Apollo Tourism & Leisure Ltd
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	Apollo Tourism & Leisure Ltd
ABN:	67 614 714 742
Reporting period:	For the year ended 30 June 2019
Previous period:	For the year ended 30 June 2018

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 year ended 30 June 2019. Refer to note 2 for further information.

				$'000
Revenues from ordinary activities	up	2.7%	to	365,162
Profit from ordinary activities after tax attributable to the owners of Apollo Tourism & Leisure Ltd	down	75.7%	to	4,673
Profit for the year attributable to the owners of Apollo Tourism & Leisure Ltd	down	75.7%	to	4,673

	2019 Cents	2018 Cents
Basic earnings per share	2.54	10.63
Diluted earnings per share	2.54	10.63

Dividends

	Amount per security Cents	Franked amount per security Cents
Dividend paid 10 April 2019	2.00	-

There is no final dividend declared for the year ended 30 June 2019.

Comments
The profit for the Consolidated Entity after providing for income tax amounted to $4,673,000 (30 June 2018: $19,203,000).

An explanation of these figures is contained in ‘Review of operations’ included within the Directors’ report in the attached Annual Financial Report.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	44.79	42.14

4. Control gained over entities

Name of entities (or group of entities)	Refer to note 35 'Business Combinations' in the attached Annual Financial Report for details.
Date control gained	Refer to note 35 'Business Combinations' in the attached Annual Financial Report for details.

5. Dividends

Current period

	Amount per security Cents	Franked amount per security Cents
Dividend paid 10 April 2019	2.00	-

There is no final dividend declared for the year ended 30 June 2019.

Previous period

	Amount per security Cents	Franked amount per security Cents
Interim dividend paid 14 March 2018	2.00	2.00
Final dividend paid 13 September 2018	3.00	-

6. 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: N/A

7. 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%	100.00%	-	315
Camplify Co (Australia) Pty Ltd	24.95%	24.95%	(239)	(215)
Group's aggregate share of associates and joint venture entities' profit/(loss) (where material)				
Profit/(loss) from ordinary activities before income tax			(239)	100

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

8. 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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9. Audit qualification or review

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

The financial statements have been audited and an unqualified opinion has been issued.

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10. Attachments

Details of attachments (if any):

The Annual Report of Apollo Tourism & Leisure Ltd for the year ended 30 June 2019 is attached.

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11. Signed

Signed ____________________________ Date: 29 August 2019

Peter Jans
Company Secretary
Brisbane

Apollo Tourism & Leisure Ltd

ABN 67 614 714 742

Annual Report - 30 June 2019

Chairman and Managing Director Report

29 August 2019

Dear Shareholder,

Your Board and Management are disappointed with the Company's FY19 result and are focused and committed to addressing issues that arose. However, the significant investments undertaken during the year in our global infrastructure provide a strong foundation for the future and we begin FY20 with positive momentum.

The challenges we faced in FY19 were primarily caused by soft RV vehicle sales markets globally.

RV rentals continue to be our core business and showed strong growth, with all geographical regions achieving record rental booking days and revenues. We made significant enhancements to our service offerings throughout FY19, with guest experience the primary focus of our operations for the year.

FY19 Statutory Net Profit After Tax was $4.7M, which included non-cash impairments of goodwill and intangible assets of $11.0M. Underlying Net Profit After Tax was $14.7M. FY19 saw record revenue of $365.2M, up 2.7% on prior corresponding period.

SEGMENT PERFORMANCE

The Australian rental business continued its strong performance, underpinned by the continued increase of international visitors to Australia and improvements to guest experience and service offerings. We introduced a new Dynamic fleet product, the X-Terrain, a 4WD utilising Mercedes' new X-Class vehicle which broadened our product offering and targeted new demographics.

The strength of the rental business in Australia was offset by subdued retail sales performance in the region. While sales volumes were broadly in line with FY18, they did not grow as expected. We experienced a decline in margin as a result of uncertain economic conditions preceding the Federal Election in May 2019. Promisingly, we achieved strong sales in the final weeks of the year, post-Election, and early indications in FY20 are that consumer sentiment is gaining momentum. The FY19 Statutory NPAT includes a $9.5M non-cash impairment of the segment's goodwill and intangibles, reflecting the impact of the underperformance of the region in the second half of the year.

Rental demand remains strong in New Zealand. The relocation of our Auckland branch to a new, larger facility, in February 2019, has created significant opportunities to grow our presence with increased capacity and enhanced facilities. A new flagship retail sales store has been opened alongside the new rental branch, allowing provision of a full-service rental and retail offering. The initial establishment costs saw Underlying EBIT decline slightly in FY19, however, we have set the foundations to achieve our rental and retail growth ambitions over the coming years.

Strong rental performance in North America was underpinned by new rental locations in Anchorage, Alaska and Miami, Florida, as well as new, improved facilities of CanaDream's Toronto and Halifax branches. The strong rental performance was offset by a soft used vehicle sales market, which saw a reduction in the number of ex-rental fleet vehicles sold. An oversupply of new vehicles throughout calendar year 2018 placed significant downward pressure on used vehicle prices during FY19, which caused extended vehicle holding periods, contributing to increased holding costs.

The retail market softness in North America presented several challenges that led us to accepting higher price discounts in the USA in order to accelerate sales and reduce the impact of increased holding costs. The flexibility in our business model allowed us to retain a portion of the fleet for another season, reducing the purchasing requirements for the 2019 peak summer season.

Camperco's rental business has continued to grow, with increased fleet size and scheduling synergies gained through the implementation of the Company's Vibe reservations and fleet management system primary drivers of this growth. Camperco was instrumental in coordinating the opening of our first ever rental branches in mainland Europe. Commencement of the operations in Germany and France on 1 April 2019 was a significant milestone for the Company in our journey towards becoming the global RV solution.

Ongoing uncertainty around Brexit created suppressed vehicle sales performance, as consumers reduced discretionary spending to mitigate the ongoing economic volatility. A number of vehicles have been retained on fleet for the peak 2019 summer season, to reduce capital expenditure requirements and associated costs for that season. With Brexit affecting most of calendar year 2019, Camperco is not expected to achieve its second earnout incentive hurdle. Consequently, the accrual for the second earnout payment has been reversed in FY19, increasing earnings. Additionally, a non-cash impairment of goodwill totalling $1.5M was recorded.

YEAR ENDING 30 JUNE 2020 OUTLOOK

The Company has experienced a solid start to FY20, with rental demand remaining strong and vehicle sales volumes meeting expectations.

We have a range of growth initiatives planned for FY20, most of which are already underway. Consolidation of the retail dealer management system within Australia will enhance stock management and lead conversion processes throughout the Group. On the rental side, implementation of enhancements to scheduling and fleet management systems will support the business to increase yield and utilisation in the rental business globally.

We are expanding our vehicle distribution network in the USA through the opening of retail stores, which will also allow for higher margin on sales. Longer term, there are opportunities for expansion of new rental locations in the eastern states of Canada and the USA that we are currently evaluating.

Our planning for FY20 assumes there is a continuation of the current trading environment, with geopolitical issues such Brexit, China-USA trade tensions and uncertainty created by the unrest in Hong Kong. An earlier resolution to any of these issues will likely result in increased consumer confidence and improved trading conditions.

While FY19 did not see the Company achieve results targets, we are confident that the systems and foundations that we have established throughout the year will have a positive impact on FY20 and beyond. We are now a truly global business and will continue to pursue opportunities to drive shareholder value and improve earnings growth as we pursue our goal of becoming the global RV solution.

We would like to thank Apollo's shareholders for their continued support of our business and our strategy to become a leader in all sectors of the RV market.

Luke Trouchet
CEO and Managing Director

Stephen Lonie
Non-Executive Chairman

Directors	Stephen Lonie, Non-executive Chairman. Sophia (Sophie) Mitchell, Non-executive Director. Brett Heading, Alternate Non-executive Director (to Stephen Lonie). 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.
Primary Lawyers (Australia)	Jones Day.
Primary Bankers (Australia)	National Australia Bank Limited.
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 year ended 30 June 2019.

Directors

- Stephen Lonie, Non-executive Chairman.
- Sophie Mitchell, Non-executive Director.
- Brett Heading, Alternate Non-executive Director (to Stephen Lonie).
- 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 36 central locations across Australia, New Zealand, North America (United States of America and Canada) and Europe (United Kingdom, Ireland, Germany and France). 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 and Coromal brands, which are sold through Apollo's retail sales network.

During the period, Apollo increased its rental and retail sales presence through the following acquisitions:

- The completion of the acquisition of the brands Fleetwood RV, Coromal and Windsor and associated intellectual property from Fleetwood Corporation Limited; and
- The expansion of the rental network into Europe through branches in Germany and France, including completion of the acquisition of the business assets of a small rental fleet operator in France.

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

Dividends

Dividends paid during the financial year were as follows:

	Consolidated	
	2019 $'000	**2018 $'000**
Final dividend for the year ended 30 June 2018 3.0 cents per ordinary share unfranked (2017: 2.0 cents fully franked)	5,476	3,599
Interim dividend for the year ended 30 June 2019 2.0 cents per ordinary share unfranked (2018 2.0 cents fully franked)	3,672	3,599
	9,148	7,198

At the date of signing the report, the Directors have not recommended payment of a final dividend.

Review of operations

Group Financial Results

Statutory net profit after tax (NPAT) decreased by 75.7% from the prior year, with a result of $4,673,000 (30 June 2018: $19,203,000).

For the year ended 30 June 2019, the result includes a one-off impairment loss in the Australian segment of $9,486,000, reflecting the disappointing second half performance of the region. Additionally, a $1,512,000 impairment has been recorded in the European segment.

Statutory NPAT for the year ended 30 June 2018 includes a one-off revaluation of the Consolidated Entity's pre-acquisition shareholding in CanaDream of $2,533,000.

Acquisitions

Acquisition of Fleetwood RV, Coromal and Windsor brands and intellectual property
On 1 March 2019, the Group completed the acquisition of the brands Fleetwood RV, Coromal and Windsor and associated intellectual property. The total consideration was $12,155,000.

Acquisition of Direction France
On 28 February 2019, the Group acquired selected business assets of Direction France, a small rental fleet operator in France. The total consideration was $135,000.

Operating results by segment

In addition to using NPAT as a measure of the Group and its segments financial performance, Apollo uses EBIT and EBITDA. These measures are not defined under accounting standards and are, therefore, termed "Non-IFRS" measures. EBIT is defined as earnings before net interest and tax, while EBITDA is earnings before interest, tax, depreciation and amortisation. These non-IFRS measures are commonly used by management, investors and financial analysts to evaluate companies' performance.

Australia

A challenging retail sales environment and the continued investment in people and systems to support global expansion, resulted in the Australian segment experiencing a decline in performance.After a non-cash impairment of intangibles of $9,486,000, the year-on-year segment recorded a net loss before tax of $4,628,000 for the year ended 30 June 2019 (FY18: $13,174,000). While rental income grew by 8.1% over the prior year, reduced sales margins on both new and ex-fleet vehicle sales resulted in an increase in total segment revenue of 0.6% to $209,373,000 (FY18: $208,156,000).

Australia’s rental business continued to perform solidly, with 1.9% increase in total rental days (unaudited) to 434,000 (FY18: 426,000). This was a positive result given there was a decline in last minute bookings, which have historically been sound. Significant resources were dedicated to improving guest experience during the financial year, through improved rental facilities, increasing talent in the workforce, the continued enhancement of the ApolloConnect app and the development of how-to-guides and safety videos to improve the overall check-in/check-out and vehicle operation processes. In addition to this, investment was directed into the incorporation of telemetry devices into all rental fleet vehicles, to provide greater safety for Apollo’s guests. A range of additional fees charged to guests were also removed. Improved guest experience is expected to benefit the Group in the longer term, but the investment was a contributing factor to the segment’s decline in EBIT for the year to $10,987,000 (excluding impairment of intangible assets), compared to $18,152,000 for the year ended 30 June 2018.

Retail sales performance was significantly below expectations for the year. This was a result of an industry wide downturn in demand, underpinned by a general softness in retail conditions nationally and the uncertainty generated by the Federal Election in May 2019. Sales volumes remained steady, with a 34 unit increase in new and trade-in vehicle sales over 2018. However, the soft market conditions created pressure on sales margins. Total retail sales income declined by 2.5% over the prior year to $141,759,000 (FY18: $145,360,000).

While retail sales performance has been subdued, Apollo has continued to invest in its dealership network. A new retail site was opened in Newcastle, New South Wales in April 2019 and the existing dealership in Melbourne, Victoria, was relocated to a significantly larger facility. Furthermore, completion of the acquisition of the Fleetwood RV, Coromal and Windsor brands in March 2019, helped bring some consolidation to a fragmented caravan industry.

New Zealand

The New Zealand rental market has continued to be a consistent performer for the Group, with rental revenue increasing by 8.4% to $27,885,000, over the prior year (FY18: $25,718,000). Rental days (unaudited) increased by 0.6% to 175,000 (FY18: 174,000), however stronger yields were the driving factor behind the increased revenue achieved. The increase in revenue over prior year was a positive result given an unforeseen delay in the importation of Mercedes Valente vehicles which are used for the region's dynamic fleet vehicles. This ultimately reduced vehicle availability over the peak month of December 2018.

The segment experienced a small decline in overall EBIT to $8,543,000 (FY18: $8,907,000) as a result of the costs incurred in moving the Auckland rental branch to a significantly larger and improved site. The new site also accommodates a retail sales dealership which opened in March 2019. Retail sales, at higher margins than the traditional wholesale selling model implemented in New Zealand historically, will be a key focus for the segment in the financial year ending 30 June 2020.

North America

Segment EBIT increased by 18.6% over the prior year to $16,257,000 (FY18: $13,711,000), underpinned by strong rental performance, with rental nights (unaudited), increasing by 10.0% to 241,000 booked nights (FY18: 219,000). New rental locations in the USA cities of Anchorage and Miami, commencing operations on 1 April 2019, helped drive overall rental growth.

Despite the strong growth in rental income, segment profit before tax declined year-on-year by 11.8% to $5,913,000 (FY18: $6,705,000). This was a result of the significant decline in ex-fleet sales in the region, compared to the prior year. Total segment ex-fleet units sold declined by 32.9% compared to the prior year, decreasing from 1,039 to 697. The decline in sales was primarily attributable to a large oversupply of new vehicles by manufacturers during the year, which in turn placed downward pressure on prices of used vehicles.

The resultant excess of vehicles held for sale in Canada and USA had a direct impact on holding costs for those vehicles. To partially negate these additional costs, the excess sales stock has been re-instated on the rental fleet for the current 2019 summer season. This will allow for a reduction in the number of new vehicles required to be acquired. A detailed review of fleet lifecycles and fleet sizes is currently being undertaken to ensure optimal fleet management practices are implemented.

Europe

The financial year ended 30 June 2019 was a year of consolidation and expansion for the European segment, with Camperco completing its first full year of operations under Apollo's ownership. Rental performance of Camperco improved year-on-year, as a result of expanded fleet numbers and the benefits obtained from accessing Apollo's existing European travel agency network. Additionally, Camperco implemented Apollo's scheduling and fleet management system, VIBE, allowing for greater access to operational synergies and reporting oversight.

Similar to all other regions, however, sale of ex-fleet vehicles proved challenging for Camperco, with total sales being significantly below expectations, as market conditions in the UK declined. A softening of discretionary consumer spending was a direct by-product of the significant uncertainty generated by the ongoing Brexit negotiations. This again increased the holding costs associated with the excess level of vehicles on hand, driving down overall performance. As with the North American segment, excess vehicles are being retained on fleet for the 2019 peak summer season to generate additional rental revenue and reduce fleet replacement requirements.

The impact of the softness in vehicle sales markets has resulted in a non-cash impairment of intangible assets of $1,512,000 for the segment.

Commencement of the Group's first rental operations in mainland Europe, with the opening of new rental branches in Hamburg, Germany and Paris, France, on 1 April 2019, was a significant milestone in Apollo's global journey. Initial rental returns over the current 2019 peak summer season have been promising, providing a platform for further expansion in the region in 2020 and beyond.

Overall, the European segment contributed $12,600,000 of revenue to the Group's results and $1,582,000 of Profit Before Tax (excluding impairment of intangible assets) (FY18: $2,829,000 revenue and $199,000 Profit Before Tax).

Net current liability position

The Consolidated Entity is in a consolidated net current liability position as at 30 June 2019 of $138,740,000. 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 30 June 2019. 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.

Strategy and future performance

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

Rental Operations:

- To continue to explore opportunities to expand the Company's global rental footprint with the opening of additional rental branches in North America and Europe/UK, with expanded rental fleet sized to cater for increased demand;
- To expand the 'Dynamic Fleet' offering, comprising new rental units on short term leases designed to expand fleet capacity during peak periods; and
- To continue to implement and develop technologies that improve performance, fleet logistics and yield including the implementation of the Sage ERP system and use of telemetry systems in rental vehicles.

Retail Operations:

- To expand the Group's product offerings across the retail network, assisted by the recent acquisition of the Fleetwood RV, Coromal and Windsor brands and associated intellectual property, helping to bring consolidation to a fragmented caravan industry;
- To migrate all Australian dealerships onto a single administration and reporting platform;
- To expand retail offerings in New Zealand through the opening of a flagship retail sales store, in parallel with the new Auckland rental branch;
- To grow wholesale partnerships in North America for ex-fleet sales and leverage existing rental branch infrastructure, for ex-fleet vehicle sales; and
- To complete a global review of all new and ex-rental fleet sales processes to ensure earnings are optimised.

Global Operations:

- To capitalise on global synergies and leverage logistics, systems and people infrastructure, to generate operational efficiencies;
- To continue to attract high performing personnel, to further strengthen the Company's existing senior management team; and
- To review cost structures and ensure they don't impede business growth expectations.

Risk Management

The entity's risk management framework is reviewed quarterly by the Audit and Risk Committee to satisfy the Board that the risk management framework continues to be sound and that the entity is operating with due regard to the risk appetite set by the Board.

Apollo does not have an internal audit function. On a quarterly basis the Board evaluates and continually improves, where appropriate, the effectiveness of its governance, risk management and internal control processes.

Material business risks

Apollo's business is subject to a range of risk factors, both specific to its business activities and risks of a more general nature. The Board remains focused on monitoring and mitigating, where possible, the following key risks:

- Political, Economic and Business Conditions: Apollo may be exposed to a deterioration in general political, economic and business conditions, including levels of consumer spending, inflation, interest rates and exchange rates, access to consumer credit, government fiscal, monetary and regulatory policies, oil prices and other disruptions to international travel. Any such deterioration may result in a reduction of leisure travel and retail spending from Apollo’s customers, which could have an effect on Apollo’s financial performance and position.
- Vehicle Resale Markets: Apollo is dependent upon the strength and depth of vehicle resale markets in all regions and change in market sentiment may materially impact on Apollo's capacity to sell its ex-rental fleet successfully in any one year.
- Foreign Exchange Risk: Apollo manages its international foreign exchange risk by funding regional debt in the currency of operation. However, the effect of foreign currency translation on operating results from offshore operations remains inherent in Apollo's business.
- Competition and Market Risk: The Group operates in a competitive market, and current competitors, new competitors or technological disruptions could impact its performance.
- Key Personnel: Apollo is reliant on the talent and experience of its people to run its business. The Group’s ability to retain and attract key people is critical to its continued success.
- Digital Ecosystem: Apollo is highly dependent upon the performance of its digital ecosystem, which includes both internal systems and third party systems and services. The reliable performance of this digital ecosystem is critical to Apollo's business operations.
- Scale and Integration risk: Apollo has recently undertaken significant growth and change through several acquisitions. Successfully integrating and extracting synergies from acquisitions and managing growth is critical to Apollo’s continued performance.
- Relationships with manufacturers: Apollo’s right to manufacture and sell certain RVs derive exclusively from the rights granted to it under distribution and licence agreements with key suppliers. A failure by Apollo to renew any of these agreements, or to renew them on favourable terms, could adversely impact on Apollo’s financial performance.
- Dependence on Key Suppliers: Apollo depends upon certain suppliers providing reliable products and services that compare favourably with competing products in terms of quality, performance, safety and advanced features. Any adverse change in the product quality, production efficiency, product development efforts, technological advancement, marketplace acceptance, reputation, marketing capabilities or financial condition of its key suppliers or any product recall could have an adverse impact on the financial performance of Apollo.
- Availability and Cost of Finance: Apollo’s business is affected by the availability of financing to Apollo, its dealers and its customers. A decrease in the availability of financing facilities or an increase in the cost of financing could prevent Apollo from carrying adequate levels of inventory, which may limit product offerings and have an adverse impact on Apollo’s financial performance.
- Insurance Coverage: Apollo currently has what it considers are adequate levels of insurance for property, travel, RV fleet cover, cybersecurity liability, directors and officers liability, key person cover, marine cargo, third party personal and property liability and worker’s compensation to cover Apollo from potential losses and liabilities. The occurrence of events which are not adequately covered by existing insurance policies, or an increase in the cost of insurance to the Group, could restrict the ability of Apollo to conduct its business which could have a negative impact on the financial results of Apollo.
- Manufacturing Risk: Apollo manufactures RVs for its rental fleet and retail sales in Australia and New Zealand. There is a risk that this may, from time to time, not be the most competitive way to source the Group's RV requirements. This risk needs to be balanced with the risks of sourcing RVs from third party suppliers.
- Climate Change Risk: Apollo's business is centred around renting, buying/manufacturing and selling RVs. There is a risk that if Apollo does not adapt quickly enough to changing expectations of its guests and customers, which may include increasing demand for low emission RVs or for light weight towable products, then rental revenue and RV sales margins may be affected. There is also a risk that regulations could be introduced mandating low emission vehicles. Apollo will work with its suppliers and adapt its fleet profile as required to mitigate these risks.

Significant changes in the state of affairs

During the financial year, the Group expanded into Germany and France. The expansion included the acquisition of the business assets of Direction France, a small rental fleet operator on 28 February 2019.

On 1 March 2019, the Group acquired the trading assets and associated intellectual property of the Fleetwood RV, Coromal and Windsor brands. Refer to note 35 'Business Combinations' for further information.

There were no other significant changes in the state of affairs of the Consolidated Entity during the financial year.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.

Likely developments and expected results of operations

The Company anticipates consistent incremental growth within its existing Australian, New Zealand, North American and European rental operations. Retail vehicle sales are forecast to increase as new locations are added.

Corporate governance

Apollo Tourism & Leisure Ltd is committed to achieving and demonstrating the effective standards of corporate governance. The Group has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council. The 2019 corporate governance statement is dated 30 June 2019 and reflects the corporate governance practices in place throughout the financial year. The 2019 corporate governance statement was approved by the Board on 28 August 2019. A description of Apollo Tourism & Leisure Ltd's current corporate governance practices is set out in the Apollo Tourism & Leisure Ltd's corporate governance statement which can be viewed on the Apollo website at www.apollotourism.com/corporate-governance/.

Environmental regulation

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

Inclusion and diversity

Apollo values inclusion and diversity across all sections of its business and wants to ensure that team members feel valued, respected and empowered. Management is working to attract and retain an inclusive, motivated workforce with a positive customer focus by providing a safe, equitable and engaging working environment. Management continually review Apollo's strategies, goals and values to ensure that they support a culture of inclusion and diversity.

The Board establishes measurable objectives annually for achieving gender diversity, and each year reports the Company's progress toward achieving them.

The Company's measurable objective for gender diversity is set at achieving overall female representation of not less than one third of the organisation.

The Company has strong commitment to gender diversity at all levels, including senior management and the Board.

The current proportion of female representation at various levels within the Company is as follows:

Item	2019 Men %	2019 Women %	2018 Men %	2018 Women %
Number of employees	62%	38%	64%	36%
Number of senior managers	69%	31%	64%	36%
Number of Directors	75%	25%	75%	25%

*Senior managers are defined as executives who influence the management of the Company on a day to day basis.

**Of the four Directors, two Directors are Executive Directors (Managing Director /Chief Executive Officer (CEO) and Chief Financial Officer (CFO)). Of the two Non-executive Directors, the percentages are 50% for each gender.

Apollo continues to foster an inclusive and diverse workplace, with gender diversity a clear priority.

Information on Directors

Name:	Stephen Lonie.
Title:	Independent, Non-executive Chairman.
Qualifications:	BCom, MBA, FCA, FAICD, SF Fin, FIMC.
Experience and expertise:	Stephen Lonie is a Chartered Accountant, with more than 40 years' industry experience, and a former managing partner of the international accounting and consulting firm KPMG.
Other current directorships:	Corporate Travel Management Limited (ASX: CTD) and MyState Limited (ASX: MYS).
Former directorships (last 3 years):	None.
Special responsibilities:	Member of Audit and Risk Committee, Chair of Nomination Committee, Chair of Remuneration Committee.
Interests in shares:	300,000 Ordinary shares.
Interests in options:	None.
Interests in rights:	None.
Contractual rights to shares:	None.

Name:	Sophie Mitchell.
Title:	Independent, Non-executive Director.
Qualifications:	BEc, GAICD, SF Fin.
Experience and expertise:	Sophie Mitchell is an experienced financial services professional and a former executive director of Morgans Corporate Limited. She is a non-executive director of Morgans Holdings (Australia) Limited and is also a member of the Queensland Advisory Board for AustralianSuper, and a board member of the Australia Council for the Arts.
Other current directorships:	Silver Chef Limited (ASX: SIV) and Flagship Investments Limited (ASX: FSI).
Former directorships (last 3 years):	None.
Special responsibilities:	Chair of Audit and Risk Committee, Member of Nomination Committee, Member of Remuneration Committee.
Interests in shares:	234,504 Ordinary shares.
Interests in options:	None.
Interests in rights:	None.
Contractual rights to shares:	None.

Name:	Brett Heading.
Title	Independent, Alternate Non-executive Director for Stephen Lonie (appointed 14 August 2019).
Qualifications:	BCom, LLB (Hons), FAICD.
Experience and expertise:	Brett Heading is an experienced company director and corporate lawyer with many years of experience in corporate governance, capital raising, mergers and acquisitions. He is a partner of global law firm Jones Day.
Other current directorships:	None.
Former directorships (last 3 years):	None.
Special responsibilities:	Alternate Member of Audit and Risk Committee, Alternate Member of Nomination Committee, Alternate Member of Remuneration Committee.
Interests in shares:	250,000 ordinary shares via AMJ (QLD) Holdings Pty Ltd as trustee for A M Jenkins TDT No 1. Brett Heading is a director of AMJ (QLD) Holdings Pty Ltd but is not a beneficiary of the trust.
Interest in options:	None.
Interests in rights:	None.
Contractual rights to shares:	None.

Name:	Luke Trouchet.
Title:	Managing Director and Chief Executive Officer.
Qualifications:	LLB, IML
Experience and expertise:	Luke Trouchet was appointed Chief Executive Officer and Managing Director of Apollo in 2001 and since that time has lead the organisation through a strong growth period, expanding internationally into NZ, USA, Canada, United Kingdom and Europe.
Other current directorships:	None.
Former directorships (last 3 years):	CanaDream Corporation (TSXV: CDN).
Special responsibilities:	Member of Audit and Risk Committee, Member of Nomination Committee, Member of Remuneration Committee.
Interests in shares:	98,738,117 ordinary shares via directorship of Barmil Enterprises Pty Ltd which holds the shares on trust for Lurk Investment Trust and directorship of KRLG Pty Ltd which holds the shares on trust for KL Trust.
Interests in options:	None.
Interests in rights:	None.
Contractual rights to shares:	None.

Name:	Karl Trouchet.
Title:	Executive Director and Chief Financial Officer.
Qualifications:	BBus, MAICD.
Experience and expertise:	Karl Trouchet was appointed as CFO of Apollo in 2001 and is actively involved in developing and managing new initiatives across all divisions of Apollo.
Other current directorships:	None.
Former directorships (last 3 years):	None.
Special responsibilities:	Member of Audit and Risk Committee, Member of Nomination Committee, Member of Remuneration Committee.
Interests in shares:	98,738,117 ordinary shares via directorship of Barmil Enterprises Pty Ltd which holds the shares on trust for Lurk Investment Trust and directorship of KRLG Pty Ltd which holds the shares on trust for KL Trust.
Interests in options:	None.
Interests in rights:	None.
Contractual rights to shares:	None.

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

'Other current directorships' quoted are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last three years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Interests in shares' refers to shareholdings as at the date of the financial report.

Meetings of Directors
The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2019, and the number of meetings attended by each Director were:

	Full Board		Audit and Risk Committee	
	Attended	Held	Attended	Held
Stephen Lonie	13	13	10	10
Sophie Mitchell	13	13	10	10
Luke Trouchet	13	13	10	10
Karl Trouchet	13	13	10	10

	Nomination Committee		Remuneration Committee	
	Attended	Held	Attended	Held
Stephen Lonie	1	1	4	4
Sophie Mitchell	1	1	4	4
Luke Trouchet	1	1	4	4
Karl Trouchet	1	1	4	4

Held: represents the number of meetings held during the time the Director held office.

Remuneration report (audited)
The remuneration report details the key management personnel remuneration arrangements for the Consolidated Entity, in accordance with the requirements of the *Corporations Act 2001* and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration.
- Details of remuneration.
- Service agreements.
- Share-based compensation.
- Additional disclosures relating to key management personnel.

Principles used to determine the nature and amount of remuneration
The objective of the Consolidated Entity's executive reward framework is to ensure rewards for performance are competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic goals and the creation of value for shareholders.

The Board of Directors ('the Board') ensures that executive rewards satisfies the following key criteria:
- Competitiveness and reasonableness;
- Performance linkage / alignment of executive compensation;
- Transparency; and
- Acceptability to shareholders.

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

The reward framework is designed to align senior executive reward to shareholders' interests by:
- Having economic profit as a core component of plan design; and
- Attracting and retaining high calibre senior executives.

Additionally, the reward framework seeks to enhance senior executives' interests by:
- Reflecting competitive rewards for contribution to growth in shareholder wealth; and
- Providing a clear structure for earning rewards.

In accordance with established corporate governance principles, the structure of non-executive Director and executive Director remuneration is separate.

Non-executive Directors' remuneration
Fees and payments to non-executive Directors reflect the demands and responsibilities of their role. Non-executive Directors' fees and payments are reviewed annually by the Remuneration Committee. The Remuneration Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive Directors' fees and payments are appropriate and in line with the market. The Chair's fees are determined independently to the fees of other non-executive Directors based on comparative roles in the external market. The Chair is not present at any discussions relating to the determination of their own remuneration. Non-executive Directors do not receive share options or other incentives.

Non-executive Directors are remunerated for their services in fixed fees drawn from the Directors’ fee pool which, in line with the Company’s constitution, currently stands at $450,000. The current non-executive Director fees are $130,000 per annum for the Chair and $65,000 per annum for other non-executive Directors (exclusive of superannuation where applicable). Directors may also be reimbursed for all travelling and other expenses incurred in connection with their Company duties.

Fees for non-executive Directors are not linked to the performance of the consolidated entity or the Company and no portion of their remuneration is at risk. However, non-executive Directors are expected to hold a meaningful shareholding in Apollo.

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

The senior executive remuneration and reward framework for the year ended 30 June 2019 had two components:
- Base pay, non-monetary benefits, superannuation and long service leave, defined as Total Fixed Remuneration (TFR); and
- Short-term performance incentives (STIs).

The combination of these two elements comprised the senior executive's total remuneration.

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

Senior executives may receive their TFR in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the Consolidated Entity and provides additional value to the senior executive.

Short Term Incentive Program
The STI program is designed to align the targets of the business units with the performance hurdles of senior executives in order to deliver short-term growth. STI payments are granted to senior executives based on specific annual targets and both financial and non-financial key performance indicators ('KPI's') being achieved. The STI plan is made up of the following components.

Part 1 – Operational, customer and people KPIs

The amount payable under Part 1 is discretionary and is not contingent on the financial performance of the business.
It is determined by the achievement of specific KPIs by the individual executive, including, but not limited, to:
(a) Performance against KPIs specific to their senior executive roles;
(b) Behaviours and key personal business milestones outlined in business plans for which they are responsible; and
(c) Staff performance reviews throughout the year.

Over-achievement incentives do not apply to this component. Payment is capped at the nominal at-risk amount of 10% of TFR, multiplied by the achievement percentage allocated to this component, except for Chris Rusden where the nominal at-risk amount is capped at 25%. The at-risk amount is set by the Remuneration Committee at the commencement of the financial year. The Remuneration Committee subsequently determines what portion of the eligible incentive will be paid. All, none or part of this amount may be awarded at the absolute discretion of the Remuneration Committee. Achievement is assessed and amounts are payable after the end of the financial year under review. No payment has been made under part one for the financial year ended 30 June 2019.

Managing Director, Luke Trouchet and Executive Director, Karl Trouchet do not participate in Part 1 of the STI plan.

Part 2 – Company financial performance

Financial performance for the 2019 financial year was measured on the achievement of target net profit after tax (NPAT) for the Company. A minimum achievement of greater than 100% of target NPAT must be achieved for the incentive to be payable. Payments increase on a sliding scale designed to encourage superior performance that exceeds the established target. Participants can earn up to 10% of their TFR under Part 2 of the STI program, apart from Chris Rusden, who can earn up to a maximum of $50,000 for the year ended 30 June 2019 and Luke Trouchet who can earn up to 20% of TFR.

Any amount that may be awarded for Part 2 is self-funding out of the target NPAT. However, there are circumstances where it may not be self-funding out of statutory NPAT. No payment is provided unless the Company achieves above the target NPAT. Eligible amounts will be payable upon finalisation of financial results for the financial year under review.

Participants eligible for Part 1 need to achieve at least 50% of Part 1 of the STI Plan in order to be eligible for any incentive payment under Part 2 of the STI Plan.

Long Term Incentive Program
The Company will implement a Share Appreciation Rights Plan as a long term incentive ('LTI') program. The program was approved at the 2017 AGM. Whilst the LTI program was intended to be executed in the 2019 financial year, its implementation has been delayed while the integration of the acquisitions, undertaken in the 2018 and 2019 financial years, are progressed.

Senior management personnel, including executive Directors, will be eligible to participate in the plan. Non-executive Directors are not eligible. The purpose of the plan is to:
- Assist in the reward, retention and motivation of eligible senior management personnel;
- Link the reward of eligible senior management personnel to shareholder value creation; and
- Align the interests of eligible personnel with stakeholders by providing opportunity to receive an equity interest in the Company.

Participation in the plan will give the right to receive an award from the Company which may be settled by cash or the issue of shares. The LTI will be calculated by reference to an increase in the price of the shares from a base price determined by the Board, or, otherwise, the market value, as at the date of invitation to the participant and the volume-weighted average price per share traded on the ASX over the 30 trading days preceding the time that the performance hurdles and/or other conditions are satisfied. Upon invitation, the Board will determine:

- The number of share appreciation rights for which the person may apply;
- The grant date;
- The amount payable for the grant of each share appreciation right or how such amount is calculated;
- The vesting conditions (if any);
- The performance hurdles (if any);
- If the rights will be equity settled, cash settled or a combination of both, or determined at a later date when performance hurdles have been satisfied and the vesting has occurred;
- Disposal restrictions attaching to the shares under the plan (if any); and
- Any other supplementary terms and conditions.

In considering the impact of the Group's performance on shareholder wealth, the Directors have regard to various factors including the following metrics:

	NPAT $'000	Share price as at 30 June $	Basic EPS Cents per share	Total dividend Cents per share
Year ended 30 June 2019	4,673	$0.37	2.54	2.00
Year ended 30 June 2018	19,203	$1.65	10.63	5.00

Details of remuneration

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

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

Independent non-executive Directors:
- Stephen Lonie - Non-executive Chair; and
- Sophie Mitchell - Non-executive Director.

Key Management Personnel:
- Luke Trouchet – Chief Executive Officer (CEO) and Managing Director;
- Karl Trouchet – Chief Financial Officer (CFO) and Executive Director;
- Scott Fahey – Chief Operating Officer - Rental (commenced 31 January 2019), previously Chief Operating Officer;
- Paul Truman – Executive General Manager - Manufacturing and Product; and
- Chris Rusden - Chief Operating Officer - Retail (appointed 4 February 2019).

2019	Short-term benefits: Cash salary and fees $	Short-term benefits: STI part 1 and 2 $	Post-employment benefits: Super-annuation $	Long-term benefits: Long service leave $	Total $
Non-Executive Directors:					
Stephen Lonie	130,000	-	12,350	-	142,350
Sophie Mitchell	65,000	-	6,175	-	71,175
Executive Directors:					
Luke Trouchet	530,384	-	20,531	15,444	566,359
Karl Trouchet	360,598	-	20,531	11,375	392,504
Other Key Management Personnel:					
Scott Fahey	327,384	-	20,531	14,651	362,566
Paul Truman	280,698	-	20,713	10,220	311,631
Chris Rusden*	162,737	-	10,266	-	173,003
	1,856,801	-	111,097	51,690	2,019,588

* Chris Rusden was appointed 4th February 2019.

2018	Short-term benefits: Cash salary and fees $	Short-term benefits: STI part 1 and 2 $	Post-employment benefits: Super-annuation $	Long-term benefits: Long service leave $	Total $
Non-Executive Directors:					
Stephen Lonie	130,000	-	12,350	-	142,350
Sophie Mitchell	65,000	-	6,175	-	71,175
Executive Directors:					
Luke Trouchet	529,551	-	22,420	8,835	560,806
Karl Trouchet	388,134	-	23,132	5,679	416,945
Other Key Management Personnel:					
Scott Fahey	289,884	25,350	22,245	12,991	350,470
Paul Truman	266,384	11,250	22,363	14,231	314,228
	1,668,953	36,600	108,685	41,736	1,855,974

The proportion of remuneration linked to the at risk maximum STI opportunity and the fixed proportion are as follows:

Name	Fixed remuneration 2019	2018	Maximum opportunity at risk - STI 2019	2018
Non-Executive Directors:				
Stephen Lonie	100%	100%	-	-
Sophie Mitchell	100%	100%	-	-
Executive Directors:				
Luke Trouchet	80%	80%	20%	20%
Karl Trouchet	90%	90%	10%	10%
Other Key Management Personnel:				
Scott Fahey	83%	84%	17%	16%
Paul Truman	85%	86%	15%	14%
Chris Rusden	63%	-	37%	-

The Remuneration Committee determined that no portion of the eligible incentive would be paid to senior executives under Part 1 of the STI Program given the operational performance of the Company during the financial year ended 30 June 2019. The senior executives were also not eligible for any incentive payment under Part 2 of the STI Program as participants did not achieve at least 50% of the Part 1 incentive and, even if they had been eligible, no payments would have been made given the internal target NPAT was not exceeded in the financial year ended 30 June 2019. Similarly, Luke Trouchet and Karl Trouchet were not eligible for any incentive payment under Part 2 of the STI Program.

Accordingly, the proportion of the cash bonus paid/payable or forfeited for the year ended 30 June 2019 is as follows:

Name	Cash bonus paid/payable 2019	2018	Cash bonus forfeited 2019	2018
Executive Directors:				
Luke Trouchet	-	-	100%	100%
Karl Trouchet	-	-	100%	100%
Other Key Management Personnel:				
Scott Fahey	-	45%	100%	55%
Paul Truman	-	26%	100%	74%
Chris Rusden	-	-	100%	-

Luke Trouchet and Karl Trouchet were not eligible for Part 1 the STI program for the year ended 30 June 2019, though they were eligible for Part 2.

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Luke Trouchet.
Title:	Managing Director and Chief Executive Officer.
Agreement commenced:	28 September 2016.
Term of agreement:	No fixed term.
Details:	Base salary for the year ending 30 June 2019 of $550,915, including superannuation, to be reviewed annually by the Nomination and Remuneration Committee. Six (6) month termination notice by either party, non-solicitation and non-compete clauses. Eligible to participate in Part 2 of the short-term incentive plan (company financial performance) only, at a rate of 20% of base salary.

Name:	Karl Trouchet.
Title:	Executive Director and Chief Financial Officer.
Agreement commenced:	23 September 2016.
Term of agreement:	No fixed term.
Details:	Base salary for the year ending 30 June 2019 of $411,179, including superannuation, to be reviewed annually by the Nomination and Remuneration Committee. Six (6) month termination notice by either party, non-solicitation and non-compete clauses. Eligible to participate in Part 2 of the short-term incentive plan (company financial performance) only, at a rate of 10% of base salary.

Name:	Scott Fahey.
Title:	Chief Operating Officer - Rental.
Agreement commenced:	19 September 2016.
Term of agreement:	No fixed term.
Details:	Base salary for the year ending 30 June 2019 of $347,915, including superannuation, to be reviewed annually by the Nomination and Remuneration Committee. Three (3) month termination notice by either party, non-solicitation and non-compete clauses. Eligible to participate in Part 1 and Part 2 of the short-term incentive plan at a combined maximum rate of 20% of base salary, at the discretion of the Board.

Name:	Paul Truman.
Title:	Executive General Manager - Manufacturing and Product.
Agreement commenced:	23 September 2016.
Term of agreement:	No fixed term.
Details:	Base salary for the year ending 30 June 2019 of $306,000, including superannuation, to be reviewed annually by the Nomination and Remuneration Committee. Three (3) month termination notice by either party, non-solicitation and non-compete clauses. Eligible to participate in Part 1 and Part 2 of the short-term incentive plan at a combined maximum rate of 20% of base salary, at the discretion of the Board.

Name:	Chris Rusden.
Title:	Chief Operating Officer - Retail.
Agreement commenced:	4 February 2019.
Term of agreement:	No fixed term.
Details:	Base salary for the year ending 30 June 2019 of $430,000, including superannuation, to be reviewed annually by the Nomination and Remuneration Committee. Three (3) month termination notice by either party, non-solicitation and non-compete clauses. Eligible to participate on a pro-rata basis in Part 1 and Part 2 of the short-term incentive plan, at maximum rate of 25% of base salary for Part 1 and $50,000 for Part 2, at the discretion of the Board.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct. Termination payment is an amount of salary in lieu of all or part of the notice period (plus any superannuation).

Share-based compensation

Issue of shares
There were no shares issued to Directors and other key management personnel as part of compensation during the year ended 30 June 2019.

Options
There were no options over ordinary shares issued to Directors and other key management personnel as part of compensation that were outstanding as at 30 June 2019.

There were no options over ordinary shares granted to or vested by Directors and other key management personnel as part of compensation during the year ended 30 June 2019.

Additional disclosures relating to key management personnel

Shareholding
The number of shares in the Company held during the financial year by each Director and other members of key management personnel of the Consolidated Entity, including their personally related parties, is set out in the following table:

	Balance at the start of the year	Other movements*	Additions - other	Balance at the end of the year
Ordinary shares				
Karl Trouchet & Luke Trouchet**	95,807,458	-	2,930,659	98,738,117
Stephen Lonie	247,059	-	52,941	300,000
Sophie Mitchell***	123,530	-	110,974	234,504
Scott Fahey	19,395	-	8,830	28,225
Paul Truman	21,464	-	3,600	25,064
Chris Rusden	-	30,000	-	30,000
	96,218,906	30,000	3,107,004	99,355,910

* Other movements relate to existing shareholdings for KMP which have been newly appointed in the financial year and have not been received as part of remuneration.
** Held as directors of Barmil Pty Ltd holding shares on trust for Lurk Investment Trust and as directors of KRLG Pty Ltd holding shares on trust for KL Trust. The shareholding of 94,960,000 received in the corporate reorganisation were held in escrow until 3 November 2018.
*** Held as director of Mitchelldangar Pty Ltd.

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

Other transactions with key management personnel and their related parties
Eastglo Pty Ltd
During the year, rental payments totalling $177,000, at market prices have been made for the rental of business premises by Group companies to Eastglo Pty Ltd, of which Luke Trouchet and Karl Trouchet are Directors and controlling shareholders. All payments were made prior to 30 June 2019 and there is no amount outstanding within current trade payables. The lease expires on 5 October 2019 and contains two option periods of three years each. The Group expects to exercise the first option period.

KL One Trust
During the year, rental payments totalling $102,000, at market prices have been made for rental of business premises by Group companies to KL One Trust, a trust associated with Luke Trouchet and Karl Trouchet. All payments were made prior to 30 June 2019 and there is no amount outstanding within current trade payables. The lease expires on 20 October 2020 and contains two option periods of three years each.

Campstay Pty Ltd
During the year, the Group received administration fees from Campstay Pty Ltd, a Director-related entity of Luke Trouchet. Total fees of $46,000 were received during the year. $46,000 was outstanding at 30 June 2019 and is included within current trade receivables.

Jones Day
During the year, the Group engaged Jones Day, a director related entity of Brett Heading. Jones Day are the primary lawyers for the Group and performed services during the year in that capacity. Total fees of $321,000 were paid during the year, representing market prices. $172,000 was outstanding at 30 June 2019 and is included in current trade payables.

This point marks the conclusion of the Remuneration Report, which has been audited.

Shares under option
There were no unissued ordinary shares of Apollo Tourism & Leisure Ltd under option outstanding at the date of this report.

Shares issued on the exercise of options
There were no ordinary shares of Apollo Tourism & Leisure Ltd issued on the exercise of options during the year ended 30 June 2019 and up to the date of this report.

Other information reported to the market
The Board maintains a system of obtaining (and retaining) verifiable support documentation and material where it is reporting or disclosing to the market any information that is not, in itself, audited. This may include, but is not limited to, any non-IFRS financial information such as EBIT, EBITDA, and underlying earnings, or forecast/forward looking comments.

Indemnity and insurance of officers
The Company's constitution provides that, to the extent permitted by law, the Company must indemnify each Director and officer against all losses, liabilities, costs, charges and expenses incurred in performance of their duties for the company and its related bodies corporate. The indemnity continues post-employment and operates without the officer having to incur any expense or make payment.

During the financial year and at the start of the following year, the Company paid a premium in respect of a contract to insure the Directors and executives of the Company against a liability to the extent permitted by the *Corporations Act 2001*. The Directors have not disclosed details of the nature of the liabilities covered or the amount of the premiums paid in respect of the insurance contracts as such disclosure is prohibited under the terms of the contract.

Indemnity and insurance of auditor
To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young Australia, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). The indemnity does not apply to any loss in respect of matters which are determined to be a result from the auditor's negligent, wrongful or wilful acts or omissions. No payment has been made to indemnify Ernst & Young during or since the end of the financial year.

Proceedings on behalf of the Company
No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-audit services
The Directors are of the opinion that the additional services, as disclosed in note 39 to the financial statements, do not compromise the external auditor's independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Officers of the Company who are former partners of Ernst & Young
There are no officers of the Company who are former partners of Ernst & Young.

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

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

Auditor
Ernst & Young continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the Directors

Luke Trouchet
Director

29 August 2019
Brisbane

Ernst & Young
111 Eagle Street
Brisbane QLD 4000 Australia
GPO Box 7878 Brisbane QLD 4001

Tel: +61 7 3011 3333
Fax: +61 7 3011 3100
ey.com/au

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

As lead auditor for the audit of the financial report of Apollo Tourism & Leisure Ltd for the financial year ended 30 June 2019, I declare to the best of my knowledge and belief, there have been:

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

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

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

Ernst & Young

Ernst & Young

Mike Reid
Partner
29 August 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 year. The financial statements are presented in Australian dollars, which is Apollo Tourism & Leisure Ltd's functional and presentation currency.

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

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

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 29 August 2019. The Directors have the power to amend and reissue the financial statements.

Apollo Tourism & Leisure Ltd
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2019

	Note	Consolidated 2019 $'000	Consolidated 2018 $'000
Revenue from contracts with customers	5	209,378	221,421
Rental income		155,394	133,166
Other income		390	966
Total revenue		365,162	355,553
Expenses			
Revaluation of investment	6	-	2,533
Cost of goods sold		(189,365)	(190,308)
Motor vehicle running expenses		(39,521)	(35,858)
Advertising, promotions and commissions paid		(6,577)	(5,216)
External acquisition costs		(158)	(1,006)
Employee benefits expense		(40,265)	(35,204)
Depreciation and amortisation expense	7	(26,805)	(28,489)
Rental costs on land and buildings		(9,624)	(7,700)
Share of profit/(loss) in associates	14	(239)	100
Impairment of intangible assets	16	(10,998)	-
Remeasurement of contingent consideration	32	1,525	-
Other expenses		(17,959)	(13,982)
Profit before tax and finance costs		25,176	40,423
Finance costs	7	(17,122)	(13,559)
Profit before income tax expense		8,054	26,864
Income tax expense	8	(3,381)	(7,661)
Profit after income tax expense for the year attributable to the owners of Apollo Tourism & Leisure Ltd	30	4,673	19,203
Other comprehensive income/(loss)			
Items that will be reclassified subsequently to profit or loss			
Foreign currency translation		3,004	(500)
Other comprehensive income/(loss) for the year, net of tax		3,004	(500)
Total comprehensive income for the year attributable to the owners of Apollo Tourism & Leisure Ltd		7,677	18,703
		Cents	**Cents**
Basic earnings per share	9	2.54	10.63
Diluted earnings per share	9	2.54	10.63

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 profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Apollo Tourism & Leisure Ltd
Statement of financial position
As at 30 June 2019

	Note	Consolidated 2019 $'000	2018 $'000
Assets			
Current assets			
Cash and cash equivalents	10	34,549	36,637
Trade and other receivables	11	13,385	7,568
Inventories	12	96,954	90,249
Income tax refund receivable	8	976	-
Prepayments and other current assets	13	15,182	10,601
Total current assets		161,046	145,055
Non-current assets			
Investments accounted for using the equity method	14	2,532	1,474
Property, plant and equipment	15	381,973	318,954
Intangibles	16	36,088	40,129
Deferred tax asset	8	942	-
Other non-current assets	17	2,077	3,020
Total non-current assets		423,612	363,577
Total assets		584,658	508,632
Liabilities			
Current liabilities			
Trade and other payables	18	33,298	27,569
Contract liabilities	23	4,970	4,819
Borrowings - current	19	227,757	184,513
Income tax payable	8	1,449	2,580
Provisions - current	21	3,402	4,570
Unearned leasing income - current	24	27,775	24,170
Other liabilities - current	25	1,135	1,391
Total current liabilities		299,786	249,612
Non-current liabilities			
Borrowings - non-current	20	136,686	115,917
Deferred tax liability	8	25,171	21,721
Provisions - non-current	22	2,589	2,583
Other liabilities - non current	26	962	1,758
Total non-current liabilities		165,408	141,979
Total liabilities		465,194	391,591
Net assets		119,464	117,041
Equity			
Issued capital	27	83,709	79,799
Reserves	28	(10,597)	(13,601)
Retained profits	30	46,352	50,843
Total equity		119,464	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 year ended 30 June 2019

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 year	-	-	-	19,203	19,203
Other comprehensive loss for the year, net of tax	-	-	(500)	-	(500)
Total comprehensive income/(loss) for the year	-	-	(500)	19,203	18,703
Shares issued for consideration of business acquisitions	4,120	-	-	-	4,120
Transactions with owners in their capacity as owners:					
Dividends paid (note 29)	-	-	-	(7,198)	(7,198)
Balance at 30 June 2018	79,799	(13,821)	220	50,843	117,041

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 year	-	-	-	4,673	4,673
Other comprehensive income for the year, net of tax	-	-	3,004	-	3,004
Total comprehensive income for the year	-	-	3,004	4,673	7,677
Shares issued for consideration of business acquisitions	921	-	-	-	921
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 27)	2,989	-	-	-	2,989
Dividends paid (note 29)	-	-	-	(9,148)	(9,148)
Balance at 30 June 2019	83,709	(13,821)	3,224	46,352	119,464

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

	Note	Consolidated 2019 $'000	2018 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		345,439	317,082
Payments to suppliers and employees (inclusive of GST)		(315,199)	(300,865)
Interest paid		(17,122)	(13,559)
Proceeds from sale of rental fleet		65,119	75,047
Interest received		349	421
Income taxes paid		(3,676)	(910)
Net cash from operating activities	33	74,910	77,216
Cash flows from investing activities			
Payment for business combinations, net of cash acquired	35	(12,765)	(13,106)
Payments for investments accounted for using the equity method	14	(1,297)	-
Payments for property, plant and equipment	15	(5,869)	(15,461)
Payments for intangibles	16	(3,436)	(211)
Proceeds from disposal of property, plant and equipment		357	4
Payment for purchase of rental fleet		(102,871)	(93,654)
Net cash used in investing activities		(125,881)	(122,428)
Cash flows from financing activities			
Dividends paid	29	(6,159)	(7,198)
Proceeds from borrowings		287,504	278,457
Repayment of borrowings/finance lease principal		(234,106)	(238,175)
Net cash from financing activities		47,239	33,084
Net decrease in cash and cash equivalents		(3,732)	(12,128)
Cash and cash equivalents at the beginning of the financial year		36,637	48,599
Effects of exchange rate changes on cash and cash equivalents		1,644	166
Cash and cash equivalents at the end of the financial year	10	34,549	36,637

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

1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or in the following section. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Consolidated Entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The impacts to the financial statements are not considered to be material. Refer to note 2, for more information on the impact of the adoption of new accounting standards.

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

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

The Consolidated Entity is in a consolidated net current liability position as at 30 June 2019 of $138,740,000 (30 June 2018 $104,557,000) whereby current assets are $161,046,000 and current liabilities are $299,786,000. This outcome is primarily as a result of liabilities due under finance lease and hire purchase contracts of $186,977,000, and unearned income of $27,775,000 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 30 June 2019. 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, in the ordinary course of business, 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 30 June 2019. 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.

Historical cost convention

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

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Consolidated Entity's accounting policies. The areas involving a higher degree of judgement or complexity, where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information

In accordance with the *Corporations Act 2001*, these financial statements present the results of the Consolidated Entity only. Supplementary information about the parent entity is disclosed in note 40.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Apollo Tourism & Leisure Ltd ('Company' or 'parent entity') as at 30 June 2019 and the results of all subsidiaries for the year then ended. Apollo Tourism & Leisure Ltd and its subsidiaries together are referred to in these financial statements as the 'Consolidated Entity'.

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

1. Significant accounting policies (continued)

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

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

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

Foreign currency translation
The financial statements are presented in Australian dollars, which is Apollo Tourism & Leisure Ltd's functional and presentation currency.

Foreign currency transactions
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed.

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

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. For assets and liabilities that are recognised on a recurring basis, the Consolidated Entity determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. There have been no transfers in the current year.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

1. Significant accounting policies (continued)

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

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

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

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

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

Associates
Associates are entities over which the Consolidated Entity has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the Consolidated Entity's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the Consolidated Entity's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the Consolidated Entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The Consolidated Entity discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

The Consolidated Entity discontinues the use of the equity method upon obtaining control over the associate and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon gaining control and the fair value of the retained investment is recognised in profit and loss. From the date that control has been gained, the entity becomes a subsidiary, is included in the Consolidated Entity and becomes subject to the principles of consolidation.

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.

1. Significant accounting policies (continued)

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, to achieve a constant rate of interest on the remaining balance of the liability. The finance lease asset is classified as non-current in the statement of financial position unless transferred to inventory and ready for sale and the lease liability is classified as current and non-current portions in the statement of financial position, depending on timing of lease payments.

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

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

Group as a lessor
Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases as a lessor. Rental income arising is accounted for on a straight-line basis over the lease term and is shown on the statement of profit or loss due to its operating nature.

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

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

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

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

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

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

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

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

1. Significant accounting policies (continued)

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Consolidated Entity for the annual reporting period ended 30 June 2019. The Consolidated Entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, being the most relevant to the Consolidated Entity, are set out in the following sections.

AASB 16 Leases

AASB 16 was issued in February 2016 and, it replaces AASB 117 *Leases*, Interpretation 4 *Determining whether an Arrangement contains a Lease*, Interpretation 115 *Operating Leases – Incentives* and Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

Under AASB 16, a contract is a lease if it conveys the right to use an identified asset for a period of time, in exchange for consideration. Under AASB 117, a lessee was required to make a distinction between a finance lease (presented on balance sheet) and a operating lease (presented off balance sheet and disclosed as a commitment). AASB 16 requires lessees to recognise a lease liability equal to the present value of the minimum future lease payments and a right-of-use (ROU) assets for all lease contracts.

From the initial date of application, for all contracts falling under AASB 16, the consolidated income statement will be impacted by the removal of operating lease expenses, the recognition of an interest expense applicable to the future lease payment obligations and the recognition of a depreciation expense in respect of the ROU asset. The operating and financing activities within the consolidated statement of cash flows will also be impacted, where cash paid for operating leases will no longer be recognised under operating activities. These payments will be presented in financing activities, split between principal repayments and interest.

As at 30 June 2019, the Consolidated Entity had operating lease commitments of $58,015,000 (refer to note 36). The adoption of AASB 16 across the Consolidated Entity's operating lease portfolio, is expected to cause a material change in the accounting for leases in the consolidated financial statements.

The adoption of AASB 16, will also result in a change to the treatment of the sale and leaseback transactions. The current treatment under AASB 117 requires the leased asset to be recorded at the increased selling price with the excess gain recognised as a deferred liability which is amortised over the term of the lease and recognised in other income. Any transactions in place at 30 June 2019, are grandfathered and will remain accounted for under AASB 117 until amortised to nil. Any new transactions from 1 July 2019, will be under AASB 16 whereby, the leased asset will be recorded at cost which will result in a decreased depreciation. The asset will continue to be amortised over the useful life of the asset. The consolidated entity does not expect any change to the timing of amortisation as the lease term and useful life of the asset are the same.

Apollo will adopt AASB 16 from 1 July 2019. AASB 16 allows a choice of transition method. The consolidated entity has elected to use the modified retrospective: hybrid method. Under this method, the lease liability is calculated as the present value of the remaining lease payments, discounted using the incremental borrowing rate (IBR) at the date of initial application. The calculation of the ROU is chosen on a lease by lease basis to be either the value as if AASB 16 had been applied since lease commencement, discounted using the IBR at the date of initial application if such data is available; or otherwise equal to the lease liability calculated at initial application, adjusted for any accrued lease payments. Any difference resulting from the calculation of the lease liability and the ROU asset at initial application is recorded as an adjustment to the opening balance of retained earnings with no restatement of comparative information in the consolidated financial statements.

In measuring leases where the payments are made in foreign currency (which differs from the Group's functional and presentation currency), the lease liability and right of use asset will be required to be measured in this currency. At the end of each reporting date, the liability and asset will then be remeasured.

Management will make a number of key judgements in relation to the initial application, including:

- The IBRs used to discount the future lease payment obligations; and
- The lease terms, including the rights of renewal expected to be exercised.

The Consolidated Entity has elected to utilise the following practical expedients and recognition exemptions allowed by AASB 16 in transition, including:

1. Significant accounting policies (continued)

- To apply the recognition exemption where short-term leases and leases of low value assets are excluded under AASB 16, noting that the costs for these leases will continue to be expensed in Operating expenses, and disclosed in the statement of profit or loss and other comprehensive income and cash flow statement;
- To apply a single discount rate to a portfolio of leases with reasonably similar characteristics;
- To apply the recognition exemption for leases with a remaining lease term of 12 months or less from the date of initial application;
- To exclude initial direct costs from the measurement of the ROU asset at the date of initial application; and
- To use hindsight in determining the lease term if the contract contains an option to extend.

The Consolidated Entity has made significant progress in assessing the impact of adopting AASB 16 with the IBR, taxation and foreign exchange impacts still being finalised.

There will be a nil net effect to the consolidated statement of cash flows as a result of adopting the new standard, as operating lease payments will continue to be paid as previously, however, the cash outflow will be reclassified to financing activities rather than operating activities, except interest.

The Consolidated Entity's undiscounted non-cancellable operating lease commitments of $58,015,000 at 30 June 2019 under AASB 17 are shown in note 36 of this Report. The most significant differences between the lease commitments and the estimated lease liability is expected to be due to the effect of discounting, the addition of certain option periods and the removal of short term leases

The impact of applying AASB 16 on the consolidated financial statements in the period of initial application will depend on:

- Changes in lease portfolio (CPI, market valuations, new leases and renegotiations);
- Incremental borrowing rate used; and
- Foreign currency fluctuations.

Lessor accounting under AASB 16 is substantially unchanged from the current accounting treatment under AASB 117. Lessors will continue to classify all leases using the same classification principle as in AASB 117 and distinguish between two types of leases: operating and finance leases. Under AASB 16, more extensive disclosures will be required.

Interpretation 23: Uncertainty over Income Tax Treatments
The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of AASB 112 *Income Taxes* and does not apply to taxes or levies outside the scope of AASB 112, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following issues:

- Whether an entity considers uncertain tax treatments separately;
- The assumptions an entity makes about the examination of tax treatments by taxation authorities;
- How an entity determines taxable profit (tax loss), tax bases, unused tax loses, unused tax credits and tax rates; and
- How an entity considers changes in facts and circumstances.

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019 which, for the Consolidated Entity is from 1 July 2019, but certain transition reliefs are available. The Consolidated Entity will apply the Interpretation from its effective date. Since the Consolidated Entity operates in a complex multinational tax environment, applying the interpretation may affect its consolidated financial statements. In addition, the Consolidated entity may need to establish processes and procedures to obtain information that is necessary to apply the Interpretation on a timely basis.

2. Adoption of AASB 9 'Financial Instruments' and AASB 15 'Revenue from Contracts 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.

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

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.

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

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 30 June 2019.

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

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

	Trade receivables $'000
AASB 139 measurement category - loans and receivables	6,982
AASB 9 measurement category - amortised cost	6,959
Additional impairment allowance	(23)

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.

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.

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

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 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

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.

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.

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

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. Critical accounting judgements, estimates and assumptions

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

Revenue from contracts with customers involving sale of goods
When recognising revenue in relation to the sale of goods to customers, the key performance obligation of the Consolidated Entity is considered to be the point of delivery of the goods to the customer, which is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

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

Determining the timing of satisfaction of repairs and servicing
The Consolidated Entity concluded that revenue for repairs and servicing is to be recognised over time because the customer simultaneously receives and consumes the benefits provided by the Consolidated Entity. The fact that another entity would not need to re-perform the repair or service that the Consolidated Entity has provided to date demonstrates that the customer simultaneously receives and consumes the benefits of the Consolidated Entity's performance as it performs.

The Consolidated Entity determined that the percentage complete method is the best method in measuring progress of the repairs and servicing because there is a direct relationship between the Consolidated Entity's effort (i.e. labour, hours incurred) and the transfer of the service to the customer.

Principal versus agent considerations
The Consolidated Entity has determined that it is an agent in the following contracts:

(a) After-market sales - The Consolidated Entity arranges multiple after-market sales with differing third-party providers. The Consolidated Entity is not responsible for fulfilling the promise to the customer. The Consolidated Entity does not take on any inventory or credit risk associated with the contract. The Consolidated Entity does not have discretion to set the price for the sale, the consideration in these contracts is the commission agreed with the third-party.
The Consolidated Entity concluded that it transfers control over its services (i.e. arranging for the provision of the good or service), at a point in time, upon delivery of the vehicle, because this is when the customer benefits from the Consolidated Entity's agency service.

(b) Vehicles sold on consignment - The Consolidated Entity will organise a sale on the consignors behalf. The Consolidated Entity is not responsible for fulfilling the promise to the customer. The Consolidated Entity does not take any inventory or credit risk associated with the contract. The Consolidated Entity does not have discretion to set the price for the sale, the consideration in these contracts is the difference between selling price stipulated by the consignor and the final selling price negotiated by the Consolidated Entity with the customer.
The Consolidated Entity concluded that it transfers control over its services (i.e. arranging for the sale of the vehicle), at a point in time, upon delivery, because this is when the customer benefits from the Consolidated Entity's agency service.

(c) Booking agent - The Consolidated Entity is a sales agent to facilitate booking and payment of short term car rentals. The Consolidated Entity is not responsible for fulfilling the promise to the customer. The Consolidated Entity does not take on the risk associated with vehicle damage. The Consolidated Entity does not have discretion to set the price for the sale, the consideration in these contracts is the referral fee.
The Consolidated Entity concluded that it transfers control over its services (i.e. arranging booking and payment) once the final payment has been received, because this is when The Consolidated Entity has fulfilled the performance obligation.

(d) Associate dealers - The Consolidated Entity has an associate dealer 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. The Consolidated Entity does not take any inventory or credit risk. The Consolidated Entity does not have discretion to set the price of the sale, the consideration in these contracts is a set royalty percentage.
This transaction has been deemed a licensing transaction, which is a right to access the intellectual property as it exists throughout the licence period. Therefore, the performance obligation is satisfied over time because the associate simultaneously receives and consumes the benefit from the access to the intellectual property as the performance occurs. Variable consideration is received in the form of sales-based royalty and is recognised when the subsequent sale occurs i.e. initiation of the rental between the associate and the customer.

Allowance for expected credit losses
The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

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

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

Fair value measurement hierarchy
The Consolidated Entity is required to classify all assets and liabilities, measured 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; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models, which include discounted cash flow analysis or the use of observable inputs that may require significant adjustments based on unobservable inputs. Refer to note 32.

Estimation of useful lives of assets
The Consolidated Entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful life is determined when the asset is purchased however the useful life could change significantly as a result of technical innovations or some other event which would impact future depreciation charged.

Fleet depreciation rates
In accordance with the Group's depreciation policy, Apollo estimates residual values of fleet in order to depreciate motorhome assets using the straight line method. The Group has considered the appropriateness of the residual values that have been used by reviewing the gains/losses made on recent sales of similar motorhomes.

The Group undertakes an ongoing and regular review of economic rental lives and residual values, and in the year ending 30 June 2019 there has been an adjustment in Canada to bring it in line with the Group's policy. This has resulted in a reduction in depreciation rates, the after tax impact of which is $3,092,000 in Canada. This adjustment more appropriately reflects the life cycle of the vehicles with depreciation costs aligning to the use of the vehicle and its decline in value over its rental life cycle. The impact of this adjustment is a reduction in the profit recognised when the vehicle is sold.

Goodwill and other indefinite life intangible assets
The Consolidated Entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows. The key assumptions used to determine the recoverable amount for each CGU, including sensitivity analysis, are disclosed and further explained in note 16.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The Consolidated Entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Consolidated Entity and to the particular asset (or group of assets) that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset (or group of assets) is determined, and which involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Income tax
The Consolidated Entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax and related deferred tax amounts.

Deferred consideration
The deferred consideration liability is the difference between the total purchase consideration, usually on an acquisition of a business combination, and the amounts paid or settled up to the reporting date, discounted to net present value. The Consolidated Entity applies provisional accounting for any business combination. Any reassessment of the liability during the earlier of the finalisation of the provisional accounting or 12 months from acquisition-date is adjusted for retrospectively as part of the provisional accounting rules in accordance with AASB 3 'Business Combinations'. Thereafter, at each reporting date, the deferred consideration liability is reassessed against revised estimates and any increase or decrease in the net present value of the liability will result in a corresponding gain or loss to profit or loss. The increase in the liability resulting from the passage of time is recognised as a finance cost.

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

The Australia segment includes the operating results of George Day Caravans (acquired 31 August 2017), which were not included for a full 12 months of trading in the 30 June 2018 segment results. Included in the 30 June 2019 segment results are operating results from the acquisition of business assets and intellectual property of the Fleetwood, Coromal and Windsor brands, which was acquired on 1 March 2019.

The Europe segment includes the operating results of Camperco Group Limited, located in the United Kingdom and Ireland, which was acquired on 26 March 2018 and was therefore not included for a full 12 months of trading in the 30 June 2018 segment results. Included in the 30 June 2019 segment results are the initial trading of the new operations in Germany and France, which includes the acquisition of Direction France.

Given the manufacturing entities in each of Australia, New Zealand and Europe operate on a cost recovery basis in order to break even and manufacture only to order for the respective Australia, New Zealand and Europe operating entities. The Directors do not consider the manufacturing entities to be separate operating segments as they are not monitored standalone, but rather within the geographic segment operations.

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 new units direct to the public and ex-rental fleet vehicles through a dealer network.

- The North America segment provides short term hire of motorhomes and operates vehicle sales activities for the sale of ex-rental fleet vehicles through a dealer network.

- The Europe segment provides short term hire of motorhomes, manufactures replacement vehicles for the rental fleet and operates vehicles 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 consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

4. Operating segments (continued)

Operating segment information

Consolidated - 2019	**Australia $'000**	**New Zealand $'000**	**North America $'000**	**Europe $'000**	**Others and Eliminations $'000**	**Total $'000**
Revenue						
Rental income	60,933	27,885	59,751	6,825	-	155,394
Revenue from contracts with customers	146,615	4,933	52,055	5,775	-	209,378
Total sales revenue	207,548	32,818	111,806	12,600	-	364,772
Other income	1,825	50	337	-	(1,822)	390
Total revenue	209,373	32,868	112,143	12,600	(1,822)	365,162
EBIT (Earnings before interest and tax)	1,501	8,543	16,257	675	(1,800)	25,176
Finance costs	(6,129)	(1,866)	(10,344)	(605)	1,822	(17,122)
Profit/(loss) before income tax expense	(4,628)	6,677	5,913	70	22	8,054
Income tax expense						(3,381)
Profit after income tax expense						4,673
Material items include:						
Manufacturing costs	(33,365)	(4,509)	-	-	-	(37,874)
Cost of goods sold	(129,371)	(4,890)	(50,145)	(4,959)	-	(189,365)
Other expenses	(34,945)	(11,540)	(23,995)	(3,381)	22	(73,839)
Depreciation and amortisation	(11,400)	(6,453)	(8,006)	(946)	-	(26,805)
Impairment of intangible assets	(9,486)	-	-	(1,512)	-	(10,998)
Employee benefits expenses	(22,429)	(1,444)	(13,742)	(2,650)	-	(40,265)
Assets						
Segment assets	266,299	74,733	253,731	32,562	(43,609)	583,716
Unallocated assets:						
Deferred tax asset						942
Total assets						584,658
Total assets includes:						
Investments in associates	2,532	-	-	-	-	2,532
Acquisition of non-current assets	30,091	18,433	80,323	16,918	-	145,765
Liabilities						
Segment liabilities	155,442	49,350	211,332	23,006	(556)	438,574
Unallocated liabilities:						
Provision for income tax						1,449
Deferred tax liability						25,171
Total liabilities						465,194

4. Operating segments (continued)

Consolidated - 2018	Australia $'000	New Zealand $'000	North America $'000	Europe $'000	Others and Eliminations $'000	Total $'000
Revenue						
Rental income	56,377	25,718	49,157	1,914	-	133,166
Revenue from contracts with customers	151,106	5,392	64,196	727	-	221,421
Total sales revenue	207,483	31,110	113,353	2,641	-	354,587
Other income	673	10	480	188	(385)	966
Total revenue	208,156	31,120	113,833	2,829	(385)	355,553
EBIT (Earnings before interest and tax)	18,152	8,907	13,711	372	(719)	40,423
Finance costs	(4,978)	(1,787)	(7,006)	(173)	385	(13,559)
Profit/(loss) before income tax expense	13,174	7,120	6,705	199	(334)	26,864
Income tax expense						(7,661)
Profit after income tax expense						19,203
Material items include:						
Manufacturing costs	(27,985)	(4,616)	-	(248)	-	(32,849)
Cost of goods sold	(126,136)	(4,755)	(58,793)	(624)	-	(190,308)
Other expenses	(31,855)	(10,177)	(20,654)	(777)	-	(63,463)
Depreciation and amortisation	(13,253)	(5,991)	(8,469)	(442)	(334)	(28,489)
Revaluation of investment	2,533	-	-	-	-	2,533
Employee benefits expenses	(21,094)	(1,290)	(12,207)	(613)	-	(35,204)
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

Accounting policy for operating segments

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

5. Revenue from contracts with customers

	Consolidated	
	2019	2018
	$'000	$'000
Vehicle sales	202,411	214,404
Repairs and servicing	3,512	4,660
Commissions and royalty	2,468	2,065
Other revenue	987	292
Revenue from contracts with customers	209,378	221,421

Disaggregation of revenue
The disaggregation of revenue from contracts with customers is as follows:

	Consolidated	
	2019	2018
	$'000	$'000
Major product lines		
Vehicle Sales	202,411	214,404
Repairs and servicing	3,512	4,660
Commissions and royalty	2,468	2,065
Other revenue	987	292
	209,378	221,421
Geographical regions		
Australia	146,615	151,106
New Zealand	4,933	5,392
North America	52,055	64,196
Europe	5,775	727
	209,378	221,421
Timing of revenue recognition		
Goods transferred at a point in time	205,866	216,761
Services transferred over time	3,512	4,660
	209,378	221,421

5. Revenue from contracts with customers (continued)

Accounting policy for revenue recognition
As per note 2, 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. The performance obligation is satisfied upon delivery of the vehicle and payment is generally received on settlement.

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.

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*.

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. The performance obligation is satisfied over-time and payment is generally due upon completion.

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. The performance obligation is satisfied when the sale to the customer is complete and payment is generally received upon completion.

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.

6. Revaluation of investment

	Consolidated	
	2019 $'000	2018 $'000
Fair value gain on revaluation of investment	-	2,533

As at the date of acquisition of Canadream Corporation, 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.

7. Expenses

	Consolidated 2019 $'000	2018 $'000
Profit before income tax includes the following specific expenses:		
Depreciation and amortisation expense		
Depreciation expense	(25,767)	(27,776)
Amortisation expenses	(1,038)	(713)
Total depreciation and amortisation expense	(26,805)	(28,489)
Finance costs		
Finance charges payable under finance leases and hire purchase contracts	(13,244)	(11,175)
Finance charges paid under floor plan and bank loans	(3,264)	(2,182)
Other finance charges	(614)	(202)
Finance costs expensed	(17,122)	(13,559)
Net foreign exchange gain (loss)		
Net foreign exchange gain (loss)	355	(334)
Employee benefits expense includes		
Wages and salaries	(35,917)	(31,649)
Workers' compensation costs	(869)	(756)
Superannuation costs	(3,479)	(2,799)

8. Income tax (continued)

The major components of income tax expense are:

	Consolidated 2019 $'000	Consolidated 2018 $'000
Income tax expense		
Current tax	1,947	3,405
Deferred tax - origination and reversal of temporary differences	11,099	11,646
Tax losses recognised	(9,823)	(7,704)
Non-deductible acquisition costs	158	314
Aggregate income tax expense	3,381	7,661
Deferred tax included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets	(333)	716
Increase in deferred tax liabilities	11,432	10,930
Deferred tax - origination and reversal of temporary differences	11,099	11,646
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	8,054	26,864
Tax at the statutory tax rate of 30%	2,416	8,059
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Impairment of goodwill	2,790	-
Non-assessable income on associates	72	(788)
Variance due to differing corporate tax rates in offshore entities	(106)	(240)
Franking deficits tax	160	-
Prior year tax adjustment	(75)	280
Non-assessable income	(239)	-
Non-deductible acquisition costs	50	314
Adjustment due to future tax rates	(925)	(16)
Fair value gain on contingent consideration	(282)	-
Other	(480)	52
Income tax expense	3,381	7,661

8. Income tax (continued)

	Consolidated 2019 $'000	2018 $'000
Deferred tax asset		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Tax losses	27,530	16,437
Unearned income	439	617
Provisions	1,592	1,048
Capital raising costs	473	732
Unearned profits on leaseback	629	945
Other	1,856	1,583
Property, plant and equipment	119	-
Inventories	-	130
Set off against deferred tax liability based on jurisdiction	(31,696)	(21,492)
Deferred tax asset	942	-
Movements:		
Opening balance	-	296
Credited/(charged) to profit or loss	10,156	(716)
Additions through business combinations (note 35)	(157)	114
Tax losses recognised / (utilised)	-	7,704
Capital raising costs	-	(191)
Set off against deferred tax liability based on jurisdiction	(10,203)	(7,207)
Prior year adjustment	(225)	-
Movements in foreign exchange	1,371	-
Closing balance	942	-

8. Income tax (continued)

	Consolidated 2019 $'000	Consolidated 2018 $'000
Deferred tax liability		
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Property, plant and equipment	51,830	27,364
Inventories	17	9,930
Prepayments	369	380
Intangible assets	5,589	5,534
Set off deferred tax asset based on jurisdiction	(31,696)	(21,492)
Other	(938)	5
Deferred tax liability	25,171	21,721
Movements:		
Opening balance	21,721	7,321
Charged to profit or loss	11,432	10,930
Additions through business combinations (note 35)	-	10,677
Set off deferred tax asset based on jurisdiction	(10,203)	(7,207)
Prior year adjustment	39	-
Movements in foreign exchange	2,182	-
Closing balance	25,171	21,721

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

	Consolidated 2019 $'000	Consolidated 2018 $'000
Income tax refund due	976	-

	Consolidated 2019 $'000	Consolidated 2018 $'000
Income tax payable	1,449	2,580

Deferred tax assets are recognised in relation to carried forward tax losses to the extent that the realisation of the related tax benefit through the future taxable profits is probable. The Group has elected to recognise deferred tax assets on tax losses as it expects to generate future taxable profits to utilise the deferred tax assets. The Group has losses that arose in Australia of $2,948,000, USA of $16,966,000 and Canada of $9,052,000. The tax losses in USA are available indefinitely whereas in Canada, must be utilised in 20 years.

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

8. Income tax (continued)

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or

- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

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

Apollo Tourism & Leisure Ltd (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the Australian Tax Group consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

9. Earnings per share

	Consolidated	
	2019 $'000	2018 $'000
Profit after income tax attributable to the owners of Apollo Tourism & Leisure Ltd	4,673	19,203
	Cents	**Cents**
Basic earnings per share	2.54	10.63
Diluted earnings per share	2.54	10.63
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	183,969,314	180,621,581
Weighted average number of ordinary shares used in calculating diluted earnings per share	183,969,314	180,621,581

9. Earnings per share (continued)

Accounting policy for earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Apollo Tourism & Leisure Ltd, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

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

10. Cash and cash equivalents

	Consolidated	
	2019	**2018**
	$'000	**$'000**
Cash at bank and in hand	34,549	36,637

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

11. Trade and other receivables

	Consolidated	
	2019	**2018**
	$'000	**$'000**
Trade receivables	12,780	6,982
Less: Allowance for expected credit losses	(30)	-
	12,750	6,982
Other receivables	635	586
	13,385	7,568

Allowance for expected credit losses
The Consolidated Entity has recognised a loss of $30,000 (2018: $nil) in profit or loss in respect of the expected credit losses for the year ended 30 June 2019.

Accounting policy for trade and other receivables
Pursuant to note 2, 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 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.

12. Inventories

	Consolidated 2019 $'000	Consolidated 2018 $'000
Raw materials	9,517	6,840
Work in progress	837	782
Retail vehicles for sale	49,743	47,964
Used rental vehicles for sale	29,319	26,785
Stock in transit and spare parts	7,538	7,878
	96,954	90,249

Accounting policy for inventories
Raw materials, work in progress and vehicles for sale are stated at the lower of cost or net realisable value on a 'first in first out' basis. Cost comprises of direct materials, purchase and delivery costs, direct labour, import duties and other taxes, and, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Stock in transit and spare parts are stated at the lower of cost or net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

13. Prepayments and other current assets

	Consolidated 2019 $'000	Consolidated 2018 $'000
Prepayments	6,334	5,342
Deposits	8,848	5,259
	15,182	10,601

14. Investments accounted for using the equity method

	Consolidated 2019 $'000	Consolidated 2018 $'000
Investment in Camplify Co (Australia) Pty Ltd	2,532	1,474

Interests in associates
On 8 February 2017, the Group acquired a 24.95% shareholding in Camplify Co (Australia) Pty Ltd ("Camplify"), a peer to peer RV and caravan sharing company, for cash consideration of $1,750,000. The Group participated in an additional capital raising on 10 April 2019 for $1,297,000 to maintain a 24.95% shareholding.

Interests in associates are accounted for using the equity method of accounting. Information relating to associates that are material to the Consolidated Entity are set out as follows:

Name	Principal place of business / Country of incorporation	Ownership interest 2019 %	Ownership interest 2018 %
Camplify Co (Australia) Pty Ltd	Australia	24.95%	24.95%

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

Summarised financial information

	Camplify Co (Australia) Pty Ltd 2019 $'000	Camplify Co (Australia) Pty Ltd 2018 $'000	CanaDream Corporation 2018 $'000
Summarised statement of financial position			
Current assets	6,286	1,231	-
Non-current assets	255	237	-
Total assets	6,541	1,468	-
Current liabilities	1,920	692	-
Non-current liabilities	23	58	-
Total liabilities	1,943	750	-
Net assets	4,598	718	-
Summarised statement of profit or loss and other comprehensive income			
Revenue	1,785	669	5,501
Cost of sales	(46)	(65)	(3,160)
Administrative expenses	(3,108)	(1,839)	-
Finance costs	-	-	(186)
Profit/(loss) before income tax	(1,369)	(1,235)	2,155
Income tax (expense)/benefit	411	370	(594)
Profit/(loss) after income tax	(958)	(865)	1,561
Other comprehensive income	-	-	-
Total comprehensive income/(loss)	(958)	(865)	1,561
Reconciliation of the Consolidated Entity's carrying amount			
Opening carrying amount	1,474	1,689	4,264
Share of profit/(loss) after income tax	(239)	(215)	315
Additional capital raising	1,297	-	-
Fair value adjustment prior to acquisition	-	-	2,533
De-recognition on consolidation	-	-	(7,112)
Closing carrying amount	2,532	1,474	-

CanaDream Corporation values are presented in Australian Dollars. The fair value of the Group's investment in CanaDream Corporation was revalued at the time of acquisition at a share price of CAD$1.77, converted into Australian Dollars.

Camplify Co (Australia) Pty Ltd is presented in Australian Dollars. Given that Camplify Co (Australia) Pty Ltd is not a listed entity, there is no quoted fair value.

The associate had no contingent liabilities or capital commitments as at 30 June 2019 or 2018.

15. Property, plant and equipment

	Consolidated 2019 $'000	Consolidated 2018 $'000
Land and buildings - at cost	39,345	35,788
Less: Accumulated depreciation	(2,195)	(1,356)
	37,150	34,432
Plant and equipment - at cost	32,528	31,346
Less: Accumulated depreciation	(19,868)	(17,942)
	12,660	13,404
Motor vehicles under finance lease	394,115	329,223
Less: Accumulated depreciation	(61,932)	(58,085)
Less: Impairment	(20)	(20)
	332,163	271,118
	381,973	318,954

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

Consolidated	Motor vehicles under finance leases $'000	Property, plant and equipment $'000	Land and buildings $'000	Total $'000
Balance at 1 July 2017	180,461	7,701	-	188,162
Additions	128,889	7,985	7,676	144,550
Additions through business combinations (note 35)	69,070	3,079	27,125	99,274
Disposals	(51,016)	(1,380)	-	(52,396)
Exchange differences	3,687	46	140	3,873
Transfers in/(out)	(36,343)	-	-	(36,343)
Depreciation expense*	(23,630)	(4,027)	(509)	(28,166)
Balance at 30 June 2018	271,118	13,404	34,432	318,954
Additions	139,693	4,586	1,283	145,562
Additions through business combinations (note 35)	-	203	-	203
Disposals	(44,054)	(723)	-	(44,777)
Exchange differences	9,335	(33)	2,163	11,465
Transfers in/(out)	(21,205)	(1,848)	-	(23,053)
Depreciation expense*	(22,724)	(2,929)	(728)	(26,381)
Balance at 30 June 2019	332,163	12,660	37,150	381,973

* Depreciation charged to profit and loss for the year comprises depreciation expense of $26,381,000 (2018: $28,166,000) and $614,000 (2018: $390,000) capitalised as part of the cost of motor vehicle manufacture.

During the period, the Group acquired property, plant and equipment with an aggregate cost of $139,693,000 (2018: $128,889,000) by means of finance leases, representing the entire motor vehicle asset category.

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

15. Property, plant and equipment (continued)

Accounting policy for motor vehicle under finance leases
Motor vehicles under finance leases are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is primarily calculated on a straight-line basis to write off the net cost less the estimate residual value of motor vehicles over their expected useful lives.

Accounting policy for land and buildings
Buildings are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Land has an unlimited useful life and is, therefore, not depreciated.

Accounting policy for property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is primarily calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives. Certain assets are depreciated on a diminishing value basis.

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

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

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 Consolidated Entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

16. Intangibles

	Consolidated 2019 $'000	Consolidated 2018 $'000
Goodwill - at cost	20,433	20,033
Less: Impairment	(9,855)	-
	10,578	20,033
Customer relationships - at cost	4,684	4,488
Less: Accumulated amortisation	(819)	(344)
	3,865	4,144
Software - at cost	7,047	1,144
Less: Accumulated amortisation	(1,051)	(125)
	5,996	1,019
Brand names	16,123	14,933
Less: Impairment	(1,143)	-
	14,980	14,933
Other Intangible Assets	1,199	443
Less: Accumulated amortisation	(530)	(443)
	669	-
	36,088	40,129

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

Consolidated	Goodwill $'000	Customer relationships $'000	Software $'000	Brand names $'000	Other intangibles $'000	Total $'000
Balance at 1 July 2017	6,365	-	1	2,250	166	8,782
Additions	-	-	211	-	-	211
Additions through business combinations (note 35)	13,921	4,509	915	12,760	140	32,245
Exchange differences	(253)	(73)	7	(77)	-	(396)
Amortisation expense	-	(292)	(115)	-	(306)	(713)
Balance at 30 June 2018	20,033	4,144	1,019	14,933	-	40,129
Additions	-	-	3,436	-	-	3,436
Additions through business combinations (note 35)	-	-	-	523	753	1,276
Exchange differences	400	172	194	667	2	1,435
Impairment of assets	(9,855)	-	-	(1,143)	-	(10,998)
Transfers in/(out)	-	-	1,848	-	-	1,848
Amortisation expense	-	(451)	(501)	-	(86)	(1,038)
Balance at 30 June 2019	10,578	3,865	5,996	14,980	669	36,088

16. Intangibles (continued)

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.

Carrying amount of goodwill and brand names allocated to each of the CGU's or groups of CGUs:

	Goodwill 2019 $'000	Brand Names 2019 $'000	Goodwill 2018 $'000	Brand Names 2018 $'000
Australia	-	523	8,344	-
Apollo Investments Pty Ltd	-	1,508	-	1,508
Sydney RV Group Pty Ltd	-	386	-	742
Apollo RV West Pty Ltd	-	474	-	1,261
North America	3,983	-	3,725	-
Canadream Corporation	-	9,641	-	9,017
Europe	6,595	-	7,964	-
Camperco Ltd	-	2,448	-	2,405
	10,578	14,980	20,033	14,933

Key assumptions used in value in use calculations for goodwill
The Consolidated Entity performed its annual impairment test in June 2019 and 2018. The recoverable amount of the CGU's is determined based on value-in-use calculations, which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by the Board covering one year, and, Board approved forecasts for a further two years. Cash flows beyond this three year period are extrapolated using the following estimated growth rates stated, to give a total period of cash flows of five years. These growth rates do not exceed the long-term average growth rates for the industry in which each CGU operates. Capital expenditure and disposal proceeds are estimated based on current costs of manufacture or purchase cost and realisable recoverable value.

Australian CGU
The recoverable amount of the Australian CGU, $157,616,000 as at 30 June 2019, reflects a decreased demand in retail sales. The pre-tax discount rate applied to the cash flow projection is 15.1% (2018:14.6%). As a result of this analysis, management have written down the Australian CGU to its recoverable value and recognised an impairment charge of $9,486,000 in the current year against goodwill and brand names. The impairment charge is recorded within 'Impairment of intangible assets' in the statement of profit or loss and other comprehensive income.

European CGU
The recoverable amount of the European CGU, $31,586,000 as at 30 June 2019, reflects the decrease in the fair value of contingent consideration payable from the Camperco business combination. The pre-tax discount rate applied to the cash flow projection is 11.4% (2018:11.4%). As a result of this analysis, management has recognised an impairment charge of $1,512,000 in the current year against goodwill. The impairment charge is recorded within 'Impairment of intangible assets' in the statement of profit or loss and other comprehensive income.

	Australia 2019 %	Australia 2018 %	North America 2019 %	North America 2018 %	Europe 2019 %	Europe 2018 %
Average revenue growth and variable cost growth rate	2.5%	5.0%	3.0%	5.0%	4.0%	5.0%
Fixed cost growth rate	2.0%	2.5%	2.0%	2.5%	2.0%	2.5%
Pre-tax discount rate	15.1%	14.6%	12.9%	11.9%	11.4%	11.4%
Terminal value growth	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%

16. Intangibles (continued)

Foreign exchange is accounted for using spot rate at year end.

These assumptions have been used for the analysis of each CGU. The budgeted EBITDA is based on past performance and its expectations for the future. The discount rates used reflect specific risks relating to the relevant CGU and the countries in which they operate.

Impact of possible changes in key assumptions used in value in use calculations -
As disclosed in note 3, the Directors have made judgements and estimates in respect of impairment testing of goodwill. Should these judgements and estimates not occur the resulting goodwill carrying amount may decrease.

A reasonably possible change in the most sensitive assumptions have the following impact:

- Discount rate - An increase in the discount rate of greater than 0.6% would result in an impairment for the North American CGU;
- Revenue and variable cost growth rate - A decrease greater than 1.0% for the North American CGU, would result in an impairment;
- Terminal growth rate - A decrease in the terminal growth rate of greater than 0.5% would result in an impairment in the North American CGU; and
- Any decrease in the growth rates or increase in the discount rate assumptions for the Australian and European CGUs would result in an additional impairment.

Key assumptions used in value in use calculations for CGUs with brand name intangibles:
The recoverable amount of the CGU's is determined based on value-in-use calculations, which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by the Board covering one year, and, Board approved forecasts for a further two years. Cash flows beyond this three year period are extrapolated using the following estimated growth rates stated. These growth rates do not exceed the long-term average growth rates for the industry in which each CGU operates. Capital expenditure and disposal proceeds are estimated based on current costs of manufacture or purchase cost and realisable recoverable value. In the prior year ended 30 June 2018, the recoverable amount for brand names was determined with reference to the relief from royalty method to determine fair values. The change in the calculation method from relief from royalty to value in use calculations provides a more accurate calculation of the recoverable amount of the CGU given the time that has elapsed since the acquisition was completed. Given this change, there is no prior year comparison for the significant assumptions.

Significant assumptions used for the purposes of assessing brand names for impairment include:

	Apollo RV West Pty Ltd	Apollo Investments Pty Ltd	Sydney RV Group Pty Ltd	Canadream Corporation	CamperCo Ltd
	%	%	%	%	%
Average revenue and variable cost growth rate	2.0%	2.0%	2.0%	3.0%	3.0%
Fixed cost growth rate	2.0%	2.0%	2.0%	2.0%	2.0%
Pre-tax discount rate	17.3%	17.3%	16.8%	12.4%	11.4%
Terminal value growth	2.5%	2.5%	2.5%	2.5%	2.5%

Any decrease in the growth rates or increase in the discount rate assumptions for the Apollo RV West CGU and Sydney RV Group CGU would result in an additional impairment.

There is no reasonable change in assumptions for Apollo Investments, Canadream and CamperCo CGUs that would result in an impairment.

Foreign exchange is accounted for using spot rates at year end.

16. Intangibles (continued)

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

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

Software
Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5-10 years.

Brand Names
Brand names are identified and primarily recognised at the time of a business combination and recorded at their fair value, if their fair value can be measured reliably. Brand names are not amortised on the basis that they have an indefinite life and are reviewed annually. Expenditure incurred in maintaining brand names is expensed in the period in which it is occurred.

Customer relationships
Customer relationships are identified and primarily recognised at the time of a business combination and recorded at their fair value, if their fair value can be measured reliably. Customer relationships are amortised over the expected life of the customer.

Other intangibles
Other intangible assets relate to intellectual property and customer deposits. Intellectual property is recognised at the time of a business combination and recorded at their fair value, if their fair value can be measured reliably. Intellectual property is amortised over the expected life of the intellectual property Customer deposits acquired in a business combination represent outstanding forward orders at the date of acquisition. Customer deposits are amortised on a straight line basis over the period of their expected benefit of 3-6 months.

17. Other non-current assets

	Consolidated	
	2019 $'000	2018 $'000
Security deposits	2,077	3,020

Security deposits relate primarily to deposits over leased properties.

18. Trade and other payables

	Consolidated 2019 $'000	2018 $'000
Trade payables	22,804	18,480
Sundry accruals	10,494	9,089
	33,298	27,569

Refer to note 31 for further information on financial risk management objectives and policies.

Accounting policy for trade and other payables
These amounts represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial year, 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.

19. Borrowings - current

	Consolidated 2019 $'000	2018 $'000
Bank loans	1,168	840
Floor Plan	39,612	28,110
Hire purchase	186,977	155,563
	227,757	184,513

Refer to note 31 for further information on financial risk management objectives and policies.

Bank loans
Bank loans relate to the current portion of mortgages over land and buildings. Interest rates applicable at 30 June 2019 range from 3.41% to 3.95% p.a (2018: 4.15% to 4.20%).

Floor plan
Floor plan facilities are maintained to fund the inventory of new motorhomes and caravans held for resale at Apollo's retail sales outlets. Terms are interest only for the first six months and then interest plus principal of between 5.2% to 6.5% p.a. (2018: 5% to 10% p.a.). For some lenders, balances are secured through retention of title until point of sale.

Obligations under finance leases and hire purchase contracts
The Group's obligations under finance leases and hire purchase contracts are secured by the lessor's title to the leased assets. Interest rates applicable at 30 June 2019 on term loans to finance the rental fleet and Australian capitalised lease obligations range from 4.2% to 8.5% p.a. (2018: 5% to 8% p.a.).

19. Borrowings - current (continued)

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

	Consolidated 2019 $'000	Consolidated 2018 $'000
Total facilities		
Bank overdraft	1,652	19
Bank loans	28,759	16,628
Floor plan	49,879	39,100
Hire purchase contracts	379,790	300,620
	460,080	356,367
Used at the reporting date		
Bank overdraft	-	-
Bank loans	28,759	16,628
Floor plan	39,612	28,110
Hire purchase contracts	296,072	255,692
	364,443	300,430
Unused at the reporting date		
Bank overdraft	1,652	19
Bank loans	-	-
Floor plan	10,267	10,990
Hire purchase contracts	83,718	44,928
	95,637	55,937

20. Borrowings - non-current

	Consolidated 2019 $'000	Consolidated 2018 $'000
Bank loans	27,591	15,788
Obligations under finance leases and hire purchase contracts	109,095	100,129
	136,686	115,917

Refer to note 31 for further information on financial risk management objectives and policies.

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

	Consolidated 2019 $'000	Consolidated 2018 $'000
Bank loans	28,759	16,628
Floor plan	39,612	28,110
Obligations under finance leases and hire purchase contracts	296,072	255,692
	364,443	300,430

20. Borrowings - non-current (continued)

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

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

Where there is an unconditional right at balance date to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

21. Provisions - current

	Consolidated	
	2019 $'000	2018 $'000
Long service leave	326	313
Employee benefits	2,446	2,195
Warranties	355	294
Lease straight line provision	275	116
Contingent consideration (note 32)	-	1,652
	3,402	4,570

Contingent consideration
The provision represents the obligation to pay contingent consideration following the acquisition of a business or assets. It is measured at the fair value of the estimated liability.

Lease straight line provision
The provision represents operating lease incentives received. The incentives are allocated to profit or loss in such a manner that the rent expense is recognised on a straight-line basis over the lease term.

Warranties
The provision represents the estimated warranty claims in respect of products sold which are still under warranty at the reporting date. The provision is estimated based on historical warranty claim information, sales levels and any recent trends that may suggest future claims could differ from historical amounts.

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

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

22. Provisions - non-current

	Consolidated 2019 $'000	Consolidated 2018 $'000
Long service leave	346	207
Lease straight lining provision	2,243	779
Contingent consideration (note 32)	-	1,597
	2,589	2,583

Contingent consideration
The provision represents the obligation to pay contingent consideration following the acquisition of a business or assets. It is measured at the fair value of the estimated liability.

Lease straight line provision
The provision represents operating lease incentives received. The incentives are allocated to profit or loss in such a manner that the rent expense is recognised on a straight-line basis over the lease term.

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

23. Contract liabilities

	Consolidated 2019 $'000	Consolidated 2018 $'000
Customer deposits	4,970	4,819

Reconciliation
Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below:

	2019 $'000	2018 $'000
Opening balance	4,819	-
Additions from the adoption of AASB 15	-	3,725
Additions through business combinations (note 35)	-	990
Payments received in advance	4,970	3,829
Transfer to revenue - included in the opening balance	(4,819)	(3,725)
Closing balance	4,970	4,819

Unsatisfied performance obligations
The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was $4,970,000 as at 30 June 2019 ($4,819,000 as at 30 June 2018) and is expected to be recognised as revenue in future periods as follows:

	Consolidated 2019 $'000	Consolidated 2018 $'000
Within 12 months	4,970	4,819

23. Contract liabilities (continued)

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.

24. Unearned leasing income - current

	Consolidated	
	2019 $'000	2018 $'000
Unearned income	-	161
Rental income in advance	25,936	22,448
Customer bonds held	1,839	1,561
	27,775	24,170

Rental income in advance relates to booking fees paid by rental customers in advance of service delivery.

Customer bonds are security deposits held by the Consolidated Entity during rentals and deposits held for retail vehicle sales.

25. Other liabilities - current

	Consolidated	
	2019 $'000	2018 $'000
Deferred gain relating to sale and lease back transactions - current	1,135	1,391

The sale and lease back arrangement is between the Australian and New Zealand manufacturing entities which produce all units purchased by the rental operations in those countries through financiers. The gain reflects the adjustment for internalised profits which is deferred over the lease period for rental vehicles.

26. Other liabilities - non current

	Consolidated	
	2019 $'000	2018 $'000
Deferred gain relating to sale and lease back transactions - non current	962	1,758

The sale and lease back arrangement is between the Australian and New Zealand manufacturing entities which produce all units purchased by the rental operations in those countries through financiers. The gain reflects the adjustment for internalised profits, which is deferred over the lease period for rental vehicles.

27. Issued capital

	Consolidated			
	2019 Shares	2018 Shares	2019 $'000	2018 $'000
Ordinary shares - fully paid	186,150,908	182,519,479	83,709	79,799

Movements in ordinary share capital

Details	Date	Shares	Issue price	$'000
Balance	1 July 2017	179,944,265		75,679
Shares issued as partial consideration of Camper Co acquisition	26 March 2018	2,575,214	$1.60	4,120
Balance	30 June 2018	182,519,479		79,799
Shares issued as part of dividend reinvestment	13 September 2018	1,085,884	$1.49	1,614
Shares issued as contingent consideration of Camper Co acquisition	2 April 2019	1,011,746	$0.91	921
Shares issued as part of dividend reinvestment	10 April 2019	1,533,799	$0.90	1,375
Balance	30 June 2019	186,150,908		83,709

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

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

Dividend reinvestment plan
The legal parent company has a dividend reinvestment plan under which holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than by being paid in cash. Shares are issued under the plan at a discount to the market price, as the Directors may determine.

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

Capital risk management
The Consolidated Entity's goals, when managing capital, is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Consolidated Entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Consolidated Entity is subject to certain financing conditions (covenants) and meeting these covenants is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

Other than the availability of public equity capital following the Consolidated Entity's admission to the Australian Securities Exchange, the Group's overall capital risk management policy remains unchanged from the 30 June 2018 Annual Report.

27. Issued capital (continued)

Accounting policy for issued capital
Ordinary shares are classified as equity.

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

28. Reserves

	Consolidated	
	2019 $'000	2018 $'000
Foreign currency translation reserve	3,224	220
Common control reserve	(13,821)	(13,821)
	(10,597)	(13,601)

Foreign currency reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Common control reserve
On 30 September 2016, affiliated entities, Apollo Motorhome Holidays LLC ("LLC") and Apollo Finance Pty Ltd ("Finance") were acquired by the Apollo Tourism & Leisure Ltd Group. The purchase consideration, which represented fair value of the net assets, was determined by the Directors of Apollo Tourism & Leisure Ltd at $16.464 million . The consideration was paid through the issue of shares in Apollo Tourism & Leisure Ltd. As this transaction involved entities under common control, the Directors elected for the respective assets and liabilities of each of Apollo Motorhome Holidays LLC and Apollo Finance Pty Ltd to be recognised at book value as at 30 September 2016 in the accounts of Apollo Tourism & Leisure Ltd. This approach did not give rise to any goodwill on consolidation within the Apollo Tourism & Leisure Ltd Group or a gain/loss on the transaction, rather this approach resulted in the recognition of a Common Control Reserve within equity of the Apollo Tourism & Leisure Ltd consolidated financial statements.

29. Dividends

Dividends
Dividends paid during the financial year were as follows:

	Consolidated	
	2019 $'000	2018 $'000
Final dividend for the year ended 30 June 2018 3.0 cents per ordinary share unfranked (2017: 2.0 cents fully franked)	5,476	3,599
Interim dividend for the year ended 30 June 2019 2.0 cents per ordinary share unfranked (2018 2.0 cents fully franked)	3,672	3,599
	9,148	7,198

At the date of signing the report, the Directors have not recommended payment of a final dividend.

29. Dividends (continued)

Franking credits

	Consolidated 2019 $'000	Consolidated 2018 $'000
Franking credits available at the reporting date based on a tax rate of 30% (2018: 30%)	1,048	(533)
Franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date based on a tax rate of 30%	-	903
Franking credits available for subsequent financial years based on a tax rate of 30%	1,048	370

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

30. Retained profits

	Consolidated 2019 $'000	Consolidated 2018 $'000
Retained profits at the beginning of the financial year	50,843	38,838
Adjustment for adoption of new accounting standards (note 2)	(16)	-
Retained profits at the beginning of the financial year - restated	50,827	38,838
Profit after income tax expense for the year	4,673	19,203
Dividends paid (note 29)	(9,148)	(7,198)
Retained profits at the end of the financial year	46,352	50,843

31. Financial risk management objectives and policies

Financial risk management objectives
The Consolidated Entity's activities expose it to a variety of financial risks including market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Consolidated Entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Consolidated Entity. The Consolidated Entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is performed by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Consolidated Entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Consolidated Entity's operating units. Finance reports to the Board on a monthly basis.

Market risk

Foreign currency risk
The Consolidated Entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

31. Financial risk management objectives and policies (continued)

The Consolidated Entity has investments in foreign operations in New Zealand, United States of America, Canada, United Kingdom and Europe whose net assets are exposed to foreign currency translation risk. This risk is managed primarily through borrowing denominated in the relevant foreign currencies.

The following tables demonstrate the sensitivity to a reasonably possibly change in New Zealand Dollar, United States Dollar, Canadian Dollar, British Pound and Euro exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the value of monetary assets and liabilities. The Group's exposure to foreign currency changes for all other currencies is not material.

	AUD strengthened			AUD weakened		
Consolidated - 2019	**% change**	**Effect on profit before tax $'000**	**Effect on pre-tax equity $'000**	**% change**	**Effect on profit before tax $'000**	**Effect on pre-tax equity $'000**
New Zealand Dollar	5%	(2,150)	(2,150)	5%	2,376	2,376
United States Dollar	5%	(3,234)	(3,234)	5%	3,574	3,574
Canadian Dollar	5%	(4,270)	(4,270)	5%	4,719	4,719
British Pound	5%	(678)	(678)	5%	749	749
Euro	5%	(215)	(215)	5%	238	238
		(10,547)	(10,547)		11,656	11,656

	AUD strengthened			AUD weakened		
Consolidated - 2018	**% change**	**Effect on profit before tax $'000**	**Effect on pre-tax equity $'000**	**% change**	**Effect on profit before tax $'000**	**Effect on pre-tax equity $'000**
New Zealand Dollar	5%	(1,568)	(1,568)	5%	1,732	1,732
United States Dollar	5%	(3,173)	(3,173)	5%	3,507	3,507
Canadian Dollar	5%	(3,318)	(3,318)	5%	3,667	3,667
		(8,059)	(8,059)		8,906	8,906

Price risk
The Consolidated Entity does not have any financial instruments subject to any significant price risk.

Interest rate risk
The Consolidated Entity's main interest rate risk arises from long-term borrowings, cash and cash equivalents and advances to subsidiaries. Borrowings obtained at variable rates expose the Consolidated Entity to interest rate risk. Borrowings obtained at fixed rates expose the Consolidated Entity to fair value interest rate risk. Approximately 80% (2018: 80%) of the Group's borrowings are at fixed rates, which minimises any short term downside impact of interest rate increases but limits any benefit from interest rate reductions.

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

	Basis points increase			Basis points decrease		
Consolidated - 2019	**Basis points change**	**Effect on profit before tax $'000**	**Effect on equity $'000**	**Basis points change**	**Effect on profit before tax $'000**	**Effect on equity $'000**
Variable rate borrowings	100	(693)	485	100	693	(485)

31. Financial risk management objectives and policies (continued)

Consolidated - 2018	Basis points increase: Basis points change	Basis points increase: Effect on profit before tax $'000	Basis points increase: Effect on equity $'000	Basis points decrease: Basis points change	Basis points decrease: Effect on profit before tax $'000	Basis points decrease: Effect on equity $'000
Variable rate borrowings	100	(528)	370	100	528	(370)

Credit risk
The Consolidated Entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Consolidated Entity based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

The Group has no significant concentrations of credit risk. Policies are in place to ensure that wholesale sales of products are made to customers with an appropriate credit history. Sales to retail customers are made in cash or through major credit cards.

The Group has numerous credit terms for various customers. The terms vary from pre-payment, cash, monthly terms and longer depending on the service and goods provided and the customer relationship. Collateral is not normally required beyond credit card imprints for rental bonds. All trade receivables are individually reviewed regularly for impairment as part of normal operating procedures. Trade receivables less than three months old are not considered impaired. Overdue amounts that have not been provided for relate to customers that have a reliable trading credit history and no recent history of default.

Liquidity risk
Vigilant liquidity risk management requires the Consolidated Entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Consolidated Entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Financing arrangements
Unused borrowing facilities at the reporting date:

	Consolidated 2019 $'000	Consolidated 2018 $'000
Bank overdraft	1,652	19
Floor plan	10,267	10,990
Hire purchase contracts	83,718	44,928
	95,637	55,937

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice.

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

31. Financial risk management objectives and policies (continued)

The Group's capital management aims to ensure that it meets any financial covenants that may be attached to the interest-bearing loans and borrowings that define the capital structure requirements. Where covenants do apply, they are calculated monthly and reported to banks quarterly or half yearly. Depending on jurisdiction, the most significant covenants relating to capital management are net interest bearing debt to EBITDA ratio, an equity to total assets ratio (net of intangible assets), interest cover ratio, current ratio and minimum shareholders' equity. There have been no breaches of the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or procedures for managing capital during the years ended 30 June 2019 and 2018.

The following tables detail the Consolidated Entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and, therefore, these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2019	**On demand $'000**	**Less than 3 months $'000**	**3 to 12 months $'000**	**1 to 5 years $'000**	**More than 5 years $'000**	**Remaining contractual maturities $'000**
Non-derivatives						
Non-interest bearing						
Trade payables	-	33,296	-	-	-	33,296
Interest-bearing - fixed rate						
Bank loans	-	570	597	9,775	23,371	34,313
Hire purchase	98	35,193	151,685	124,887	1,497	313,360
Floorplan	39,612	-	-	-	-	39,612
Total non-derivatives	39,710	69,059	152,282	134,662	24,868	420,581

Consolidated - 2018	**On demand $'000**	**Less than 3 months $'000**	**3 to 12 months $'000**	**1 to 5 years $'000**	**$'000**	**Remaining contractual maturities $'000**
Non-derivatives						
Non-interest bearing						
Trade payables	-	27,569	-	-	-	27,569
Contingent consideration liability	-	-	1,662	1,622	-	3,284
Interest-bearing						
Bank loans	-	363	1,087	4,131	13,727	19,308
Hire purchase	30	10,008	154,197	105,488	874	270,597
Floorplan	28,110	-	-	-	-	28,110
Total non-derivatives	28,140	37,940	156,946	111,241	14,601	348,868

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

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

Changes in liabilities arising from financing activities:

31. Financial risk management objectives and policies (continued)

	1 July 2018 $'000	Cash flows $'000	Acquisitions $'000	Foreign exchange movements $'000	Fair value changes $'000	30 June 2019 $'000
Bank loans	16,628	11,074	-	1,057	-	28,759
Floorplan	28,110	11,502	-	-	-	39,612
Obligations under finance leases and hire purchase contracts	255,692	30,822	-	9,558	-	296,072
	300,430	53,398	-	10,615	-	364,443

Seasonality

The tourism industry is subject to seasonal fluctuations, with peak demand over tourism attractions and transportation over the summer months. The operating revenue and profits of the Group's segments are disclosed in note 4. New Zealand and Australia's profits are typically generated over the southern hemisphere summer months and North American and European operations experiencing stronger profits over the northern hemisphere summer.

32. Fair value measurement

Fair value hierarchy
The following tables detail the Consolidated Entity's assets and liabilities, measured or disclosed 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 - 2019	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Liabilities				
Obligations under finance lease and hire purchase (Australia)	-	81,178	-	81,178
Obligations under finance lease and hire purchase (New Zealand)	-	40,954	-	40,954
Obligations under finance lease and hire purchase (US)	-	70,861	-	70,861
Obligations under finance lease and hire purchase (Canada)	-	84,188	-	84,188
Obligations under finance lease and hire purchase (Europe)	-	18,891	-	18,891
Floating rate borrowings (Australia)	-	39,032	-	39,032
Floating rate borrowings (New Zealand)	-	580	-	580
Floating rate borrowings (Canada)	-	28,759	-	28,759
Total liabilities	-	364,443	-	364,443

32. Fair value measurement (continued)

Consolidated - 2018	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Liabilities				
Contingent consideration liability	-	-	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 year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

Level 3 assets and liabilities
Movements in level 3 assets and liabilities during the current and previous financial year are set out in the following table:

Consolidated	Contingent liability $'000
Balance at 1 July 2017	-
Additions	3,346
Interest	6
Exchange differences	(103)
Balance at 30 June 2018	3,249
Interest	24
Exchange differences	102
Payments	(1,850)
Gains recognised in profit of loss	(1,525)
Balance at 30 June 2019	-
Total gains for the current year included in profit or loss that relate to level 3 assets held at the end of the current year	1,525

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. A 10% decrease in the assumed probability of achieving the target EBIT of Camperco Group Limited results is a decrease in fair value of the contingent consideration of $nil (2018:$695,000). A 5% increase in the assumed probability of achieving the EBIT target of Camperco Group Limited would have a $111,000 (2018:$146,000) increase in the contingent consideration.

Accounting policy for 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.

32. Fair value measurement (continued)

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. For assets and liabilities that are recognised on a recurring basis, the Consolidated Entity determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. There have been no transfers in the current year.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

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

	Consolidated	
	2019 $'000	2018 $'000
Profit after income tax expense for the year	4,673	19,203
Adjustments for:		
Depreciation and amortisation	27,439	28,879
Impairment of intangibles	10,998	-
Share of loss/(profit) - associates	239	(100)
Foreign exchange differences	(355)	334
Rebate adjustments	278	212
Net (profit)/loss on disposal of property, plant and equipment	16	67
Transfer of ex-fleet vehicles to inventory	62,305	68,117
Fair value gain on remeasurement of contingent consideration	(1,493)	-
Fair value gain on revaluation of investment	-	(2,533)
Manufacturing costs eliminating through sale and leaseback transaction	(37,874)	(34,168)
Lease straight line provision	1,623	-
Impairment of receivables	(22)	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(4,457)	167
Decrease/(increase) in inventories	6,865	(14,637)
Decrease/(increase) in income tax refund due	(975)	1,452
Decrease/(increase) in deferred tax assets	(600)	400
Increase in prepayments	(3,310)	(2,022)
Increase in trade and other payables	5,109	5,105
Increase/(decrease) in provision for income tax	(1,161)	1,090
Increase in deferred tax liabilities	2,442	3,807
Increase in unearned income	2,662	583
Increase/(decrease) in other liabilities	-	(160)
Increase in provisions	508	1,420
Net cash from operating activities	74,910	77,216

34. Interests in subsidiaries

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

Name	Principal place of business / Country of incorporation	Principal activities	Parent Ownership interest 2019 %	Ownership interest 2018 %
Apollo Motorhome Ultimate Holdings Pty Ltd	Australia	Holding company	100.00%	100.00%
Apollo Motorhome Holdings (Aus) Pty Ltd	Australia	Holding company	100.00%	100.00%
Cheapa Campa Pty Ltd	Australia	Name holding company, non-trading	100.00%	100.00%
GRL Enterprises Pty Ltd	Australia	Labour hire	100.00%	100.00%
Talvor Motorhomes Pty Ltd	Australia	IP holding company	100.00%	100.00%
Apollo Motorhome Holidays Pty Ltd	Australia	RV rentals and sales	100.00%	100.00%
Apollo Motorhome Industries Pty Ltd	Australia	RV manufacturing	100.00%	100.00%
Hippie Camper Pty Ltd	Australia	Name holding company, non-trading	100.00%	100.00%
Sydney RV Group Pty Ltd	Australia	RV sales	100.00%	100.00%
Apollo Motorhome Holdings (NZ) Pty Ltd	Australia	Holding company	100.00%	100.00%
Apollo Motorhome Holidays Ltd	New Zealand	RV rentals and sales	100.00%	100.00%
Talvor Motorhomes Ltd	New Zealand	RV manufacturing	100.00%	100.00%
Hippie Camper Ltd	New Zealand	Name holding company, non-trading	100.00%	100.00%
Cheapa Campa Ltd	New Zealand	Name holding company, non-trading	100.00%	100.00%
Apollo Car Hire Ltd	New Zealand	Name holding company, non-trading	100.00%	100.00%
Apollo Finance Pty Ltd	Australia	Investment company, non-trading	100.00%	100.00%
Winnebago RV Pty Ltd	Australia	Name holding company, non-trading	100.00%	100.00%
Apollo Motorhome Holidays LLC (USA)	United States of America	RV rentals and sales	100.00%	100.00%
Apollo Investments Pty Ltd	Australia	RV sales	100.00%	100.00%
ATL Canada Ltd	Canada	Holding company	100.00%	100.00%
Canadream Corporation	Canada	RV rentals and sales	100.00%	100.00%
Apollo RV West Pty Ltd	Australia	RV sales	100.00%	100.00%
Apollo Tourism & Leisure UK Ltd	United Kingdom	Holding company	100.00%	100.00%
Camperco Group Ltd	United Kingdom	Holding company	100.00%	100.00%
Bunk Campers Ltd	United Kingdom	RV rentals and sales	100.00%	100.00%
Nomad Campervans Ltd	United Kingdom	RV manufacturing	100.00%	100.00%
Camperco Ltd	United Kingdom	RV sales	100.00%	100.00%
Camperworks Ltd	United Kingdom	Online accessories sales	100.00%	100.00%
Blue Quadrant Leisure Ltd	United Kingdom	RV rentals and sales	100.00%	100.00%
1032779 BC Ltd	Canada	Property holding company	100.00%	100.00%
ATL EU Ltd	Europe	Holding company	100.00%	-
Apollo Motorhome Holidays GMBH	Germany	RV Rentals	100.00%	-
Apollo Motorhome Holidays SARL	France	RV Rentals	100.00%	-

35. 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.

On 26 March 2018, the Group acquired 100% of the shares of Camperco Group Limited, one of the largest independent motorhome rental sales operators in the United Kingdom and Ireland, for total consideration of $11,586,000. In March 2019, the valuation was completed and the acquisition date fair value of the acquired intangibles of $4,775,000 and corresponding goodwill of $8,217,000 remains unchanged from provisional amounts disclosed at 30 June 2018.

Acquisition of businesses
During the 2019 financial year, the Consolidated Entity made the following acquisitions:

- On 28th February 2019, the Group acquired selected business assets of Direction France; and
- On 1 March 2019, the Group acquired selected business assets, including the brand names, of Fleetwood, Coromal and Windsor.

<u>Direction France</u>
On 28 February 2019, the Group acquired the business assets of Direction France, for a total consideration of $135,000, which is also the total fair value of identifiable net assets, including $119,000 of intangible customer deposits assets with a definite useful life. There is no goodwill associated with this acquisition. The acquired business contributed revenues of $178,000 and profit after tax of $36,000 to the Group for the year ended 30 June 2019. The values identified in relation to the acquisition are provisional as at 30 June 2019.

<u>Fleetwood, Coromal and Windsor</u>
On 1 March 2019, the Group acquired the business assets and intellectual property of the Fleetwood, Coromal and Windsor brands, for total consideration of $12,155,000.The acquired business contributed revenues of $2,966,000 and a gross margin of $459,000 to the Group for the year ended 30 June 2019. The values identified in relation to the acquisition are provisional as at 30 June 2019.

Due to the existing retail and manufacturing networks and the overlay of the Coromal brands over these networks, it is impracticable to determine the adjusted Group consolidated revenue and consolidated net profit as if the transaction occurred on 1 July 2018.

35. Business combinations (continued)

Details of the acquisition is as follows:

	Fleetwood, Coromal and Windsor Provisional Fair value $'000
Raw materials	2,666
Finished goods	7,290
Other assets	996
Property, plant and equipment	203
Brands and trademarks	523
Other intangible assets	634
Deferred tax liability	(157)
Net assets acquired	12,155
Goodwill	-
Acquisition-date fair value of the total consideration transferred	12,155
Representing:	
Cash paid or payable to vendor	12,155
Acquisition costs expensed to profit or loss (included in Acquisition costs)	(155)
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	12,155

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

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. All acquisition costs are expensed as incurred to profit or loss.

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

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

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 the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill.

35. Business combinations (continued)

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.

36. Commitments

	Consolidated 2019 $'000	Consolidated 2018 $'000
Finance lease and hire purchase commitments		
Committed at the reporting date and recognised as liabilities, payable:		
Within one year	186,976	164,235
One to five years	124,887	105,488
More than five years	1,497	874
Total commitment	313,360	270,597
Less: Future finance charges	(17,288)	(14,905)
Net commitment recognised as liabilities	296,072	255,692
Operating lease commitments - where the group company is a lessee		
The Group leases various branches and offices under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.		
Within one year	9,288	7,087
One to five years	28,986	18,488
More than five years	16,300	13,877
	54,574	39,452
Operating lease commitments - motor vehicles and other		
The Group has entered into operating lease agreements for motor vehicles with financiers on 18 month lease terms in the current year.		
Other commitments relate to IT services.		
Within one year	2,789	1,558
One to five years	652	114
	3,441	1,672

37. Related party transactions

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

Subsidiaries
Interests in subsidiaries are set out in note 34.

Associates
Interests in associates are set out in note 14.

Key management personnel
Disclosures relating to key management personnel are set out in note 38 and the remuneration report included in the Directors' report.

37. Related party transactions (continued)

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated 2019 $	Consolidated 2018 $
Other income:		
Administration fees received from Campstay Pty Ltd (Director-related entity of L Trouchet)	46,000	46,000
Payment for other expenses:		
Rental expenses paid to KL One Trust (Director-related entity of L Trouchet and K Trouchet)	102,000	67,000
Rental expenses paid to Eastglo Pty Ltd (Director-related entity of L Trouchet and K Trouchet)	177,000	168,000
Advisory fees paid to Jones Day (Director-related entity of B Heading)	321,000	-

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

	Consolidated 2019 $	Consolidated 2018 $
Current receivables:		
Trade receivables (admin fees) Campstay Pty Ltd (director related entity of L Trouchet)	46,000	-
Current payables:		
Trade payables (rent) Eastglo Pty Ltd (director related entity of L Trouchet and K Trouchet)	-	54,120
Trade payables (rent) KL One Trust (director related entity of L Trouchet and K Trouchet)	-	27,626
Trade payables (advisory) Jones Day (director related entity of B Heading)	172,000	-

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

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

38. Key management personnel disclosures

Compensation
The aggregate compensation made to Directors and other members of key management personnel of the Consolidated Entity is set out in the following table:

	Consolidated 2019 $	Consolidated 2018 $
Short-term employee benefits	1,856,801	1,705,553
Post-employment benefits	111,097	108,685
Long-term benefits	51,690	41,736
	2,019,588	1,855,974

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

39. Remuneration of auditors

During the financial year, the following fees were paid or payable for services provided by Ernst & Young, the auditor of the Company:

	Consolidated 2019 $	2018 $
Audit services - Ernst & Young		
Audit or review of the financial statements	787,140	633,780
Other services - Ernst & Young		
Taxation services	69,850	103,750
Due diligence	-	325,000
Other advisory services	66,950	137,000
	136,800	565,750
	923,940	1,199,530

40. Parent entity information - supplementary information

Statement of profit or loss and other comprehensive income

	Parent 2019 $'000	2018 $'000
Profit after income tax	9,148	7,198
Total comprehensive income	9,148	7,198

Statement of financial position

	Parent 2019 $'000	2018 $'000
Total current assets	-	-
Total assets	67,204	63,296
Total current liabilities	-	-
Total liabilities	-	-
Equity		
Issued capital	67,204	63,296
Total equity	67,204	63,296

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity entered into a deed of cross guarantee on 16 June 2017. Please refer to note 41 for further information regarding the deed of cross guarantee. The parent also has guarantees in place for its subsidiary's financiers in New Zealand. The parent has no other guarantees in relation to the debts of its subsidiaries as at 30 June 2019.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2019.

40. Parent entity information - supplementary information (continued)

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2019.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the Consolidated Entity, as disclosed in note 1, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent.

41. Deed of cross guarantee

The following entities are party to a deed of cross guarantee, entered into on 16 June 2017, under which each company guarantees the debts of the others:

- Apollo Tourism & Leisure Ltd.
- Apollo Motorhome Ultimate Holdings Pty Ltd.
- Apollo Motorhome Holdings (Aus) Pty Ltd.
- Apollo Motorhome Holdings (NZ) Pty Ltd.
- GRL Enterprises Pty Ltd.
- Talvor Motorhomes Pty Ltd.
- Apollo Motorhome Holidays Pty Ltd.
- Apollo Motorhome Industries Pty Ltd.
- Hippie Camper Pty Ltd.
- Sydney RV Group Pty Limited.
- Apollo Finance Pty Ltd.
- Winnebago RV Pty Ltd.
- Apollo Investments Pty Ltd.
- Apollo RV West Pty Ltd.

By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare financial statements and Directors' reports under the *Corporations (Wholly-owned Companies) Instrument 2016/785* issued by the Australian Securities and Investments Commission.

These companies represent a 'Closed Group' for the purposes of the Corporations Instrument.

41. Deed of cross guarantee (continued)

A consolidated statement of profit or loss and other comprehensive income and statement of financial position of the 'Closed Group' is set out in the following table:

Statement of profit or loss and other comprehensive income	2019 $'000	2018 $'000
Rental income	60,933	56,378
Revenue from contracts with customers	146,615	151,106
Other income	1,825	673
Revaluation of investment	-	2,533
Cost of goods sold	(129,372)	(126,136)
Motor vehicle running expenses	(20,117)	(19,385)
Advertising, promotions and commissions paid	(5,799)	(4,651)
External acquisition costs	(158)	(1,006)
Employee benefits expense	(22,429)	(21,094)
Depreciation and amortisation expense	(11,400)	(13,253)
Rental costs on land and buildings	(6,240)	(5,539)
Share of profit/(loss) in associates	(239)	100
Impairment of intangible assets	(9,486)	-
Other expenses	(2,632)	(1,574)
Finance costs	(6,129)	(4,978)
Profit/(loss) before income tax expense	(4,628)	13,174
Income tax expense	(825)	(3,359)
Profit/(loss) after income tax expense	(5,453)	9,815
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income/(loss) for the year	(5,453)	9,815

Equity - retained profits	2019 $'000	2018 $'000
Retained profits at the beginning of the financial year	17,862	8,047
Profit/(loss) after income tax expense	(5,453)	9,815
Retained profits at the end of the financial year	12,409	17,862

41. Deed of cross guarantee (continued)

Statement of financial position	2019 $'000	2018 $'000
Current assets		
Cash and cash equivalents	5,343	8,446
Trade and other receivables	4,523	2,622
Inventories	71,153	68,448
Income tax refund receivable	976	-
Prepayments and other current assets	8,587	5,625
	90,582	85,141
Non-current assets		
Investments accounted for using the equity method	2,532	1,474
Property, plant and equipment	102,005	94,928
Intangibles	8,066	11,855
Other non-current assets	2,645	1,972
	115,248	110,229
Total assets	205,830	195,370
Current liabilities		
Trade and other payables	20,770	14,598
Contract liabilities	4,321	4,271
Borrowings - current	68,304	56,557
Income tax payable	-	903
Employee benefits	2,068	1,946
Provisions - current	1,890	1,189
Unearned leasing income - current	6,132	5,729
Other liabilities - current	15	256
	103,500	85,449
Non-current liabilities		
Borrowings - non-current	51,907	47,730
Deferred tax liability	9,533	8,501
Employee benefits	346	207
	61,786	56,438
Total liabilities	165,286	141,887
Net assets	40,544	53,483

42. Events after the reporting period

No matter or circumstance has arisen since 30 June 2019 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.

Apollo Tourism & Leisure Ltd
Directors' declaration
30 June 2019

In the Directors' opinion:

- The attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- The attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;

- The attached financial statements and notes give a true and fair view of the Consolidated Entity's financial position as at 30 June 2019 and of its performance for the financial year ended on that date;

- There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

- At the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 41 to the financial statements.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors

Luke Trouchet
Director

29 August 2019
Brisbane

Ernst & Young
111 Eagle Street
Brisbane QLD 4000 Australia
GPO Box 7878 Brisbane QLD 4001

Tel: +61 7 3011 3333
Fax: +61 7 3011 3100
ey.com/au

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Apollo Tourism & Leisure Ltd (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2019 and of its consolidated financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

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Business Acquisitions

Why significant	How our audit addressed the key audit matter
During the year ended 30 June 2019 the Group completed a significant transaction to acquire the brands of Fleetwood RV, Coromal and Windsor, associated intellectual property, completed units, inventory and plant and equipment. The transaction was completed in stages for a total purchase consideration of $12.2 million. We considered the acquisition accounting related to this acquisition to be a key audit matter as it required significant management judgement in the identification of intangible assets and allocation of the purchase price to the assets and liabilities acquired based on their fair values at the acquisition date. Valuations of intangible assets are inherently complex and judgemental.	Our procedures included consideration of the terms of the purchase agreement, the consideration paid and assessment of the Group's allocation of the purchase price to the acquired assets and liabilities, including intangibles. Our audit procedures included the following: • Considering whether the Group appropriately identified the acquired intangible assets; • Assessing the key assumptions used in the valuation of the assets and liabilities acquired; and • Testing the mathematical accuracy of the valuation models. Our valuation specialists were involved in the assessment of the valuation methodologies and assumptions used by the Group. We assessed the adequacy of the disclosures regarding this acquisition in Note 35 to the financial report.

Impairment of goodwill and other intangible assets

Why significant	How our audit addressed the key audit matter
In accordance with the requirements of Australian Accounting Standards and as described in Note 1 to the financial statements, the Group performs an annual impairment assessment of the carrying value of the Australian, North America, and Europe goodwill and other intangible assets to determine whether their recoverable value is below the carrying amount as at balance date.	Our audit procedures included the following: • Assessing the Group's determination of CGUs based on our understanding of the nature of the Group and their operations, and assessing whether this was consistent with the internal reporting of the business; • Assessing whether the impairment testing methodology used by the Group met the requirements of Australian Accounting Standards; • Assessing the cash flow forecasts approved by the Board taking into account our knowledge of the business and considering relevant external data;

The Group's impairment assessment of goodwill and other identifiable assets involves critical accounting estimates and assumptions. The value-in-use model used by the Group includes cash flow forecasts, discount rates, long term growth rates and terminal growth rates to calculate the recoverable amount of each group of Cash Generating Units (CGUs). Changes in certain assumptions can lead to significant changes in the assessment of the recoverable amount. The Group's assessment in the current year resulted in an impairment of $9.5 million in the Australian CGU and $1.5 million in the Europe CGU.

This matter was considered a key audit matter due to:

- the significant goodwill and other identifiable asset values recorded on the balance sheet at 30 June 2019;
- the extent of judgement applied by the Group in identifying CGUs, and
- the Group's ability to achieve planned growth and forecast cash flows which is based on assumptions that are affected by expected future market and economic conditions.

- Assessing the discount rate applied to the cash flows of each CGU and whether the rate reflects the risks associated with the respective cash flow forecasts and were comparable with externally available industry, economic and financial data;
- Using our valuation specialists we assessed the appropriateness of the assumptions adopted and valuation methodologies used;
- Assessing the Group's sensitivity analysis on significant assumptions including discount rates, terminal growth rates, long term growth rates and revenue growth assumptions; and
- Assessing the adequacy of the Group's disclosures concerning impairment testing of goodwill and other intangible assets in Note 16 to the financial statements.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's 2019 Annual Report other than the financial report and our auditor's report thereon. We obtained the Directors' Report that is to be included in the Annual Report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Building a better working world

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 17 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Apollo Tourism & Leisure Ltd for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001.*

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Ernst & Young

Mike Reid
Partner
Brisbane
29 August 2019