Auto repairer	100%
Volvo Parramatta	29 Jan 2016	Motor Vehicle Dealer	100%

During 2016, the acquired businesses contributed revenues of $9,407,066 and profit before tax of $7,874.

Allocation of purchase consideration

	2016 $'000
Cash consideration	4,129
Total purchase consideration	4,129
Fair value of net identifiable assets	297
Goodwill	3,832
	4,129

Net assets acquired	
Receivables and prepayments	77
Inventory	384
Plant and equipment	273
Employee leave entitlements	(355)
Other payables and accruals	(82)
Net assets acquired	297
Acquisition cost	4,129
Goodwill on acquisition	3,832

25. Contingent liabilities

There is a contingent liability with the business acquired by New Centenary Mercedes-Benz Pty Limited and New Centenary Mazda Pty Limited based on the Sales Deed dated 28 February 2014.

The Group has a potential earn out payment due to the vendor of $2,500,000 if part of the business acquired achieves an agreed operating result. The earn out is applicable for 30 June 2016 and 30 June 2017. No liability amount has been recognised in the statement of financial position as the directors believe the likelihood of any amount being payable as remote.

The Group has exchanged contracts on 24 August 2016 for the acquisition of a large operating dealership businesses with a purchase price of $72,500,000 conditional on the Initial Public Offering proceeding.

Notes to the Financial Statements
for the Year Ended 30 June 2016

	2016 $'000	2015 $'000	2014 $'000
26. Commitments for expenditure			
Capital Commitments			
Capital expenditure for plant and equipment contracted for at the end of the year but not recognised as liabilities is as follows:			
Within one year	6,080	1,200	700
Later than 1 year but not later than 5 years	-	-	-
Later than 5 years	-	-	-
	6,080	1,200	700
Operating Lease Commitments			
Commitments for minimum lease payments in relation to non-cancellable operating leases for premises are payable as follows:			
Within one year	10,203	11,317	10,996
Later than 1 year but not later than 5 years	44,712	43,883	43,361
Later than 5 years	110,749	100,262	89,787
	165,664	155,462	144,144
27. Remuneration of auditor			
Amounts received or due and receivable by Deloitte Touche Tohmatsu ('Deloitte') for:			
Audit of the financial reports of the entities in the Group	334	290	167
Other services in relation to the parent entity and any other entity in the Group	103	68	65
	437	358	232

During the 30 June 2016 financial year, Deloitte Touche Tohmatsu has delivered professional services relating to the preparation of the Initial Public Offering, which have not been invoiced to date to the Group.

	2016 $'000	2015 $'000	2014 $'000
28. Key management personnel compensation			
Short term	1,063	731	403
Post-employment benefits	74	56	37
	1,137	787	440

29. Related parties

(a) Key management personnel

Information on key management personnel has been disclosed in Note 28.

(b) Remuneration and retirement benefits

Information on remuneration of key individual management personnel is disclosed in Note 28.

(c) Trading transactions with related parties

Some of the entities in the Group have rented premises owned by director-related entities within a normal landlord - tenant relationship on terms and conditions no more favourable than those which it is reasonable to expect would have been adopted if dealing with the directors or their director-related entities at arm's length in the same circumstances. The amount of rent paid during the year is $3,008,604 (2015: $2,746,987 and 2014: $2,222,106)

Entities in the Group have provided loans to Trusts owned by the director-related entities. Interest for the year on these loan amounts is $522,030 (2015: $635,631 and 2014: $587,187).

Entities in the Group have not paid any director related expenses during the year 2016 (2015: $249,000 and 2014:$230,000).

	2016 $'000	2015 $'000	2014 $'000

29. Related parties (continued)

(d) Unsecured loans advanced to related parties

	2016 $'000	2015 $'000	2014 $'000
Loans to director related entities – interest bearing	3,433	12,533	12,133
Loans to director related entities – non-interest bearing	368	13,382	8,856
	3,801	25,915	20,989

The interest bearing loans to director related companies are for a period of 7 years and interest is charged each year at the rate prescribed by ATO.

There are no terms associated with the non-interest bearing loans to director related companies. No interest is charged on these loans.

	2016 $'000	2015 $'000	2014 $'000
Unsecured loans from related parties – non-interest bearing	4,264	10,331	8,664

There are no terms associated with the non-interest bearing loans from director related companies. No interest is charged on these loans.

30. Segment information

Operating segments have been identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

Management have deemed that there is only one operating segment in the Group that being the sale of motor vehicles and related parts, accessories, service, finance and insurance. Information reported to the Executive Directors of the entities in the Group for the purposes of resource allocation is based on one operating segment.

Notes to the Financial Statements for the Year Ended 30 June 2016

	2016 $'000	2015 $'000	2014 $'000
31. Cash flow information			
(a) Reconciliation of profit for the year to net cash flows from operating activities			
Net profit after tax	15,446	11,714	8,722
Depreciation and amortisation	2,455	2,341	1,600
Loss on sale of plant and equipment	198	123	1
(Increase)/decrease in assets			
Receivables	(3,799)	(12,091)	(7,303)
Inventories	(40,802)	(30,223)	(29,511)
Net deferred tax assets	481	(1,478)	(230)
Increase/(decrease) in liabilities			
Creditors (including bailment finance and capital loans)	39,503	41,457	27,648
Provisions	1,053	1,368	779
Taxes payable	(2,844)	2,822	2,156
Net cash inflow from operating activities	11,691	16,033	3,862

(a) Non-cash transactions

Out of the total dividend paid as at 30 June 2016 of $22,853,910, a portion of $20,291,240 represented the payment of related party loans through dividends declared

32. Corporate directory

Registered Autosports Head Office
Audi Five Dock Pty Limited
1 Parramatta Road
Five Dock, NSW 2046

Postal Address
PO Box 250, Grosvenor Place,
NSW 1217

Telephone
(02) 8753 2888

Website
www.autosportsgroup.com.au

33. Corporate directory (continued)

Auditor
Deloitte Touche Tohmatsu
Grosvenor Place
225 George Street
Sydney NSW 2000

Directors Declaration
for the Year Ended 30 June 2016

The directors of the entities within the Aggregated Group declare that:

(a) In the Directors' opinion, the attached financial statements and notes are in accordance with the accounting policies outlined in Note 2 to the financial statements give a true and fair view of the financial position and performance of the Aggregated Group as at 30 June 2016, 30 June 2015 and 30 June 2014; and

(b) in the Directors' opinion, there are reasonable grounds to believe that each entity within the Aggregated Group as at 30 June 2016, 30 June 2015 and 30 June 2014 will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

On behalf of the Directors

James Ian Pagent

Director

Sydney, 30 September 2016

Nicholas Ian Pagent

Director

Sydney, 30 September 2016

Deloitte.

Deloitte Touche Tohmatsu
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Independent Auditor's Report to the Members of the Autosports Aggregated Group

We have audited the accompanying aggregated financial report, being a special purpose financial report, of the Autosports Aggregated Group as defined in Note 1 of the financial statements, which comprises the aggregated statement of financial position as at 30 June 2016, 30 June 2015 and 30 June 2014, the aggregated statement of profit or loss and other comprehensive income, the aggregated statement of cash flows and the aggregated statement of changes in equity for the years then ended, notes comprising a summary of significant accounting policies and other explanatory information, and directors' declaration as set out on pages 3 to 41.

Directors' Responsibility for the Financial Report

The directors of the entities in the Autosports Aggregated Group (the Directors) are responsible for the preparation and fair presentation of the aggregated financial report and have determined that the basis of preparation described in Note 2, is appropriate to meet the financial reporting requirements of the members of the Autosports Aggregated Group. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation and fair presentation of the aggregated financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the aggregated 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 whether the aggregated financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the aggregated financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the aggregated financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the aggregated 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 control. 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 aggregated financial report.

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

Deloitte.

Opinion

In our opinion, the aggregated financial report presents fairly, in all material respects, the aggregated financial position of the Aggregated Autosports Group as at 30 June 2016, 30 June 2015 and 30 June 2014 and its financial performance and cash flows for the years then ended in accordance with the basis of preparation described in Note 2.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 2 to the aggregated financial report, which describes the basis of accounting. The aggregated financial report has been prepared to assist the Aggregated Autosports Group to meet its financial reporting requirements. As a result, the aggregated financial report may not be suitable for another purpose.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Stavroula Papadatos
Partner
Chartered Accountants

Sydney, 30 September 2016