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

1. Company details

Name of entity:	Apollo Tourism & Leisure Ltd
ABN:	67 614 714 742
Reporting period:	For the period ended 31 December 2018
Previous period:	For the period ended 31 December 2017

2. Results for announcement to the market

The consolidated entity has adopted Accounting Standards AASB 9 'Financial Instruments' and AASB 15 'Revenue from Contracts with Customers' for the half-year ended 31 December 2018. Refer to note 2 for further information.

				$'000
Revenues from ordinary activities	up	6.6%	to	183,776
Profit from ordinary activities after tax attributable to the owners of Apollo Tourism & Leisure Ltd	down	7.8%	to	14,714
Profit for the period attributable to the owners of Apollo Tourism & Leisure Ltd	down	7.8%	to	14,714

	December 2018 Cents	**December 2017 Cents**
Basic earnings per share	8.03	8.87
Diluted earnings per share	8.00	8.87

Dividends

	Amount per security Cents	**Franked amount per security Cents**
Final dividend for the year ended 30 June 2018 (paid 13 September 2018)	3.00	-
Interim dividend for the half-year ended 31 December 2018 (to be paid 10 April 2019)	2.00	-

The interim dividend will be paid on 10 April 2019 and the record date for determining entitlements to the dividends is 13 March 2019. The interim dividend will be unfranked.

Comments
The profit for the Consolidated Entity after providing for income tax amounted to $14,714,000 (31 December 2017: $15,957,000).

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

3. Net tangible assets

	Reporting period Cents	**Previous period Cents**
Net tangible assets per ordinary security	47.68	42.14

4. Dividends

Current period

	Amount per security Cents	Franked amount per security Cents
Final dividend for the year ended 30 June 2018 (paid 13 September 2018)	3.00	-
Interim dividend for the half-year ended 31 December 2018 (to be paid 10 April 2019)	2.00	-

The interim dividend will be paid on 10 April 2019 and the record date for determining entitlements to the dividends is 13 March 2019. The interim dividend will be unfranked.

Previous period

	Amount per security Cents	Franked amount per security Cents
Final dividend for the year ended 30 June 2017 (paid 14 September 2017)	2.00	2.00
Interim dividend for the half-year ended 31 December 2017 (paid 14 March 2018)	2.00	2.00

5. Dividend reinvestment plans

The following dividend or distribution plans are in operation:

The Company's Dividend Reinvestment Plan ("DRP") is in operation, a copy of which can be downloaded from the Apollo website at https://apollotourism.com/.

The last date(s) for receipt of election notices for the dividend or distribution plans: 14 March 2019.

Under the DRP, Apollo shares will be issued at the average of the daily Volume Weighted Average Price (VWAP) of all shares sold on the ASX over the period 12 March 2019 to 18 March 2019 with a 2% discount.

6. Details of associates and joint venture entities

	Reporting entity's percentage holding		Contribution to profit/(loss) (where material)	
Name of associate / joint venture	**Reporting period %**	**Previous period %**	**Reporting period $'000**	**Previous period $'000**
CanaDream Corporation*	100.00%	20.22%	-	316
Camplify Co (Australia) Pty Ltd	24.90%	24.90%	(75)	(77)
Group's aggregate share of associates and joint venture entities' profit/(loss) (where material)				
Profit/(loss) from ordinary activities before income tax			(75)	239

* The remaining shares in CanaDream Corporation were acquired on 11 July 2017.

7. Foreign entities

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

Results for all international operations have been calculated using International Financial Reporting Standards.

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8. Audit qualification or review

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

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

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9. Attachments

Details of attachments (if any):

The Interim Report of Apollo Tourism & Leisure Ltd for the period ended 31 December 2018 is attached.

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10. Signed

Signed ______________________________ Date: 25 February 2019

Peter Jans
Company Secretary
Brisbane

Apollo Tourism & Leisure Ltd

ABN 67 614 714 742

Interim Report - 31 December 2018

Directors	Stephen Lonie, Non-executive Chairman. Sophia (Sophie) Mitchell, Non-executive Director. Luke Trouchet, Managing Director and Chief Executive Officer. Karl Trouchet, Executive Director and Chief Financial Officer.
Company secretary	Peter Jans.
Registered office	698 Nudgee Rd, Northgate QLD 4013.
Principal place of business	698 Nudgee Rd, Northgate QLD 4013.
Share register	Computershare Investor Services Ltd.
Auditor	Ernst & Young.
Solicitors	Jones Day.
Bankers	National Australia Bank Limited. Westpac Banking Corporation.
Stock exchange listing	Apollo Tourism & Leisure Ltd shares are listed on the Australian Securities Exchange (ASX code: ATL).
Website	http://www.apollotourism.com/.
Corporate Governance Statement	http://www.apollotourism.com/corporate-governance/.

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Consolidated Entity', 'Apollo' or the 'Group') consisting of Apollo Tourism & Leisure Ltd (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the period ended 31 December 2018.

Directors

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

Principal activities

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

Apollo's rental activities are generated from 34 central locations outlets across Australia, New Zealand, North America (United States of America and Canada) and Europe (United Kingdom and Ireland). Sales of new and used motorhomes and caravans are made through a combination of established dealer networks and retail shopfronts. The Australian and New Zealand manufacturing entities produce the majority of all units used by the rental operations in those countries. All North American and European rental vehicles are purchased direct from third party vehicle manufacturers. In addition, the Australian manufacturing entity produces a range of retail motorhomes and caravans under the Winnebago brand, which are sold through Apollo's retail sales network.

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

Dividends

Dividends paid during the financial period were as follows:

	Consolidated	
	December 2018 $'000	December 2017 $'000
Final dividend for the year ended 30 June 2018 (30 June 2017) at 3.0 cents per ordinary share (2017: 2.0 cents per ordinary share)	5,475	3,599

At the date of signing the financial report, the Directors have recommended an interim unfranked dividend of 2.0 cents per share, payable on 10 April 2019 to shareholders registered on 13 March 2019.

Review of operations

The profit for the Consolidated Entity after providing for income tax amounted to $14,714,000 (31 December 2017: $15,957,000).

Operating results by segment

Australia
The Australian segment recorded a net profit before tax of $2,983,000 (31 December 2017: $9,393,000). The reduction in profit before tax, in comparison to the prior period, is attributable to a number of factors. Firstly, the prior period includes the one-off revaluation of the Consolidated Entity's pre-acquisition shareholding in CanaDream of $2,533,000, increasing the segment performance for that period. In addition, while rental performance has remained strong during the period, subdued retail sales in quarter two of the period resulted in a higher inventory holding, which increased holding costs and negatively impacted segment performance.

The Group has continued to invest for the future in infrastructure and key staffing areas. These costs will benefit the Group, however, as these costs are largely borne by the Australian segment, there has been a short-term negative impact on this segment in the half year period.

Manufacturing efficiencies continue to be generated and production of the newly acquired Windsor & Coromal caravan brands will expand the retail sales offering and bring consolidation to a fragmented caravan industry.

New Zealand
The New Zealand segment recorded a net profit before tax of $1,437,000 (31 December 2017: $1,315,000). Rental revenue increased by 11.8% to $11,441,000 (31 December 2017: $10,236,000), as tourism activity and brand presence in the region remains strong. Relocation of the Auckland branch to a new, larger facility, was completed in February 2019, which will enable the New Zealand segment to increase rental output and improve customer experience, while also incorporating a new retail sales store into the facility.

North America
The North American segment recorded a net profit before tax of $15,257,000 (31 December 2017: $11,366,000). Rental revenue increased by 21.3% to $43,346,000 (31 December 2017: $35,745,000) New rental branches were opened in Orlando and New York, and the Toronto and Halifax branches relocation to new, improved facilities, in the second half of the 2018 financial year, contributed to rental performance for the region. Fleet sizes were larger in the period, compared to the prior period, as additional vehicles were retained on fleet for the peak 2018 summer season. The reduction in ex-fleet sales this year is attributable to an oversupply of new vehicles by manufacturers throughout 2018. Market supply is expected to correct in the second half of the 2019 financial year and the segment is currently implementing a new retail sales strategy, to help drive sales in the region.

Europe
The Company acquired United Kingdom and Ireland based rental and RV sales operator, Camperco Group Limited ('Camperco'), on 26 March 2018 and, accordingly, this period is the first interim report for the European segment. The segment reported a net profit before tax of $1,166,000 for the period, following record rental performance over the 2018 summer peak season.

Preparations for expansion into mainland Europe progressed during the period, with a rental branch site secured in Hamburg, Germany, in readiness for the opening of a new branch on 1 April 2019.

Net current liability position
The Consolidated Entity is in a consolidated net liability position as at 31 December 2018 of $74,372,000. Due to the terms and conditions of the finance lease and hire purchase facilities and in accordance with AASB 101 *Presentation of Financial Statements* , these facilities are treated as current liabilities with the assets that are being financed included as non-current assets. This results in current liabilities being in excess of current assets in the statement of financial position as at 31 December 2018. The Directors consider that the Group will generate sufficient operating cash flows to finance its ongoing operations and meet its financial obligations. Accordingly, the financial report has been prepared on a going concern basis. Refer to Note 1 - Significant accounting policies for further information.

Significant changes in the state of affairs
There were no significant changes in the state of affairs of the Consolidated Entity during the financial period.

Matters subsequent to the end of the financial period

Apart from the dividend declared, no other matter or circumstance has arisen since 31 December 2018 that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

Rounding of amounts

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

Auditor's independence declaration

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

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

On behalf of the Directors

Luke Trouchet
Director

25 February 2019
Brisbane

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

As lead auditor for the review of the half-year financial report of Apollo Tourism & Leisure Ltd for the half-year ended 31 December 2018, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

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

Ernst & Young

Mike Reid
Partner
25 February 2019

Contents

General information

The financial statements cover Apollo Tourism & Leisure Ltd as a Consolidated Entity consisting of Apollo Tourism & Leisure Ltd and the entities it controlled at the end of, or during, the period. The financial statements are presented in Australian dollars, which is Apollo Tourism & Leisure Ltd's functional and presentation currency.

Apollo Tourism & Leisure Ltd is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is 698 Nudgee Rd, Northgate QLD 4013, Australia.

A description of the nature of the Consolidated Entity's operations and its principal activities are included in the Directors' Report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 25 February 2019.

Apollo Tourism & Leisure Ltd
Statement of profit or loss and other comprehensive income
For the period ended 31 December 2018

	Note	Consolidated December 2018 $'000	December 2017 $'000
Revenue			
Rental income		90,733	76,229
Revenue from contracts with customers	4	92,326	95,822
Other income		717	299
Total revenue	3	183,776	172,350
Expenses			
Revaluation of investment	5	-	2,533
Cost of goods sold		(80,942)	(82,168)
Motor vehicle running expenses		(20,941)	(18,703)
Advertising, promotions and commissions paid		(1,588)	(1,724)
External acquisition costs		(111)	(347)
Employee benefits expense		(20,780)	(17,518)
Depreciation and amortisation expense		(14,548)	(15,127)
Rental costs on land and buildings		(4,546)	(3,601)
Share of profit/(loss) in associates		(75)	239
Other expenses		(10,950)	(7,862)
Profit before tax and finance costs		29,295	28,072
Finance costs		(8,608)	(6,322)
Profit before income tax expense		20,687	21,750
Income tax expense		(5,973)	(5,793)
Profit after income tax expense for the period attributable to the owners of Apollo Tourism & Leisure Ltd	11	14,714	15,957
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation gain/(loss)		1,452	(380)
Other comprehensive income/(loss) for the period, net of tax		1,452	(380)
Total comprehensive income for the period attributable to the owners of Apollo Tourism & Leisure Ltd		16,166	15,577
		Cents	**Cents**
Basic earnings per share	6	8.03	8.87
Diluted earnings per share	6	8.00	8.87

Refer to note 2 for detailed information on restatement of comparatives - adoption of AASB 9 'Financial Instruments' and AASB 15 'Revenue from Contracts with Customers'.

Apollo Tourism & Leisure Ltd
Statement of financial position
As at 31 December 2018

	Note	Consolidated December 2018 $'000	June 2018 $'000
Assets			
Current assets			
Cash and cash equivalents		12,975	36,637
Trade and other receivables	13	6,479	7,568
Inventories	12	124,079	90,249
Prepayments and other current assets		11,951	10,601
Total current assets		155,484	145,055
Non-current assets			
Investments accounted for using the equity method		1,399	1,474
Property, plant and equipment	16	290,658	318,954
Intangibles		41,796	40,129
Other non-current assets		1,871	3,020
Total non-current assets		335,724	363,577
Total assets		491,208	508,632
Liabilities			
Current liabilities			
Trade and other payables		21,034	27,569
Contract liabilities	15	4,088	4,819
Borrowings - current	7	186,197	184,513
Income tax payable		674	2,580
Provisions - current		4,901	4,570
Unearned leasing income	14	11,465	24,170
Other liabilities - current		1,497	1,391
Total current liabilities		229,856	249,612
Non-current liabilities			
Borrowings - non-current	8	100,590	115,917
Deferred tax liability		26,465	21,721
Provisions - non-current		3,217	2,583
Other liabilities - non current		1,750	1,758
Total non-current liabilities		132,022	141,979
Total liabilities		361,878	391,591
Net assets		129,330	117,041
Equity			
Issued capital	9	81,413	79,799
Reserves		(12,149)	(13,601)
Retained profits	11	60,066	50,843
Total equity		129,330	117,041

Refer to note 2 for detailed information on restatement of comparatives - adoption of AASB 9 'Financial Instruments' and AASB 15 'Revenue from Contracts with Customers'.

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

Apollo Tourism & Leisure Ltd
Statement of changes in equity
For the period ended 31 December 2018

Consolidated	Issued Capital $'000	Common Control Reserve $'000	Foreign Currency Translation Reserve $'000	Retained Profits $'000	Total equity $'000
Balance at 1 July 2017	75,679	(13,821)	720	38,838	101,416
Profit after income tax expense for the period	-	-	-	15,957	15,957
Other comprehensive loss for the period, net of tax	-	-	(380)	-	(380)
Total comprehensive income/(loss) for the period	-	-	(380)	15,957	15,577
Changes arising from investment in acquired CanaDream Corporation	-	-	(7)	-	(7)
Transactions with owners in their capacity as owners:					
Dividends paid (note 10)	-	-	-	(3,599)	(3,599)
Balance at 31 December 2017	75,679	(13,821)	333	51,196	113,387

Consolidated	Issued Capital $'000	Common Control Reserve $'000	Foreign Currency Translation Reserve $'000	Retained Profits $'000	Total equity $'000
Balance at 1 July 2018	79,799	(13,821)	220	50,843	117,041
Adjustment- adoption of new accounting standards (note 2)	-	-	-	(16)	(16)
Balance at 1 July 2018 - restated	79,799	(13,821)	220	50,827	117,025
Profit after income tax expense for the period	-	-	-	14,714	14,714
Other comprehensive income for the period, net of tax	-	-	1,452	-	1,452
Total comprehensive income for the period	-	-	1,452	14,714	16,166
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 9)	1,614	-	-	-	1,614
Dividends paid (note 10)	-	-	-	(5,475)	(5,475)
Balance at 31 December 2018	81,413	(13,821)	1,672	60,066	129,330

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

Apollo Tourism & Leisure Ltd
Statement of cash flows
For the period ended 31 December 2018

	Note	Consolidated December 2018 $'000	Consolidated December 2017 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		193,434	179,443
Payments to suppliers and employees (inclusive of GST)		(167,365)	(160,545)
Borrowing costs		(8,608)	(6,322)
Proceeds from sale of rental fleet		21,640	25,624
Interest received		239	208
Income taxes paid		(3,351)	(1,004)
Net cash from operating activities		35,989	37,404
Cash flows from investing activities			
Payment for purchase of subsidiary, net of cash acquired		-	(10,003)
Payments for property, plant and equipment	16	(3,375)	(7,211)
Payments for intangibles		(302)	-
Payment for purchase of intellectual property		(1,000)	-
Payment for purchase of rental fleet	16	(30,878)	(20,892)
Net cash used in investing activities		(35,555)	(38,106)
Cash flows from financing activities			
Proceeds from borrowings		96,624	72,536
Repayment of borrowings/finance lease principal		(117,511)	(91,341)
Dividends paid	10	(3,862)	(3,599)
Net cash used in financing activities		(24,749)	(22,404)
Net decrease in cash and cash equivalents		(24,315)	(23,106)
Cash and cash equivalents at the beginning of the financial period		36,637	48,599
Effects of exchange rate changes on cash and cash equivalents		653	(97)
Cash and cash equivalents at the end of the financial period		12,975	25,396

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

1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2018 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 supports compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those policies of the previous financial year and corresponding interim reporting period, except for the following policies, due to adoption of a new Accounting Standard, which are set out in note 4 for revenue from contracts with customers and note 13 for trade and other receivables.

Basis of preparation

The Consolidated Entity is in a consolidated net current liability position as at 31 December 2018 of $74,372,000 (30 June 2018 $104,557,000) whereby current assets are $155,484,000 and current liabilities are $229,856,000. This outcome is primarily as a result of liabilities due under finance lease and hire purchase contracts of $138,831,000, and unearned income of $11,465,000 being classified as current liabilities. Due to the terms associated with certain finance facilities and, in accordance with AASB 101 *Presentation of Financial Statements* , these facilities are treated as current liabilities, with the assets that are being financed included as non-current assets, which results in current liabilities being in excess of current assets in the statement of financial position as at 31 December 2018. Based on projected profit and cash flow forecasts, the Consolidated Entity expects to be able to pay its creditors as and when they fall due for the next 12 months and does not consider that any asset is likely to be realised for an amount less than the amount at which it is recorded in the statement of financial position as at 31 December 2018. Accordingly, the Directors consider that the Consolidated Entity will generate sufficient cash flows from operations to finance its ongoing operations and meet its financial obligations. Accordingly, the financial report has been prepared on a going concern basis.

1. Significant accounting policies (continued)

New or amended Accounting Standards and Interpretations adopted

The Consolidated Entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

The impact on the financial performance and position of the Consolidated Entity from the adoption of these Accounting Standards is detailed in note 2. Any change to accounting policies has been detailed in the relevant note. The following Accounting Standards and Interpretations are most relevant to the Consolidated Entity.

AASB 9 Financial Instruments

The Consolidated Entity has adopted AASB 9 from 1 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest, as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election, on initial recognition, to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch).

New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an impairment. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition, in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

AASB 15 Revenue from Contracts with Customers

The Consolidated Entity has adopted AASB 15 from 1 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This approach is described further in the following accounting policies. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

The Consolidated Entity analysed rental income (previously disclosed within rendering of services revenue) as part of the adoption of AASB 15. It was determined that the rental of motorhomes on a short-term basis is rental income under *AASB 117 Leases*. Rental income is recognised on a straight-line basis over the life of the lease. This approach does not result in any change in the timing of revenue recognition, however will be presented differently in the financial statements.

2. Adoption of AASB 9 'Financial Instruments' and AASB 15 'Revenue from Contract with Customers'

Adoption of AASB 9 'Financial Instruments'

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

With the exception of impairment, which the Consolidated Entity applied prospectively, the Consolidated Entity has applied AASB 9 retrospectively, with an initial application date of 1 July 2018. Differences arising from the adoption of AASB 9 have been recognised directly in retained earnings and other components of equity.

The effect of adopting AASB 9 as at 1 July 2018 was, as follows:

2. Adoption of AASB 9 'Financial Instruments' and AASB 15 'Revenue from Contract with Customers' (continued)

a) Classification
The classification and measurement requirements of AASB 9 did not have a significant impact to the Consolidated Entity. Trade and other receivables classified as loans and receivables as at 30 June 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These amounts are now classified and measured as debt instruments at amortised cost beginning 1 July 2018.

The equity shares in Camplify (a non-listed company) are accounted for under AASB 128 *Investments in Associates and Joint Ventures* using the equity method. Therefore, this investment is not included in the scope of AASB 9.

The investment classifications 'Available-for-sale financial assets' and 'Held-to-maturity investments' are no longer used and 'Financial assets at fair value through other comprehensive income' was introduced. There were no investments held in these categories at 30 June 2018 and 31 December 2018.

In summary, upon the adoption of AASB 9, the Consolidated Entity had the following required reclassifications as at 1 July 2018.

	AASB 139 measurement category Loans and receivables $'000	AASB 9 measurement Category Amortised cost $'000
Trade receivables*	6,982	6,959

*The change in carrying amount is a result of additional impairment allowance, detailed in the following section.

b) Impairment
The adoption of AASB 9 has changed the Consolidated Entity's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the Consolidated Entity to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets.

The Consolidated Entity has applied the simplified approach and will record lifetime expected losses on all trade receivables. The ECL was applied prospectively, with all other aspects of AASB 9 applied retrospectively. On 1 July 2018, the Consolidated Entity recognised additional impairment on trade receivables of $23,000 and a corresponding decrease in deferred tax of $7,000, which resulted in a decrease to retained earnings of $16,000.

c) Hedge accounting
The Consolidated Entity does not currently participate in any hedging arrangements.

2. Adoption of AASB 9 'Financial Instruments' and AASB 15 'Revenue from Contract with Customers' (continued)

Adoption of AASB 15 'Revenue from Contracts with Customers'
AASB 15 supersedes AASB 118 *Revenue* and related Interpretations and applies, with limited exceptions, to all revenue arising from contracts with customers. AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

AASB 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. The Consolidated Entity has elected to apply the optional practical expedient for costs to obtain a contract, which allows the Group to immediately expense sales commissions under employee benefits because the amortisation period of the asset would be one year or less.

The Consolidated Entity has used the practical expedient for completed contracts, whereby restatement is not required for contracts which were completed at the beginning of 1 July 2017. The use of this practical expedient has not resulted in a significant impact.

Adoption of AASB 15 has not resulted in any change to the timing of revenue recognition and, therefore, there has been no impact to retained earnings as a result of the adoption.

The Consolidated Entity has adopted AASB 15 from 1 July 2018, using the full retrospective method of adoption. The effect of adopting AASB 15 is, as follows:

a) Sale of vehicles
Before adopting AASB 15, the Consolidated Entity recognised revenue from the sale of goods at the point of sale when the customer had taken delivery of the goods. Under AASB 15, revenue recognition is at the same point in time, when delivery has occurred.

Revenue is recognised from the sale of vehicles at a value that is equal to the transaction price included in the terms of the contract. Non-cash consideration can be offered in a sale when there is a vehicle trade in. A customer trade in does not alter the sales price of the vehicle and is included in the contract at fair value, which is not inflated or discounted, as a method of payment.

The sale of vehicles is subject to a statutory warranty, which has been deemed to be an assurance type warranty and will, therefore, continue to be accounted for under AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

There are contract costs associated with the vehicle sale including commissions and registration. The Consolidated Entity has made use of the practical expedient to expense incremental contract costs for contracts that are completed within twelve months of commencement. Given the use of this practical expedient, no contracts costs have been capitalised.

b) Repairs and servicing
Under AASB 15, revenue from repairs and servicing is recognised over time, based on the stage of completion of work performed. This treatment is required as another entity would not need to re-perform the work already completed and there would be an enforceable right to payment for performance completed to date.

2. Adoption of AASB 9 'Financial Instruments' and AASB 15 'Revenue from Contract with Customers' (continued)

c) Commissions and royalty

There are a number of contracts with third parties where the Consolidated Entity is acting as an agent. Under AASB 15, a principal will provide the good or service to the customer whilst an agent arranges for another party to provide the good or service. Where the Consolidated Entity is acting as an agent, the fee or commission is recognised as revenue by the agent.

The Consolidated Entity is acting as an agent in the following transactions:

- After-market sales - The Consolidated Entity arranges multiple after-market sales with differing third-party providers. The third party is responsible for fulfilling the contract and providing the good or service to the customer. The Consolidated Entity is acting as an agent in these transactions under both AASB 118 and AASB 15. Therefore, the Consolidated Entity recognises a commission for these sales at the point in time the customer has received the good or service.
- Vehicles sold on consignment - The Consolidated Entity sells vehicles on behalf of a third party. In these transactions, the third party retains any inventory and credit risk and sets the sale price for the vehicle. The Consolidated Entity is acting as an agent in these transactions under both AASB 118 and AASB 15. Therefore, the Consolidated Entity recognises the net revenue from the vehicle sale at the point in time the customer has taken delivery of the vehicle.
- Booking agent - The Consolidated Entity has been appointed as a sales agent to facilitate booking and payment of short term car rentals. The contract is fulfilled by a third party. The Consolidated Entity is acting as an agent in these transactions under both AASB 118 and AASB 15. Therefore, the Consolidated Entity recognises a referral fee on all completed rentals.
- Associate dealers - The Consolidated Entity has one location in Canada with an associate dealer that is a business not within the Apollo Group that operates using one of the Consolidated Entity's trading names, systems and software. The associate is responsible for fulfilling rental contracts with the customer and bears all inventory and credit risk. The Consolidated Entity is acting as an agent in these transactions under both AASB 118 and AASB 15. The Consolidated Entity recognises a commission at the point in time that sale to the customer has occurred.

d) Advances received from customers

The Consolidated Entity receives an advance from customers as a deposit for the purchase of a vehicle. Previously, these payments were recognised as unearned income under the current liabilities heading in the statement of financial position. Under AASB 15, these payments are recognised as contract liabilities under the current liabilities heading on the statement of financial position.

The Consolidated Entity has used the practical expedient provided within AASB 15 and has not adjusted the promised amount of consideration for effects of a significant financing component. The practical expedient applies when it is expected, at contract inception, that the period between the transfer of a promised good or service to a customer and when the customer pays for that good or service will be one year or less. With all vehicle sales contracts, the Consolidated Entity expects completion within twelve months or less.

3. Operating segments

Identification of reportable operating segments
The Consolidated Entity is organised into geographical operating segments: Australia, New Zealand, North America and Europe. These operating segments are based on the internal reports that are reviewed and used by the Senior Management group (which is identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The North American segment includes Apollo's United States of America operations, as well as the operating results of CanaDream Corporation, located in Canada, which was acquired on July 11 2017.

The European segment includes the operating results of Camperco Group Limited, located in the United Kingdom and Ireland, which was acquired on 26 March 2018, and are not included in the 31 December 2017 segment results. This additional segment is a result of this acquisition.

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

The CODM monitor the operating results of the geographical segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements, as follows:

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

Intersegment transactions
As transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties, the CODM does not distinguish between revenue from internal or external customers when measuring the performance of segments. Intersegment transactions were made at market rates and are eliminated on consolidation.

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

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

3. Operating segments (continued)

Operating segment information

Consolidated - December 2018	Australia $'000	New Zealand $'000	North America $'000	Europe $'000	Others and Eliminations $'000	Total $'000
Revenue						
Rental income	31,323	11,441	43,346	4,623	-	90,733
Revenue from contracts with customers	72,608	3,415	15,367	936	-	92,326
Total sales revenue	103,931	14,856	58,713	5,559	-	183,059
Other income	505	49	81	-	82	717
Total revenue	104,436	14,905	58,794	5,559	82	183,776
EBIT (Earnings before interest and tax)	5,999	2,473	19,449	1,448	(74)	29,295
Finance costs	(3,016)	(1,036)	(4,192)	(282)	(82)	(8,608)
Profit/(loss) before income tax expense	2,983	1,437	15,257	1,166	(156)	20,687
Income tax expense						(5,973)
Profit after income tax expense						14,714
Material items include:						
Cost of goods sold	(63,681)	(3,428)	(13,184)	(649)	-	(80,942)
Other expenses	(17,459)	(5,248)	(13,627)	(1,825)	22	(38,137)
Employee benefits expenses	(11,663)	(663)	(7,213)	(1,241)	-	(20,780)
Depreciation and amortisation	(5,569)	(3,093)	(5,320)	(388)	(178)	(14,548)
Assets						
Segment assets	270,142	69,396	182,485	25,391	(56,206)	491,208
Total assets						491,208
Total assets includes:						
Investments in associates	1,399	-	-	-	-	1,399
Acquisition of non-current assets	18,747	12,403	1,384	1,719	-	34,253
Liabilities						
Segment liabilities	140,287	49,328	130,503	14,621	-	334,739
Unallocated liabilities:						
Provision for income tax						674
Deferred tax liability						26,465
Total liabilities						361,878

3. Operating segments (continued)

Consolidated - December 2017	**Australia** $'000	**New Zealand** $'000	**North America** $'000	**Europe** $'000	**Other and Eliminations** $'000	**Total** $'000
Revenue						
Rental income	30,248	10,236	35,745	-	-	76,229
Revenue from contracts with customers	73,706	2,644	19,472	-	-	95,822
Total sales revenue	103,954	12,880	55,217	-	-	172,051
Other income	391	10	157	-	(259)	299
Total revenue	104,345	12,890	55,374	-	(259)	172,350
EBIT (Earnings before interest and tax)	11,556	2,140	14,959	-	(583)	28,072
Finance costs	(2,163)	(825)	(3,593)	-	259	(6,322)
Profit/(loss) before income tax expense	9,393	1,315	11,366	-	(324)	21,750
Income tax expense						(5,793)
Profit after income tax expense						15,957
Material items include:						
Revaluation Gain / (Loss)	2,533	-	-	-	-	2,533
Cost of goods sold	(61,882)	(2,316)	(17,970)	-	-	(82,168)
Other expenses	(16,015)	(4,686)	(11,535)	-	-	(32,236)
Employee benefits expenses	(10,650)	(633)	(6,235)	-	-	(17,518)
Depreciation and amortisation	(7,014)	(3,114)	(4,675)	-	(324)	(15,127)
Consolidated - June 2018						
Assets						
Segment assets	254,166	57,834	215,526	26,872	(45,766)	508,632
Total assets						508,632
Total assets includes:						
Investments in associates	1,474	-	-	-	-	1,474
Acquisition of non-current assets	36,828	13,337	202,335	23,723	-	276,223
Liabilities						
Segment liabilities	132,190	38,137	179,646	17,317	-	367,290
Unallocated liabilities:						
Provision for income tax						2,580
Deferred tax liability						21,721
Total liabilities						391,591

4. Revenue from contracts with customers

	Consolidated	
	December 2018 $'000	December 2017 $'000
Vehicle sales	88,878	90,763
Repairs and servicing	2,246	4,067
Commissions and royalty	1,202	992
	92,326	95,822

Accounting policy for revenue from contracts with customers
As per note 1, the Consolidated Entity adopted AASB 15 'Revenue from contracts with customers' on 1 July 2018, which has resulted in a new accounting policy for revenue.

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Consolidated Entity expects to be entitled in exchange for transferring goods or services to a customer.

Vehicle sales
Revenue from the sale of vehicles is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Generally, the Consolidated Entity receives short term advances from its customers as a deposit for the purchase of a vehicle. Using the practical expedient in AASB 15, the Consolidated Entity does not adjust the promised amount of consideration for the effects of a financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Repairs and servicing
Revenue from a contract to provide repairs and servicing is recognised over time as the service is rendered, based on the percentage complete.

Commissions and royalty
Where the Consolidated Entity is acting as an agent, whereby arranging for another party to provide the good or service, revenue from the contract with the principal will be recognised at a point in time.

Costs to obtain a contract
The Consolidated Entity pays sales commissions to employees for vehicle sales and incurs costs to register the vehicle. The Consolidated Entity has elected to apply the optional practical expedient for costs to obtain a contract, which allows the Consolidated Entity to immediately expense these costs as the amortisation period of the asset that the Consolidated Entity otherwise would have used is one year or less.

5. Revaluation of investment

	Consolidated	
	December 2018 $'000	December 2017 $'000
Fair value gain on revaluation of investment	-	2,533

As at the date of acquisition of CanaDream Corporation on 11 July 2017, the existing investment in CanaDream was restated to fair value in accordance with *AASB 3 Business Combinations* which resulted in a gain of $2,533,000.

6. Earnings per share

	Consolidated	
	December 2018 $'000	December 2017 $'000
Profit after income tax attributable to the owners of Apollo Tourism & Leisure Ltd	14,714	15,957
	Cents	Cents
Basic earnings per share	8.03	8.87
Diluted earnings per share	8.00	8.87
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	183,162,747	179,944,265
Adjustments for calculation of diluted earnings per share:		
Shares to be issued due to the achievement of contingent consideration arrangements	806,095	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	183,968,842	179,944,265

7. Borrowings - current

	Consolidated	
	December 2018 $'000	June 2018 $'000
Bank loans (i)	16,460	840
Floor Plan	30,906	28,110
Hire purchase	138,831	155,563
	186,197	184,513

(i) Bank loans
Bank loans relate to the current portion of mortgages over land and buildings. Interest rates applicable at 31 December 2018 range from 4.65% to 4.70% (30 June 2018: 4.15% to 4.20%).

8. Borrowings - non-current

	Consolidated	
	December 2018 $'000	June 2018 $'000
Bank loans	-	15,788
Obligations under finance leases and hire purchase contracts	100,590	100,129
	100,590	115,917

8. Borrowings - non-current (continued)

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

	Consolidated December 2018 $'000	June 2018 $'000
Bank loans	16,460	16,628
Floor Plan	30,906	28,110
Obligations under finance leases and hire purchase contracts	239,421	255,692
	286,787	300,430

9. Issued capital

	Consolidated December 2018 Shares	June 2018 Shares	December 2018 $'000	June 2018 $'000
Ordinary shares - fully paid	183,605,363	182,519,479	81,413	79,799

Movements in ordinary share capital

Details	Date	Shares	Issue price	$'000
Balance	1 July 2018	182,519,479		79,799
Share issue - Dividend Reinvestment Plan	13 September 2018	1,085,884	$1.49	1,614
Balance	31 December 2018	183,605,363		81,413

10. Dividends

Dividends paid during the financial period were as follows:

	Consolidated December 2018 $'000	December 2017 $'000
Final dividend for the year ended 30 June 2018 (30 June 2017) at 3.0 cents per ordinary share (2017: 2.0 cents per ordinary share)	5,475	3,599

At the date of signing the financial report, the Directors have recommended an interim unfranked dividend of 2.0 cents per share, payable on 10 April 2019 to shareholders registered on 13 March 2019.

11. Retained profits

	Consolidated	
	December 2018 $'000	June 2018 $'000
Retained profits at the beginning of the financial period	50,843	38,838
Adjustment for adoption of new accounting standards (note 2)	(16)	-
Retained profits at the beginning of the financial period - restated	50,827	38,838
Profit after income tax expense for the period	14,714	19,203
Dividends paid (note 10)	(5,475)	(7,198)
Retained profits at the end of the financial period	60,066	50,843

12. Inventories

	Consolidated	
	December 2018 $'000	June 2018 $'000
Raw materials	6,944	6,840
Work in progress	349	782
New vehicles for retail sale	47,898	47,964
Used rental vehicles for sale	63,449	26,785
Stock in transit and spare parts	5,439	7,878
	124,079	90,249

13. Trade and other receivables

	Consolidated	
	December 2018 $'000	June 2018 $'000
Trade receivables	5,718	6,982
Less: Allowance for expected credit losses	(8)	-
	5,710	6,982
Other receivables	769	586
	6,479	7,568

13. Trade and other receivables (continued)

Accounting policy for trade and other receivables
Pursuant to note 1, the Group adopted AASB 9 on 1 July 2018, which has resulted in a change in the accounting policy for trade and other receivables.

Trade receivables are now initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

14. Unearned leasing income

	Consolidated	
	December 2018 $'000	June 2018 $'000
Unearned income	80	161
Rental income in advance	10,332	22,448
Customer bonds held	1,053	1,561
	11,465	24,170

15. Contract liabilities

	Consolidated	
	December 2018 $'000	June 2018 $'000
Customer deposits	4,088	4,819

Accounting policy for contract liabilities
Pursuant to note 1, the Consolidated Entity adopted AASB 15 'Revenue from contracts with customers' on 1 July 2018, which has resulted in a new accounting policy for contract liabilities.

A contract liability is an obligation to transfer goods or services to a customer for which the Consolidated Entity has received consideration, or an amount of consideration is due, from the customer. If a customer pays consideration before the Consolidated Entity transfer goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due, whichever is earlier. Contracts liabilities are recognised as revenue when the Consolidated Entity performs under the contract.

16. Property, plant and equipment

	Consolidated December 2018 $'000	June 2018 $'000
Land and buildings - at cost	37,397	35,788
Less: Accumulated depreciation	(1,728)	(1,356)
	35,669	34,432
Plant and equipment - at cost	34,272	31,346
Less: Accumulated depreciation	(19,426)	(17,942)
	14,846	13,404
Motor vehicles under finance leases	300,113	329,223
Less: Accumulated depreciation	(59,970)	(58,105)
	240,143	271,118
	290,658	318,954

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial year are set out in the following table:

Consolidated	Motor vehicles under finance leases $'000	Property, plant and equipment $'000	Land and buildings $'000	Total $'000
Balance at 1 July 2018	271,118	13,404	34,432	318,954
Additions	30,878	2,320	1,055	34,253
Disposals	(1,088)	(265)	-	(1,353)
Exchange differences	5,604	1,043	535	7,182
Transfers in/(out)	(53,818)	-	-	(53,818)
Depreciation expense	(12,551)	(1,656)	(353)	(14,560)
Balance at 31 December 2018	240,143	14,846	35,669	290,658

During the period, the Group acquired property, plant and equipment with an aggregate cost of $30,878,000 (year-ended 30 June 2018: $128,889,000) by means of finance leases. These are represented in the motor vehicles under finance leases category.

17. Intangibles

Goodwill and intangible assets with indefinite lives
For the purpose of impairment testing, goodwill acquired through business combinations is allocated to each of the Consolidated Entity's cash generating units (CGU), or group of CGUs, that are expected to benefit from the synergies of the combinations. Each unit or groups of units to which goodwill is allocated represents the lowest level at which assets are monitored for internal management purposes, which is also an operating segment. Therefore, goodwill is allocated to the Australia, North America and Europe groups of CGUs. Brand names are allocated to the CGUs that use the brand names.

17. Intangibles (continued)

Impairment testing of goodwill and intangible assets with indefinite lives
All CGUs were reviewed for indicators of impairment as at 31 December 2018. Due to lower than expected growth, impairment testing was performed on the Australian CGU. No impairment indicators were noted for the North American or European CGU's.

Australia CGU
The Group used the CGUs value-in-use to determine the recoverable amount, which exceeded the carrying amount. Projected cash flows were updated to reflect updated FY19 forecast values. Key assumptions including the pre-tax discount rate (14.6%) and terminal value growth rate (2.5%) were reviewed as part of the assessment and no changes were made. As a result of the updated analysis, management did not identify an impairment for the Australia CGU to which goodwill of $8,344,000 is allocated.

For the Australian CGU, a reasonably possible change in the most sensitive assumptions have the following impact:
- Discount rate - a 1.5% increase in the discount rate, in isolation, would result in an impairment.
- Revenue and variable cost growth rate - a decrease greater than 1.5% for Australia would result in an impairment.
- Terminal growth rate - a 0.5% reduction, in isolation, would result in an excess in the recoverable amount.

Impairment Charge
For the period ended 31 December 2018, there has been no impairment charge.

18. Fair value measurement

Fair value hierarchy
The following tables detail the Consolidated Entity's assets and liabilities, at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability.

Consolidated - December 2018	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Liabilities				
Contingent consideration liability	-	-	3,305	3,305
Obligations under finance lease and hire purchase (Australia)	-	83,015	-	83,015
Obligations under finance lease and hire purchase (New Zealand)	-	40,453	-	40,453
Obligations under finance lease and hire purchase (US)	-	56,391	-	56,391
Obligations under finance lease and hire purchase (Canada)	-	51,138	-	51,138
Obligations under finance lease and hire purchase (UK)	-	8,424	-	8,424
Floating rate borrowings (Australia)	-	30,905	-	30,905
Floating rate borrowings (Canada)	-	16,459	-	16,459
Total liabilities	-	286,785	3,305	290,090

18. Fair value measurement (continued)

Consolidated - June 2018	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Liabilities				
Contingent consideration	-	-	3,249	3,249
Obligations under finance lease and hire purchase (Australia)	-	76,178	-	76,178
Obligations under finance lease and hire purchase (New Zealand	-	31,698	-	31,698
Obligations under finance lease and hire purchase (US)	-	69,715	-	69,715
Obligations under finance lease and hire purchase (Canada)	-	68,387	-	68,387
Obligations under finance lease and hire purchase (UK)	-	9,714	-	9,714
Floating rate borrowings (Australia)	-	28,110	-	28,110
Floating rate borrowings (Canada)	-	16,628	-	16,628
Total liabilities	-	300,430	3,249	303,679

There were no transfers between levels during the financial period.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Valuation techniques for fair value measurements categorised within level 2 and level 3
The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Contingent consideration is valued by determining the weighted-average probability of payment scenarios to calculate the weighted-average payout. The provision is then 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.

Level 3 assets and liabilities
Movements in level 3 assets and liabilities during the current financial period are set out below:

Consolidated	Contingent Consideration $'000	Total $'000
Balance at 1 July 2018	3,249	3,249
Interest	14	14
Exchange differences	42	42
Balance at 31 December 2018	3,305	3,305

19. Business combinations

Completed valuations
On 31 August 2017, the Group acquired 100% of the assets of George Day Caravans, a major new and used caravan and motorhome retailer in Western Australia. In August 2018, the valuation was completed and the acquisition date fair value of the acquired intangibles of $1,402,000 and corresponding goodwill of $1,979,000 remains unchanged from provisional amounts disclosed at 30 June 2018.

20. Related party disclosures

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

Transactions with related parties
The Group continues to lease premise space from Director related entities and incur rent expense under normal commercial terms.

The Group continues to receive administration fees from Campstay Pty Ltd, a Director related entity.

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

21. Commitments

	Consolidated	
	December 2018 $'000	June 2018 $'000
Capital commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Property, plant and equipment	91,879	12,800

The December 2018 balance incorporates North American motor vehicle hire purchase commitments of $82.8m, which were made since 30 June 2018 due to the timing of vehicle ordering for the Northern hemisphere summer.

In June 2018, the Group entered into an agreement to purchase the business assets associated with the manufacture of Fleetwood RV, Coromal and Windsor branded products. The Consolidated Entity is committed, subject to meeting conditions precedent, under the sale and purchase deed, to purchase selected raw materials, finished goods and property plant and equipment associated with the transaction. As the transaction is not yet complete, these amounts cannot be quantified.

22. Events after the reporting period

Apart from the dividend declared as disclosed in note 10, no other matter or circumstance has arisen since 31 December 2018 that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

In the Directors' opinion:

- The attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- The attached financial statements and notes give a true and fair view of the Consolidated Entity's financial position as at 31 December 2018 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; and

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

On behalf of the Directors

Luke Trouchet
Director

25 February 2019
Brisbane

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Independent Auditor's Review Report to the Members of Apollo Tourism & Leisure Ltd

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Apollo Tourism & Leisure Ltd (the Company) and its subsidiaries (collectively the Group), which comprises the condensed statement of financial position as at 31 December 2018, the condensed statement of profit and loss and other comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2018 and of its consolidated financial performance for the half-year ended on that date; and

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

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2018 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Ernst & Young

Mike Reid
Partner
Brisbane
25 February 2019