Autosports Group Limited
Appendix 4D
Half-year report

1. Company details

Name of entity:	Autosports Group Limited
ABN:	54 614 505 261
Reporting period:	For the period ended 31 December 2016

2. Results for announcement to the market

The Company was incorporated on 29 August 2016. On 16 November 2016, the Company was listed on the Australian Securities Exchange (‘ASX’). On 18 November 2016, the Company acquired 15 Companies (‘Pre-IPO Autosports Group) and an additional business (‘Willims’) and commenced trading. Therefore, the Group's trading results are for the period from 18 November to 31 December 2016. Prior to the listing the operations of the Company were administrative in nature and did not trade.

	$'000
Revenues from ordinary activities	165,389
Underlying profit before tax (refer below)	8,252
Loss from ordinary activities after tax attributable to the owners of Autosports Group Limited	(3,089)
Loss for the period attributable to the owners of Autosports Group Limited	(3,089)

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

Comments
The loss for the Group after providing for income tax and non-controlling interest amounted to $3,089,000.

The loss for the period was impacted by one-off items associated with the Initial Public Offering ('IPO'), namely, IPO offer costs, acquisition expenses and director / employee gift offer shares, as detailed below.

	Period ended 31 Dec 2016 $'000
Statutory loss after tax attributable to the owners of Autosports Group Limited	(3,089)
Add: Non-controlling interest	35
Add: Income tax expense	794
Add: IPO listing expenses	5,812
Add: Acquisition expenses	3,947
Add: Employee gift offer of shares	503
Add: Director gift offer of shares	250
Underlying profit before tax	8,252

Underlying profit before tax is a financial measure which is not prescribed by Australian Accounting Standards (‘AAS’) and represents the statutory loss under AAS adjusted for certain one-off items. The directors consider underlying profit before tax to reflect the core earnings of the Group.

Please refer to the ASX announcement accompanying this Appendix 4D for further commentary.

3. Net tangible assets

	Reporting period Cents
Net tangible assets per ordinary security	10.80

4. Control gained over entities

On 18 November 2016, the Group acquired 15 companies representing 18 Original Equipment Manufacturer ('OEM') authorised new vehicle dealerships, 2 used vehicle dealerships, 2 authorised collision repair businesses, a finance brokerage and a coffee / merchandise business (‘pre-IPO Autosports Group’). In addition to the acquisition pre-IPO Autosports Group, on the same date the Group acquired an additional business representing 5 OEM authorised new vehicle dealerships (‘Willims'). Refer to notes 16 and 17 to the Interim Report for further details.

On 20 February 2017, the Group announced that it had entered into an agreement with The In Motion Group Pty Ltd and Bundoora Prestige Panels Pty Ltd to purchase 7 OEM authorised new vehicle dealerships and a finance service business. Refer to note 20 to the Interim Report for further details.

5. Audit qualification or review

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

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

6. Attachments

Details of attachments (if any):

The Interim Report of Autosports Group Limited for the period ended 31 December 2016 is attached.

7. Signed

Signed ______________________________ Date: 24 February 2017

Thomas Pockett
Chairman
Sydney

autosports group

Autosports Group Limited

ABN 54 614 505 261

Interim Report - 31 December 2016

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Directors	Thomas Pockett - Chairman Nicholas Pagent Ian Pagent Robert Quant Malcolm Tilbrook Marina Go
Company secretary	Ms Leonie Chapman
Registered office	565 Parramatta Road Leichhardt NSW 2040 Tel: +61 2 8753 2873
Share register	Link Market Services Limited Level 12, 680 George Street Sydney NSW 2000 Tel: +61 1300 554 474
Auditor	Deloitte Touche Tomatsu Grosvenor Place, 225 George Street Sydney NSW 2000
Stock exchange listing	Autosports Group Limited shares are listed on the Australian Securities Exchange (ASX code: ASG)

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Autosports Group Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the period ended 31 December 2016.

The Company was incorporated on 29 August 2016 and commenced trading on 18 November 2016. Therefore the Group's trading results are for the period from 18 November 2016 to 31 December 2016. Between 29 August 2016 and 18 November 2016, the Company had minimal administrative expenses.

Directors
The following persons were directors of Autosports Group Limited since its incorporation on 29 August 2016 and up to the date of this report, unless otherwise stated:

Thomas William Pockett - Chairman
Nicholas Ian Pagent
James Ian Pagent
Robert Michael Scott Quant
Malcolm Charles Tilbrook
Marina Simone Go (appointed on 28 October 2016)

Principal activities
During the financial period, the principal continuing activities of the Group consisted of a motor vehicle dealership network.

Review of operations
The loss for the Group after providing for income tax and non-controlling interest amounted to $3,089,000.

The loss for the period was impacted by one-off items associated with the Initial Public Offering ('IPO'), namely, IPO offer costs, acquisition expenses and director / employee gift offer shares, as detailed below.

	Period ended 31 Dec 2016 $'000
Statutory loss after tax attributable to the owners of Autosports Group Limited	(3,089)
Add: Non-controlling interest	35
Add: Income tax expense	794
Add: IPO listing expenses	5,812
Add: Acquisition expenses	3,947
Add: Employee gift offer of shares	503
Add: Director gift offer of shares	250
Underlying profit before tax	8,252

Underlying profit before tax is a financial measure which is not prescribed by Australian Accounting Standards ('AAS') and represents the statutory loss under AAS adjusted for certain one-off items. The directors consider underlying profit before tax to reflect the core earnings of the Group.

For further commentary on the results for the period ended 31 December 2016, please refer to the Australian Securities Exchange ('ASX') announcement accompanying this Report.

Significant changes in the state of affairs
The Company was incorporated on 29 August 2016 and listed on the ASX on 16 November 2016, with the code 'ASG' and commenced trading on 18 November 2016.

On 18 November 2016, the Company issued 66,408,274 ordinary shares as part of the IPO raising a total of $159,380,000 before transaction costs.

On 18 November 2016, the Company acquired 15 companies representing 18 Original Equipment Manufacturer ('EOM') authorised new vehicle dealerships, 2 used vehicle dealerships, 2 authorised collision repair businesses, a finance brokerage and a coffee / merchandise business (‘pre-IPO Autosports Group’) for a total consideration transferred of $349,465,000. The Company also acquired an additional business representing 5 OEM authorised new vehicle dealerships (‘Willims') for a total consideration transferred of $66,904,000. Both of these acquisitions were settled by a combination of cash and issue of ordinary shares and were accounted for as business combinations. Refer to notes 16 and 17 to the financial statements for further details.

There were no other significant changes in the state of affairs of the Group during the financial period.

First half-year financial statements of the Company

In accordance with ASIC Instrument 16-1240, under section 240 of the Corporations Act 2001, the Company has taken relief from compliance with sections 302 and 306 of the Corporations Act 2001 from the requirement to prepare half-year financial statements commencing on the date the Company was incorporated and ending on 28 February 2017.

Rounding of amounts

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

Auditor's independence declaration

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

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

On behalf of the directors

Thomas Pockett
Chairman

Nicholas Pagent
Managing Director and Chief Executive Officer

24 February 2017
Sydney

Deloitte.

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The Board of Directors
Autosports Group Limited
565 Parramatta Road
Leichhardt NSW 2040

24 February 2017

Dear Board Members

Autosports Group Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Autosports Group Limited.

As lead audit partner for the review of the interim financial report of Autosports Group Limited for the period ended 31 December 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Carlo Pasqualini
Partner
Chartered Accountants

	Note	Consolidated Period ended 31 Dec 2016 $'000
Revenue	5	165,389
Expenses		
Changes in inventories		22,487
Raw materials and consumables purchased		(158,850)
Employee benefits expense		(11,629)
Depreciation and amortisation expense		(977)
Occupancy costs		(2,946)
Acquisition expenses		(3,947)
Initial public offering ('IPO') listing expenses		(5,812)
Other expenses		(4,996)
Finance costs		(979)
Loss before income tax expense		(2,260)
Income tax expense		(794)
Loss after income tax expense for the period		(3,054)
Other comprehensive income for the period, net of tax		-
Total comprehensive income for the period		(3,054)
Loss for the period is attributable to:		
Non-controlling interest		35
Owners of Autosports Group Limited		(3,089)
		(3,054)
Total comprehensive income for the period is attributable to:		
Non-controlling interest		35
Owners of Autosports Group Limited		(3,089)
		(3,054)
		Cents
Basic earnings per share	18	(1.54)
Diluted earnings per share	18	(1.54)

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

	Note	Consolidated 31 Dec 2016 $'000
Assets		
Current assets		
Cash and cash equivalents		30,287
Trade and other receivables	6	55,779
Inventories	7	240,775
Other assets	8	5,919
Total current assets		332,760
Non-current assets		
Property, plant and equipment		24,993
Intangibles	9	454,221
Deferred tax		7,379
Total non-current assets		486,593
Total assets		819,353
Liabilities		
Current liabilities		
Trade and other payables	10	56,511
Borrowings	11	260,215
Income tax payable		6,069
Employee benefits		6,676
Deferred revenue		4,950
Total current liabilities		334,421
Non-current liabilities		
Borrowings	12	7,978
Employee benefits		1,020
Total non-current liabilities		8,998
Total liabilities		343,419
Net assets		475,934
Equity		
Issued capital	13	475,683
Reserves	14	48
Accumulated losses		(3,089)
Equity attributable to the owners of Autosports Group Limited		472,642
Non-controlling interest		3,292
Total equity		475,934

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

Consolidated	Issued capital $'000	Reserves $'000	Accumulated losses $'000	Non-controlling interest $'000	Total equity $'000
Balance at 29 August 2016	-	-	-	-	-
Profit/(loss) after income tax expense for the period	-	-	(3,089)	35	(3,054)
Other comprehensive income for the period, net of tax	-	-	-	-	-
Total comprehensive income for the period	-	-	(3,089)	35	(3,054)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 13)	475,683	-	-	-	475,683
Share-based payments (note 19)	-	48	-	-	48
Non-controlling interest arising on business combinations (note 16)	-	-	-	3,257	3,257
Balance at 31 December 2016	475,683	48	(3,089)	3,292	475,934

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

	Note	Consolidated Period ended 31 Dec 2016 $'000
Cash flows from operating activities		
Loss before income tax expense for the period		(2,260)
Adjustments for:		
Depreciation and amortisation		977
Share-based payments		801
Provision for impairment of trade receivables		(192)
Interest received		(5)
Interest and other finance costs paid		979
		300
Change in operating assets and liabilities:		
Increase in trade and other receivables		(12,655)
Increase in inventories, net of floor plan		(1,995)
Increase in other operating assets		(2,492)
Increase in trade and other payables		8,549
Decrease in other provisions		(129)
Decrease in deferred revenue		(267)
Increase in other operating liabilities		8,061
		(628)
Interest received		5
Interest and other finance costs paid		(979)
Income taxes paid		(3,929)
Net cash used in operating activities		(5,531)
Cash flows from investing activities		
Payment for purchase of business, net of cash acquired	16	(87,313)
Payments for property, plant and equipment		(1,399)
Net cash used in investing activities		(88,712)
Cash flows from financing activities		
Proceeds from issue of shares	13	159,380
Share issue transaction costs	13	(9,595)
Amounts received from related parties		31
Repayment of borrowings		(1,218)
Dividends paid to pre-IPO Autosports Group shareholders	15	(25,774)
Net cash from financing activities		122,824
Net increase in cash and cash equivalents		28,581
Cash and cash equivalents at the beginning of the financial period		-
Cash and cash equivalents at the end of the financial period		28,581

The balance at the end of the financial period of $28,581,000 is the net amount of cash and cash equivalents of $30,287,000 less the bank overdraft of $1,706,000.

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

Note 1. General information

The financial statements cover Autosports Group Limited as a consolidated entity consisting of Autosports Group Limited (the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the interim period (collectively referred to as the 'Group'). The financial statements are presented in Australian dollars, which is Autosports Group Limited's functional and presentation currency.

Autosports Group Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

565 Parramatta Road
Leichhardt
NSW 2040

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The Company was incorporated on 29 August 2016. On 16 November 2016, the Company was listed on the Australian Securities Exchange ('ASX'). On 18 November 2016, the Company acquired 15 Companies ('Pre-IPO Autosports Group) and an additional business ('Willims') and commenced trading. Refer to note 16 for further details.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 24 February 2017. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2016 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the special purpose financial report of the aggregated Pre-IPO Autosports Group for the year ended 30 June 2016 (being an aggregation of the 15 companies representing 'Pre-IPO Autosports Group' and excluding 'Willims') and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The financial statements have been prepared under the historical cost convention.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group during the financial period ended 31 December 2016 and are not expected to have any significant impact for the full financial year ending 30 June 2017.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Accounting period

The Company was incorporated on 29 August 2016 and commenced trading on 18 November 2016. Therefore the Group's trading results are for the period from 18 November 2016 to 31 December 2016. Between 29 August 2016 and 18 November 2016, the Company had minimal expenses.

Working capital deficiency

The financial statements has been prepared on the going concern basis which assumes the Group will have sufficient cash to pay its debts as and when they become payable for a period of at least 12 months from the date the financial report was authorised for issue.

As at 31 December 2016, the Group had net current liabilities of $1,661,000.

Note 2. Significant accounting policies (continued)

The directors have reviewed the profit and cash flows of the Group and have concluded that it is appropriate to prepare the financial statements on a going basis as the directors believe that the Group will be able it realise its assets and settle its liabilities and commitments in the normal course of business and at the amounts stated in the financial statements.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Autosports Group Limited as at 31 December 2016 and the results of all subsidiaries for the period then ended.

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

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

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

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

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

Operating segments

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

Revenue recognition

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

New, demonstrator and used vehicles

Revenue from the sale of vehicles is recognised when the buyer has accepted the risks and rewards of ownership, generally by taking delivery of the vehicle. Amounts disclosed as revenue are net of sales returns and trade discounts.

Parts and service

Revenue from the sale of parts is recognised when the buyer has accepted the risks and rewards of ownership, generally by taking delivery of the goods. Amounts disclosed as revenue are net of sales returns and trade discounts.

Service work on customers' 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.

Finance and insurance revenue

Finance and insurance commissions are recognised in the period in which the related sale or rendering of service is provided.

Note 2. Significant accounting policies (continued)

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

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

Commercial income and rebates
Volume related and vehicle specific bonuses and rebates are credited to the carrying value of inventory to which they relate. Once the inventory is sold, the amount is then recognised in cost of goods sold in profit of loss. Bonuses and rebates are recognised when the right to receive payment is established.

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

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

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

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

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

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

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

Note 2. Significant accounting policies (continued)

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

Inventories

New and demonstrator vehicles
New 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. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Used vehicles
Used vehicles are stated at the lower of cost and net realisable value on a unit-by-unit basis. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Spare parts and accessories
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. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

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

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The age of the car is considered in determining selling price used cars.

Property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. 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 or loss during the financial period in which they are incurred.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Leasehold improvements	Lease period
Plant and equipment	3-15 years
Furniture, fixtures and fittings	3-15 years
Motor vehicles	4-8 years

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

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

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

Note 2. Significant accounting policies (continued)

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

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

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

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

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

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

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

Customer assets
Customer assets acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite useful life of five years. Customer assets are made up of complementary customer relationships and databases in the servicing and parts business.

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

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

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

Note 2. Significant accounting policies (continued)

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

Finance costs are expensed in the period in which they are incurred.

Vehicles secured under bailment plans are provided to the Group under bailment agreements with floor plan loan providers. The Group obtains title to the vehicles immediately prior to sale. Vehicles financed under bailment plans are recognised as inventory with the corresponding floor plan liability owing to the finance providers. Floor plan finance facilities are available for drawdown by specified dealerships on a vehicle by vehicle basis, with repayment as it relates to an individual vehicle required immediately after the vehicle is sold.

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

Provision for warranties
Provision is made for the estimated claims in respect of extended warranties provided on the majority of the Group's retail new and used 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.

Deferred revenue
Deferred revenue represents finance and insurance income received in advance. It is recognised as a liability in the statement of financial position, until the revenue has been earned.

Employee benefits

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

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

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments
Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

Note 2. Significant accounting policies (continued)

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

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

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Issued capital
Ordinary shares are classified as equity.

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

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

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

Note 2. Significant accounting policies (continued)

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

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

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

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

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Autosports Group Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the financial period.

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

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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

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

Note 2. Significant accounting policies (continued)

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

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

Note 3. Critical accounting judgements, estimates and assumptions

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

Acquisition of the pre-IPO Autosports Group
The Group accounted for the acquisition of the pre-IPO Autosports Group on 18 November 2016 as a business combination, with Autosports Group Limited being the acquirer. The directors have determined that, as the IPO-Autosports Group did not constitute a group in accordance with Australian Accounting Standards and no acquirer could be identified from amongst those entities, the transaction should be accounted for as a business combination rather than a group reorganisation, and Autosports Group Limited was identified as the acquirer.

Provision for impairment of inventories
The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Goodwill
The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Business combinations
As discussed in note 2, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the Group taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

Note 4. Operating segments

The Group's operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

The Directors have determined that there is only one operating segment identified and located in Australia, being motor vehicle retailing. The information reported to the CODM is the consolidated results of the Group. The segment results are therefore shown throughout these financial statements and not duplicated here.

Note 5. Revenue

	Consolidated Period ended 31 Dec 2016 $'000
Sales revenue	
New and demonstrator vehicles	101,305
Used vehicles	41,509
Parts	7,259
Service	7,998
Aftermarket revenue	1,408
Finance and insurance revenue	3,434
	162,913
Other revenue	
Interest	5
Other revenue	2,471
	2,476
Revenue	165,389

Note 6. Current assets - trade and other receivables

	Consolidated 31 Dec 2016 $'000
Trade receivables	53,251
Other receivables	2,906
Less: Provision for impairment of receivables	(378)
	55,779

Note 7. Current assets - inventories

	Consolidated 31 Dec 2016 $'000
New and demonstrator vehicles - at cost	202,846
Less: Write-down to net realisable value	(3,080)
	199,766
Used vehicles - at cost	30,685
Less: Write-down to net realisable value	(365)
	30,320
Spare parts and accessories - at cost	10,127
Less: Write-down to net realisable value	(427)
	9,700
Other inventory - at cost	989
	240,775

Note 8. Current assets - other assets

	Consolidated 31 Dec 2016 $'000
Prepayments	2,854
Security deposits	653
Other cash deposits	2,412
	5,919

Note 9. Non-current assets - intangibles

	Consolidated 31 Dec 2016 $'000
Goodwill - at cost	437,134
Customer assets - at cost	17,509
Less: Accumulated amortisation	(422)
	17,087
	454,221

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

Consolidated	Goodwill $'000	Customer assets $'000	Total $'000
Balance at 29 August 2016	-	-	-
Additions through business combinations (note 16)	437,134	17,509	454,643
Amortisation expense	-	(422)	(422)
Balance at 31 December 2016	437,134	17,087	454,221

Note 10. Current liabilities - trade and other payables

	Consolidated 31 Dec 2016 $'000
Trade payables	37,718
Related party payable	1,083
GST payable	4,993
Accrued expenses	12,717
	56,511

Note 11. Current liabilities - borrowings

	Consolidated 31 Dec 2016 $'000
Bank overdraft	1,706
Bailment finance	243,876
Capital loans	13,786
Hire purchase	847
	260,215

Note 12. Non-current liabilities - borrowings

	Consolidated 31 Dec 2016 $'000
Capital loans	5,561
Hire purchase	2,417
	7,978

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

	Consolidated 31 Dec 2016 $'000
Bank overdraft	1,706
Bailment finance	243,876
Capital loans	19,347
Hire purchase	3,264
	268,193

Bailment finance
Bailment is provided on a vehicle by vehicle basis and secured over the underlying vehicle.

Capital loans
Capital loans are secured by a fixed and floating equitable charge over the capital, assets, intellectual property, licences and insurances of the Group, except for certain entities within the Group whereby security interest is held by a charge over the inventory and the proceeds from the sale of that inventory.

Hire purchase
The hire purchase liabilities are effectively secured as the rights to the leased assets, recognised in the statement of financial position, revert to the lessor in the event of default.

Note 12. Non-current liabilities - borrowings (continued)

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

	Consolidated 31 Dec 2016 $'000
Total facilities	
Bank overdraft	2,000
Bailment finance	252,500
Capital loans	19,347
Hire purchase	3,311
	277,158
Used at the reporting date	
Bank overdraft	1,706
Bailment finance	243,876
Capital loans	19,347
Hire purchase	3,311
	268,240
Unused at the reporting date	
Bank overdraft	294
Bailment finance	8,624
Capital loans	-
Hire purchase	-
	8,918

Note 13. Equity - issued capital

	Consolidated 31 Dec 2016 Shares	Consolidated 31 Dec 2016 $'000
Ordinary shares - fully paid	201,000,000	475,683

Movements in ordinary share capital

Details	Date	Shares	Issue price	$'000
Balance	29 August 2016	-		-
Issue of shares on IPO capital raising	18 November 2016	66,408,274	$2.40	159,380
Issue of shares to acquire Pre-IPO Autosports Group	18 November 2016	124,902,804	$2.40	299,767
Issue of shares to acquire Willims	18 November 2016	9,375,000	$2.40	22,500
Employee gift issue of shares	18 November 2016	209,756	$2.40	503
Director gift issue of shares	18 November 2016	104,166	$2.40	250
Share issue transaction costs		-	$0.00	(9,595)
Income tax relating to share issue transaction costs		-	$0.00	2,878
Balance	31 December 2016	201,000,000		475,683

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

Note 13. Equity - issued capital (continued)

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

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

Note 14. Equity - reserves

	Consolidated 31 Dec 2016 $'000
Share-based payments reserve	48

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Note 15. Equity - dividends

There were no dividends paid, recommended or declared during the current financial period by Autosports Group Limited.

During the financial period $25,774,000 was paid to the pre-IPO Autosports Group shareholders to settle the dividend liability acquired by the Company.

Note 16. Business combinations

Pre-IPO Autosports Group
On 18 November 2016, the Group acquired 100% of the ordinary shares of 14 companies and 80% of the ordinary shares in a further company ('Pre-IPO Autosports Group') representing 18 Original Equipment Manufacturer ('OEM') authorised new vehicle dealerships, 2 used vehicle dealerships, 2 authorised collision repair businesses, a finance brokerage and a coffee / merchandise business, for the total consideration transferred of $349,465,000. These car dealerships sell new and used prestige and luxury motor vehicles across Sydney, Brisbane and Melbourne. The goodwill of $372,766,000 represents expected synergies and future growth prospects and cross selling opportunities that will arise from the acquisition. The acquired businesses contributed revenues of $145,072,000 and profit before tax of $285,000 to the Group for the period from 18 November 2016 to 31 December 2016. The values identified in relation to the acquisitions are provisional as at 31 December 2016.

Refer to note 17 for the companies that represent the Pre-IPO Autosports Group. Included in the Pre-IPO Autosports Group business combination was the Volvo Brighton business, which was acquired by Autosports Castle Hill in October 2016.

Willims
On 18 November 2016, the Group acquired certain assets and liabilities of the Willims business representing 5 OEM authorised new vehicle dealerships for the total consideration transferred of $66,904,000. These car dealerships sell new and used prestige and luxury motor vehicles in Brisbane. The goodwill of $64,368,000 represents expected synergies and future growth prospects and cross selling opportunities that will arise from the acquisition. The acquired business contributed revenues of $20,317,000 and loss before tax of $2,545,000 to the Group for the period from 18 November 2016 to 31 December 2016. Excluding acquisition costs of $3,947,000, Willims made a profit before tax of $1,402,000 The values identified in relation to the acquisition are provisional as at 31 December 2016.

Note 16. Business combinations (continued)

Details of the acquisitions are as follows:

	Pre-IPO Autosports Group Fair value $'000	Willims Fair value $'000	Total Fair value $'000
Cash and cash equivalents	9,790	-	9,790
Trade receivables	24,809	-	24,809
Inventories	173,512	44,776	218,288
Prepayments	1,102	80	1,182
Security deposits	1,917	113	2,030
Other current assets	14,595	-	14,595
Property, plant and equipment	19,495	4,653	24,148
Customer contracts	13,969	3,540	17,509
Deferred tax asset	7,388	-	7,388
Trade payables	(28,395)	(774)	(29,169)
Other payables	(8,441)	(258)	(8,699)
Provision for income tax	(7,745)	-	(7,745)
Deferred tax liability	(4,190)	(159)	(4,349)
Employee benefits	(6,949)	(875)	(7,824)
Dividends payable	(25,774)	-	(25,774)
Bailment finance	(177,302)	(46,082)	(223,384)
Capital loans	(19,068)	-	(19,068)
Bank overdraft	(1,705)	-	(1,705)
Lease liability	(933)	(2,478)	(3,411)
Other provisions	(6,119)	-	(6,119)
Net assets/(liabilities) acquired	(20,044)	2,536	(17,508)
Goodwill	372,766	64,368	437,134
	352,722	66,904	419,626
Representing:			
Acquisition-date fair value of the total consideration transferred	349,465	66,904	416,369
Non-controlling interest	3,257	-	3,257
	352,722	66,904	419,626
Cash used to acquire business, net of cash acquired:			
Acquisition-date fair value of the total consideration transferred	349,465	66,904	416,369
Less: shares issued by company as part of consideration	(299,767)	(22,500)	(322,267)
Add: cash repayable by vendors	-	1,296	1,296
Less: cash and cash equivalents acquired	(9,790)	-	(9,790)
Add: Bank overdraft acquired	1,705	-	1,705
Net cash used	41,613	45,700	87,313

The non-controlling interest (20% ownership interest in New Century Mazda Pty Limited) recognised at acquisition date was measured at fair value and amounted to $3,257,000. Fair value of the non-controlling interest was determined by using the market value of the 80% interest acquired by the Group adjusted for a discount to reflect the lack of control and marketability of the non-controlling interest.

Acquisition-related costs amounting to $5,812,000 have been excluded from the consideration transferred and have been recognised in Initial public offering ('IPO') expenses in profit or loss.

Note 17. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest 31 Dec 2016 %
Autosports Brisbane Pty Ltd *	Australia	100%
Autosports Castle Hill Pty Ltd *	Australia	100%
Autosports Five Dock Pty Ltd *	Australia	100%
Autosports Leichhardt Pty Ltd *	Australia	100%
Autosports Prestige Pty Ltd *	Australia	100%
Autosports Sutherland Pty Ltd *	Australia	100%
Betar Prestige Cars Pty Ltd *	Australia	100%
Birchgrove Finance Pty Ltd *	Australia	100%
Modena Trading Pty Ltd *	Australia	100%
Mosman Prestige Cars Pty Ltd *	Australia	100%
New Centenary Mazda Pty Ltd *	Australia	80%
New Centenary Mercedes-Benz Pty Ltd *	Australia	100%
Prestige Auto Traders Australia Pty Ltd *	Australia	100%
Prestige Group Holdings Pty Ltd *	Australia	100%
Prestige Repair Works Pty Ltd *	Australia	100%
ASG Brisbane Pty Ltd	Australia	100%

* Pre-IPO Autosports Group

Note 18. Earnings per share

	Consolidated Period ended 31 Dec 2016 $'000
Loss after income tax	(3,054)
Non-controlling interest	(35)
Loss after income tax attributable to the owners of Autosports Group Limited	(3,089)
	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	201,000,000
Weighted average number of ordinary shares used in calculating diluted earnings per share	201,000,000
	Cents
Basic earnings per share	(1.54)
Diluted earnings per share	(1.54)

Note 19. Share-based payments

The Group established an Equity Incentive Plan ('EIP') to assist in the motivation, reward and retention of senior management and other employees. The terms and conditions of the EIP are currently being finalised. At 31 December 2016, the share-based payment and the impact on the dilutive earnings per share has been estimated based on the implementation of the EIP and the value will be updated upon finalisation of the terms and conditions.

Note 20. Events after the reporting period

On 20 February 2017, the Group announced that it had entered into an agreement with The In Motion Group Pty Ltd and Bundoora Prestige Panels Pty Ltd to purchase 7 OEM authorised new vehicle dealerships and a finance service business operating in Victoria's Doncaster and Bunoora region, for the consideration of approximately $46,000,000 plus fixed assets at valuation plus or minus industry standard adjustments. The acquisition will be funded by a combination of cash drawn from reserves and new debt facilities. The transaction, subject to a number of conditions, is expected to complete in the final quarter of the financial year ending 30 June 2017.

No other matter or circumstance has arisen since 31 December 2016 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

autosports group

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2016 and of its performance for the financial period ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors

Thomas Pockett	Nicholas Pagent
Chairman	Managing Director and Chief Executive Officer

24 February 2017
Sydney

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Independent Auditor's Review Report
to the members of Autosports Group Limited

We have reviewed the accompanying interim financial report of Autosports Group Limited, which comprises the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the period ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising Autosports Group Limited and the entities it controlled at the end of the period or from time to time during the period as set out on pages 6 to 27.

Directors' Responsibility for the Interim Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the period ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Autosports Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Autosports Group Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Autosports Group Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the period ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Carlo Pasqualini
Partner
Chartered Accountants
Sydney, 24 February 2017