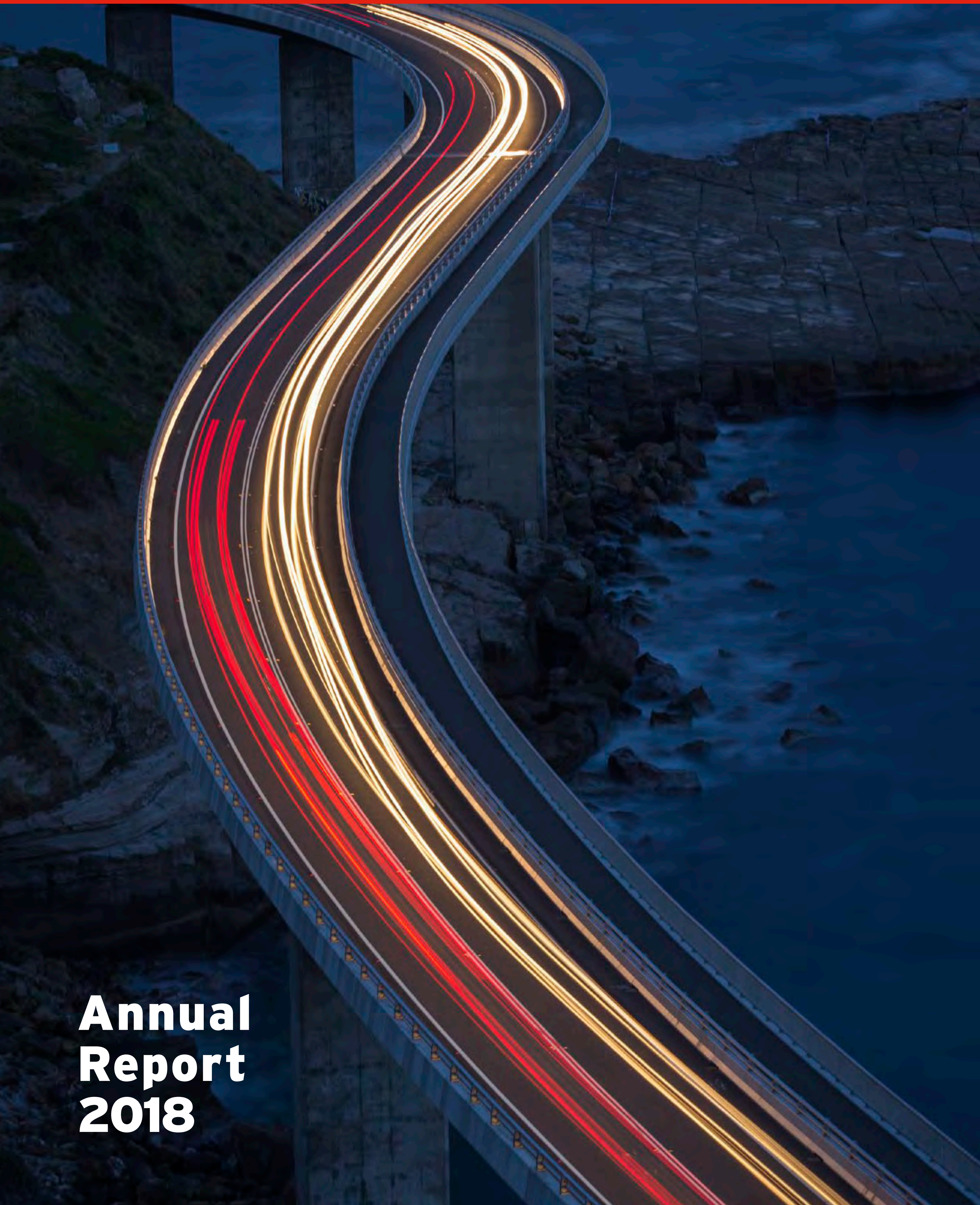

Annual Report 2018

VISION STATEMENT

Bapcor®

Australasia's leading provider of automotive aftermarket parts, accessories, automotive equipment and services; operating out of over 800 locations across Australia, New Zealand and Thailand.

Bapcor's core business is the automotive aftermarket. Our businesses span the end-to-end aftermarket supply chain covering Trade, Specialist Wholesale, Retail & Service.

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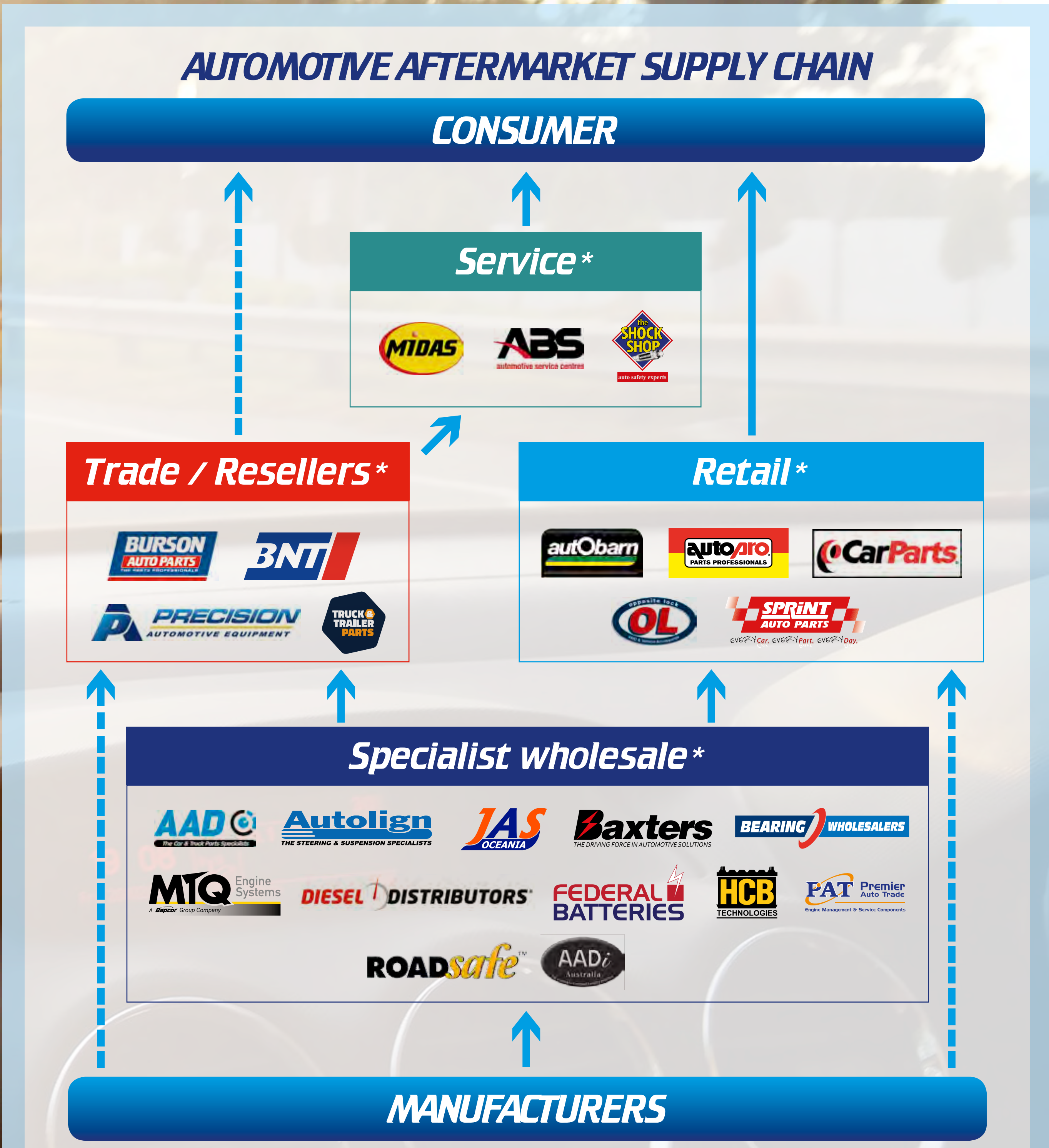
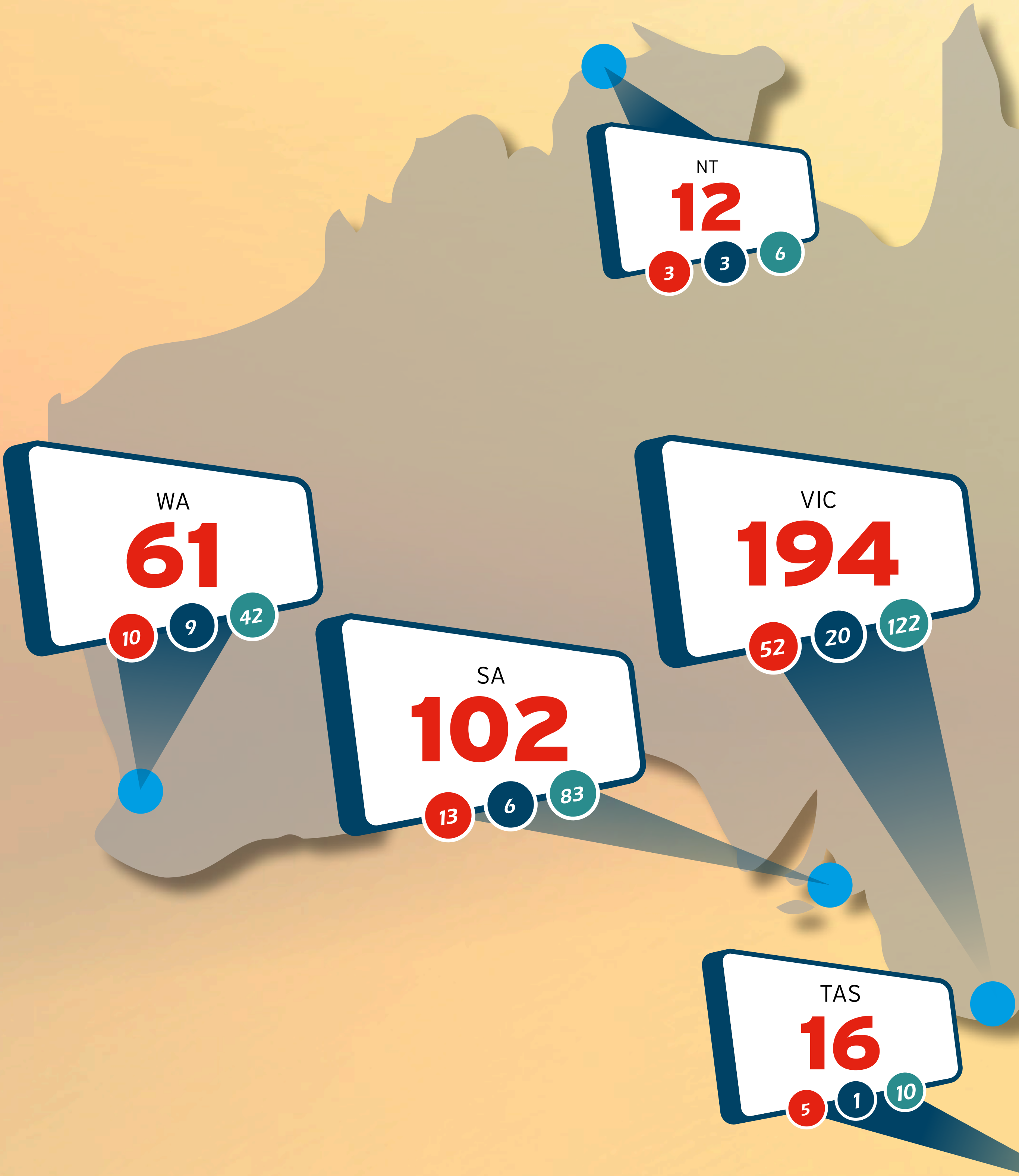


*Bapcor businesses participate

Annual General Meeting
Date: 29 October 2018
Time: 1.30pm - 2.30pm
Address: Level 28, 126 Phillip St, Sydney, NSW, 2000, Australia

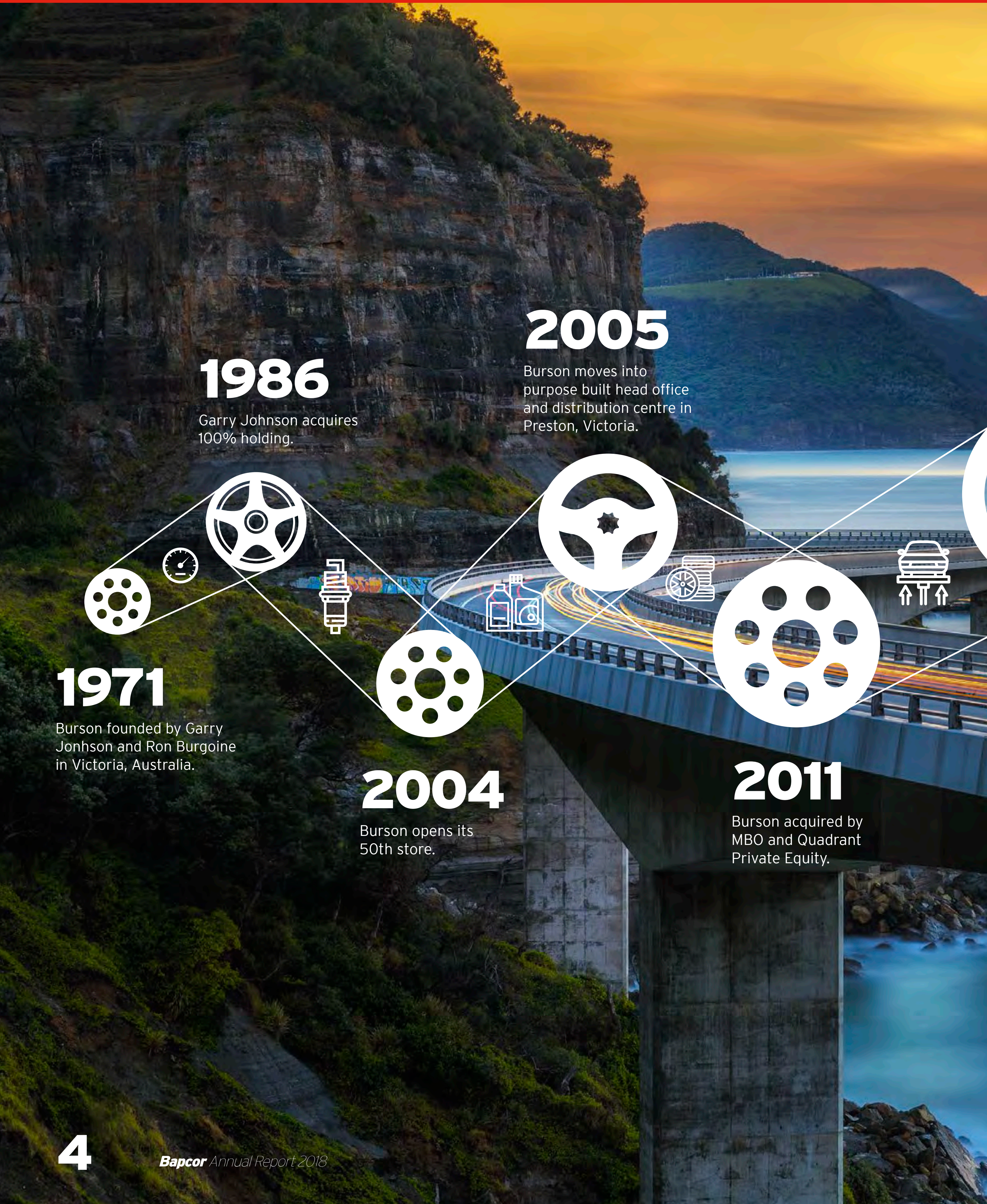
Bapcor Limited
ACN 153 199 912

AUTOMOTIVE LOCATIONS




THAILAND
1
1
QUEENSLAND
161
43
27
91
ACT
6
2
1
3
NSW
166
45
20
101
NZ
106
57
24
25
Automotive
Trade
Specialist Wholesale
Retail & Service

OUR HISTORY



1971

Burson founded by Garry Jonhson and Ron Burgoine in Victoria, Australia.

1986

Garry Johnson acquires 100% holding.

2004

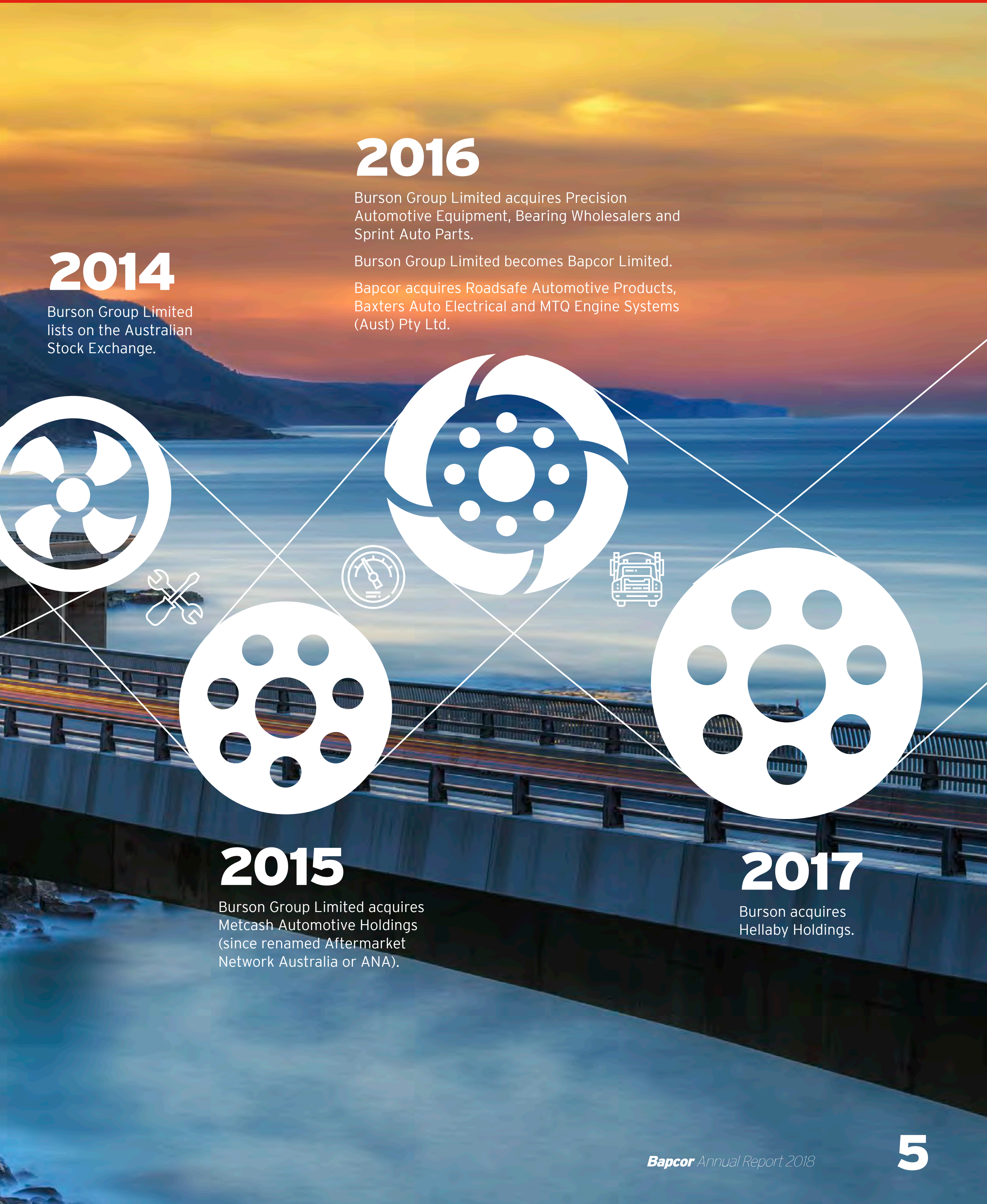
Burson opens its 50th store.

2005

Burson moves into purpose built head office and distribution centre in Preston, Victoria.

2011

Burson acquired by MBO and Quadrant Private Equity.



2014

Burson Group Limited lists on the Australian Stock Exchange.

2015

Burson Group Limited acquires Metcash Automotive Holdings (since renamed Aftermarket Network Australia or ANA).

2016

Burson Group Limited acquires Precision Automotive Equipment, Bearing Wholesalers and Sprint Auto Parts.

Burson Group Limited becomes Bapcor Limited.

Bapcor acquires Roadsafe Automotive Products, Baxters Auto Electrical and MTQ Engine Systems (Aust) Pty Ltd.

2017

Burson acquires Hellaby Holdings.

HIGHLIGHTS

GROUP REVENUE* UP BY 22% TO

↑ 1,237m

NPAT* GROWTH OF 32%

↑ 86.5m

EBITDA*: growth of 27.7%

↑ $150.0m

EPS* 30.99cps

↑ 27%

Share Price CAGR since listing

↑ 37.7%

Dividends per share 15.5c

↑ 19.2%

Bapcor Limited is Australasia's leading provider of automotive aftermarket parts, accessories, automotive equipment and services, and motor vehicle servicing; operating out of over 800 locations across Australia, New Zealand and Thailand.

Bapcor's core business is the automotive aftermarket. Our automotive business covers Trade, Specialist Wholesale, Retail & Service businesses.

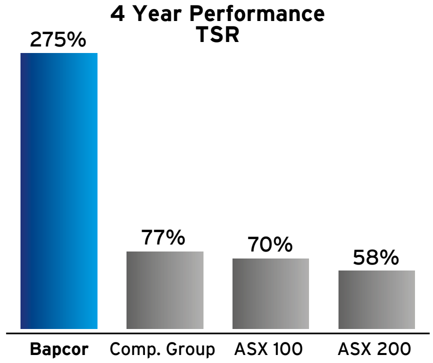
*Proforma results excluding discontinuing operations.

CHAIRMAN'S REPORT

In the last 4 years, Bapcor has delivered 'total shareholder returns' of 275% compared with the ASX 200 average return of 58% "

86.5m
NPAT (Pro-forma)

1,237m
REVENUE



On behalf of the Board and all Bapcor team members I am very proud to present Bapcor Limited's annual report for the year ended 30 June 2018 ('FY18').

The 2018 financial year was one of remarkable growth for Bapcor. Revenue growth rose 22% to $1.3 billion. Same store sales were strong across all segments. Net profit after tax increased 32% to $86.5m for continuing operations, or 48% to $94.7m including divestments.

The focus of the Board this financial year was on overseeing the consolidation of the expanded Bapcor Group. This included the integration of the Hellaby Holdings businesses and alignment to the Group structure, delivering synergies from acquisitions, and capturing own brand intercompany sourcing opportunities.

Since its IPO in April 2014 Bapcor has undergone significant transformation. From a trade business operating in 120 locations, the Group now covers the automotive aftermarket supply chain from end to end, and operates in over 800 locations across Australia, New Zealand and more recently Thailand. The automotive aftermarket supply chain is depicted on page one, which also shows Bapcor's business units that operate in each segment of the supply chain.

In FY18, Bapcor continued network expansion activities. Burson Auto Parts added 10 stores, bringing Burson's total across Australia to 170 stores. Autobarn added 6 stores to now total 128 stores, of which 48 are company owned and 80 are franchised stores. Sales to franchisees from the company's warehouses also increased.

Bapcor's five year strategic targets will ensure Bapcor maintains its strong growth trajectory. Several targets have been revised upwards, building on the progress already made. Bapcor's Trade segment target is 230 stores in Australia (an increase from the previous target of 200) and 65 stores in New Zealand. Bapcor's premium retail offering Autobarn is progressing toward 200 stores. The Service segment target is 500 stores in Australia and 150 in New Zealand.

I am also proud to announce the launch of Bapcor's environmental, social and governance (ESG) strategy, which sets out Bapcor's commitment to sustainability in regard to the ethical sourcing of products, making efficient use of natural resources, and investing in its people and the communities in which Bapcor businesses operate. The ESG strategy is aligned with Bapcor's company values and strategic direction, to drive positive outcomes for stakeholders, and the broader community. Bapcor views investment in these areas as an important driver of long-term performance and value creation. Further information about Bapcor's commitment to sustainability and the ESG strategic framework can be found on page 34 and on the Bapcor website.

In FY18, the Board announced an increase of 19.2% on the full year dividend, declaring a final dividend of 8.5 cents per share fully franked, resulting in a full year fully franked dividend of 15.5 cents per share.

Since listing on the Australian Securities Exchange (ASX) Bapcor has outperformed the market by a significant margin. In the last four years, Bapcor has delivered 'total shareholder returns' of 275% compared with the ASX 200 average return of 58% over the same period.

In July 2018, we learned the sad news inaugural Chairman of Bapcor Robert McEniry passed away having lost his battle with cancer. I wish to acknowledge Robert's enormous contribution to Bapcor, guiding Bapcor to become the company it is today, as well as my profound personal sense of loss. I extend the condolences of the Board, the CEO, and the entire Bapcor family to Robert's wife, family and friends.

The 2019 financial year promises to be another exciting year for Bapcor. The Group continues its extraordinary growth through network expansion, and strategic acquisitions.

A huge thanks is due to Darryl Abotomey, his leadership team and the passion and commitment of Bapcor team members for an outstanding year.

Finally, I would like to express my thanks to our shareholders, franchisees, customers and suppliers for their contribution to Bapcor's continued success and for their ongoing support.

Yours sincerely,

Andrew Harrison
Chairman

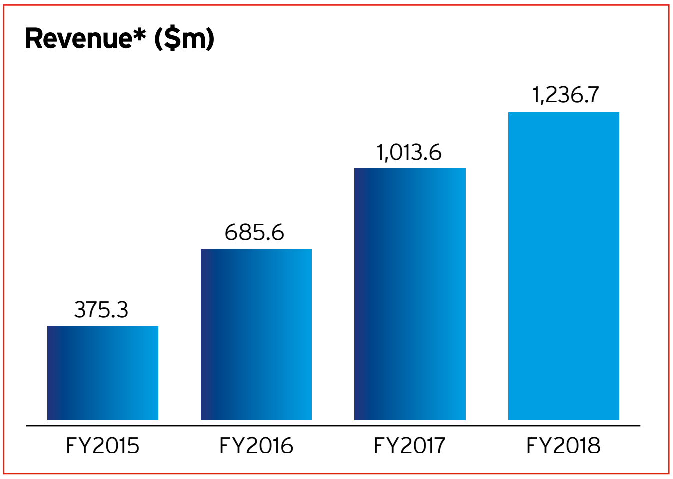
CHIEF EXECUTIVE OFFICER'S REPORT

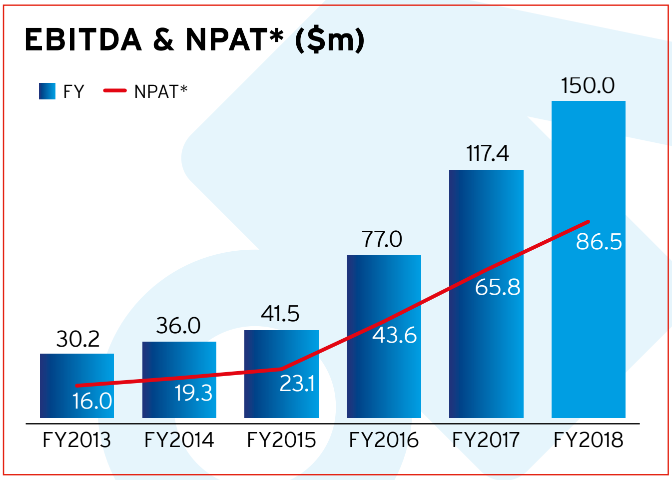
Bapcor's FY18 result was reflected in its share price, ending the year at $6.55.

Financial year 2018 was an outstanding year for Bapcor, building on an exceptional record of consistent growth that has been achieved since listing on the Australian Securities Exchange (ASX) in 2014. Year on year improvement was achieved by all business segments, expansion of the footprint of both trade and retail stores continued, we made further acquisitions in specialist wholesale and entry into the Asian market commenced.

The acquisition of Hellaby Holdings in FY17 was a key driver of the results achieved in FY18. The integration of Hellaby automotive businesses into the Bapcor group delivered above expectations. In FY18, Bapcor divested the discontinued operations of the Hellaby acquisition, generating proceeds of NZ$103m. These businesses also contributed $7m net profit during the time Bapcor owned them in FY18.

Bapcor's performance in FY18 was supported by a full twelve months trading of the Hellaby automotive businesses and the expansion of our store networks in Australia and New Zealand.





* Based on continuing operations only and proforma results where appropriate.

Key highlights of FY18 in comparison to the prior year's results:

- Revenue: growth of 22% to $1,237m
- Same Store Sales: Burson Trade +4.4%; BNT +6.1%; Autobarn +4.7% company owned, +1.4% franchise stores;
- EBITDA: growth of 27.7% to $150.0m.
- NPAT: growth of 31.6% to $86.5m (+ 47.8% to $94.7m on a statutory basis)
- EPS: growth of 27% to 30.99 cps (+ 42.7% to 33.90 cps on a statutory basis)

Revenue and Same Store Sales Growth

Revenue growth was up 22% to $1,237m. Growth was supported by the first full twelve months trading of acquisitions, including: the Hellaby Holdings automotive businesses; Roadsafe; Baxters Auto Electrical and MTQ Engine Systems. The two acquisitions made in FY18, Tricor Equipment and AADi, contributed revenue for eleven months and one month, respectively.

Earnings before interest, tax, depreciation and amortisation (EBITDA)

EBITDA in FY18 increased by 27.7% to $150.0m. Trade EBITDA increased by 13.9% to $72.1m, with sales growth and margin improvement. Bapcor New Zealand increased by 144.3% on the FY17 6-month contribution to $22.7m. Specialist Wholesale increased by 37.7% with the inclusion of Australian-based operations of the Hellaby acquisition and growth in intercompany sales. Retail & Service EBITDA increased by 4.4% as a result of top line growth, EBITDA decreased 0.5% as a percentage of revenue due to greater investment in new company stores.

Net Profit After Tax (NPAT)

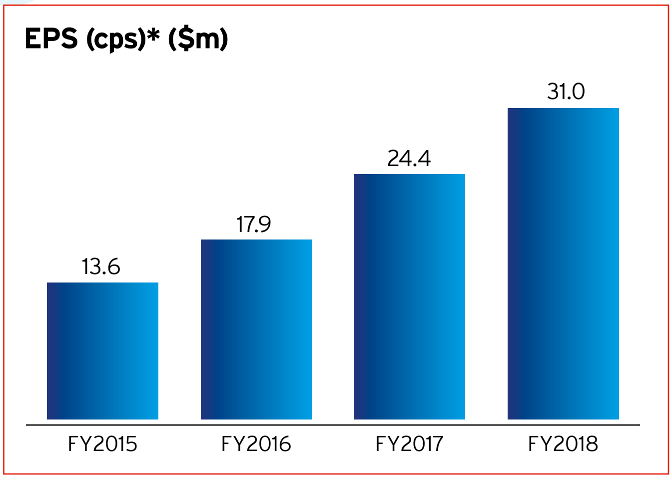
NPAT grew 31.6% in FY18 to $86.5m. Including discontinued operations, statutory NPAT increased to $94.7m, up 47.8% on FY17. NPAT growth from continuing operations reflects the underlying growth of Bapcor's base business across the Trade, Bapcor NZ, Specialist Wholesale, Retail & Service segments and contribution of acquisitions.

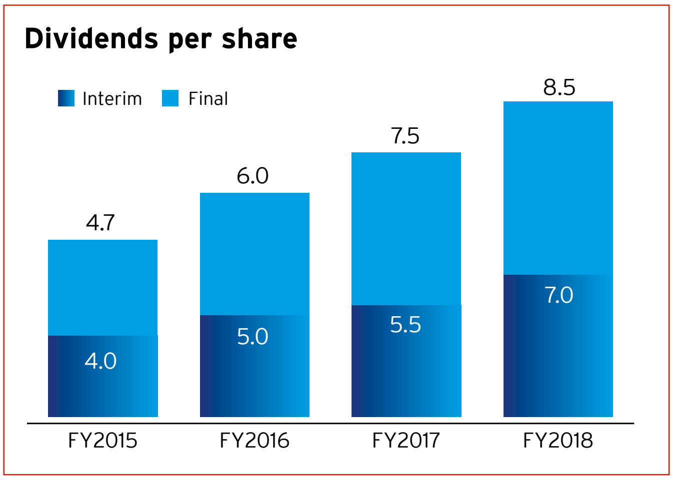
Earnings Per Share (EPS)

For continuing operations, EPS grew 27.0% to 30.99 cents per share in FY18. EPS growth on a statutory basis was up 42.7%, to 33.90 cents per share. These increases continue a sustained trend of growth, which delivered 36.0% proforma growth in FY17, 31.0% growth in FY16 and 19.1% growth in FY15.

Share Price

Bapcor's FY18 result was reflected in its share price, ending the year at $6.55. Bapcor's share price has since hit a record high and market capitalisation of more than $2.0 billion. This represents a 19.3% increase on the prior year, and an exceptional increase of 260% since listing on the Australian Securities Exchange (ASX) in April 2014.





CHIEF EXECUTIVE OFFICER'S REPORT

Operational Performance

Trade

Trade revenue was $501.6m in FY18. Revenue growth was 7.8%, driven by same store sales growth of 4.4%. The Burson store network grew by 10 stores to 170. Equipment sales were very strong, aided by the acquisition of Tricor Engineering in July 2017. People development remains a high priority. Burson Trade conducted 26 development courses throughout the year building a pipeline of trained staff and equipping future leaders with the skills and knowledge needed to contribute to the ongoing success of Bapcor.

Bapcor New Zealand (Bapcor NZ)

Bapcor New Zealand, which comprises the New Zealand based automotive operations of the Hellaby acquisition, contributed revenue of $177.9m in FY18, an increase of 104.1% on FY17, which only included the six months since the business was acquired. On a comparable annualised basis, Bapcor NZ achieved year on year revenue growth of 5.7%. BNT same store sales growth was 6.1% annualised. After more than five years, the first new BNT store was added to the network. Bapcor NZ specialist wholesale businesses recorded positive sales growth, supporting intercompany sourcing initiatives.

Specialist Wholesale Group (SWG)

SWG (which now includes the Hellaby SWG businesses based in Australia) had revenue growth of 33.8% to $364.3m, benefiting from the full year of FY17 acquisitions. Revenue growth was 11.0% on a comparable annualised basis. SWG segment developed significantly in FY18 with the addition of wholesale distributor AADi. Most SWG businesses achieved revenue and profit growth in FY18. Opportunities for intercompany product range substitution have been identified, with several projects already implemented. In addition, a number of business unit back office functions have transitioned to shared services, achieving economies of scale.

Retail & Service

Retail & Service revenue grew 8.2% to $239.1m. Autobarn company store revenue growth was a key driver of this positive result with same store sales of 4.7%, compared with 1.4% for franchise stores. 38% of Autobarn's 128 stores are company owned, with the addition of 8 Greenfield and 9 franchise conversions during the year. This means we have tripled the number of company stores in just two years. In a customer satisfaction survey conducted by Roy Morgan in June, Autobarn was rated Australia's top automotive store with a customer satisfaction rating of 90%. This result reflects Autobarn's customer-orientated focus.

The other franchised businesses of Autopro, Sprint, Midas and ABS all performed well in the year, with a continued focus of Bapcor supporting these independent operators, as well as the independent operators maximising the benefits of being part of a strong franchised group.

Five Year Strategy

Bapcor's strategic direction remains unchanged. Bapcor will continue to focus on its strengths and core capabilities. Bapcor's ***five year strategic targets*** have clearly defined and measurable objectives including to develop our store network, support our franchised groups, increase own brand penetration and intercompany sourcing.

Our Australian Trade store target of 200 Australian stores has been revised upward to 230 stores, with over 170 Burson stores now in operation. Trade's own brand target has also increased 5% to 35%, as own brand sales reached 23% in FY18.

Specialist Wholesale turnover was $364m for Australia and $31m for New Zealand, with targets of $450m and $50m respectively. Own brand sales were 44%, as a result of greater volumes and expanded product ranges. The target for own brand sales in SWG is at least 55%, and to increase intercompany sales.

Autobarn's store network expansion to 200 stores is progressing in line with expectations. Retail own brand sales increased to 20%, on course to a target of 35%. The Service segment strategy forecasts a store network of 500 locations Australia-wide and 150 in New Zealand, aimed to maximise intercompany sourcing opportunities.

Optimisation

The benefits from the Hellaby acquisition optimisation program were announced to investors in our mid-year update, with total benefit in the range of $8m and $11m. EBIT is expected to be delivered by FY20, not including reductions in head office costs. The optimisation benefits are in addition to the returns indicated at the time of the acquisition, which would result in an indicative annual EPS growth in the low 20's by FY20. As has been previously stated, the return on investment including optimisation benefits will exceed the original business case for the Hellaby Holdings acquisition.

Warehouse Evolution Project

Bapcor's goal is to be the most efficient supply chain in the automotive aftermarket and our warehousing and logistics functions are evolving to meet the requirements of Bapcor's businesses. The warehousing evolution program remains a five to seven year implementation. Two major projects have commenced, being the implementation of a Warehouse Management System (WMS) and a freight optimisation program.

Board and Governance

Very sadly, in July 2018, the inaugural Chairman of Bapcor, Robert McEniry passed away having lost his battle with cancer. Robert joined the Board in the role of Chairman in April 2014. Robert's contribution to Bapcor was enormous, guiding Bapcor to become the company it is today. Robert was a mentor, a guiding light and a mediator. Above all, he was universally respected and trusted in Bapcor, in the automotive industry, in business and in his personal life. As a Group we will miss Robert and continue to celebrate his significant contribution to Bapcor, the automotive industry and the world.

As of April 2018, Andrew Harrison was appointed Chairman of Bapcor. Andrew has been a Non-Executive Director of Bapcor since its listing on the ASX in April 2014. I thank Andrew for taking on this role and look forward to working with him to continue the progress of this great company. Bapcor will continue to ensure the Board and the executive team have an appropriate balance of skills, expertise and experience to support the sustained success of Bapcor.

Outlook

Financial year 2019 trading has commenced in line with expectations. Bapcor's first store in Asia opened in Bangkok, Thailand, with a further four stores planned during this calendar year. The New Zealand tyre and wheel specialist business TRS was sold in July 2018 for NZ$20m.

Revenue and profit growth is expected to continue in FY19 with NPAT results projected to be between 9% and 14% above FY18 Continuing Operations NPAT. Bapcor's strategy will continue to focus on optimisation of the Group and the vertical integration of the business segments.

Bapcor's outstanding performance and sustained growth trajectory would not be possible without the focus and dedication of Bapcor's employees and franchisees, as well as the support of our customers and suppliers which has again enabled us to deliver an exceptional result.

I express my profound thanks for their continued contribution to our great business.

Yours sincerely,

Darryl Abotomey
Managing Director and
Chief Executive Officer

BAPCOR 5 YEAR STRATEGIC TARGETS

Trade	50% Segment contribution	Trade focussed "parts professionals" supplying workshops in Australia & New Zealand
Specialist wholesale	30% Segment contribution	#1 or #2 Industry category specialists in parts programs
Retail	20% Segment contribution	Premium Retailer of Automotive Accessories Supplying the independents: parts, accessories & 4WD
Service		Reliable & Trusted car servicing at affordable prices Supporting the independents
Asia		Bringing automotive aftermarket parts to Asia

230
AUS Target Stores
Now 170

65
NZ Target Stores
Now 57

25
NZ Relocation & Refurb Target
Now 5

35%
Own brand Target
Now 23%

A$450m
AUS Target Turnover
Now A$364m

A$50m
NZ Target Turnover
Now A$31m*

*excludes TRS - since divested

55%
Own brand Target
Now 44%

200
AUS Autobarn Target Stores
Now 128

200
Independents Target Stores
Now 210

120
AUS OL Target Stores
Now 82

35%
Own brand Target
Now 20%

500
AUS Target Stores
Now 128

150
NZ Target Stores
Now 23

90%
Intercompany Sourcing Target

TBD
Target Locations
Now 1

SEGMENT OVERVIEW

Trade

Highlights

Including the recently acquired Tricor Engineering business, the Burson Auto Parts and Precision Automotive Equipment businesses recorded revenue and EBITDA growth of 7.8% and 13.9% respectively as compared to FY17.

REVENUE	EBITDA
$501.6m	$72.1m

Operational results

The increase in revenue of 7.8% included same store sales growth of 4.4% (compared to 4.6% in FY17). Trade's EBITDA percentage was 0.8 percentage points above FY17 reflecting the impact of margin management initiatives. In January 2018 a market wide selling price increase was implemented by Burson Auto Parts that assisted the H2 FY18 EBITDA margin to grow 0.9 percentage points compared to H1 FY18.

Strategy

Trade consists of the businesses Burson Auto Parts, Precision Automotive Equipment and the recently acquired Tricor Engineering. The businesses are trade-focused "parts professionals" supplying service workshops. Bapcor's target is to grow Burson Auto Parts' store numbers via acquisitions and greenfields from 170 stores at the end of June 2018 to 230 stores by 2023 with 35% home brand product content.

Bapcor New Zealand

Highlights

For statutory purposes Bapcor NZ's trade and specialist wholesale businesses are required to be reported as their own segment. The Bapcor NZ segment recorded a revenue and EBITDA increase of 104.1% and 144.3% respectively against 6 months in FY17.

REVENUE	EBITDA
$177.9m	$22.7m

Operational results

Bapcor NZ's results in FY18 include a full year of trading versus six months in FY17. Bapcor NZ has performed very strongly and contributed $22.7m EBITDA to the FY18 group results. Revenue and EBITDA increased by 104.1% and 144.3% respectively. In FY18 the Australian dollar versus the New Zealand dollar has strengthened by approximately 3% versus the previous financial year which negatively impacted EBITDA by $0.7m.

Strategy

Bapcor New Zealand's operations consist of its automotive aftermarket trade businesses of BNT and Truck and Trailer Parts, as well as its specialist wholesale automotive electrical businesses of HCB (Batteries) and JAS Oceania. The strategy is to grow the BNT business from its current 57 stores to 65 by 2021, as well as grow its electrical businesses organically and potentially through acquisition. Bapcor NZ also has a target to grow own brand content to 35%.

Specialist Wholesale

Highlights

Comprising a full 12 month contribution from the recently acquired Australian based Hellaby business units, the Specialist Wholesale segment achieved revenue and EBITDA growth of 33.8% and 37.7% respectively compared to FY17.

REVENUE	EBITDA
$364.3m	**$38.6m**

Operational results

Improved performance in the existing businesses and a full year of trading from JAS Oceania, Premier Auto Trade, Federal Batteries and Diesel Distributors delivered a strong revenue result of $364m and EBITDA of $38.6m. Continued progress was made during the financial year to increase the volume and product groups that the Specialist Wholesale segment sells into other Bapcor group businesses and this will continue in FY19 with growing the level of intercompany sales being a key business strategy.

Strategy

The Specialist Wholesale strategy objective is to be the number one or number two industry category specialists in the parts programs in which it operates. The Specialist Wholesale businesses are focused on maximising internal sales, developing private label product ranges and the evaluation of its distribution footprint including opportunities for shared facilities. The target is for the segment to attain at least $450m in revenue by 2023.

Retail & Service

Highlights

Revenue for the Retail & Service segment in FY18 increased by 8.2% compared to FY17. This results reflects the impact of a higher ratio of company owned Autobarn stores versus franchise operations.

REVENUE	EBITDA
$239.1m	**$28.8m**

Operational results

Autobarn same store sales growth for company owned stores was approximately 4.7% and for franchise stores was approximately 1.4%. As a result of the higher mix of company owned stores generating a higher level of sales relative to profit, EBITDA as a percentage of sales decreased by 0.5 percentage points from 12.5% in FY17 to 12.0% in FY18. EBITDA as a percentage of sales increased by 0.9 percentage points in H2 FY18 compared to H1 FY18.

Strategy

The target is to grow to 200 Autobarn stores by 2023, with a majority of growth being company owned stores. Own brand content is also targeted to be 35%. The strategy is to supply the independent parts stores via Bapcor's extensive supply chain capabilities and brand support while looking to vertically integrate supply of product through its Trade and Specialist Wholesale segments.

SEGMENT REVIEW

Trade

Bapcor's Australian Trade segment is made up of Burson Auto Parts and Precision Automotive Equipment.

SNAPSHOT	
REVENUE	
$501.6m	↑ 7.8%
EBITDA	
$72.1m	↑ 13.9%
LOCATIONS	
170	↑ 10

The Auto Parts Professionals

Bapcor's Australian Trade segment is made up of Burson Auto Parts and Precision Automotive Equipment.

Burson Auto Parts continued its aggressive growth reinforcing its market leading status. The Precision Automotive Equipment business matured operationally to deliver excellent results. The 2018 Financial year was another strong performing year for Bapcor's Australian trade segment, returning $501.6m in revenue and EBITDA of $72.1m.

The increase in revenue of 7.8% included same store sales growth of 4.4%. Trade's EBITDA percentage was 0.8 percentage points above FY17 reflecting the impact of margin management initiatives. In January 2018 a market wide selling price increase was implemented by Burson Auto Parts that assisted the H2 FY18 EBITDA margin to grow 0.9 percentage points compared to H1 FY18.

During FY18, Burson Auto Parts continued to expand its store network with the number of stores increasing from 160 at 30 June 2017 to 170 at 30 June 2018. The increase consisted of 7 greenfield store developments and 3 acquisitions.

Timothy Vriend, Burson Auto Parts Cranbourne (VIC) Store Manager suitably proud after winning 2018 Store of the Year for his region.

SEGMENT REVIEW

Burson Auto Parts and Precision Automotive Equipment

The Trade segment currently consists of the Burson Auto Parts and Precision Automotive Equipment business units including the recent acquisition of Tricor Engineering which specialising in the supply and installation of lubrication equipment in the Car Dealership and Heavy Vehicle Workshop market.

This segment is a distributor of:

- Automotive aftermarket parts and consumables to trade workshops for the service and repair of passenger and commercial vehicles
- Automotive workshop equipment such as vehicle hoists and scanning equipment, including servicing of the equipment
- Automotive accessories and maintenance products to do-it-yourself vehicle owners

Burson Auto Parts and Precision Automotive Equipment

Burson Auto Parts has grown significantly during FY18, with 10 new stores added to the fully company owned and operated network, taking the Burson Auto Parts store total to 170 across each state and territory of Australia. Same store sales growth across the year reached 4.4%, a pleasing result in a competitive market.

A key milestone for the Trade segment was achieving a total revenue result breaking the $500M threshold for the first time. Projects currently underway to sustain this achievement include putting significant effort into re-structuring Burson's pricing to ensure market competitiveness as well as maintaining trading margins.

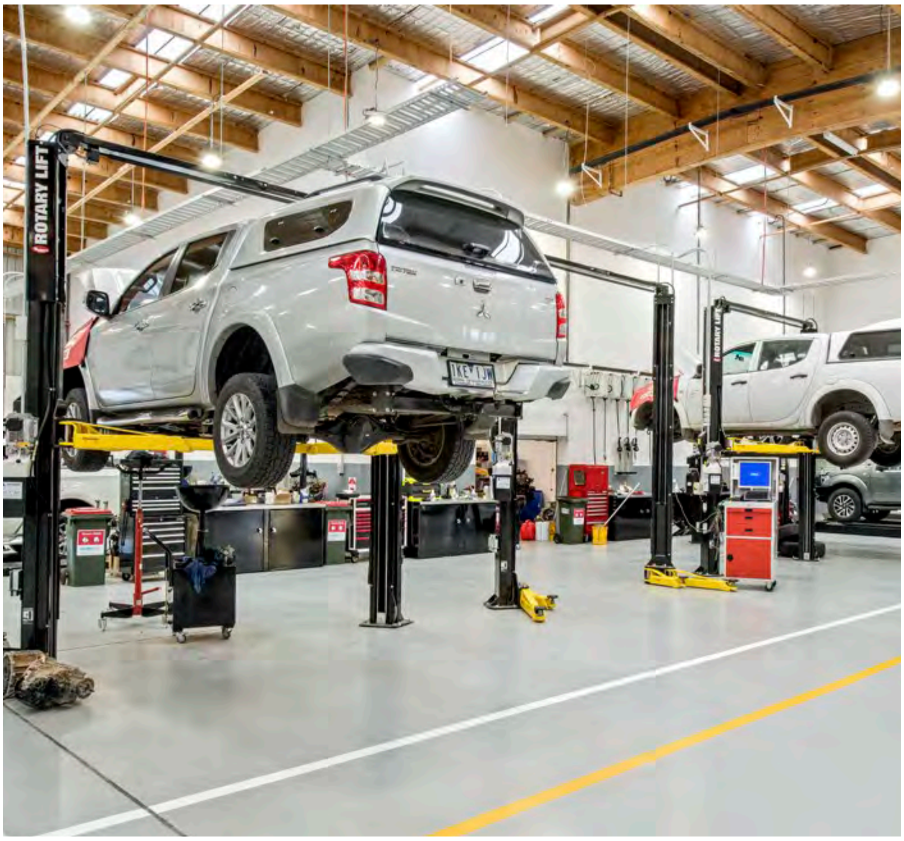
The Precision Automotive Equipment business has grown significantly in the last financial year through acquisition and organic growth. A strong focus on teamwork and new business underpinned this excellent result.

Investing in Our People

Significant steps have been taken throughout the Trade segment to evolve its business structure for future growth by investing in zone, regional and equipment resources.

Burson continued to invest heavily in its learning and development program with more training days applied to its staff than ever before. This investment continues to pay significant dividends, helping our people to grow and preparing people to fill the pipeline as the network expands rapidly.

Burson and Precision Store Managers annual conference integrated with one of the biggest automotive aftermarket events in the Asia Pacific region; Bapcor's Convention and Trade Expo. Held in Singapore in April 2018 the conference was both an educational and team building experience within the Trade segment and collaboratively across the greater Bapcor network.



Cranbourne Team Members: Jeff Wadell, (Store 2IC), Timothy Vriend (Store Manager), Sharon George (Sales Person).

Customer Service - The Key to Success

High levels of engagement, speed and expert advice is at the core of the Burson Auto Parts passion for customer service.

Opening as a Greenfield store in 2016 the Burson team located in Cranbourne were very proud and excited to win the 2018 "Store of the Year" for their region.

The team understood the criteria for success of the store and ticked all the necessary boxes to be deserved winners of the prestigious award.

Based in Bangkok, Burson Auto Parts Thailand continues the same great service provided by Burson in Australia.

Burson Auto Parts' first store in the central Bangkok suburb of Bangbon.

Burson Autoparts launches in Thailand

Burson Auto Parts Thailand is Bapcor Limited's first exciting step into the Asia automotive parts market. Supplying do-it-yourself (DIY) consumers and garage and fleet customers with a wide range of premium-quality OE and aftermarket automotive parts, car accessories, car care products, tools, safety gear and workshop equipment, Burson Auto Parts Thailand provides a unique product and service offering to the Thai automotive aftermarket.

Bapcor New Zealand

Bapcor NZ has enjoyed a sound integration into the wider Bapcor group since their acquisition in 2017.

SNAPSHOT	
REVENUE	
$177.9m	↑ 104.1%
EBITDA	
$22.7m	↑ 144.3%
LOCATIONS	
57	↑ 3

Specialist in automotive aftermarket trade & wholesale supply

Bapcor NZ is the leading aftermarket parts and specialist wholesale supply group to the automotive trade across New Zealand.

Acquired as part of the Hellaby Holdings purchase in 2017, this year has seen New Zealand align operations, and support functions, to mirror the Australian business structure. Separate trade and specialist wholesale business groups have been formed, with the key support functions of HR, Finance, Marketing and Supply Chain serving all operations.

Bapcor NZ's results in FY18 include a full year of trading versus six months in FY17. Bapcor NZ has performed very strongly and contributed $22.7m EBITDA to the FY18 group results. Revenue and EBITDA increased by 104.1% and 144.3% respectively. In FY18 the Australian dollar versus the New Zealand dollar has strengthened by approximately 3% versus the previous financial year which negatively impacted EBITDA by $0.7m.

As Bapcor NZ's largest business, Brake and Transmission NZ (BNT) achieved same store sales growth of 6.1% reflecting the success of organisational changes, range expansion, people engagement initiatives and underlying market growth.

SEGMENT REVIEW

Specialist Wholesale: Positive sales growth

The Specialist Wholesale group comprises the automotive electrical businesses of HCB (Batteries), JAS Oceania, NZ Brake Co and Diesel Distributors, coupled with steering and suspension specialists Autolign. Operating across 19 sites from Auckland to Dunedin the group recorded positive sales growth on FY17; largely driven by enhanced operational performance.

The introduction of the Varta premium battery range has provided sales momentum into new markets and customers. Continued prospects for growth are positive as vehicle stop start technology continues to increase.

Sales to the auto electrical sector grew 7% reflecting an improved inventory profile and expanded sales focus. One key initiative was the expansion within BNT of the wider rotating electrical range, leading to strong momentum heading into 2019.

The specialist steering and suspension importer and distributor, Autolign enjoyed strong performance across its regional branches. Expansion of the Auckland property footprint, and the ongoing introduction of new products to the network will provide a sound platform for further growth.

Sales growth to OEM trailer manufacturers continued at a high rate as the key product brands continued to gain wide acceptance across the market.

Trade: Performed Strongly throughout FY18

The Trade group consists of market leading automotive aftermarket businesses BNT and Truck & Trailer Parts (TATP), operating 57 stores across the country.

BNT and TATP performed strongly throughout FY18. The businesses continued their cooperation and sales integration activities that were commenced in the prior year. Specialist TATP sales personnel are embedded within BNT branches in addition to the two standalone TATP branches in Auckland and Christchurch respectively.

Major franchise chain sales growth of 7.4%, contributed to excellent overall year on year sales growth of 6.6%. In TATP revenue growth of 135% was delivered by the TATP direct branches, consolidating on the prior years' growth of 220%. The commercial category grew 27% year on year with the leveraging of the BNT network supporting the direct branch and OEM volumes.

Significant improvements were made in terms of pricing governance, inventory ranging and cataloguing which all provide solid platforms for further gains in FY19. The opening of the first new BNT store location in over 5 years, located in Gore, is the precursor for further strategic network expansion activities in the first half of FY19

New Zealand has enjoyed a sound integration into the wider Bapcor group. The Bapcor NZ businesses are positioned well for further revenue and earnings growth in FY19, based upon the continuation of existing growth centric programs, strong people focused activities whilst leveraging off the wider Bapcor support network.

Bapcor New Zealand also has a target to grow home brand content to 35%.

Bapcor NZ Trade & Specialist Wholesale representatives at the Singapore Conference in April 2018.

Improving the engagement of customers and team members

The Bapcor NZ businesses have a series of product range, business efficiency and people initiatives that are targeted at improving the engagement of customers and team members alike. Of special note is the development and launch of multiple Own Brand product programs; ones that will support the market leading stable of non-proprietary brands the businesses enjoy today.

Internal resources will continue to be directed to the design, development and implementation of technology based tools that provide internal clarity around sales and margin performance, coupled with significantly improved insights around customer spend patterns.

FY18 Key Initiative Highlights

Salesforce effectiveness – dynamic sales and margin reporting tools have been deployed to all Branch Managers and Sales Representatives.

Trade Day – an annual, targeted trade sales event, that was expanded to include the TATP and Autolign businesses, resulting in a 19% year on year improvement.

Network Property project – commencement of the network expansion, relocation and refresh program focused on strategic new operations and expanded or upgraded facilities across all business groups.

SEGMENT REVIEW

Specialist Wholesale

Bapcor's Australian Specialist Wholesale segment consists of a number of companies that specialise in the automotive aftermarket wholesale sector.

SNAPSHOT

REVENUE

$364.3m ↑ 33.8%

EBITDA

$38.6m ↑ 37.7%

LOCATIONS

104

Australia's largest automotive wholesale distribution channels

Bapcor's Australian Specialist Wholesale segment consists of multiple companies that specialise in the automotive aftermarket wholesale sector, supplying national distributors, re-sellers and specialists directly.

The companies included in this segment are AAD, JAS, Premier Auto Trade (PAT), Bearing Wholesalers, Baxters, MTQ Engine Systems, Roadsafe, Federal Batteries and Diesel Distributors,

Strengthening this segment's automotive aftermarket industry reach was the leading supplier of constant velocity driveline products in Australia, joining the group in May 2018, AADi Australia Pty Ltd.

Bapcor's Australian Specialist Wholesale segment revenue grew from $272m to $364m during the last financial year, with a 37.7 % increase in EBITDA. This result was driven from a full year of trading from the Hellaby automotive Australian based businesses and significant investment in category expansion, strengthening customer relationships and the marketing of its Own brands.

The reach of Bapcor's Specialist Wholesale segment now includes a total of 104 locations across Australia.

Joe Lopizzo - Warehouse Manager - AAD Derrimut

SEGMENT REVIEW

Inter-Company Sourcing Program

The inter-company sourcing program is a major pillar of the Bapcor Specialist Wholesale business strategy, enabling the company to market premium quality automotive aftermarket product ranges distributed through the company's own businesses.

Highlights of this program over the past 12 months include:

- Opposite Lock (4WD) Own brand lighting range launched
- Bearing Wholesalers Timing Belt Kit Own brand launch into BNT
- Roadvision lighting range launched into Retail Division

Launch of products into Burson Trade

- Bearing Wholesalers Hub replacement range
- Bearing Wholesalers Own brand Timing Belt Kit
- Motorgear Radiator range
- Roadsafe 4x4 Range
- PAT Fuel Pump and Hose range
- PAT Switches

Van Le - Process Worker - AAD Derrimut

Industry leaders in their specialist product categories

The Bapcor Specialist Wholesale segment continues to be one of Australia's largest automotive wholesale distribution channels for under-car / driveline parts, aftermarket diesel fuel injection components, electrical components and turbo charger products.

The businesses included within this segment are either the market leader or second to the market leader within their specialised area of the automotive aftermarket.

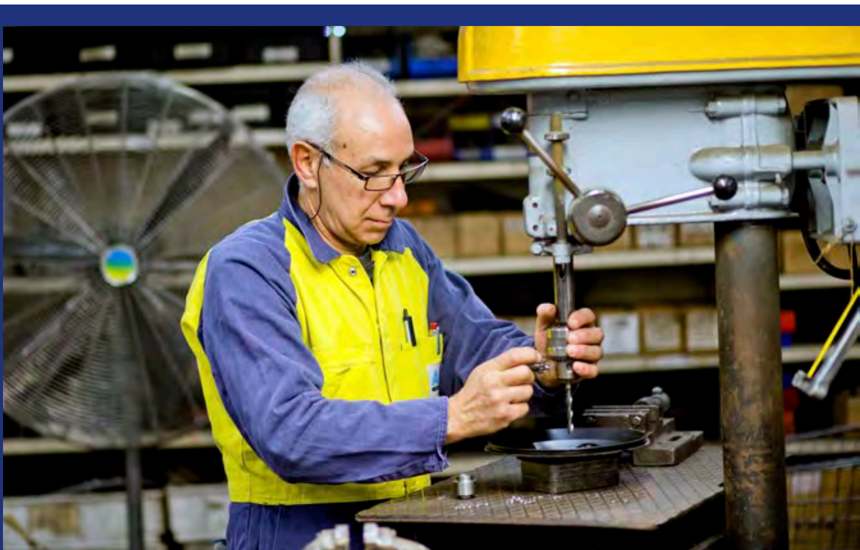
In January 2018, all of the Bapcor Specialist Wholesale businesses in Australia were organised into a single reporting structure with restructured managerial leadership, reporting to one person.

The inter-company sourcing program has contributed significantly to the segments strong sales growth during the last financial year. The establishment of inter-company sourced product ranges has increased to 14.6% in the 2018 financial year.

The success of the inter-company sourcing program was the result of detailed cross company workshops that identified the key strategic opportunities to leverage the company's specialist wholesale IP and category management expertise.

This strategy will continue to identify further product category growth and expansion opportunities to both retail and trade market channels along with other specialised wholesale businesses in the future.

Cliff Nunn - Store Person - AAD Derrimut



Gary Scriva, an Automotive Re-Conditioner specialising in brake boosters - AAD Derrimut.

AAD is Australia's largest brake remanufacturing centre.

With a combined history of over 30 years, AAD – Australian Automotive Distribution is the coming together of ATAP-Australia Truck & Auto Parts, IBS Auto Solutions, Partco, Garrmax & MCB- Melbourne Clutch & Brake. The group specialises in the import, manufacture, remanufacture and wholesale of quality brake, clutch, suspension, cooling, engine and service products for both passenger and commercial vehicles.

Product Range Growth

Bapcor Specialist Wholesale product range growth in the new financial year will cover several automotive aftermarket product sectors, led by the automotive air conditioning and climate control sector, with other priority categories to follow.

Continued progress to increase the volume and product groups that the Specialist Wholesale segment sells into other Bapcor group businesses will continue in FY19 with growing the level of intercompany sales being a key business strategy.

Our people are some of the most experienced in the aftermarket, enabling AAD to regularly lead the way in product development and customer service.

www.aad.com.au

SEGMENT REVIEW

Retail & Service

The Retail & Service segment offers auto parts and accessories via a network of company-owned, franchise and satellite stores.

SNAPSHOT

REVENUE	
$239.1m	↑ 8.2%

EBITDA	
$28.8m	↑ 4.4%

LOCATIONS	
460	↑ 5

Premium retailer of automotive accessories

The Retail & Service segment consists of business units that are retail customer focused, and include the Autobarn, Autopro, Sprint Auto Parts and Car Parts retail store brands and the highly respected workshop service brands Midas and ABS.

Revenue for the Retail & Service segment in FY18 increased by 8.2% compared to FY17 which includes the impact of a higher ratio of company owned stores versus franchise operations. Same store sales growth for Autobarn franchise stores was approximately 1.4% and for company owned stores approximately 4.7%.

EBITDA as a percentage of sales decreased by 0.5 percentage points from 12.5% in FY17 to 12.0% in FY18, predominately as a result of the higher mix of company owned stores generating a higher level of sales relative to profit.

In addition to the 4WD specialist Opposite Locks retail footprint of 82 nationwide stores, at 30 June 2018 the total number of company owned and franchised stores in the Retail segment was 378 consisting of Autobarn 128 stores, Autopro 84 stores, Sprint Auto Parts 38 stores and Midas and ABS 128 stores.

Jessica Feehan: Store Manager, Autobarn Cranbourne, 2018 Franchisee of the Year

SEGMENT REVIEW

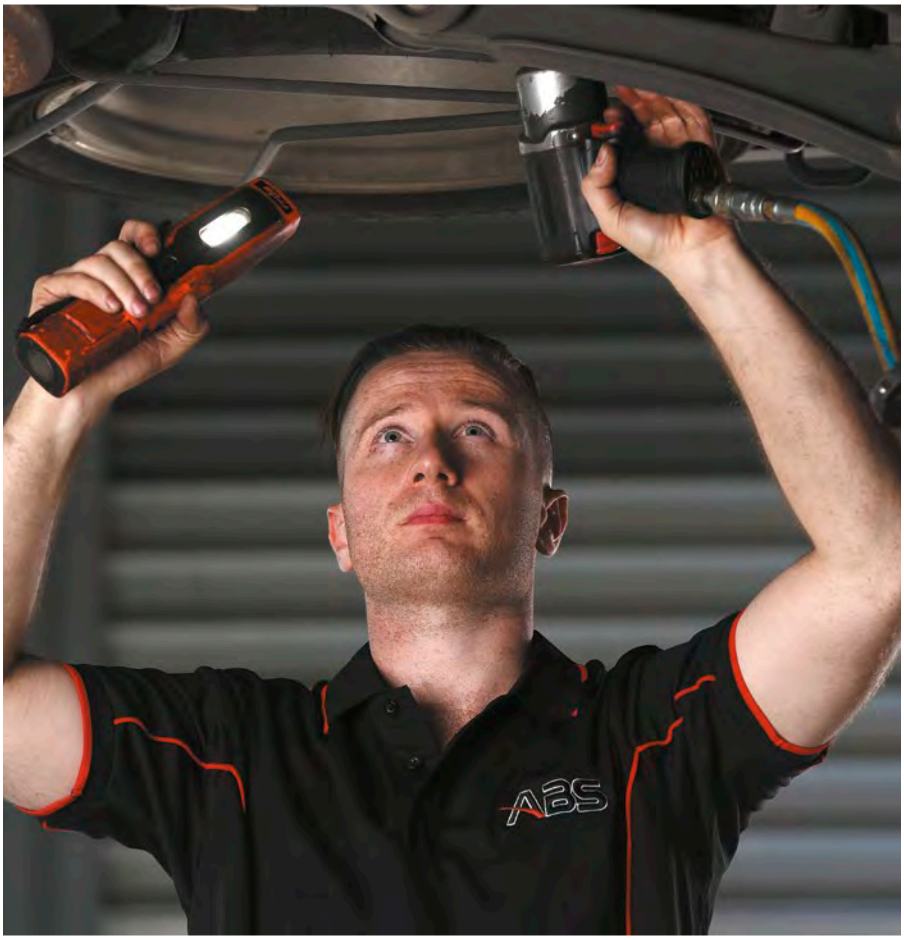
Australia's Premium Automotive Aftermarket Retailer

As Australia's premium automotive aftermarket retailer, Autobarn store teams continued to deliver on the high standards of service, product choice and value that the contemporary shopper has come to expect. Driven by an ethos of continuous improvement in our brand standards, ongoing offer regeneration and dedication to customer care, the Autobarn network performance lifted again. Bapcor has continued to grow the number of company owned Autobarn stores via both Greenfield and conversion of selected franchise stores to company ownership. The total number of Autobarn stores at 30 June 2018 was 128 stores, a net increase of 6 stores since 30 June 2017. The number of company owned stores increased from 31 to 48, with the 17 new stores consisting of 8 Greenfield stores and the conversion of 9 franchise operations.

The percentage of company owned Autobarn stores is now 38%, up from 25% at 30 June 2017.

Bapcor continues to provide extensive support to Autopro, Australia's oldest and largest independent automotive aftermarket parts and accessories retailer and the continuously expanding Sprint Auto Parts.

Autopro has been an important part of the automotive aftermarket for over 35 years, and provide a quality automotive offer for both retail and trade customers. The 84 Autopro franchisees have extensive local knowledge and expertise and continue to be an important part of communities across Australia. Sprint Auto Parts has been a strong brand in South Australia for over 25 years consisting of franchised and satellite stores across the State. Sprint Auto Parts has embarked on a store refurbishment program as it reinforces its position as an iconic South Australian business.



Service: Experts at scheduled car servicing at affordable prices

In the Service division, the trusted household name with over 40 years' experience in the Australian market, Midas continued its evolution to a fully franchised store network, with new franchisees located at Blacktown and Rockdale in Sydney, Sunbury in Melbourne and Magill in Adelaide.

ABS also continued to capitalise upon its position as a brake specialty and general servicing business.

Since 1981, ABS has stayed true to its mission to provide customers with the best automotive services possible, including the best customer service and the most professional care for your vehicle, which means customers can have peace of mind that your family is travelling safely all year round

From humble beginnings in Fitzroy, FY18 saw increased brand awareness deliver strong store sales results in the brand's key markets of Melbourne and Adelaide.

Bapcor considers Service a potential growth area due to the industry consolidation opportunities and the potential to vertically integrate supply of product through its Trade and Specialist Wholesale segments.

Franchisee of the Year – The Feehan Family Autobarn Cranbourne

John and Frances Feehan joined the Autobarn franchise group in 2005, with daughter Jessica coming on board as Store Manager in 2007. Originally intended to be a ‘gap’ year, Jessica quickly became an integral part of the Autobarn team and has continued to successfully manage the store. In 2015, Autobarn Cranbourne was devastated by a break-in and arson attempt that necessitated a complete rebuild. Since that time, John, Frances and Jessica have taken the store from strength to strength, demonstrating some of the highest operational standards in the network.

The Feehan Family & Autobarn Franchisee of the Year 2018 winners. Jessica Feehan (Store Manager), John and Frances Feehan (Franchisees).

At Autobarn, we know cars... and We know how to get you there

This year the Autobarn experience was delivered to many more Australians with store numbers increasing to 128. This included a fourth store in Tasmania and the return of the Autobarn brand to the Northern Territory. We celebrated our Franchisee store of the year winners at Autobarn Cranbourne. Autobarn also launched an exciting new partnership with Velocity Frequent Flyer. We recognised the appeal of the Velocity program to millions of Australians and have seen a rapid uptake of the program.

An integrated supply chain distributes to an Australia-wide network of 128 Autobarn, 84 Autopro, 38 Sprint and 82 Opposite Lock stores.

SUSTAINABILITY OVERVIEW

DEVELOPING BAPCOR'S ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) STRATEGY

Our Vision

Bapcor Limited recognises a sustainable and successful business is enhanced by the engagement of stakeholders, delivery of shareholder wealth and optimising business operations in a socially and environmentally responsible manner.

Bapcor seeks to take an integrated approach towards economic, environmental and social sustainability, aligning company values and strategic direction with positive outcomes for Bapcor's stakeholders, and the wider communities in which we operate.

Our Approach

Our approach to sustainability is defined by our Environmental, Social and Governance (ESG) strategic framework.

Our strategic framework sets out our integrated approach to ESG sustainability as fundamental to what we do, underpinning our corporate code of conduct and our values.

Progress on our sustainability journey will be tracked against the actions and timeframes set out for each priority area.

OUR SUSTAINABILITY FRAMEWORK

OUR VALUES

OUR CODE OF CONDUCT

BAPCOR'S ESG STRATEGY

Ethical Supply Chain/Procurement

- Ethical sourcing
- Forging strong supplier relationships
- Enhanced transparency

Environmental Sustainability

- Efficient use of resources
- Optimising our fleet
- Reducing waste

Practice Good Governance

- Upholding our values & code of conduct
- Training and developing our team members
- Encouraging a diverse and welcoming workplace

Positively Impact Our Community

- Engaging stakeholders
- Promoting health and safety
- Supporting our community

OUR COMMITMENT TO SUSTAINABILITY

Priority 1: Developing Bapcor's ESG Strategy

Objectives / Commitments:

I. Have regard to our responsibility to serve the communities in which our businesses operate.
II. Invest in areas viewed as an important driver of long-term performance and value creation.
III. The Board to annually set and review objectives in relation to ESG; and assess annually Bapcor's progress in achieving the objectives.

Actions:	Timeline
1. Establish ESG Policy	Complete
2. Establish Governance process at Board level	FY19
3. Integrate salient sustainability risks in current Risk Management Framework	FY19
4. Implement an Environmental Management System (continuous improvement)	FY21

Priority 2: Ethical Supply Chain / Procurement

Commitments:

I. Continually focus on our commitment towards ethical sourcing practices.
II. Build strong relationships with key suppliers, to build on our positive contribution.
III. Enhance transparency within our supply chain, key partners and stakeholders.

Actions:	Timeline
1. Establish Ethical Supply Chain / Procurement (ESC/P) Policy	FY19
2. Initiate Implementation of the ESC/P policy with Bapcor's supplier base	From FY19

Priority 3: Environmental Sustainability

Commitments:

I. Continuously improve reduction of our footprint and more efficient use of resources; such as energy, water, raw materials, packaging and consumables, where practical to do so.
II. Develop good recycling practices, minimise waste in offices, stores and warehouses with a goal of creating a greener workplace.
III. Develop a pathway towards emissions reductions in our business.

Actions	Timeline
1. Establish Group-wide initiatives towards streamlining waste, recycling & packaging processes	FY19
2. Explore additional LED replacement opportunities across Group sites in Australia & New Zealand	FY19
3. Review areas for opportunities to improve fuel economy of Bapcor fleet	FY20
4. Develop a pathway towards emissions reductions in our business	FY21

Priority 4: Practice Good Governance - Our People

Commitments:

I. Commit to upholding our Code of Conduct.
II. Commit to training and professional development of our team members.
III. Promote and encourage health and safety activities; towards Zero Harm.
IV. Foster a diverse, engaged and inclusive workplace culture.

Action	Timeline
1. Conduct training and/or professional development programs for team members	Ongoing
2. Establish Zero Harm group-wide reporting processes	Ongoing
3. Establish, measure & monitor gender & cultural diversity statistics in the workforce	Ongoing
4. Continue to monitor and engage with our team members (satisfaction & retention)	Ongoing

Priority 5: Positively Impact Our Community In Which We Operate - Our Community

Commitments:

I. Proactively identify and engage with our stakeholders.
II. Provide support for a wide variety of social, charitable and sporting initiatives.
III. Encourage employees to support their local community and foster a culture of workplace giving.

Action	Timeline
1. Support a wide variety of social, charitable and sporting initiatives	Ongoing
2. Encourage team members to support their local community and foster a culture of workplace giving and support	Ongoing

SUSTAINABILITY OVERVIEW

ETHICAL SUPPLY CHAIN/ PROCUREMENT

Committed to ethical supply chain and procurement practices

Operating our supply chain and procurement operations in an ethical manner, is a core pillar of Bapcor's value system.

We are committed to continually improving our sourcing practices to ensure we at all times, conduct business ethically.

We are focused on building and maintaining appropriate relationships with our supplier partners, that optimise Bapcor's shareholder value whilst simultaneously contributing positively to the communities in which we operate.

During the 2019 financial year, Bapcor has established and initiated implementation across our supplier base of a formal ethical supply chain / procurement policy. This policy is published on the Bapcor website.

The Core tenants of Bapcor's ethical supply chain / procurement policy

- ✔ **Compliance with laws:** Ensuring all business is conducted legally for all countries in which Bapcor and our suppliers operate.
- ✔ **Gifts, gratuities and entertainment:** Clear boundaries are in place around employee behaviours when managing our supplier relationships.
- ✔ **Environmental sustainability:** Management of hazardous materials and waste in a legal manner as a starting point, but exploring further on how to support greenhouse emission reductions, to drive energy efficiency, increase recycling etc.
- ✔ **Health and safety:** Ensuring all Bapcor supply chain and procurement operations are conducted in a manner that legally and philosophically protects our employees, contractors and those of or suppliers.
- ✔ **Labour:** Bapcor has already initiated measures ahead of the impending Modern Slavery Act. Bapcor are fully engaged and philosophically supportive of the Act's objectives and we are working closely with our supplier base to ensure that compliance extends right along the supply chain.


R CARE
BURSON
AUTO PARTS
THE PARTS PROFESSIONALS
1976

SUSTAINABILITY OVERVIEW

ENVIRONMENTAL SUSTAINABILITY

A group-wide approach to sustainability

Bapcor is committed to optimising its business operations in an environmentally responsible manner to make the most efficient use of its resources, and reduce its environmental footprint.

In FY18, Bapcor initiated several group-wide projects aimed at developing its waste & recycling, and packaging practices in order to streamline processes and enhance outcomes.

Bapcor also continued the roll-out of LED replacements across its store network, offices and distribution centres.

Waste and Recycling

Bapcor has appointed a single provider to manage waste and recycling across the entire company. The impact of a sole provider for the group will result in more accurate reporting, and provide greater clarity around our impact on the environment, including measuring key indicators such as diversion from landfill and emission levels. This will enable us to monitor our environmental impact group-wide, and provide the ability to set and manage internal environmental impact targets.

From an operational point of view, the new regime will result in greater levels of waste separation, higher levels of recycling and fewer truck movements. Starting with our five main Distribution Centres, we are replacing general waste bulk bins with smaller and more mobile bins for general waste while concurrently altering our internal processes to eliminate the potential of waste stream cross contamination. Specific bins for non-coloured plastics will be introduced to promote recycling and we are also considering the use of compacting technology for general waste to stretch our collection frequencies.

We are also introducing new baling technology to some sites, allowing us to produce 100kg – 200kg cardboard bales which will be accepted directly by recyclers, replacing the need for larger cardboard bins that often have much of their capacity filled by air pockets. Previously discarded timber pallets will be reused to collect bales, and we are investigating additional ways we can reuse, recycle or dispose of excess pallets.

At store level, we are conducting a full review of services to determine the appropriateness of bin sizes, collection frequencies and separation protocols where possible.

Packaging

A full review is underway into the use of packaging throughout Bapcor's distribution centres, warehouses and store network. Although packaging at Bapcor is unlikely to be eliminated entirely, we believe that by understanding exactly what types of packaging we use, and for what reasons, our overall impact on the environment will be reduced.

We believe that a sustainable approach towards packaging must be supported by a robust understanding of usage, proper planning, and partnering with environmentally conscious suppliers.

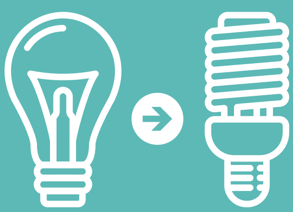
It is our intent to reduce our use of packaging and consolidate purchases into fewer key suppliers to help reduce required truck movements and allow for greater control over what packaging is being used as part of our distribution operations.

LED Efficiencies

During the financial year Bapcor continued its roll-out of LED replacements and installations throughout its store, office and Distribution Centre locations. The initiative provides equivalent light levels while using less energy and heat, and extending lamp life. All LED replacements meet Australian Standards and certified by the Victorian Energy Efficiency Council.

61 Autobarn stores have already unlocked the energy efficient potential of LED lighting with an average 60% reduction in energy use, and 40% reduction of overall costs. In operational terms, this has resulted in annual energy saving of nearly 2,000,000 kW's representing a cost saving of circa $600,000.

61
STORES CONVERTED



Reduction in energy use

60%

Reduction of overall costs

40%

The Nunawading Distribution Centre was converted to LED lighting, enabling future energy savings of

800,000 kW p.a.

Our Preston Office and DC initiative continues to save Bapcor

437,000 kW p.a.

due to an 80% energy useage reduction following the transition of

1,000 LED replacements.

PRACTICE GOOD GOVERNANCE

At Bapcor we take pride in developing our culture, team and capability with a focus on zero harm, specialist knowledge and excellence in customer service.

Training and Development

Enabling every team member to realise their full potential continues to be a focus across Bapcor. A wide range of training and development programs and activities continue across the group which has seen an increased focus on on-line training in Burson Trade. The ongoing focus on leadership development has continued across the group with more than 160 leaders and aspiring leaders participating in the Management Leadership Development Program (MLDP), 'Burson Ready' in Australia and the 'Change Up' program in New Zealand.

Burson's Management & Leadership Development Program (MLDP) program

Zero Harm

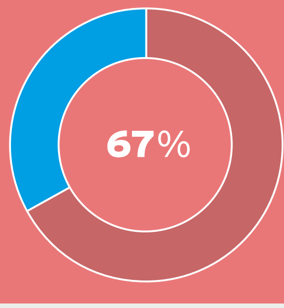
Fostering a culture of Zero Harm is fundamental at Bapcor. We continue to focus on enhancing this through implementing safety policies and procedures across the group supported by strong leadership, training and development. During the year a Safety Risk Profile was conducted to further understand our risks and to better focus our safety initiatives and activities into the future. Health and wellness are also essential elements of a commitment to Zero Harm and Bapcor encourages this through a range of programs and activities including training and accrediting Mental Health First Aiders, promoting and supporting RUOK? Day and actively participating in the Virgin Pulse Global Walking Challenge for a third year.

Diversity and Inclusion

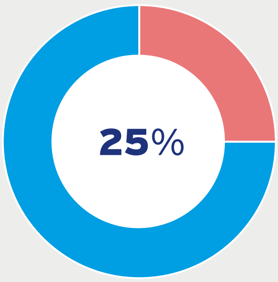
Creating diverse and inclusive workplace enhances Bapcor's ability to attract, retain and motivate team members from the widest possible talent pool. Bapcor continues to identify and action a range of initiatives to support diversity and inclusion across the group such as formalising policies regarding family and carer's responsibilities.

Non-Executive Directors: Women: 67%*

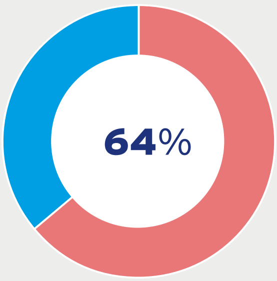
*(at reporting date)



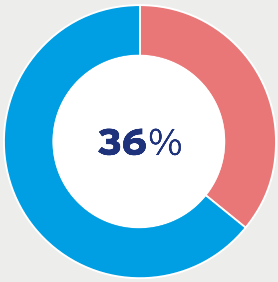
Women in the workplace:



Women in full-time work:



Women in part-time work:



Culture and Engagement

HAVE YOUR SAY

Engaged teams are critical to Bapcor's previous, current and future success. As a part of constantly improving our culture, in late 2017 we partnered with InSync to undertake the group-wide "Have Your Say" engagement survey. Pleasingly, over 71% of our team took the time to share their views about how we can make Bapcor an even better place to work and, at 67%, Bapcor's team member engagement is in the top half of the benchmark. There are a range of activities underway at group, segment and site level to further improve our team member engagement.

ARA
AUSTRALASIAN REPORTING AWARDS

East Coles Corporate Perfomance Awards

BEST BOARD
BEST CEO
BEST CFO
BEST COMPANY
BEST GROWTH PROSPECTS
BEST INVESTMENT DESIRABILITY
BEST INVESTMENT RELATIONS

POSITIVELY IMPACT OUR COMMUNITY

Bapcor recognises its responsibility to serve the communities in which its businesses operate. The Bapcor group supports a wide variety of social, charitable and sporting initiatives across Australia and New Zealand.

Employees are encouraged to support their local community and foster a culture of workplace giving. In FY18, Bapcor businesses gave their time and raised awareness and funds for a wide variety of good causes.

R U OK Day

Mental health and team member wellness are vital elements in establishing a positive and supportive workplace culture where team members feel valued. Bapcor encourages supporting RUOK? Day to promote mental health awareness and suicide prevention. RUOK?'s mission is suicide prevention and for a world with more human connection. RUOK? Day encourages people to ask those around them if they're OK, and provide time to truly listen to the response. The day provides a greater focus on a simple act and can help people in difficult circumstances to feel more connected with those around them and their community.

Aussie Muscle Car Run

The Leukaemia Foundation has held the Aussie Muscle Car Run since 2011 raising over $2 million dollars to help families facing blood cancer diagnosis. The run is open to all cars replicating those that competed in Bathurst during the 1960's & 1970's.

Rob Wann, from Midas Darlington, competed in the Aussie Muscle Car Run in his 1971 VG Valiant "Car 34 - Team Pacer"

The run started at Sydney and covered over 1900 kilometres to Adelaide. Rob's team finished in 16th and raised over $5,750, (well over their $4,000 target). Rob will again be raising funds in the 2018 Aussie Muscle Car Run held in late October.

Images: Midas Darlington, Midas Darlington 2, Team Pacer 1 & Team Pacer 2.

ABS Colac West Cricket, Football and Netball Clubs

Sport is incredibly important for bringing people together and getting children active in sports. With strong ties to the community, ABS Colac continues its great service to the local area by sponsoring the Colac West Cricket Club and the annual Colac & District Football & Netball league Reserves Cup which covers the greater Colac, Lorne, Apollo Bay and Simpson districts.

ABS Colac had the privilege of presenting the Reserves Cup to the grand final Winners.

Chelsea Herbert - First woman to win the BNT V8's Championship

BNT celebrated its 10th year sponsoring the BNT V8 super car racing last season, including individual sponsorship of 19 year old Chelsea Herbert. Competing alongside male competitors, young up and coming driver Chelsea Herbert became the first woman to win the BNT V8's Touring Car Championships in New Zealand.

Chelsea Herbert: The first woman to step on top of the V8's podium.

Burson Auto Parts continues to support the grass roots level of Australian motorsport by sponsoring the CAMS Future Star Awards for the third year in a row while also co-presenting the Australian Formula 4 Championship. The CAMS Future Star Awards identify outstanding young motor racing talent through state, national and club level racing category awards.

17 Year old Riley MacQueen: Awarded the 2017 NSW/ACT Burson Future Star Award

The Big Raffle

MTQ Engine Systems multiple fundraising efforts, including 'The Big Raffle' throughout FY2018 has resulted in more than $10,000 being donated to the Prostate Cancer Foundation of Australia. The foundation raises awareness and provides support, information and advocacy to men and their families affected by prostate cancer.

MTQ Engine Systems — A Bapcor Group Company

Prostate Cancer Foundation of Australia

Community Involvement

Some of the charities and foundations which have benefited from Bapcor's support over the last 12 months include:

- Cancer Council Australia
- Movember Foundation
- Starlight Foundation
- Smith Family Toy and Book Appeal
- Virgin Pulse Walking Challenge
- Movember Breakfast
- Dry July Foundation
- Pink Ribbon Day
- Save-A-Dog Victoria
- R U OK Day
- Step-tember
- Royal Children's Hospital Good Friday Appeal
- Beyond Blue
- Camp Quality Escarpade
- Soldier On
- Women's Auxiliary Air Force
- Leukemia Foundation
- Prostate Cancer Foundation of Australia

BOARD OF DIRECTORS

Andrew Harrison	Margaret Haseltine	Therese Ryan	Darryl Abotomey
Independent, Non Executive Chairman	Independent, Non Executive Director	Independent, Non Executive Director	Managing Director and Chief Executive Officer

Andrew Harrison

Independent, Non Executive Chairman

Andrew was appointed Chairman of the Bapcor Board in April 2018 after being an Independent, Non-Executive Director of the Board since March 2014. Andrew is an experienced company director and corporate advisor with public, private and private equity owned companies. Andrew, holds a Bachelor of Economics from the University of Sydney and a Master of Business Administration from The Wharton School at the University of Pennsylvania, is a Chartered Accountant is and a Member of the Australian Institute of Directors.

Margaret Haseltine

Independent, Non Executive Director

Margaret was appointed to the Board in May 2016 as an Independent, Non-Executive Director. Margaret brings more than 30 years' business experience in a broad range of senior positions and 10 years experience in board directorship. A professional executive leader, Margaret has significant experience in the areas of supply chain and logistics, customer interface in the FMCG sector, change management, governance, and management within a large corporate environment. Margaret holds a Bachelor of Arts Degree, Diploma in Secondary Teaching from the Auckland University and is a Fellow of the Australian Institute of Company Directors.

Therese Ryan

Independent, Non Executive Director

Therese was appointed to the Board in March 2014 as an Independent, Non-Executive Director. Therese is a professional non-executive director and has extensive experience as a senior business executive and commercial lawyer working in widely diversified businesses in Australia and internationally, holds a Bachelor of Laws from the University of Melbourne and is a Graduate Member of the Australian Institute of Directors.

Darryl Abotomey

Managing Director and Chief Executive Officer

Darryl was appointed to the Board in October 2011 as Chief Executive Officer and Managing Director. Darryl has more than ten years' experience in the automotive aftermarket industry with extensive experience in business acquisitions, strategy, finance, information technology and general management in distribution and other industrial businesses, holds a Bachelor of Commerce (Hons) majoring in accounting and economics from the University of Melbourne and is a Member of the Australian Institute of Directors.

Vale - Robert James Hunter McEniry (1947 - 2018)

On Wednesday 4th July we learned the sad news that the inaugural Chairman of Bapcor, Robert McEniry had passed away having lost his battle with cancer.

In 2013 when Bapcor (then Burson Group) was looking at doing an IPO and listing on the ASX, we searched for an appropriate person to head the Board as its Chairman. Robert joined the Board in the role of Chairman, having had an extensive background in the car industry and being an avid car enthusiast. Robert's contribution has been enormous in guiding Bapcor to become the significant business it is today. Robert was a mentor, a guiding light, a mediator. Above all he was universally respected and trusted in Bapcor, in the automotive industry, in business and in his personal life.

As a business we will miss Robert, but celebrate his significant contribution to Bapcor, to the automotive industry and to the world.

R.I.P Our dear friend, Robert James Hunter McEniry

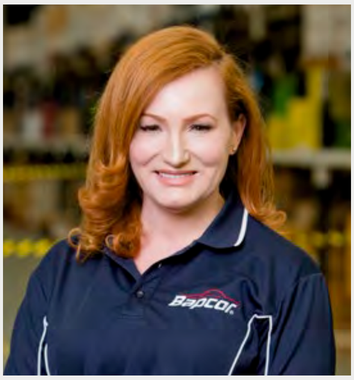
EXECUTIVE TEAM

Darryl Abotomey
Managing Director &
Chief Executive Officer

Greg Fox
Chief Financial Officer and
Company Secretary

Mathew Cooper
Executive General Manager –
Development

Grant Jarret
Executive General Manager – Logistics



Alison Laing
Executive General Manager –
Human Resources

Martin Storey
Executive General Manager –
Bapcor New Zealand

Craig Magill
Executive General Manager – Trade

Peter Tilley
Executive General Manager – Retail

Paul Dumbrell
Chief Operating Officer –
Specialist Wholesale

Darryl Abotomey

Managing Director & Chief Executive Officer

Darryl is the Managing Director & CEO of Bapcor Limited, having been appointed in October 2011. He is also Chairman of Bapcor Finance Pty Ltd. Darryl has more than 10 years' experience in the automotive industry and extensive knowledge in business acquisitions, mergers and strategy. Previous Director and Executive roles have been with Repco, Paperlinx, Amcor, Signcraft and CPI. He holds a Bachelor of Commerce majoring in accounting and economics from the University of Melbourne.

Greg Fox

Chief Financial Officer and Company Secretary

Greg has more than 25 years' experience in the automotive, industrial and public accounting sectors. Greg joined Bapcor as Chief Financial Officer in 2012 with responsibility for finance, legal, business services, company secretarial and plays a key role in strategic initiatives. Greg was previously Chief Financial Officer at Atlas Steels and at Plexicor, which was a major supplier to the automotive industry. Greg also held various senior financial positions with Amcor after commencing his career as a Chartered Accountant.

Mathew Cooper

Executive General Manager – Development

Mat has over 15 years' experience in the automotive, industrial and public accounting sectors. Mat commenced as Executive General Manager – Development within Bapcor in February 2016 and previously was the General Manager – Commercial of the ANA business. Prior, he held other roles with Amcor, General Motors and Deloitte Touche Tohmatsu. Mat is responsible for the development, co-ordination and consolidation of strategies and plans for the expansion of Bapcor.

Grant Jarret

Executive General Manager – Logistics

Grant brings nearly 40 years' experience in the automotive industry to Bapcor, holding various senior roles at components manufacturer RMP, new vehicle dealerships and within the Automotive Brands Group. Grant is responsible for the Group's distribution centres and logistics functions as well as inventory replenishment and events within the Retail business unit.

Alison Laing

Executive General Manager – Human Resources

Alison joined Bapcor as the Executive General Manager – Human Resources in 2017. With more than 20 years' Human Resources experience Alison has spent much of her career partnering with senior leaders to develop team capability and drive business outcomes and has worked with organisations such as Orora, PaperlinX and Coles Myer. Alison holds a Bachelor of Commerce, majoring in management and industrial relations, from the University of Newcastle.

Martin Storey

Executive General Manager – Bapcor New Zealand

Martin joined BNT Group in September 2016, being recently appointed as Executive General Manager - Bapcor New Zealand to lead our New Zealand businesses. Martin grew up in the Bay of Plenty, and worked in a number of local and national businesses, as well as spending some time working overseas. In 2001, he joined Fletcher Building, holding several senior sales and general management positions over 15 years.

Craig Magill

Executive General Manager - Trade

Craig has an extensive career in the automotive after-market industry spanning more than 25 years. Starting as a management cadet and working through most of the key operational and sales positions in aftermarket parts distributors. Before joining Bapcor, he was the General Manager of RAC'S (WA) automotive workshops, which was preceded by many years at Repco. He holds a Masters in Business from Melbourne University. Craig joined Bapcor February 2012 and is responsible for all aspects of the Burson Trade segment.

Peter Tilley

Executive General Manager - Retail

Peter is responsible for the Company and Franchise Retail Operations for the Autobarn, Autopro, Sprint, Midas and ABS networks. This includes development and implementation of retail and wholesale programs across marketing, merchandise, training, business field support, property management and new store development. Peter has spent over 30 years in Retail and has worked with a variety of national retail businesses most recently as GM Retail for the Amcal and Guardian Pharmacy networks.

Paul Dumbrell

Chief Operating Officer – Specialist Wholesale

Paul has been in the automotive industry for over 15 years and commenced with Automotive Brands Group in 2007 within their marketing department. Prior to his current role, he was the Chief Executive Officer of Aftermarket Network Australia under both Metcash and Bapcor ownership. Paul is now responsible for the Australian Specialist Wholesale businesses including AAD, Opposite Lock, Bearing Wholesalers, Baxters, Roadsafe, MTQ, JAS, Premier Auto Trade and Diesel Distributors.

Bapcor Limited
(formerly Burson Group Limited)
ABN 80 153 199 912

Lodged with the ASX under Listing Rule 4.3A These financial statements are the consolidated financial statements of the consolidated entity consisting of Bapcor Limited and its subsidiaries. The financial statements are presented in the Australian currency.

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

Bapcor Limited
61-63 Gower Street
Preston VIC 3072

A description of the nature of the consolidated entity's operations and its principal activities is included in the Directors' Report commencing on page 49, which is not part of these financial statements.

The financial statements were authorised for issue by the Directors' on 22 August 2018. The Directors have the power to amend and reissue the financial statements.

DIRECTORS' REPORT

The Directors present their report, together with the financial statements, on the consolidated entity ('consolidated entity') consisting of Bapcor Limited ('company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2018 ('FY18').

1. Directors

The following persons were directors of Bapcor Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Robert McEniry	Independent Non-Executive Chairman (resigned 4 April 2018)
Andrew Harrison	Independent, Non-Executive Chairman (appointed Chairman 4 April 2018) Independent, Non-Executive Director (to 4 April 2018)
Darryl Abotomey	Chief Executive Officer and Managing Director
Therese Ryan	Independent, Non-Executive Director
Margaret Haseltine	Independent, Non-Executive Director

2. Principal activities

During the year the principal activities of Bapcor were the sale and distribution of motor vehicle aftermarket parts and accessories, automotive equipment and services, and motor vehicle servicing.

Bapcor is one of the largest automotive aftermarket parts, accessories, equipment and services supplier in Australasia with a continuing operations store network covering over 800 sites.

3. Significant changes in the state of affairs

During FY18 Bapcor's operations included its principal automotive activities as well as the non-core businesses of Footwear and Resource Services which were acquired as part of the Hellaby Holdings Limited ('Hellaby') acquisition in January 2017. These non-core businesses are disclosed as discontinued operations and were successfully divested during FY18.

For the first time, Bapcor's Financial Report reflect a full year of results relating to the Hellaby automotive business acquisition. In the second half of FY18, there was a reorganisation of the reporting structure of the ex-Hellaby Australian automotive wholesale operations and as a result these operations are now included as part of the Specialist Wholesale segment rather than within the Bapcor New Zealand segment. This represents a change compared to Bapcor's reporting of the FY17 and H1 FY18 results. The comparative FY17 results have been adjusted to reflect this change.

Bapcor completed a number of acquisitions in FY18 including Tricor Engineering ('Tricor') and AADi Australia Pty Ltd and A&F Drive Shaft Repair Qld Pty Ltd ('AADi') expanding the depth and breadth of its offering through the Trade and Specialist Wholesale segments. There were also a number of acquisitions of independent automotive parts stores that now trade under the Burson Auto Parts or Autobarn brands.

During FY18 Bapcor entered into a tri-party joint venture in Thailand holding 51% of the shares of the incorporated entity Car Bits Asia., Co. Ltd ('CarBits'). At the end of FY18, CarBits opened the first store in Thailand trading as Burson Auto Parts. This is the first store of four to five planned to open in calendar year 2018 which will test the trading model prior to possible future expansion.

4. Dividends

Fully franked dividends paid during FY18 were as follows:

29 September 2017	$20,882,000 (7.5 cents per share); $4,896,000 settled via DRP
27 April 2018	$19,569,000 (7.0 cents per share); $3,774,000 settled via DRP

The Board has declared a final dividend in respect of FY18 of 8.5 cents per share, fully franked. The final dividend will be paid on 27 September 2018 to shareholders registered on 31 August 2018.

The final dividend takes the total dividends declared in relation to FY18 to 15.5 cents per share, fully franked, representing an increase of dividends paid of 19.2% compared to the prior financial year. Dividends paid and declared in relation to FY18 represents 50.3% of pro-forma net profit after tax from continuing operations.

5. Review of operations

The key highlights of Bapcor's financial results for FY18 were:

- Revenue from continuing operations increased by 22.0% from $1,013.6m to $1,236.7m
- Pro-forma earnings before interest, taxes, depreciation and amortisation ('EBITDA') from continuing operations increased by 27.7% to $150.0m
- ***Pro-forma net profit after tax ('NPAT') from continuing operations increased by 31.6% to $86.5m***
- Pro-forma EPS based on NPAT from continuing operations increased by 27.0% to 30.99 cents per share
- Statutory NPAT increased by 47.8% to $94.7m
- Statutory earnings per share ('EPS') increased by 42.7% to 33.90 cents per share
- Net debt at 30 June 2018 was $289.5m representing a leverage ratio of less than 2.0X (Net Debt : last twelve months EBITDA).

The table below reconciles the pro-forma result to the statutory result for FY18 and FY17:

		Consolidated					
$'m	**Note**	**2018 Continuing Operations**	**2018 Discontinued Operations**	**2018 Total**	**2017 Continuing Operations**	**2017 Discontinued Operations**	**2017 Total**
Statutory NPAT	1	**84.5**	**10.2**	**94.7**	**53.7**	**10.3**	**64.0**
Costs associated with the Hellaby acquisition	2	–	–	–	15.3	–	15.3
Interest adjustment	3	–	–	–	(0.7)	–	(0.7)
Depreciation and amortisation adjustment	4	–	(4.2)	(4.2)	–	(6.4)	(6.4)
Gain on divestment	5	–	(7.0)	(7.0)	–	–	–
Net reserve release to profit and loss	6	–	(0.4)	(0.4)	–	–	–
Restructuring activities	7	2.9	–	2.9	–	–	–
Tax adjustment	8	(0.9)	2.8	1.9	(2.5)	2.0	(0.5)
Pro-forma NPAT		**86.5**	**1.4**	**87.9**	**65.8**	**5.9**	**71.7**

Notes:
1. NPAT attributable to members of Bapcor Limited.
2. Relates to one off costs incurred during FY17 for the acquisition of Hellaby. These costs included professional advisory fees, target defence costs, finance costs relating to the bridging facility and refinancing, restructuring costs, one time elimination of intercompany profit in stock and other costs.
3. The prior year interest adjustment reflects the additional interest expense that would have been incurred if the Hellaby related capital raising did not occur due to the reduction in borrowings between the time of the capital raising and the payment for Hellaby shares.
4. The depreciation and amortisation adjustment relates to the depreciation and amortisation in the Resource Services and Footwear divisions that was not recorded in the statutory accounts due to their held for sale status.
5. The gain on divestment relates to the completion of the divestments of discontinued operations.
6. Relates to the release of net investment hedge and foreign currency reserves to the profit and loss on divestment of Contract Resources and Footwear.
7. Relates to one off costs incurred during FY18 relating to restructuring activities including redundancies, site exit costs and recognition of onerous leases.
8. The tax adjustment reflects the tax effect of the above adjustments based on local effective tax rates.

The Directors' Report includes references to pro-forma results to exclude the impact of the adjustments detailed above. The Directors believe the presentation of non-IFRS financial measures are useful for the users of this financial report as they provide additional and relevant information that reflect the underlying financial performance of the business. Non-IFRS financial measures contained within this report are not subject to audit or review.

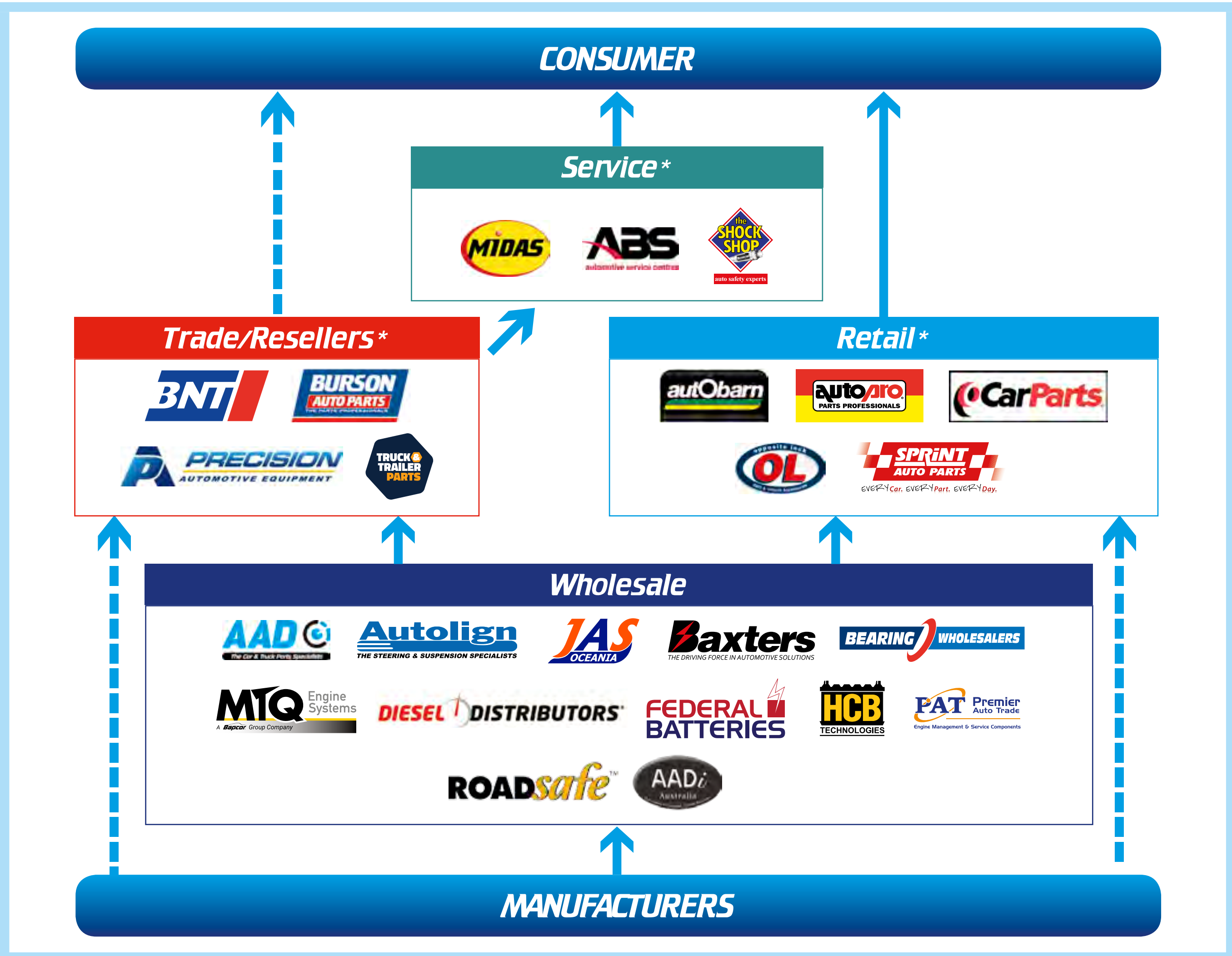
Pro-forma revenue and EBITDA for continuing operations by segment is as follows:

	Revenue			EBITDA		
	2018 $'m	2017 $'m[2]	Change %	2018 $'m	2017 $'m[2]	Change %
Trade	501.6	465.1	7.8%	72.1	63.3	13.9%
Bapcor NZ	177.9	87.1	104.1%	22.7	9.3	144.3%
Specialist Wholesale	364.3	272.3	33.8%	38.6	28.0	37.7%
Retail and Service	239.1	221.0	8.2%	28.8	27.6	4.4%
Unallocated/Head Office[1]	(46.2)	(31.9)	(44.7%)	(12.3)	(10.8)	(13.4%)
Total continuing operations	**1,236.7**	**1,013.6**	**22.0%**	**150.0**	**117.4**	**27.7%**

It is worth noting that in FY18, every business segment increased its EBITDA compared to FY17.

Notes:
1. Revenue relates to intersegment sales eliminations. EBITDA includes intersegment EBITDA and acquisition costs.
2. Reclassifications in FY17 between segments have occurred to present them consistently with the FY18 reorganisation of the business segments to ensure comparability.

5.1 Bapcor aftermarket supply chain



5.2 Operating and financial review – Trade

The Trade segment currently consists of the Burson Auto Parts and Precision Automotive Equipment business units. This segment is a distributor of:

- Automotive aftermarket parts and consumables to trade workshops for the service and repair of passenger and commercial vehicles
- Automotive workshop equipment such as vehicle hoists and scanning equipment, including servicing of the equipment
- Automotive accessories and maintenance products to do-it-yourself vehicle owners.

The Trade segment had a successful FY18, and compared to FY17, recorded revenue growth of 7.8% and EBITDA growth of 13.9%.

The increase in revenue of 7.8% included same store sales growth of 4.4% (compared to 4.6% in FY17). Trade's EBITDA to revenue percentage was 0.8 percentage points above FY17 reflecting the impact of margin management initiatives.

During FY18, Burson Auto Parts continued to expand its store network with the number of stores increasing from 160 at 30 June 2017 to 170 at 30 June 2018. The increase of 10 stores consisted of 7 greenfield store developments and 3 acquisitions. The average cost per new greenfield store including inventory was $658,000.

The new stores are located in Narellan, Bathurst and Kempsey in New South Wales; Kingston in Tasmania; Albion, Ashmore and Hervey Bay in Queensland; and Dandenong South, Hastings and Grovedale in Victoria.

Trade also successfully completed the acquisition of Tricor Engineering during the first half of FY18. Tricor Engineering is a business specialising in the supply and installation of lubrication equipment in the Car Dealership and Heavy Vehicle Workshop market and operates out of the Precision Automotive Equipment business unit.

5.3 Operating and financial review – Bapcor New Zealand

Bapcor New Zealand (previously Hellaby Automotive and excluding the Australian wholesale operations) consists of Trade and Specialist Wholesale businesses based in New Zealand operating across more than 80 locations.

BNT is the predominant business with 57 stores supplying automotive parts and accessories to workshops, plus truck and trailer parts through the Truck and Trailer Parts brand. BNT is similar in nature to Bapcor's Burson Automotive business in Australia.

Bapcor New Zealand also includes the Specialist Wholesale businesses of HCB – batteries, Autolign – steering and suspension specialists, and JAS – auto electrical. The FY18 results also included TRS, a tyre and wheel business predominantly supplying the agricultural market which was divested in early FY19.

Bapcor New Zealand's results in FY18 include a full year of trading versus six months in FY17. Bapcor New Zealand has performed very strongly and contributed $22.7m EBITDA to the FY18 group results. Revenue increased by 104.1% and EBITDA increased by 144.3%. EBITDA to revenue percentage increased to 12.8% in FY18, compared to 10.7% in FY17. In FY18 the Australian Dollar versus the New Zealand dollar has strengthened by approximately 3% versus the previous financial year which negatively impacted EBITDA by $0.7m.

As Bapcor New Zealand's largest business, BNT achieved same store sales growth of 6.1% reflecting the success of organisational changes, range expansion, people engagement initiatives and underlying market growth. The first new BNT store in over five years was opened in December 2017 in Gore, New Zealand. Further new stores will follow.

5.4 Operating and financial review – Specialist Wholesale

The Specialist Wholesale segment consists of the operations that specialise in automotive aftermarket wholesale and include AAD, Bearing Wholesalers, Opposite Lock, Baxters, MTQ, Roadsafe, as well as JAS Oceania, Premier Auto Trade, Federal Batteries and Diesel Distributors that were previously aligned to the Bapcor New Zealand segment.

The Specialist Wholesale segment achieved revenue growth of 33.8% and EBITDA growth of 37.7% compared to FY17. This is partly due to the business units of JAS Oceania, Premier Auto Trade, Federal Batteries and Diesel Distributors now being included for the full twelve months in FY18, as well as improved performance in the existing businesses. EBITDA to revenue percentage increased to 10.6% in FY18, compared to 10.3% in FY17. Continued progress was made during the financial year to increase the volume and product groups that the Specialist Wholesale segment sells into other Bapcor group businesses and this will continue in FY19 with growing the level of intercompany sales being a key business strategy.

5.5 Operating and financial review – Retail & Service

The Retail & Service segment consists of business units that are retail customer focused, and include the Autobarn, Autopro, Sprint Auto Parts and Car Parts retail store brands, and the Midas and ABS workshop service brands. The majority of this segment is franchised stores and workshops and there are 67 company owned stores.

Revenue for the Retail & Service segment in FY18 increased by 8.2% compared to FY17 which includes the impact of a higher ratio of company owned stores versus franchise operations. Autobarn same store sales growth for franchise stores was approximately 1.4% and for company owned stores approximately 4.7%. As a result of the higher mix of company owned stores generating a higher level of sales relative to profit, EBITDA as a percentage of sales decreased by 0.5 percentage points from 12.5% in FY17 to 12.0% in FY18. EBITDA as a percentage of sales increased by 0.9 percentage points in H2 FY18 compared to H1 FY18. EBITDA in FY18 increased 4.4% over the prior year.

Bapcor has continued to grow the number of company owned Autobarn stores via both greenfield Autobarn stores as well as some select conversion of franchise stores to company owned stores. The total number of Autobarn stores at 30 June 2018 was 128 stores, a net increase of 6 stores since 30 June 2017. The number of company owned Autobarn stores increased from 31 to 48, with the 17 new stores consisting of 8 greenfield stores and the conversion of 9 franchise operations. The percentage of company owned to total Autobarn stores at 30 June 2018 was 38%, up from 25% at 30 June 2017.

At 30 June 2018 the total number of company owned and franchise stores in the Retail & Service segment was 378 consisting of Autobarn 128 stores, Autopro 84 stores, Sprint Auto Parts 38 stores and Midas and ABS 128 stores.

5.6 Operating and financial review — Unallocated/Head Office

The Unallocated/Head Office segment consists of all elimination and head office costs or adjustments that are not in the control of the other business segments. Unallocated costs increased from $10.8m in FY17 to $12.3m in FY18 due largely to an increase in business as usual acquisition costs of $0.7m as well as the additional resource and other costs associated with the increased size of the overall business.

5.7 Operating and financial review — Discontinued Operations

As part of the acquisition of Hellaby in January 2017, Bapcor acquired the businesses of Resource Services and Footwear. These assets were deemed non-core and reported as held for sale. During FY18, these businesses were all successfully divested. Total proceeds less costs to sell these divestments was $94.3m (NZD $102.8m) which was higher than the estimate of $87.7m (NZD $94.7m) estimate disclosed as part of the 31 December 2017 Financial Report.

In FY18, the discontinued operations contributed $145.6m revenue and $10.2m net profit after tax to the consolidated group. The net profit after tax contribution included $7.0m gain from the divestments.

5.8 Financial Position — Capital Raising and Debt

In September 2017, Bapcor issued 932,347 shares to participating shareholders under its Dividend Reinvestment Plan, in respect of the FY17 final dividend. In April 2018, Bapcor issued 679,325 shares to participating shareholders under its Dividend Reinvestment Plan, in respect of the FY18 interim dividend. As a result of these issues, ordinary shares on issue increased from 278,633,080 as at 30 June 2017 to 280,244,752 as at 30 June 2018.

Net debt at 30 June 2018 was $289.5m representing a leverage ratio of less than 2X (Net Debt: last twelve months EBITDA).

6. Strategy

Bapcor's strategy is to be Australasia's leading provider of motor vehicle aftermarket parts and accessories, automotive equipment and services, and motor vehicle servicing.

Trade

Trade consists of the businesses Burson Auto Parts, Precision Automotive Equip ment and the recently acquired Tricor Engineering. The business units are trade-focused "parts professionals" businesses supplying service workshops. Bapcor's target is to grow Burson Auto Parts' store numbers via acquisitions and greenfields from 170 stores at the end of June 2018 to 230 stores by 2023 with 35% home brand product content.

Bapcor New Zealand

Bapcor New Zealand's operations consist of its automotive aftermarket businesses of BNT and Truck and Trailer Parts, as well as its automotive electrical businesses of HCB and JAS Oceania. The strategy is to grow the BNT business from its current 57 stores to 65 by 2021, as well as grow its electrical businesses organically and potentially through acquisition. Bapcor New Zealand also has a target to grow home brand content to 35%.

Specialist Wholesale

The Specialist Wholesale business strategy objective is to be the number one or number two industry category specialists in the parts programs in which it operates. The parts programs in which the specialist wholesale segment has historically operated are brake, bearings, electrical, suspension, 4WD, cooling, engine control systems and gaskets.

The Specialist Wholesale businesses are focused on maximising internal sales, developing private label product ranges, and the evaluation of its distribution footprint including opportunities for shared facilities. Specialist Wholesale growth may also include acquisitions where they are complementary to the current product group offerings. The target is for Specialist Wholesale segment to be at least $450m in revenue by 2023.

Retail & Service

Autobarn — The premium retailer of automotive accessories, Autobarn had 128 stores at the end of 30 June 2018 including 48 company owned stores. The target is to grow to 200 Autobarn stores by 2023, with a majority of growth being company owned stores. Home brand content is also targeted to be 35%.

Independents — The independents group consists of the franchise stores of Autopro, Car Parts and Sprint Auto Parts. The strategy is to supply the independent parts stores via Bapcor's extensive supply chain capabilities and brand support. Bapcor's strategy is to strongly support the independent stores.

Service — The service business consists of the brands Midas and ABS and aims to be experts at scheduled car servicing at affordable prices. There were 128 stores at 30 June 2018 of which 118 were franchised. Bapcor consider Service a potential growth area due to the industry consolidation opportunities and the potential to vertically integrate supply of product through its Trade and Specialist Wholesale segments and will actively expand this segment.

Competitive advantages

People – Bapcor has a strong and experienced management team and a proven record of attracting, retaining and growing key talent across the group. Training and development of team members are a priority for the group.

Supply Chain – strength of distribution network ensures fast delivery to trade customers who rely on quick access to parts to improve service time to their customers.

Diversification – extensive breadth and depth of product range and capability across the group provides multiple revenue streams and continues to drive intercompany sales and margin improvements opportunities, whilst spreading reliance on profitability.

7. Industry trends

The automotive aftermarket parts market in Australia continues to experience growth based on:

a. population growth;

b. increasing number of vehicles per person;

c. change in the age mix and complexity of vehicles (i.e. more vehicles in the four years or older range); and

d. an increase in the value of parts sold.

Demand for automotive parts, accessories and services is resilient as vehicle maintenance is critical to operating a vehicle. Vehicle servicing is driven by the number of kilometres travelled, with the number of kilometres travelled by passenger and light commercial vehicles not significantly impacted by economic conditions. Volatility in new vehicle sales does not directly impact demand as parts distributed by Bapcor are predominantly used to service vehicles that are aged four years or older.

Original equipment manufacturers have ceased manufacturing cars in Australia. Ford ceased production in October 2016, and Toyota and Holden ceased production in October 2017. Bapcor has not experienced and does not expect demand for parts to be affected by the decline in the Australian vehicle manufacturing industry, as Bapcor distributes parts for a wide range of vehicle makes and models irrespective of where the vehicle is manufactured, and demand for Bapcor's services is driven by the total number of registered vehicles on the road in Australia and not the location of vehicle manufacture.

On-line channels to market is now a common medium for retail businesses albeit only a small percentage of automotive retail sales are on-line. Amazon has commenced trading in the Australian market and at some point in the future it is expected this may present a market place for Automotive parts and accessories.

Due to its fast delivery capabilities, wide product range and knowledgeable people being the key to Bapcor's customer offering which on-line businesses cannot match, Bapcor does not believe the introduction of on-line competition will have a material impact to Bapcor's business. Bapcor's Autobarn brand has launched online capabilities in both 'click & collect' and 'click & deliver'.

There is increased interest and production of electric vehicles. As Bapcor's target market is vehicles greater than 3 to 4 years old, and due to the large size of the conventional vehicle car parc (approximately 18 million) and how long it would take for electric and hybrid vehicles to become a meaningful percentage of the total number of vehicles on the road (currently less than two percent), Bapcor considers that any impact to the Bapcor business within the foreseeable future is minimal.

8. Key business risks

There are a number of factors that could have an effect on the financial prospects of Bapcor. These include:

Competition risk – The Australian automotive aftermarket parts and accessories distribution industry is competitive and Bapcor may face increased competition from existing competitors (including through downward price pressure), new competitors that enter the industry, vehicle manufacturers, and new technologies or technical advances in vehicles or their parts. Increased competition could have an adverse effect on the financial performance, industry position and future prospects of Bapcor.

Increased bargaining power of customers – A significant majority of Bapcor's sales are derived from repeat orders from customers. Bapcor may experience increased bargaining power from customers due to consolidation of existing workshops forming larger chains, greater participation of existing workshops in purchasing and buying groups, and closure of independent workshops resulting in greater market share of larger chains. An increase in bargaining power of customers may result in a decrease in prices or loss of customer accounts, which may in turn adversely affect Bapcor's sales and profitability.

Supplier pressure or relationship damage – Bapcor's business model depends on having access to a wide range of automotive parts, in particular parts with established brands that drive customer orders. An increase in pricing pressure from suppliers or a damaged relationship with a supplier may increase the prices at which Bapcor procures parts or limit Bapcor's ability to procure parts from that supplier. If prices of parts increase, Bapcor will be required to pass on or absorb the price increases, which may result in a decreased demand for Bapcor's products or a decrease in profitability. If Bapcor is no longer able to order parts from a key supplier, Bapcor may lose customer orders and accounts, resulting in lower sales. Any decline in demand, sales or profitability may have an adverse effect on Bapcor's business and financial performance.

Exchange rate risk – A large proportion of Bapcor's parts are sourced from overseas, either indirectly through local suppliers or directly by Bapcor. This exposes Bapcor to potential changes in the purchase price of products due to exchange rate movements. Historically Bapcor has been able to pass on the majority of the impact of foreign exchange movements through to the market. If the situation arises where Bapcor is not able to recoup foreign exchange driven cost increases, this may lead to a decrease in profitability. To mitigate this risk, Bapcor enters into forward exchange contracts based on expected purchases for the upcoming twelve months.

Managing growth and integration risk – The integration of acquired businesses and the continued strategy of growing the store network will require Bapcor to integrate these businesses and where appropriate upscale its operational and financial systems, procedures and controls and expand and retain, manage and train its employees. There is a risk of a material adverse impact on Bapcor if it is not able to manage its expansion and growth efficiently and effectively, or if the performance of new stores or acquisitions does not meet expectations. Bapcor senior management take an active role in the integration of acquired businesses.

Expansion – A key part of Bapcor's growth strategy is to increase the size of its store network, which it intends to achieve through store acquisitions and greenfield developments. If suitable acquisition targets are not able to be identified; acquisitions are not able to be made on acceptable terms; or suitable greenfield sites are not available, this may limit Bapcor's ability to execute its growth strategy within its expected timeframe. Further, new stores may not prove to be as successful as Bapcor anticipates including due to issues arising from integrating new businesses. This could negatively impact Bapcor's financial performance and its capacity to pursue further acquisitions. Bapcor senior management take an active role in the rollout and progress of store expansion.

Franchise regulations – Bapcor has a large franchise network within its Retail & Service segment. Changes in franchise law or regulations may have an impact on the responsibilities of the franchisor or the operations of these franchise businesses. Bapcor senior management seek ongoing professional advice to monitor any developments and implement appropriate changes.

People risk – Bapcor is a highly focused customer service business and its staff and senior management are key to maintaining the level of operational service to its customers, as well as executing Bapcor's strategy. Any significant turnover of staff or loss of key senior management has the potential to disrupt the profitability and growth of the business. Senior management risk is somewhat managed through notice period and non-compete contractual obligations, succession planning and long term incentives.

Information technology – All of Bapcor's business operations rely on information technology platforms. Any sustained unplanned downtime due to system failures, cyber-attack or any other reason has the potential to have a material impact on the ability for Bapcor to service its customers. Bapcor's business units operate with a number of different operating systems making it less likely that any unplanned downtime will occur across the entire business.

9. Likely development and expected results of operations

Bapcor expects to continue to see growth in FY19 due to a number of factors including continued store network growth and solid performance in the underlying businesses. Trading trends in July and for the month to date of August have been consistent with expectations.

Bapcor is forecasting continued revenue and profit growth in FY19. Consensus predictions of EBITDA of approximately $170m are reasonable, leading to an increase in NPAT of between 9% and 14% above FY18 proforma NPAT.

10. Information on directors

Robert McEniry (sadly, Robert passed away on 4 July 2018)	
Title:	Independent, Non-Executive Director and Chairman (resigned 4 April 2018)
Qualifications:	Master of Business Administration from the University of Melbourne Member of the Australian Institute of Company Directors
Experience and expertise:	Robert had extensive experience in the automotive industry both in Australia and overseas. Robert's former roles include President and Chief Executive Officer (and Chairman) of Mitsubishi Motors Australia Ltd, Chief Executive Officer of Nucleus Network Ltd, Chief Executive Officer of South Pacific Tyres Ltd, and board member of the Executive Committee for the Federal Chamber of Automotive Industries.
Other current directorships:	Robert held positions on the boards of Multiple Sclerosis Ltd, Australian Home Care Services Ltd (Chairman), Automotive Holdings Group Ltd and Stillwell Motor Group Ltd (Chairman).
Former directorships (last 3 years):	None
Special responsibilities:	Chair of the Board (resigned 4 April 2018) Member of the Nomination and Remuneration Committee (resigned 4 April 2018) Member of the Audit and Risk Management Committee (resigned 4 April 2018)
Interests in shares:	Nil (resigned 4 April 2018)

Andrew Harrison	
Title:	Independent, Non-Executive Director and Chairman (appointed 4 April 2018)
Qualifications:	Bachelor of Economics from the University of Sydney Master of Business Administration from The Wharton School at the University of Pennsylvania Member of the Australian Institute of Company Directors Chartered Accountant
Experience and expertise:	Andrew is an experienced company director and corporate advisor. Andrew has previously held executive and non-executive directorships with public, private and private equity owned companies; including as Chief Financial Officer of Seven Group Holdings, Group Finance Director of Landis and Gyr, and Chief Financial Officer and a director of Alesco Limited. Andrew was previously a Senior Manager at Gresham Partners Limited, an Associate at Chase Manhattan Bank (New York) and a Senior Manager at Ernst & Young (Sydney and London).
Other current directorships:	Andrew is currently on the boards of Estia Health Limited, WiseTech Global Limited, Xenith IP Limited, and IVE Group Limited.
Former directorships (last 3 years):	None
Special responsibilities:	Chairman (appointed 4 April 2018) Member of the Audit and Risk Management Committee (resigned as Chair 4 April 2018) Member of the Nomination and Remuneration Committee
Interests in shares:	56,869 ordinary shares

Darryl Abotomey

Title:	Chief Executive Officer and Managing Director
Qualifications:	Bachelor of Commerce majoring in accounting and economics from the University of Melbourne Member of the Australian Institute of Company Directors
Experience and expertise:	Darryl has more than ten years' experience in the automotive aftermarket industry. Darryl has extensive experience in business acquisitions, strategy, finance, information technology and general management in distribution and other industrial businesses. Darryl was a former Director and Chief Financial Officer of Exego Group (Repco). He has also previously held directorships with The Signcraft Group, PaperlinX Limited, CPI Group Limited and Pinegro Products Pty Ltd.
Other current directorships:	None
Former directorships (last 3 years):	None
Interests in shares:	1,535,533 ordinary shares
Interests in rights:	484,395 performance rights

Therese Ryan

Title:	Independent, Non-Executive Director
Qualifications:	Bachelor of Laws from the University of Melbourne Graduate of the Australian Institute of Company Directors
Experience and expertise:	Therese is a professional non-executive director and has extensive experience as a senior business executive and commercial lawyer working in widely diversified businesses in Australia and internationally. Previously, she was Vice President and General Counsel of General Motors International Operations based in Shanghai, Assistant Secretary of General Motors Corporation and prior to that General Counsel and Company Secretary of GM Holden.
Other current directorships:	Therese is currently a board member of VicForests, Gippsland Water and WA Super.
Former directorships (last 3 years):	None
Special responsibilities:	Chair of the Nomination and Remuneration Committee Member of the Audit and Risk Management Committee
Interests in shares:	33,868 ordinary shares

Margaret Haseltine

Title:	Independent, Non-Executive Director
Qualifications:	Bachelor of Arts Degree Diploma in Secondary Teaching from the Auckland University Fellow of the Australian Institute of Company Directors
Experience and expertise:	Margaret has more than 30 years' business experience in a broad range of senior positions, and 10 years' experience in board directorship. A proven executive leader, Margaret has significant experience in the areas of supply chain and logistics, customer interface in the FMCG sector, change management, governance, and management within a large corporate environment. Previously, she held various senior positions with Mars Food Australia, including CEO, spanning a 20-year career.
Other current directorships:	Margaret is currently a board member of Southern Hospitality Ltd and Bagtrans Pty. Ltd. (Chairman).
Former directorships (last 3 years):	Fantastic Holdings Ltd.
Special responsibilities:	Chair of the Audit and Risk Management Committee (appointed to Chair 4 April 2018) Member of the Nomination and Remuneration Committee
Interests in shares:	31,327 ordinary shares

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

11. Company secretary and officers

Current Chief Financial Officer and Company Secretary:

Gregory Lennox Fox (2 March 2012 – present)

Greg has more than 25 years' experience in the automotive, industrial and public accounting sectors. Greg joined Bapcor as Chief Financial Officer in 2012 with responsibility for finance, legal, company secretarial and plays a key role in strategic initiatives. Greg was previously Chief Financial Officer at Atlas Steels and at Plexicor, which was a major supplier to the automotive industry. Greg also held various senior financial positions with Amcor Ltd after commencing his career as a chartered accountant.

12. Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2018, and the number of meetings attended by each director were:

	Full Board		Nomination and Remuneration Committee		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
Robert McEniry**	5	7	3	3	2	2
Andrew Harrison	11	11	4	4	3	3
Darryl Abotomey*	11	11	–	–	–	–
Margaret Haseltine	11	11	4	4	3	3
Therese Ryan	11	11	4	4	3	3

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

* The members of the Audit and Risk Management Committee are Margaret Haseltine (Chair), Andrew Harrison and Therese Ryan. By invitation from the Audit and Risk Management Committee, Darryl Abotomey attended all Audit and Risk Management Committee meetings.
The members of the Nomination and Remuneration Management Committee are Therese Ryan (Chair), Andrew Harrison, and Margaret Haseltine. By invitation from the Nomination and Remuneration Committee, Darryl Abotomey attended all Nomination and Remuneration Committee meetings.

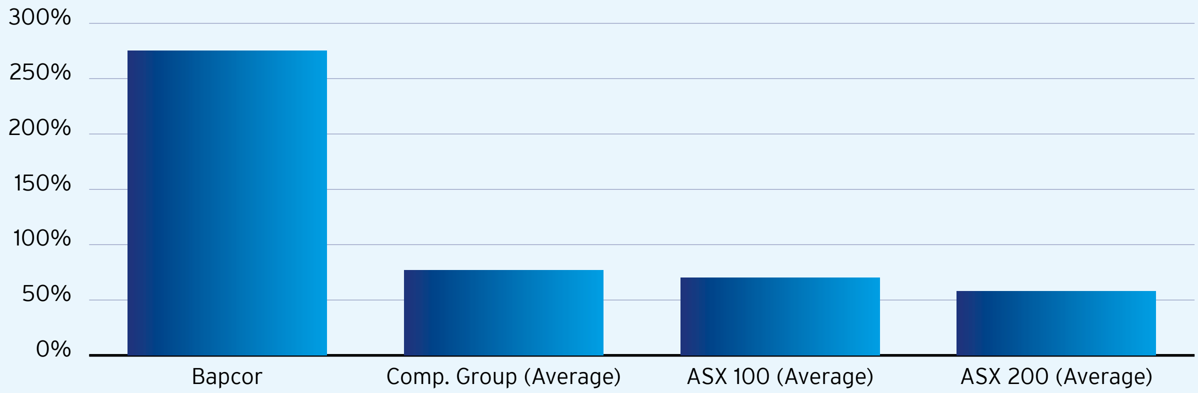
** Robert McEniry resigned from the Board on 4 April 2018.

13. Remuneration report

The Bapcor Board is very pleased to share with you our Remuneration Report for the financial year ended 30 June 2018.

Since listing on the Australian Securities Exchange ('ASX') in 2014, Bapcor, its executive and team members have consistently delivered outstanding financial results and value for our shareholders. This performance and growth is again a key feature of the Company's results for FY18. Some of the significant outcomes of another very successful year include a 22.0% increase in revenue from continuing operations from $1,013.6m to $1,236.7m and pro-forma net profit after tax ('NPAT') of 31.6% from $65.8m to $86.5m. In addition, statutory NPAT increased by 47.8% from $64.0m to $94.7m.

The following chart shows total return to shareholders over the previous four years:



Source: KPMG

The Board is very conscious of the fact that these outstanding achievements reflect the leadership and talent of the executive key management personnel ('KMP') and that they should be appropriately rewarded.

We have approached remuneration as follows:

For fixed remuneration our focus is to provide competitive, appropriate remuneration aimed at retaining and motivating our talented team in what is now a highly competitive market. As Bapcor has continued to grow and become more complex, in FY18 increases were made to KMP pay based on independent market remuneration benchmarking. Consistent with previous years, we targeted 50th percentile of the benchmark, with a range of plus or minus 20%.

For the other elements of our remuneration strategy, the focus is to provide an incentive for targeted performance, with targets being considered in depth by the Bapcor Board each year.

The Short Term Incentive ('STI') payments are primarily driven by meeting and exceeding NPAT or earnings before interest and tax ('EBIT'). The Board sets aggressive stretch targets for both indicators. Non-financial targets for each executive KMP are also a key feature. In respects of all elements, the Board's approach is to set targets that encourage our executive KMP to deliver on our growth strategy and to take considered risks, benefitting our investors in the short term, but also establishing or improving the building blocks that contribute to the long term sustainability of the business.

The Long Term Incentive ('LTI') measures of relative shareholder return ('TSR') and statutory earnings per share ('EPS') growth have been consistently applied since Bapcor's initial public offering ('IPO') in 2014. The Board is cognisant of the fact that there may be other measures favoured by various commentators and, after consideration, retains the view that this is a consistent and transparent way to measure long term shareholder value, and that it aligns the interests of our KMP with the interests of our investors. We believe our investors will be delighted with a compound annual statutory EPS growth rate over four years of 43.3% which has been achieved through a lot of very hard work and a well-considered and sustainable strategy, and that a management team that achieves such outstanding results should be rewarded for its extraordinary efforts. The Board is very pleased to report that that 100% of the three year tranche of the FY15 LTI and 98.2% of the two year tranche of the FY16 LTI vested.

To deliver on our strategy, in addition to our executive KMP, engaged, high calibre team members in every part of the Group are necessary to achieve financial targets and provide shareholder value. Over recent years there has been a focus on team member development to ensure the requirements of a growing business are met and in FY18 Bapcor undertook a Group-wide team member engagement survey with a response rate of 71% and pleasing results. Based on the insights gained from this survey, there are a range of activities underway at Group, business unit and site level to further improve and enhance the culture and engagement of the team. Ensuring all Bapcor team members are safe, able to realise their full potential and engaged is essential to the Group's success.

The Board is delighted that the executive team, and the Bapcor team more broadly, continues to achieve the financial and non-financial results that have consistently improved returns to our shareholders and which provide a solid foundation for sustained performance.

14. Remuneration report (audited)

The Directors present the Remuneration Report setting out the principles, policy and practices adopted by the Bapcor Board in respect of remuneration for the group's non-executive and executive Key Management Personnel ('KMP') in accordance with the requirements of the *Corporations Act 2001* and its Regulations.

The Remuneration Report is set out under the following main headings:

14.1 Overview
14.2 Remuneration governance
14.3 Remuneration framework
14.4 Key management personnel
14.5 Executive remuneration
14.6 Cash and realisable remuneration
14.7 Statutory details of remuneration

The information provided in this Remuneration Report, which forms part of the Directors' Report, has been audited as required by section 308(3C) of the *Corporations Act 2001*.

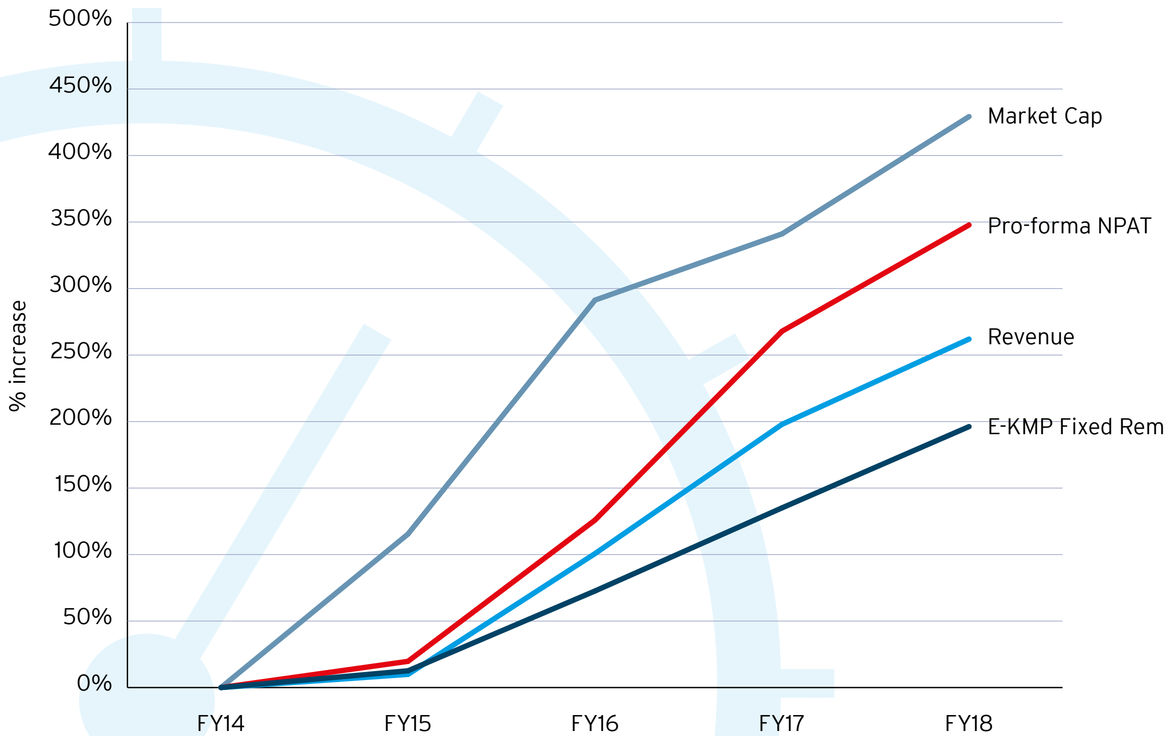
14.1 Overview

14.1.1 Financial performance and remuneration over the last four years

Bapcor has grown in size and complexity in the four years since it listed on the ASX. During this time financial performance has consistently improved as have the returns provided to shareholders.

Remuneration Analysis FY14–FY18

% increase of Market Cap, Revenue Pro-forma NPAT an Executive KMP Fixed Remuneration



	FY14	FY15	FY16	FY17	FY18
E-KMP fixed $M	1.66	1.87	2.87	3.91	4.93
E-KMP number at year end	5	6	7	9	9
Avg fixed $000's	333	312	410	435	548

14.1.2 Key Questions

Key Questions	Our Approach
How is FY18 executive remuneration different from FY17?	Adjustments have been made to executive remuneration based on independent market benchmarks. Executive remuneration remains positioned at around 90% of the median of the comparator peer companies, based on the information obtained from the independent advisor retained by the Board, Godfrey Remuneration Group.
Were there any increases to non-executive directors in FY18?	No. Non-executive directors fees were not increased during the year.
How much STI was earned by the executives for FY18 and what were the reasons for the level of payment?	STIs earned by executive KMP are based on targets established at the beginning of the financial year. The STIs at target level are 70% financial measures and 30% personal objectives with payment for achievement greater than target deferred for one year. At maximum level, the STIs are weighted 83.5% and 80% to financial measures respectively for the CEO and other executives. The aggregate of STI paid to the executive KMP for performance in FY18 was $2,729,000 which is 80.4% of the maximum that could have been paid. As the awards exceeded the target value, $602,000 has been deferred and will be paid to the executives in August 2019. STI payments were made as the company's financial performance exceeded target against a range of measures including: • Group revenue from continuing operations increase of 22.0% over FY17 • Group pro-forma EBIT from continuing operations increase of 29.4% over FY17 • Group pro-forma NPAT from continuing operations increase of 31.6% over FY17 • Statutory NPAT increase of 47.8% over FY17. Each executive KMP also has specific personal objectives agreed at the beginning of the year and these are measured against actual performance at the end of the year. These objectives align to the strategic goals of Bapcor. All executive KMP have personal objectives relating to safety, talent and succession, team member development, team member engagement, strategic growth and the optimisation of synergies from acquisitions. Given their area of accountability other personal objectives include new store and same store sales growth, customer satisfaction, own brand development, improvements in IT systems, corporate compliance and governance and investor relations.
What LTI grants have vested in FY18? **What was the basis for the vesting of those grants?**	The three year tranche of the LTI granted to 11 executives on 24 December 2015, being 65% of the total number vested, was independently tested by a third party against the company's FY18 TSR and EPS performance. The extent to which they vested is as follows: *Relative TSR Rights*: Bapcor's TSR performance ranked at the 90th percentile of the comparator group. This resulted in 100% of the tranche vesting. *Compound annual growth rate ('CAGR') of EPS*: Bapcor's CAGR of statutory EPS was 43.3%. This resulted in 100% of the tranche vesting. The two year tranche of the LTI granted to 10 executives on 20 December 2016, being 35% of the total number granted, was independently tested by a third party against the company's FY18 TSR and EPS performance. The extent to which they vested is as follows: *Relative TSR Rights*: Bapcor's TSR performance ranked at the 74th percentile of the comparator group. This resulted in 97.2% of the tranche vesting. *CAGR of EPS*: Bapcor's CAGR of statutory EPS was 37.8%. This resulted in 100% of the tranche vesting. Shares from vested Performance Rights remain under a restriction on sale for a further twelve months, reflecting further alignment of executive and shareholder interests.
What is the performance period for the LTIs?	The grants of LTI in the years up to and including FY17 were for performance periods of two years and three years, with tranches having a further twelve month restriction on sale for vested LTI. From FY18 the LTI opportunity is subject to a performance period of three years with a further twelve month restriction on sale for vested LTI.

Key Questions	Our Approach
Did the Board make any one-off payment to executive KMP in FY18?	There were no one-off payments to executive KMPs in FY18.
Did the Board exercise discretion when determining the payments under the STI plan?	STIs include personal objectives, which may be non-financial, as these contribute to the longer-term sustainability of the business. As such, some degree of judgement is required as to the achievement of these objectives as they are not all based on numeric outcomes.
What were the FY18 STI performance measures for KMPs?	Section 14.5.1 and 14.5.2 of this report provides more details of the performance measures for FY18.
How did the Board establish the STI performance measures for FY18?	As in the previous financial year, the Board determined that the focus of the executive team should be on growing NPAT for the CEO and CFO and EBIT for all other managers. Therefore 70% of the target STI award is tied to this financial measure. All above target STI awards are based on the financial measures. Achievement of the non-financial measures will underpin the future growth and sustainability of the company.
Is there provision for deferral of STI and what if any has been deferred?	Yes. Payment to executive KMP of the STI component that is above target is deferred for twelve months. For FY18 a total of $602,000 has been deferred until August 2019.
How does the company determine the number of LTI Performance Rights to grant?	From FY18 the weighted average face value of shares is used to calculate the number of LTI Performance Rights granted.
Has the company made any loans to the executives in FY18?	No loans were provided to any executive KMP in FY18.

14.2 Remuneration governance

Consultation with shareholders and other key stakeholders

Bapcor Board

- Overall accountability for Bapcor's remuneration approach
- Determines remuneration quantum and structure for executive and non-executive KMP after considering recommendations made by the NRC
- Has ultimate discretion in determining the outcomes of incentive arrangements to ensure anomalous outcomes do not arise. This discretion may be exercised for both positive and negative adjustments to incentive outcomes to ensure these outcomes reflect the experience of shareholders.

Nomination and Remuneration Committee (NRC)

Meets regularly to:

- understand and review the effectiveness of the remuneration arrangements
- review the remuneration framework to ensure it remains fit for purpose
- make recommendations to the Board on the structure of the remuneration framework
- make recommendations to the Board regarding in fixed remuneration, STI awards and outcomes, and LTI awards and outcomes
- Has absolute discretion in determining the outcomes of incentive arrangements to ensure anomalous outcomes do not arise. This discretion may be exercised for both positive and negative adjustments to incentive outcomes to ensure these outcomes reflect the experience of shareholders.
- assess executive KMP performance
- NRC's charter can be found at www.bapcor.com.au/about/governance.

External Advisors

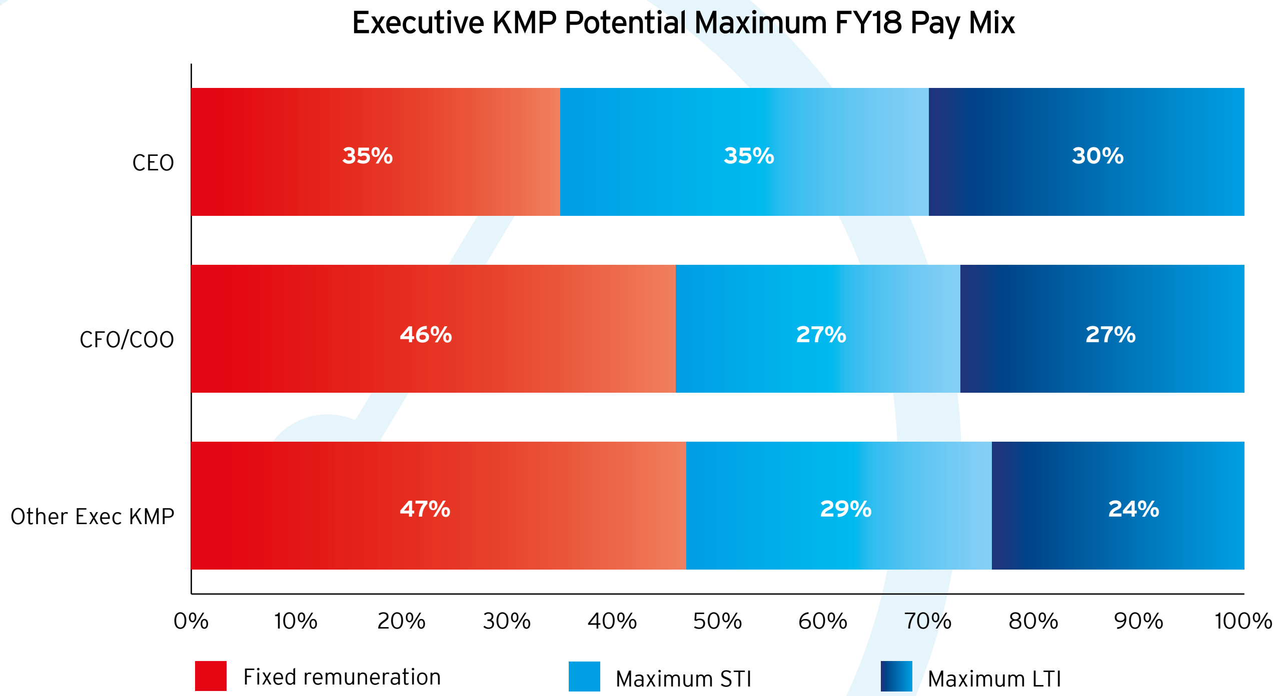
- NRC seeks external advice and assistance from independent remuneration consultants as it considers appropriate.
- Protocols are in place with the Board and NRC to ensure the engagement of remuneration advisors is independent of management and is able to be carried out free of any undue influence
- During FY18 the NRC engaged Godfrey Remuneration Group to provide benchmarking reports in respect of executive KMP remuneration and NED fees. This resulted in Godfrey Remuneration Group providing remuneration recommendations as defined in section 9B of the Corporations Act 2001 in respect of the quantum and mix of the executive KMP remuneration and in respect of the NED fees. Godfrey Remuneration Group was paid $35,000 excluding GST and disbursements for these services.

14.3 Remuneration framework

14.3.1 Executive remuneration structure

	Total Remuneration =		
	Fixed Annual Reward (FAR)	+ Short Term Incentive (STI)	+ Long Term Incentive (STI)
Purpose	Attract, motivate and retain high calibre talent	Motivate and reward performance in current year	Reward long term sustainable performance that delivers wshareholder returns
Method of payment	Cash and benefits	Annual cash payment Payment for achievement beyond target deferred for twelve months	Performance Rights which do not attract dividends or voting rights Vest after 3 years with sale of vested shares restricted for twelve months
Structure	Base salary, superannuation and non-cash benefits such as motor vehicles	70% financial targets 30% personal objectives (which may be non-financial)	50% TSR 50% EPS
Measures	Annual performance review and independent market based remuneration benchmarks	Financial targets are NPAT for CEO/CFO and EBIT for other executive KMP Payment threshold is 95% of target Personal objectives include safety, team, talent and sustainability	TSR > 50% companies in comparable peer group Compound annual growth rate of EPS ≥7.5% with maximum vesting at 15%
Link to strategy and performance	Business complexity requires highly skilled executives to deliver performance that meets shareholder expectations	Drives growth as financial targets are set at a growth level to the previous year and personal targets reward the actions that build a sustainable business	Motivates executives to take a long-term view of company performance and links reward the investors' experience

14.3.2 FY18 remuneration mix



14.4 Key management personnel

As defined by AASB 124 *Related Party Disclosures*, Bapcor's Key Management Personnel ('KMP') are those leaders with the authority and responsibility for planning, directing and controlling the activities of the consolidated entity, directly or indirectly, and includes non-executive and executive directors. The KMP during FY18 and their positions are those in the following table.

Name	Position
Non-executive Directors ('NED')	
Robert McEniry (resigned 4 April 2018)	Board Chair Member Audit and Risk Committee Member Nomination and Remuneration Committee
Andrew Harrison	Board Chair (from 4 April 2018) Chair Audit and Risk Committee (to 4 April 2018) Member Audit and Risk Committee Member Nomination and Remuneration Committee
Margaret Haseltine	Member Nomination and Remuneration Committee Member Audit and Risk Committee (to 4 April 2018) Chair Audit and Risk Committee (from 4 April 2018)
Therese Ryan	Chair Nomination and Remuneration Committee Member Audit and Risk Committee
Executive Director	
Darryl Abotomey	Managing Director and Chief Executive Officer
Executive KMP	
Greg Fox	Chief Financial Officer and Company Secretary
Mathew Cooper	Executive General Manager, Strategic Development
Colin Daly	Chief Operating Officer, Strategic Marketing and Bapcor New Zealand
Paul Dumbrell	Chief Operating Officer, Specialist Wholesale
Grant Jarrett	Executive General Manager, Logistics
Alison Laing	Executive General Manager, Human Resources
Craig Magill	Executive General Manager, Burson Trade
Peter Tilley	Executive General Manager, Retail & Service

14.5 FY18 executive KMP remuneration

The following sections explain FY18 executive KMP remuneration:

14.5.1 Financial performance over the last four years

14.5.2 STI performance metrics and outcomes

14.5.3 STI payment, deferral and clawback

14.5.4 LTI plan

14.5.5 LTI outcomes

14.5.1 Financial performance over the last four years

Bapcor's financial performance over the last four years will assist readers to understand the context of the remuneration framework, management's performance and how the company's performance impacts the remuneration outcomes for the executive KMP.

The table below shows measures of Bapcor's financial performance over the four complete financial years since it listed on 23 April 2014.

	2015	2016	2017	2018
Revenue from continuing operations $m	375.3	685.6	1,013.6	1,236.7
Increase/(decrease) in revenue	*9.9%*	*82.7%*	*47.8%*	*22.0%*
Pro-forma NPAT from continuing operations $m[2]	23.1	43.6	65.8	86.5
Increase/(decrease) in pro-forma NPAT	*19.7%*	*88.7%*	*50.9%*	*31.6%*
Pro-forma EPS from continuing operations – TERP adjusted (cents)[1]	13.62	17.85	24.40	30.99
Increase/(decrease) in pro-forma EPS – TERP adjusted	*19.1%*	*31.0%*	*36.7%*	*27.0%*
Statutory NPAT $m[2]	19.5	43.6	64.0	94.7
Increase/(decrease) in statutory NPAT	*1,581.6%*	*123.4%*	*47.0%*	*47.8%*
Statutory EPS - TERP adjusted (cents)[1]	13.62	17.85	23.76	33.90
Increase/(decrease) in statutory EPS – TERP adjusted	*19.1%*	*31.0%*	*33.1%*	*42.7%*
Dividend declared (cents per share)	8.7	11.0	13.0	15.5
Increase/(decrease) in dividend declared	*n/a*	*26.4%*	*18.2%*	*19.2%*
Share price 30 June $	3.40	5.52	5.49	6.55
Increase/(decrease) in share price	*60.4%*	*62.4%*	*(0.5%)*	*19.3%*
Market capitalisation $m 30 June	746.9	1,357.1	1,529.7	1,835.6

1. 2015 EPS has been adjusted to take into consideration the impact of the rights issue performed in 2016 and the impact on the number of shares as per AASB 133 *Earnings Per Share.*
2. NPAT attributable to members of Bapcor Limited.

14.5.2 FY18 STI performance metrics and outcomes

Participants in the STI Plan have a target cash payment that is a percentage of their fixed annual remuneration. Actual STI payments may be below, at or above that target depending on the achievement of financial and non-financial objectives set each year by the Board. No incentive payment for financial performance is payable if the threshold of 95% of financial target performance is not met.

70% of the target STI opportunity of the executive KMP is contingent on meeting annual NPAT or EBIT objectives. The FY18 objectives were set by the Board at levels significantly higher than the previous year's achievement, with the threshold measure higher than the FY17 actual result.

30% of target STI is subject to meeting other annual personal objectives which may include both financial and non-financial measures.

<table>
<tr><th>Type of performance measure and weighting at target</th><th>KMP Performance measure</th><th>FY18 performance</th></tr>
<tr><td>Financial
70%</td><td>CEO and CFO is Group NPAT.
Other Group executives is Group EBIT.
Business segment executives is EBIT of the business segment they manage and Group EBIT.
The group target was set significantly higher than the FY17 actual result and was set in the context of the business strategy and growth objectives.
Percentage of FAR
<table>
<tr><th></th><th>CEO</th><th>CFO</th><th>EGM</th><th>Other KMP</th></tr>
<tr><td>< Threshold</td><td>Nil</td><td>Nil</td><td>Nil</td><td>Nil</td></tr>
<tr><td>Threshold</td><td>28.5%</td><td>20%</td><td>20%</td><td>20%</td></tr>
<tr><td>Target</td><td>38.5%</td><td>28%</td><td>28%</td><td>28%</td></tr>
<tr><td>Maximum</td><td>83.5%</td><td>48%</td><td>48%</td><td>48%</td></tr>
</table>
Threshold level is 95% of target and requires significant improvement over FY17 actual result.</td><td>Reported statutory Group NPAT for FY18 was $94.7m, a 47.8% increase over FY17.
Pro-forma continuing operations EBIT performance increased 29.4% over FY17.
EBIT by business segment varied as detailed in the financial report.</td></tr>
<tr><td>Personal
(which may be non-financial)
30%</td><td>There is a range of metrics across the following criteria that are applicable to the executive KMP depending on their role and accountabilities, several objectives are shared across all executive KMP:

Safety: various objectives requiring improved performance year on year including, for all executive KMP, a reduction in lost time injuries (LTIs) of 20% on FY17
People: with objectives requiring individual and team development, culture strategies, succession planning, and training and development outcomes
Team member engagement: shared objective amongst all executive KMP to undertake a Group wide team member engagement survey with a response rate of at least 65%
Customer engagement: including objectives to measure and improve customer sentiment
Strategic acquisitions and divestments: with objectives requiring the identification of suitable businesses for acquisition, or divestment, implementation of the business case and results regarding achieving the business case
Organic growth: for each business segment objectives are set to deliver organic growth and market share gains
New stores: the number of new stores required in business units to achieve growth targets
Systems and processes: with objectives focused on the long term sustainability of the company in areas such as information technology and logistics
Compliance and governance: requiring processes and procedures to ensure achievement of compliance requirements
Optimisation projects: for achieving optimal benefits from acquisitions and improved cost structures
</td><td>A detailed explanation of the group's achievements in the non-financial areas are contained in section 5 of the Directors' Report.</td></tr>
</table>

The following table shows the actual STI outcomes for each of the executive KMP for FY18:

KMP	Target STI as a % of FAR	Maximum STI as a % of FAR	Actual STI as a % of maximum	STI forfeited as a % of maximum	Actual STI awarded $	Deferred STI $
Darryl Abotomey	55%	100.0%	95.0%	5.0%	1,130,548	476,048
Greg Fox	40%	60.0%	92.9%	7.1%	362,200	102,200
Mathew Cooper	40%	60.0%	68.4%	31.6%	172,368	4,368
Colin Daly	40%	60.0%	69.9%	30.1%	209,965	–
Paul Dumbrell	40%	60.0%	70.3%	29.7%	202,560	10,560
Grant Jarrett	40%	60.0%	65.2%	34.8%	158,355	–
Alison Laing	40%	60.0%	67.0%	33.0%	120,540	–
Craig Magill	40%	60.0%	69.7%	30.3%	204,820	8,820
Peter Tilley	40%	60.0%	65.2%	34.8%	168,130	–

The STI performance measures are tested annually after the end of the relevant financial year.

14.5.3 STI payment, deferral and clawback

Where STI awards have been determined, payments under the STI Plan are made immediately after the release of full year financial results to the ASX except in relation to any portion of an award above the target up to the maximum award.

The amount of STI award above target is deferred for a period of twelve months. The deferred amount is payable to the executive immediately after the release of the year ending 30 June 2019 financial results.

All payments are in cash.

Awards are subject to claw back for any material financial misstatements that are subsequently determined in respect of Bapcor's performance for the relevant period.

14.5.4 LTI plan

The LTI is contingent on company performance over a three year performance period. Payments are rights to acquire shares ('Performance Rights'). Performance Rights are granted at the start of the performance period. Vesting of Performance Rights varies with the extent that performance requirements have been met. On vesting, the Performance Rights entitle the executive to receive fully paid shares in the company.

The key terms of the LTI under which grants were made in FY18 and prior years are as follows:

Administration	The LTI is administered by the Board.
Who participates?	In FY18 executive KMP were invited to participate.
What is the LTI opportunity?	The LTI opportunity is the grant of Performance Rights that will vest on satisfaction of the applicable performance, service or other vesting conditions specified in the Offer at the time of the grant. The Board sets the terms and conditions on which it will offer Performance Rights under the LTI, including the vesting conditions, at the time of the offer.
Performance Rights	The LTI opportunity granted to participants in FY18 provides for the Performance Rights, upon satisfaction of the vesting conditions, to convert into a fully paid ordinary share for each vested right. The Performance Rights do not carry any voting rights or dividend entitlements.
How was the number of Performance Rights determined?	For the grants made in FY18, the number of Performance Rights was determined by dividing the executive's LTI value by the face value of a Bapcor share at the time of grant.
Performance period	Performance is assessed over a performance period specified at the time of the grant. The performance period for the LTI opportunities granted in FY18 are set out following this table.
Performance measures	Each executive is granted two tranches of Performance Rights. 50% of the total grant value of Performance Rights granted to the executive under each tranche are subject to the satisfaction of a TSR performance hurdle for the relevant performance period ('TSR Rights'), and 50% are subject to satisfaction of an EPS performance hurdle for the relevant performance period ('EPS Rights'). These are described in more detail in the section following this table.
Shares	Fully paid ordinary shares allocated on conversion of Performance Rights rank equally with the other issued ordinary shares and carry the same rights and entitlements, including dividend and voting rights. Shares may be issued by Bapcor or acquired on or off market by a nominee or trustee on behalf of Bapcor, then transferred to the participant.
Participation in new issues	Performance Rights granted in FY18 and earlier do not confer on a participant the right to participate in new issues of shares or other securities in Bapcor, including by way of bonus issues, rights issues or otherwise.
Limitations	The number of shares to be received by participants on the conversion of the Performance Rights must not exceed 5% of the total number of issued shares over a 5 year period.
Trustee	Bapcor may appoint a trustee for the purpose of administering the LTI, including to acquire and hold shares, or other securities of the company, on behalf of participants or otherwise for the purposes of the LTI.
Quotation	Performance Rights are not quoted on the ASX. Bapcor will apply for official quotation of any shares issued under the LTI, in accordance with the ASX Listing Rules and having regard for any disposal restrictions in place under the LTI.
Amendments	To the extent permitted by the ASX Listing Rules, the Board retains the discretion to vary the terms and conditions of the LTI. This includes varying the number of Performance Rights or the number of shares to which a participant is entitled upon a reorganisation of the capital of Bapcor. No discretion to vary LTI terms and conditions was made in FY18 or prior years.
Clawback	The Board has absolute discretion where it is determined a change in circumstances has occurred including material financial misstatements or some other event or series of events. Further, the Board has absolute discretion where a participant has engaged in fraudulent or dishonest conduct, or has engaged in or is being investigated for conduct which may adversely affect Bapcor's financial position or reputation.
Other terms	Shares acquired on the conversion of vested Performance Rights cannot be sold for a period of twelve months from vesting date. Performance Rights cannot be transferred, encumbered or hedged. The LTI contains other terms relating to the administration, variation, suspension and termination of the LTI.

In FY18 offers to participate in the LTI included:

- In relation to FY17 for the Chief Operating Officer, Strategic Marketing and Bapcor New Zealand (C Daly), these allocated Performance Rights have a performance period that ends 30 June 2018 and 30 June 2019 at which time the performance hurdles are tested. This offer is in line with the FY17 offer that was previously made to other executives and was extended to the Chief Operating Officer, Strategic Marketing and Bapcor New Zealand as he joined Bapcor with the acquisition of Hellaby Holdings Ltd where he was previously the Chief Executive Officer, Hellaby Automotive.

	Tranche 1		Tranche 2	
Grant date	15/08/17		15/08/17	
Performance hurdle	Relative TSR	EPS	Relative TSR	EPS
Performance period	1/07/16 to 30/06/18	1/07/16 to 30/06/18	1/07/16 to 30/06/19	1/07/16 to 30/06/19
Test date	30/06/18		30/06/18	
Expiry date	Once tested		Once tested	
Quantity granted	4,999	2,978	9,354	5,882
Exercise price	Nil		Nil	
Fair value at 15/08/17	$2.892	$5.411	$3.037	$5.301
Other conditions	Restriction on sale to 30/06/19		Restriction on sale to 30/06/20	

- In relation to FY17 for the CEO and Managing Director (D Abotomey) following the successful passing of a resolution at the AGM. These allocated Performance Rights have a performance period that ends 30 June 2019 at which time the performance hurdles are tested.

Grant date	4/12/17	
Performance hurdle	Relative TSR	EPS
Performance period	1/07/16 to 30/06/19	
Test date	30/06/19	
Expiry date	Once tested	
Quantity granted	88,802	88,801
Exercise price	Nil	
Face value at 1/07/17	$5.328	$5.328
Other conditions	Restriction on sale to 30/06/20	

- In relation to FY18 an offer to participate was made to all nine of Bapcor's executive KMPs. These allocated Performance Rights have a performance period that ends 30 June 2020 at which time the performance hurdles are tested.

Grant date	4/12/17	
Performance hurdle	Relative TSR	EPS
Performance period	1/07/17 to 30/06/20	
Test date	30/06/20	
Expiry date	Once tested	
Quantity granted	283,535	283,532
Exercise price	Nil	
Face value at 1/07/17	$5.328	$5.328
Other conditions	Restriction on sale to 30/06/21	

Relative total shareholder return hurdle

Fifty per cent of the Performance Rights granted to a participant will vest subject to a TSR performance hurdle that assesses performance by measuring capital growth in the share price together with income returned to shareholders, measured over the performance period against a Comparator Group of companies. The Performance Rights will vest by reference to Bapcor's TSR performance ranking against this Comparator Group of companies, as follows:

Bapcor's TSR relative to the Comparator Group over the performance period	Percentage of TSR Rights vesting
Less than 50th percentile	Nil
Equal to 50th percentile	50%
Greater than 50th percentile and less than 75th percentile	Pro-rata straight-line vesting
Equal to or greater than 75th percentile	100%

TSR for Bapcor and the companies in the Comparator Group will be calculated as follows:

- TSR will be measured between 30 June 2017 and 30 June 2020 (the Performance Period);
- For the purpose of this measurement, dividends will be assumed to have been re-invested on the ex-dividend date;
- Tax and any franking credits (or equivalent) will be ignored; and
- For the purpose of this measurement, the share price of Bapcor and the Comparator Group companies will be averaged over the 10 trading days up to and including 30 June at the start and end date of the Performance Period.

The Comparator Group for the FY18 LTI is set out below. The Board has the discretion to adjust the Comparator Group to take into account events including but not limited to takeovers, suspensions, mergers or demergers that might occur during the Performance Period.

ASX Code	Company Name
APE	AP Eagers Limited
AAD	Ardent Leisure Group
API	Australian Pharmaceutical Industries Limited
AHG	Automotive Holdings Group
ARB	ARB Holdings Group
BRG	Breville Group Limited
CAR	carsales.com Limited
CTD	Corporate Travel Management Limited
GUD	GUD Holdings Limited
JBH	JB Hi-Fi Limited
MTR	Mantra Group Ltd
MTS	Metcash Limited
MYR	Myer Holdings Limited
NVT	Navitas Limited
PMV	Premier Investments Limited
PRY	Primary Health Care Limited
RFG	Retail Foods Group Limited

Earnings per share growth

Fifty per cent of the Performance Rights granted to a participant will vest by reference to an EPS performance hurdle that measures the basic EPS on a normalised basis over the performance period. Each tranche of Performance Rights subject to an EPS hurdle will vest as follows:

- The Board has determined that the EPS hurdle will be based on a compound annual growth rate ('CAGR') of basic EPS of between 7.5% and 15%, respectively, over the Performance Period.
- The starting point for these EPS rights is the FY16 Actual EPS of 17.85 cents per share.
- Basic EPS is calculated in accordance with AASB 133 *Earnings Per Share*.
- The proportion of the EPS Rights that vest at the end of the Performance Period will be determined as follows:

Bapcor's compound annual EPS growth over the performance period	Percentage of EPS Rights Vesting
Less than 7.5%	Nil
7.5%	20%
Greater than 7.5% and less than 15%	Pro-rata straight-line vesting
Equal to or greater than 15%	100%

If vesting conditions are met, Performance Rights granted in FY18 will convert into fully paid ordinary shares of the company. Shares that are allocated in respect of each tranche will be subject to a restriction on sale for twelve months from vesting of the Performance Rights.

14.5.5 LTI outcomes

During FY18 the following Performance Rights were independently tested by third parties:

The three year tranche of the LTI granted to 11 executives on 24 December 2015, being 65% of the total number vested, was independently tested by a third party against the company's FY18 TSR and EPS performance. The extent to which they vested is as follows:

Relative TSR Rights: Bapcor's TSR performance ranked at the 90th percentile of the comparator group. This resulted in 100% of the tranche vesting.

Compound annual growth rate ('CAGR') of EPS: Bapcor's CAGR of statutory EPS was 43.3%. This resulted in 100% of the tranche vesting.

The two year tranche of the LTI granted to 10 executives on 20 December 2016, being 35% of the total number granted, was independently tested by a third party against the company's FY18 TSR and EPS performance. The extent to which they vested is as follows:

Relative TSR Rights: Bapcor's TSR performance ranked at the 74th percentile of the comparator group. This resulted in 97.2% of the tranche vesting.

CAGR of EPS: Bapcor's CAGR of statutory EPS was 37.8%. This resulted in 100% of the tranche vesting.

Shares from vested Performance Rights remain under a restriction on sale for a further twelve months, reflecting further alignment of executive and shareholder interests.

14.6 Cash and realisable remuneration

The following table shows the total cash remuneration received by executive KMP in respect of financial year. The total cash payments received are made up of fixed remuneration inclusive of superannuation and benefits and the amount of the FY18 STI award that is not deferred and is paid in August 2018.

The table also includes the value of previous years' deferred STI and LTI awards that vested during FY18 and became realisable. These values differ from the values in the table in section 14.7.1 that shows the accounting expense for both vested and unvested awards. The table does not show values for vested LTI that are not realisable because they remain under restriction from sale for twelve months after vesting.

				Previous year awards that vested during FY18		
Executive KMP	Fixed remuneration[1] $	FY18 cash STI[2] $	Total cash in respect of FY18 $	Prior year deferred STI received[3] $	Vested and unrestricted LTI[4] $	Total received and realisable during FY18 $
D Abotomey	1,190,000	654,500	1,844,500	427,837	395,901	2,668,238
G Fox	650,000	260,000	910,000	90,340	179,545	1,179,885
M Cooper	420,000	168,000	588,000	39,780	–	627,780
C Daly	500,871	209,965	710,836	–	–	710,836
P Dumbrell	480,000	192,000	672,000	10,374	–	682,374
G Jarrett	405,000	158,355	563,355	–	–	563,355
A Laing	300,000	120,540	420,540	–	–	420,540
C Magill	490,000	196,000	686,000	38,385	102,344	826,729
P Tilley	430,000	168,130	598,130	–	–	598,130

1. Fixed remuneration is the aggregate of cash salary, superannuation and fringe benefits.
2. FY18 cash STI is the amount accrued and payable in respect of FY18 STI opportunity. It is the cash amount to be paid in August 2018 and does not include any deferred amount in respect of the FY18 STI award.
3. Prior year deferred STI received is the STI amount awarded in August 2017 in respect of FY17 and deferred for twelve months. It is to be paid in August 2018.
4. Vested and unrestricted LTI is the value of the vested LTI on the day it is no longer under restriction from sale. The value is the closing share price on the date the LTI is no longer subject to restriction from sale. The FY15 LTI that vested during FY18 was restricted from sale until 1 August 2019.

14.7 Statutory details of remuneration

The statutory remuneration disclosures for the year ended 30 June 2018 are detailed below under the following headings and are prepared in accordance with Australian Accounting Standards (AASBs).

14.7.1 Remuneration of KMP
14.7.2 Service agreements
14.7.3 NED remuneration
14.7.4 Share-based compensation
14.7.5 Equity instrument disclosures relating to KMP
14.7.6 Total shares under option or right to KMP
14.7.7 Loans to KMP

14.7.1 Remuneration of KMP

	Short term benefits			Post employment benefits	Long term benefits	Share based payments		Percentage of remuneration fixed and at risk		
	Cash salary and fees[5]	Bonus[4]	Non-monetary	Super-annuation	Long service leave	Equity settled	Total	Fixed	At risk – STI	At risk – LTI
2018	$	$	$	$	$	$	$	%	%	%
NED										
R McEniry[6]	203,204	–	–	16,193	–	–	219,397	100%	–	–
A Harrison[6]	155,719	–	–	14,355	–	–	170,074	100%	–	–
M Haseltine	118,721	–	–	11,279	–	–	130,000	100%	–	–
T Ryan	127,854	–	–	12,146	–	–	140,000	100%	–	–
Executive Director										
D Abotomey	1,235,909	1,130,548	–	25,000	18,583	645,548	3,055,588	42%	37%	21%
Other KMP										
G Fox	644,614	362,200	–	20,820	10,499	259,214	1,297,347	52%	28%	20%
M Cooper	402,978	172,368	–	20,049	6,666	141,327	743,388	58%	23%	19%
C Daly	461,243	208,003	–	13,837	–	100,115	783,198	60%	27%	13%
P Dumbrell[2]	449,728	202,560	–	20,049	7,283	203,345	882,965	54%	23%	23%
G Jarrett	398,804	158,355	–	20,049	6,095	137,554	720,857	59%	22%	19%
A Laing	290,871	120,540	–	20,820	4,666	38,982	475,879	67%	25%	8%
C Magill	478,990	204,820	–	21,591	7,833	155,335	868,569	58%	24%	18%
P Tilley	417,671	168,130	–	20,049	5,937	140,894	752,681	59%	22%	19%
Total	**5,386,306**	**2,727,524**	**–**	**236,237**	**67,562**	**1,822,314**	**10,239,943**			

	Short term benefits			Post employment benefits	Long term benefits	Share based payments		Percentage of remuneration fixed and at risk		
	Cash salary and fees[5]	Bonus[4]	Non-monetary	Super-annuation	Long service leave	Equity settled	Total	Fixed	At risk – STI	At risk – LTI
2017	$	$	$	$	$	$	$	%	%	%
NED										
R McEniry	260,384	–	–	19,616	–	–	280,000	100%	–	–
A Harrison	126,700	–	–	13,300	–	–	140,000	100%	–	–
M Haseltine	123,080	–	–	12,920	–	–	136,000	100%	–	–
T Ryan	126,700	–	–	13,300	–	–	140,000	100%	–	–
Executive Director										
D Abotomey	1,043,300	1,005,402	–	25,000	16,555	334,616	2,424,873	45%	41%	14%
Other KMP										
G Fox	551,112	305,340	–	19,616	9,256	263,113	1,148,437	51%	26%	23%
M Cooper	370,384	190,780	–	19,616	6,173	111,639	698,592	57%	27%	16%
C Daly[1]	222,912	108,698	–	6,894	–	–	338,504	68%	32%	–
P Dumbrell[2]	372,179	192,374	–	21,250	6,894	166,372	759,069	53%	25%	22%
G Jarrett	352,083	93,294	–	21,250	5,469	111,185	583,281	65%	16%	19%
A Laing[3]	40,724	–	–	4,275	4,173	–	49,172	100%	–	–
C Magill	395,384	203,185	–	19,616	6,590	152,397	777,172	54%	26%	20%
P Tilley	360,175	99,216	–	21,250	5,310	109,405	595,356	65%	17%	18%
Total	**4,345,117**	**2,198,289**	**–**	**217,903**	**60,420**	**1,248,727**	**8,070,456**			

1. C Daly has been included in FY17 from when Bapcor took effective control of Hellaby in January 2017.
2. P Dumbrell took 2.0 weeks (2017: 6.8 weeks) leave without pay during FY18.
3. A Laing commenced as Executive General Manager – Human Resources in May 2017.
4. Bonuses paid in relation to pre-acquisition ownership of Hellaby in FY18 or the ANA acquisition in FY17 have been excluded from the above table.
5. Cash salary and fees includes accrued annual leave.
6. R McEniry resigned 4 April 2018 and A Harrison became Chair from that date.

14.7.2 Service agreements

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

Name:	Darryl Abotomey
Title:	Chief Executive Officer and Managing Director
Agreement commenced:	21 April 2014
Term of agreement:	5 years (to 30 April 2019)
Details:	Fixed annual remuneration was increased to $1,190,000 (inclusive of superannuation). This is adjusted annually. Fixed remuneration and incentives are based on independent advice from Godfrey Remuneration Group. Bapcor or Darryl may terminate his employment contract by giving the other twelve months' written notice before the proposed date of termination, or in Bapcor's case, payment in lieu of notice. Bapcor may terminate Darryl's employment immediately and without payment in lieu of notice in certain circumstances including for any serious misconduct. Darryl's employment contract also includes a restraint of trade period of twelve months.

Other KMP

Each of Bapcor's executive KMP is employed under an individual employment agreement. The provisions of the employment agreements include:

Contract terms	The commencement dates vary and all contracts are open ended.
Fixed annual remuneration	Each executive's contract specifies the FAR inclusive of superannuation, motor vehicle, non-cash benefits and FBT thereon. The amount for each executive is as set out earlier in this report.
Review of FAR	The executives' FAR is subject to annual review with no obligation on the company to make changes.
Variable pay	Each executive is eligible to participate in the company's incentive arrangements that can vary from time to time. The maximum STI opportunity is 70% of the executive's FAR and the maximum LTI opportunity is between 40% and 50% of the executive's FAR.
Notice period	The executive KMP are subject to a three to six month notice period both by the company and by the executive.
Confidentiality	Each contract includes provisions requiring the executive to maintain the confidentiality of company information.
Leave	Each contract provides for leave entitlements, as a minimum, in accordance with respective legislation.
Restraint of trade	Each contract includes restraint of trade provisions for a period after termination of employment.

14.7.3 NED remuneration

Fees and payments to NEDs reflect the demands and the responsibilities of the directors. NED fees and payments are reviewed annually by the NRC. The NRC seeks to set fees at a level that will attract and retain high calibre NEDs who have a diverse range of experience, skills and qualifications to enable effective oversight of management and the company. The NRC may, from time to time, receive advice from independent remuneration consultants to ensure NED fees and payments are competitive, appropriate and in line with the market.

The maximum aggregate fee pool of $1,000,000 was approved by shareholders at the AGM on 21 October 2016.

The following fee policy for the Board and Committees took effect from 1 July 2016 and remained unchanged in FY18.

NED type	Board $	Nomination and Remuneration Committee $	Audit and Risk Management Committee $
Chairman	280,000	20,000	20,000
Member	110,000	10,000	10,000

All fee amounts are inclusive of compulsory superannuation obligations.

Fees paid to NEDs in FY18 are set out in the following table. Fees are paid in cash and NEDs were not granted options or share rights. NEDs are not entitled to any payment on retirement or resignation from the Board. Directors may also be reimbursed for expenses properly incurred by the director in connection with the affairs of Bapcor including travel and other expenses whilst attending to company affairs.

NED	Financial year	Board fees $	Committee fees $	Superannuation $	Total $
R McEniry	2018	209,961	–	16,193	226,154
	2017	258,646	–	18,949	277,595
A Harrison	2018	134,225	21,494	14,355	170,074
	2017	100,002	27,273	12,091	139,367
M Haseltine	2018	100,457	18,265	11,279	130,000
	2017	105,948	18,267	11,800	136,016
T Ryan	2018	100,457	27,397	12,146	140,000
	2017	100,002	27,273	12,091	139,367

Shares held by NEDs

The Board has a policy of encouraging directors to increase their holding of shares in the company so that over time it reaches a minimum level of one times the base board fees. The current shareholding interests of the NEDs is set out in section 14.7.5.

14.7.4 Share-based compensation

The following table outlines the details of the LTI grants outstanding for each executive KMP participant and other movements in options and performance rights in the year. As options will not vest if the performance conditions are not satisfied, the minimum value of the option yet to vest is nil. LTI grants made to FY17 were on the basis of fair value calculated in accordance with Bapcor's accounting policy as discussed in note 1 of the financial statements. From FY18 the weighted average face value of shares is used to calculate the number of LTI Performance Rights granted. There were no amounts paid and there were no amounts outstanding or due from KMP in relation to the grant of options during the year.

KMP	Grant date	Quantity granted	Vest date	Exercise price $	Value at grant date $[1]	Vested %	Quantity vested	Quantity remaining	Forfeited/ lapsed %	Value expensed this year $[1]
D Abotomey	24/04/14	70,071	30/06/16	–	382,342	100%	70,071	–	0%	–
		220,089	30/06/17				220,089	–		
	24/12/15	55,198	30/06/17	–	574,449	34%	55,198	–	0%	124,092
		105,790	30/06/18				–	105,790		
	4/12/17	177,603	30/06/19	–	1,564,369	0%	–	177,603	0%	521,456
		201,002	30/06/20				–	201,002		
G Fox	24/04/14	31,778	30/06/16	–	173,398	100%	31,778	–	0%	–
		99,814	30/06/17				99,814	–		
	24/12/15	24,814	30/06/17	–	258,243	34%	24,814	–	0%	55,786
		47,558	30/06/18				–	47,558		
	20/12/16	24,605	30/06/18	–	307,393	0%	–	24,605	0%	102,078
		46,995	30/06/19				–	46,995		
	4/12/17	73,194	30/06/20	–	304,052	0%	–	73,194	0%	101,351
M Cooper	24/12/15	13,951	30/06/17	–	145,189	34%	13,951	–	0%	31,364
		26,738	30/06/18				–	26,738		
	20/12/16	13,351	30/06/18	–	166,799	0%	–	13,351	0%	55,390
		25,501	30/06/19				–	25,501		
	4/12/17	39,412	30/06/20	–	163,719	0%	-	39,412	0%	54,573
C Daly	15/08/17	7,977	30/06/18	–	90,156	0%	–	7,977	0%	35,148
		15,236	30/06/19				–	15,236		
	4/12/17	46,919	30/06/20	–	194,903	0%	–	46,919	0%	64,968
P Dumbrell	24/12/15	21,230	30/06/17	–	220,940	34%	21,230	–	0%	47,727
		40,688	30/06/18				–	40,688		
	20/12/16	19,470	30/06/18	–	243,244	0%	–	19,470	0%	80,775
		37,188	30/06/19				–	37,188		
	4/12/17	54,051	30/06/20	–	224,529	0%	–	54,051	0%	74,843
G Jarrett	24/12/15	14,719	30/06/17	–	153,186	34%	14,719	–	0%	33,092
		28,211	30/06/18				–	28,211		
	20/12/16	12,495	30/06/18	–	156,102	0%	–	12,495	0%	51,838
		23,865	30/06/19				–	23,865		
	4/12/17	38,005	30/06/20	–	167,619	0%	–	38,005	0%	52,625
A Laing	4/12/17	28,152	30/06/20	–	116,945	0%	–	28,152	0%	38,982

KMP	Grant date	Quantity granted	Vest date	Exercise price $	Value at grant date $[1]	Vested %	Quantity vested	Quantity remaining	Forfeited/ lapsed %	Value expensed this year $[1]
C Magill	24/04/14	18,114	30/06/16	–	93,634	100%	18,114	–	0%	–
		56,894	30/06/17				56,894	–		
	24/12/15	14,558	30/06/17	–	151,505	34%	14,558	–	0%	32,728
		27,901	30/06/18				–	27,901		
	20/12/16	14,206	30/06/18	–	177,485	0%	–	14,206	0%	58,938
		27,135	30/06/19				–	27,135		
	4/12/17	45,981	30/06/20	–	191,008	0%	–	45,981	0%	63,669
P. Tilley	24/12/15	13,180	30/06/17	–	137,168	34%	13,180	–	0%	29,631
		25,261	30/06/18				–	25,261		
	20/12/16	25,261	30/06/18	–	166,799	0%	–	13,351	0%	55,390
		25,501	30/06/19				–	25,501		
	4/12/17	40,351	30/06/20	–	157,874	0%	–	40,351	0%	55,873
Total		**2,008,103**			**6,683,049**		**654,410**	**1,353,693**		**1,822,317**

1. Value at grant date has been determined as the fair value of performance rights at grant.
2. Value expensed this year is the current years expense calculated by allocating the fair value (determined at grant), of the performance rights, over the relevant vesting period as required by the Accounting Standards.

14.7.5 Equity instrument disclosures relating to KMP

The numbers of ordinary voting shares in the company held during the financial year by each director and other KMP, including their personally related parties, are set out below.

	Balance at start of the year	Received during the year	Dividend reinvestment plan	Purchase of shares	Sale of shares	Resigned from role	Balance at the end of the year
2018							
Directors							
R McEniry	43,163	–	–	–	–	(43,163)	–
A Harrison	56,869	–	–	–	–	–	56,869
M Haseltine	15,713	–	614	15,000	–	–	31,327
T Ryan	32,976	–	892	–	–	–	33,868
D Abotomey	1,860,246	275,287	–	–	(600,000)	–	1,535,533
Other KMP							
G Fox	594,195	124,628	–	–	(200,000)	–	518,823
M Cooper	8,500	13,951	–	–	–	–	22,451
C Daly	–	–	–	–	–	–	–
P Dumbrell	2,817,313	21,230	–	–	(1,053,313)	–	1,785,230
G Jarrett	–	14,719	–	–	–	–	14,719
A Laing	–	–	–	–	–	–	–
C Magill	827,360	71,452	–	–	(309,246)	–	589,566
P Tilley	–	13,180	–	–	–	–	13,180
Total	**6,256,335**	**534,447**	**1,506**	**15,000**	**(2,162,559)**	**(43,163)**	**4,601,566**

	Balance at start of the year	Received during the year	Dividend reinvestment plan	Purchase of shares	Sale of shares	Resigned from role	Balance at the end of the year
2017							
Directors							
R McEniry	40,294	–	2,869	–	–	–	43,163
A Harrison	44,000	–	2,869	10,000	–	–	56,869
M Haseltine	–	–	153	15,560	–	–	15,713
T Ryan	32,976	–	–	–	–	–	32,976
D Abotomey	1,787,306	70,071	2,869	–	–	–	1,860,246
Other KMP							
G Fox	762,417	31,778	–	–	(200,000)	–	594,195
M Cooper	–	–	–	8,500	–	–	8,500
P Dumbrell	2,817,313	–	–	–	–	–	2,817,313
G Jarrett	–	–	–	–	–	–	–
C Magill	809,246	18,114	–	–	–	–	827,360
P Tilley	–	–	–	–	–	–	–
Total	**6,293,552**	**119,963**	**8,760**	**34,060**	**(200,000)**	–	**6,256,335**

14.7.6 Total shares under option or right to KMP

Date granted	Vest date	Expiry date	Exercise price of rights	Quantity
Performance rights plans				
24/12/15	30/06/18	n/a	$0.00	302,147
20/12/16	30/06/18	n/a	$0.00	97,478
20/12/16	30/06/19	n/a	$0.00	186,185
15/08/17	30/06/18	n/a	$0.00	7,977
15/08/17	30/06/19	n/a	$0.00	15,236
4/12/17	30/06/19	n/a	$0.00	177,603
4/12/17	30/06/20	n/a	$0.00	567,067
Total shares under option of right				**1,353,693**

14.7.7 Loans to executive KMP

No loans were made to executive KMP in FY18.

During FY16, loans were made to several executive KMP to assist in the purchase of shares under the retail component of the Entitlements Offer in that year. These loans are secured by the underlying shares. The loans are interest bearing and are repayable on the earlier of sale of the underlying shares, termination of employment or 5 years from the date of the loan. Any remuneration in relation to over achievement of target STIs is to be applied to repay the outstanding loan balance. The total amount of loans made during FY16 to executive KMP was $3,050,000. Subsequent to the loans being made, there have been repayments of $2,408,000 and as at 30 June 2018, the outstanding balance on these loans to executive KMP is $642,000. There are no outstanding loans to the CEO or the CFO.

15. Matters subsequent to the end of the financial year

On 3 July 2018, the consolidated entity sold the TRS Tyre and Wheel business in New Zealand ('TRS') to Trelleborg Wheel Systems, a subsidiary of Swedish listed Trelleborg AB for NZD $20m. Final completion is outstanding at the time of this financial report.

TRS is a distributor of tyres for agricultural, materials handling and construction vehicles in New Zealand, specialising in tyres and complete wheels for tyre and tractor dealers.

TRS contributed revenue of $24.3m and profit before tax of $2.5m in FY18.

On 1 August 2018, the consolidated entity exercised an option to make final settlement of the Baxter's deferred contingent consideration which was recorded as a current liability in the financial statements.

Apart from the dividend declared as discussed above, no other matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

16. Environmental regulation

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

17. Indemnity and insurance of officers

During the financial year, the company paid a premium of $210,750 in respect of a contract to insure the directors and executives of the company against a liability for costs that may be incurred in defending civil or criminal proceedings that may be brought against the directors, in their capacity as a director, except where there is a lack of good faith.

18. 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.

19. Auditor

PricewaterhouseCoopers continues in office in accordance with section 327 of the Corporations Act 2001.

20. Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 29 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed in note 29 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.

21. 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 on page 82 of the Directors' Report.

22. Rounding of amounts

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

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

Andrew Harrison
Chairman

Darryl Abotomey
Chief Executive Officer and Managing Director

22 August 2018
Melbourne

AUDITOR'S INDEPENDENCE DECLARATION

Auditor's Independence Declaration

As lead auditor for the audit of Bapcor Limited for the year ended 30 June 2018, I declare that 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 Bapcor Limited and the entities it controlled during the period.

Jason Perry
Partner
PricewaterhouseCoopers

Melbourne
22 August 2018

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BAPCOR LIMITED
ABN 80 153 199 912

Financial Report
30 June 2018

General information

The financial statements cover Bapcor Limited as a consolidated entity consisting of Bapcor Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Bapcor Limited's functional and presentation currency.

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

61 Gower Street, Preston VIC 3072 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 22 August 2018. The Directors have the power to amend and reissue the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2018

	Note	Consolidated 2018 $'000	Consolidated 2017 $'000
Revenue from continuing operations		1,236,681	1,013,553
Expenses			
Cost of sales		(667,290)	(552,683)
Employee benefits expense		(260,123)	(209,013)
Freight		(20,189)	(17,982)
Advertising		(23,766)	(23,773)
Administration		(47,646)	(42,026)
Motor vehicles		(10,836)	(9,113)
IT & communications		(12,963)	(10,441)
Occupancy		(46,098)	(37,027)
Acquisition costs	5	(702)	(8,482)
Depreciation and amortisation expense	5	(15,582)	(13,527)
Finance costs	5	(13,452)	(9,766)
Profit before income tax expense from continuing operations		118,034	79,720
Income tax expense	6	(33,655)	(25,988)
Profit after income tax expense from continuing operations		84,379	53,732
Profit after income tax expense from discontinued operations	7	9,941	10,098
Profit after income tax expense for the year		94,320	63,830
Other comprehensive income			
Items that may be reclassified to profit or loss			
Foreign currency translation		(9,248)	(891)
Changes in the fair value of cash flow hedges		3,834	(1,967)
Other comprehensive income for the year, net of tax		(5,414)	(2,858)
Total comprehensive income for the year		88,906	60,972
Profit for the year is attributable to:			
Non-controlling interest		(336)	(214)
Owners of Bapcor Limited	22	94,656	64,044
		94,320	63,830
Total comprehensive income for the year is attributable to:			
Non-controlling interest:			
Continuing operations		(157)	–
Discontinued operations		(214)	(244)
Total non-controlling interest		(371)	(244)
Owners of Bapcor Limited:			
Continuing operations		80,669	52,524
Discontinued operations		8,608	8,692
Total owners of Bapcor Limited		89,277	61,216
		88,906	60,972

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2018

	Note	Consolidated 2018 cents	2017 cents
Earnings per share for profit from continuing operations attributable to the owners of Bapcor Limited			
Basic earnings per share	39	30.22	19.93
Diluted earnings per share	39	30.06	19.83
Earnings per share for profit from discontinued operations attributable to the owners of Bapcor Limited			
Basic earnings per share	39	3.56	3.75
Diluted earnings per share	39	3.54	3.73
Earnings per share for profit attributable to the owners of Bapcor Limited			
Basic earnings per share	39	33.90	23.76
Diluted earnings per share	39	33.73	23.64

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

for the year ended 30 June 2018

		Consolidated	
	Note	2018 cents	2017 $'000
Assets			
Current assets			
Cash and cash equivalents		40,154	39,755
Trade and other receivables	8	146,700	135,784
Inventories	9	287,337	261,627
Derivative financial instruments	26	1,720	40
Assets held for sale	10	–	178,860
Total current assets		475,911	616,066
Non-current assets			
Trade and other receivables	11	78	296
Property, plant and equipment	12	52,590	49,781
Intangibles	13	677,736	647,831
Deferred tax asset	6	17,755	18,664
Other	14	3,447	4,061
Total non-current assets		751,606	720,633
Total assets		1,227,517	1,336,699
Liabilities			
Current liabilities			
Trade and other payables	15	187,753	174,768
Derivative financial instruments	26	124	1,780
Income tax		2,442	3,455
Provisions	16	52,342	32,131
Liabilities relating to assets held for sale	17	–	70,842
Total current liabilities		242,661	282,976
Non-current liabilities			
Borrowings	18	326,488	429,747
Derivative financial instruments	26	330	637
Provisions	19	15,692	33,372
Total non-current liabilities		342,510	463,756
Total liabilities		585,171	746,732
Net assets		642,346	589,967
Equity			
Issued capital	20	606,456	600,675
Reserves	21	(3,645)	(202)
Retained profits/(accumulated losses)	22	37,138	(17,067)
Equity attributable to the owners of Bapcor Limited		639,949	583,406
Non-controlling interest	23	2,397	6,561
Total equity		642,346	589,967

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

as at 30 June 2018

Consolidated	Contributed equity $'000	Other $'000	Reserves $'000	Accumulated losses $'000	Non-controlling Interests $'000	Total equity $'000
Balance at 1 July 2016	416,427	–	845	(51,052)	–	366,220
Profit/(loss) after income tax expense for the year	–	–	–	64,044	(214)	63,830
Other comprehensive income for the year, net of tax	–	–	(2,828)	–	(30)	(2,858)
Total comprehensive income for the year	–	–	(2,828)	64,044	(244)	60,972
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs (note 20)	186,144	–	–	–	–	186,144
Non-controlling interests on acquisition (note 23)	–	–	–	–	6,805	6,805
Share-based payments (note 21)	–	–	1,781	–	–	1,781
Treasury shares (note 20)	–	(1,896)	–	–	–	(1,896)
Dividends paid (note 24)	–	–	–	(30,059)	–	(30,059)
Balance at 30 June 2017	602,571	(1,896)	(202)	(17,067)	6,561	589,967

Consolidated	Contributed equity $'000	Other $'000	Reserves $'000	Accumulated losses $'000	Non-controlling Interests $'000	Total equity $'000
Balance at 1 July 2017	602,571	(1,896)	(202)	(17,067)	6,561	589,967
Profit/(loss) after income tax expense for the year	–	–	–	94,656	(336)	94,320
Other comprehensive income for the year, net of tax	–	–	(5,379)	–	(35)	(5,414)
Total comprehensive income for the year	–	–	(5,379)	94,656	(371)	88,906
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs (note 20)	8,380	–	–	–	–	8,380
Share-based payments (note 21)	–	–	1,936	–	–	1,936
Treasury shares (note 20)	–	(2,599)	–	–	–	(2,599)
Finalisation of prior year business combinations (note 34)	–	–	–	–	(4,820)	(4,820)
Divestment of non-controlling interest (note 23)	–	–	–	–	(1,527)	(1,527)
Creation of non-controlling interest on incorporation (note 23)	–	–	–	–	2,554	2,554
Dividends paid (note 24)	–	–	–	(40,451)	–	(40,451)
Balance at 30 June 2018	610,951	(4,495)	(3,645)	37,138	2,397	642,346

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

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2018

	Note	Consolidated 2018 $'000	Consolidated 2017 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,353,533	1,114,521
Payments to suppliers and employees (inclusive of GST)		(1,205,282)	(994,123)
Net cash converted		*148,251*	*120,398*
Payments for new store initial inventory purchases		(6,769)	(11,532)
Payments relating to restructuring activities		(1,964)	–
Payments associated with discontinued operations		(654)	–
Borrowing costs		(14,668)	(9,288)
Transaction costs relating to acquisition of business		(702)	(8,482)
Income taxes paid		(38,063)	(30,002)
Net cash from operating activities	38	85,431	61,094
Cash flows from investing activities			
Payment for purchase of business, net of cash and cash equivalents	34	(15,086)	(373,238)
Payment for deferred settlements		(9,954)	(6,511)
Payments for property, plant and equipment	12	(14,678)	(15,096)
Payments for intangibles	13	(966)	(1,120)
Proceeds from disposal of property, plant and equipment		776	974
Proceeds from divestment of businesses	7	93,690	–
Net cash from/(used in) investing activities		53,782	(394,991)
Cash flows from financing activities			
Proceeds from issue of shares	20	–	182,022
Share issue transaction costs		(414)	(4,596)
Purchase of treasury shares	20	(2,599)	(1,896)
Repayment of acquired loans via acquisition	34	–	(79,487)
Net proceeds/(repayments) from borrowings	18	(103,838)	283,429
Dividends paid	24	(31,781)	(25,501)
Borrowing transaction costs		(24)	(2,618)
Net cash from/(used in) financing activities		(138,656)	351,353
Net increase in cash and cash equivalents		557	17,456
Cash and cash equivalents at the beginning of the financial year		39,755	22,392
Effects of exchange rate changes on cash and cash equivalents		(158)	(93)
Cash and cash equivalents at the end of the financial year		40,154	39,755

Note: the consolidated statement of cash flows represents the statement of cash flows of the continuing operations only. Discontinued operation's cash flows have been excluded as cash flow disclosures are not required for disposal groups that are classified as held for sale on acquisition in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations.*

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

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. 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.

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 AASB and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, 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, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

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 33.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Bapcor Limited ('company' or 'parent entity') as at 30 June 2018 and the results of all subsidiaries for the year then ended. Bapcor Limited 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.

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.

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

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.

Note 1. Significant accounting policies (continued)

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.

Foreign currency translation

The financial statements are presented in Australian dollars, which is Bapcor Limited's functional and presentation currency.

Transactions and balances

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, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

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.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

Revenue is recognised when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the consolidated entity and specific criteria have been met for each of the revenue activities as described below. Where estimates are used, they are based on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Sale of goods

A sale is recorded when goods have been delivered to the customer, the customer has accepted the goods and collectability of the related receivables is probable.

Rendering of services — franchise and service fees

Revenue from the provision of franchise and advertising services is recognised on an accruals basis.

Revenue from the provision of accounting and information technology support services is recognised on a periodical as-delivered basis.

Other revenue

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

Income tax

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

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

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

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

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

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

Discontinued operations

A discontinued operation is a component of the consolidated entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of comprehensive income.

Discontinued operations adhere to the accounting policies of the consolidated entity except for the following specific recognition and measurement policies only relating to the discontinued operations:

Revenue recognition and measurement:

Sale of services and unbilled revenue (specific to the Resource Services discontinued operation):

Where services are charged on the basis of actual time and materials incurred, revenue is recognised as costs are incurred. Revenue is generally calculated based on contractual billing rates for the services performed. To the extent that services rendered have not been invoiced at balance date but are billable under agreed contractual terms, an amount is recorded as unbilled revenue in the balance sheet as part of assets held for sale.

Where services are under a fixed price arrangement then the percentage-of-completion method of contract accounting is applied. When the outcome of fixed price contracts can be measured reliably, revenue is recognised based on the proportion of work performed to date relative to the estimated total contract costs. When the outcome of fixed price contracts cannot be measured reliably, revenue is recognised only to the extent of the expenses incurred under the contract that are expected to be recoverable. If these services have not been invoiced at balance date but are billable, an amount is recorded as unbilled revenue in the balance sheet as part of assets held for sale.

Note 1. Significant accounting policies (continued)

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 twelve 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 twelve 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 twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

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

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.

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 provision for impairment. Trade receivables are generally due for settlement within 30 to 60 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables and also by an application of a percentage of aged debt. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

Inventories

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

Stock on hand is stated at the lower of cost and 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.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Derivatives are classified as current or non-current depending on the expected period of realisation.

Cash flow hedges

Cash flow hedges are used to cover the consolidated entity's exposure to variability in cash flows that is attributable to particular risks associated with a recognised asset or liability or a firm commitment which could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income through the cash flow hedges reserve in equity, whilst the ineffective portion is recognised in profit or loss. Amounts taken to equity are transferred out of equity and included in the measurement of the hedged transaction when the forecast transaction occurs.

Cash flow hedges are tested for effectiveness on a regular basis both retrospectively and prospectively to ensure that each hedge is highly effective and continues to be designated as a cash flow hedge. If the forecast transaction is no longer expected to occur, the amounts recognised in equity are transferred to profit or loss.

If the hedging instrument is sold, terminated, expires, exercised without replacement or rollover, or if the hedge becomes ineffective and is no longer a designated hedge, the amounts previously recognised in equity remain in equity until the forecast transaction occurs.

Hedges of a net investment

Hedges of a net investment in a foreign operation include monetary items that are considered part of the net investment. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised directly in equity whilst gains or losses relating to the ineffective portion are recognised in profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recognised directly in equity is transferred to profit or loss.

Plant and equipment

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

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

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

Plant and equipment	2-15 years
Motor vehicles	3-7 years

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

An item of 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. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Note 1. Significant accounting policies (continued)

Leases

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

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

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

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

Intangible assets

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

Goodwill

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

Brands and trademarks

Brands and trademarks are recognised as intangible assets where a registered trademark is acquired with attributable value. They are valued using a relief from royalty method and are considered indefinite life intangibles and are not amortised unless there is an intention to discontinue their use in which it is amortised over the estimated remaining useful life.

Customer contracts

Customer contracts acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life which is currently between 10 and 20 years.

Software

Costs incurred in acquiring, developing, and implementing new software are recognised as intangible assets only when it is probable that future economic benefits associated with the item will flow to the consolidated entity and the cost of the item can be measured reliably. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, licenses and direct labour. Software is amortised on a straight-line basis over the period of their expected benefit, being their finite life which is currently between 2 and 5 years. Large scale projects are individually assessed as part of the approval process and determination of finite life may exceed this range.

Impairment of 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 assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

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

Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 to 90 days of recognition.

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 to defer settlement of the liability for at least twelve months after the reporting date, the loans or borrowings are classified as non-current.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is amortised on a straight-line basis over the term of the facility.

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.

Employee benefits

Short-term employee benefits

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

Long-term employee benefits

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

Note 1. Significant accounting policies (continued)

Share-based payments

Share-based compensation benefits are provided to employees via the Long-Term Incentive ('LTI') plan. The fair value of performance rights granted under the LTI is recognised as an employee benefit expense over the period during which the employees become unconditionally entitled to the rights and options with a corresponding increase in equity.

The total amount to be expensed is determined by reference to the fair value of the rights and options granted, which includes any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest which are revised at the end of each reporting period. The impact of the revision to original estimates, if any, is recognised in profit or loss, with a corresponding adjustment to equity.

The fair value is measured at grant date and the expense recognised over the life of the plan. The fair value is independently determined using a Black-Scholes or similar option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

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.

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.

Issued capital

Ordinary shares are classified as equity.

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

Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition-date. On an acquisition-by-acquisition basis, any non-controlling interest in the acquiree is recognised either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

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

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Bapcor Limited, 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 and excluding treasury shares.

Diluted earnings per share

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

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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

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

Rounding of amounts

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

Note 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 2018. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

The consolidated entity will adopt this standard from 1 July 2018. The consolidated entity has commenced the assessment of the impact of its adoption and has not identified any changes from either the classification and measurement for financial assets or hedge accounting requirements changes, however is still assessing any potential impact for the impairment changes under an expected credit losses method which may impact the calculation of the provision for doubtful debts.

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. This new standard will replace AASB 118 *Revenue* which covers revenue arising from the sale of goods and the rendering of services and AASB 111 *Construction Contracts* which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer and permits either a full retrospective or a modified retrospective approach for the adoption.

The consolidated entity will adopt this standard from 1 July 2018 and has performed an initial assessment of the impact of this change. Given the majority of the consolidated entity's revenue is derived from over the counter sale of goods with no above normal industry expected warranties provided or loyalty programs in place, it is not expected that this adoption will have a material impact.

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 *Leases* and will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, as asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The consolidated entity will adopt this standard from 1 July 2019 and has engaged with an external lease solution provider to consolidate the required leasing information in order to perform quantification of this change which is still underway. Given the number of operating leases in relation to warehouse and stores that the consolidated entity has in place, it is expected that this change will have a material impact on the balance sheet in particular via the recognition of the respective right-of-use asset and corresponding liability as well as the income statement. The consolidated entity will continue to work with the external lease solution provider to assess the quantification of this change and the impact of its adoption.

Note 2. Critical accounting judgements, estimates and assumptions

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

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. Refer to note 40.

Provision for impairment of receivables

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the ageing of receivables, historical collection rates and specific knowledge of the individual debtor's financial position. Refer to notes 8 and 11.

Provision for slow moving inventory

The provision for slow moving inventory assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence. Refer to note 9.

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 lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down. Refer to notes 12 and 13.

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. Refer to note 13.

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 provisional period is adjusted for retrospectively as part of the fair value of consideration. 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. Refer to note 16 and 19.

Business combinations

As discussed in note 1, 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. Refer to note 34.

Note 3. Restatement of comparatives

Reclassifications

The financial statements contain reclassification of prior year disclosures to ensure comparability with the current year presentation.

Note 4. Operating segments

Description of segments

The consolidated entity has identified four operating segments based on the internal reports that are reviewed and used by the CEO and Managing Director (who is identified as the Chief Operating Decision Maker ('CODM')) and is supported by the other members of the Board of Directors where required in assessing performance and in determining the allocation of resources including capital allocations.

The operating results of the consolidated entity are currently reviewed by the CODM and decisions are based on four operating segments which also represent the four reporting segments, as follows:

Trade	Represents the trade focused automotive aftermarket parts distribution to independent and chain mechanic workshops. Includes the operations of Burson Auto Parts and Precision Automotive Equipment.
Bapcor NZ (previously Hellaby Automotive)	Represents the operations of Brake & Transmission, Autolign, HCB Technologies and TRS Tyre & Wheel.
Specialist Wholesale	Includes the specialised wholesale distribution areas of the organisation that focus on a specific automotive area. Includes the operations of AAD, Baxters, Bearing Wholesalers, MTQ Engine Systems, Roadsafe, Diesel Distributors, Federal Batteries, JAS Oceania, and Premier Auto Trade.
Retail & Service	Represents the retail focused accessory stores that are positioned as the first choice destination for both the everyday consumer and automotive enthusiast as well as the service areas of Bapcor. Includes the operations of Autobarn, Autopro, Sprint Auto Parts, Midas and ABS.

During FY18 there was a reallocation of the Bapcor NZ Australian business units of Diesel Distributors, Federal Batteries, JAS Oceania and Premier Auto Trade to the Specialist Wholesale segment reflecting the change in business organisation structure. The prior year comparatives have been adjusted to reflect this change.

The Thailand based operations have been included in the Unallocated/Head Office supporting segment as they are considered immaterial in nature for the financial period.

Segment revenue

Intersegment transactions are carried out at arm's length and eliminated on consolidation. The revenue from external parties reported to the CODM is measured in a manner consistent with that in the statement of comprehensive income.

Segment EBITDA

Segment performance is assessed on the basis of segment EBITDA. Segment EBITDA comprises expenses which are incurred in the normal trading activity of the segments and excludes the impact of depreciation, amortisation, interest, share-based payments and other items which are determined to be outside of the control of the respective segments.

Operating segment information

Consolidated – 2018	Trade $'000	Bapcor NZ $'000	Specialist Wholesale $'000	Retail & Service $'000	Unallocated/ Head Office $'000	Total $'000
Revenue						
Sales	501,591	177,850	364,343	239,114	–	1,282,898
Total segment revenue	501,591	177,850	364,343	239,114	–	1,282,898
Intersegment sales						(46,217)
Discontinued operations (note 7)						145,647
Total revenue						**1,382,328**
EBITDA	72,123	22,708	38,633	28,784	(11,546)	150,702
Intersegment EBITDA						(2,932)
Depreciation and amortisation						(15,582)
Finance costs						(13,452)
Acquisition costs						(702)
Discontinued operations (note 7)						13,870
Profit before income tax expense						131,904
Income tax expense						(37,584)
Profit after income tax expense						94,320
Assets						
Segment assets	291,888	230,040	373,980	283,528	48,081	1,227,517
Total assets						**1,227,517**
Liabilities						
Segment liabilities	100,024	30,551	82,502	42,084	330,010	585,171
Total liabilities						**585,171**

Note 4. Operating segments (continued)

Consolidated – 2017 Restated	Trade $'000	Bapcor NZ $'000	Specialist Wholesale $'000	Retail & Service $'000	Unallocated/ Head Office $'000	Total $'000
Revenue						
Sales	465,102	87,121	272,264	220,996	–	1,045,483
Total segment revenue	465,102	87,121	272,264	220,996	–	1,045,483
Intersegment sales						(31,930)
Discontinued operations (note 7)						196,603
Total revenue						**1,210,156**
EBITDA	63,296	9,295	28,050	27,579	(11,126)	117,094
Intersegment EBITDA						(5,599)
Depreciation and amortisation						(13,527)
Finance costs						(9,766)
Acquisition costs						(8,482)
Discontinued operations (note 7)						15,135
Profit before income tax expense						94,855
Income tax expense						(31,025)
Profit after income tax expense						63,830
Assets						
Segment assets	280,947	205,397	349,404	274,241	47,850	1,157,839
Held for sale assets (note 10)						178,860
Total assets						**1,336,699**
Liabilities						
Segment liabilities	91,273	23,866	51,421	37,549	471,781	675,890
Held for sale liabilities (note 17)						70,842
Total liabilities						**746,732**

Geographical information

	Sales to external customers		Geographical non-current assets	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Australia	1,058,831	926,638	561,417	531,719
New Zealand	177,850	86,915	171,946	170,250
Other	–	–	488	–
	1,236,681	1,013,553	733,851	701,969

The geographical non-current assets above are exclusive of, where applicable, financial instruments, deferred tax assets and balances such as intercompany and investments that are eliminated on consolidation. It only pertains to the continuing operations of the consolidated entity.

Revenue is allocated to geographical segments on the basis of where the sale is recorded.

Note 5. Expenses

	Consolidated	
	2018 $'000	2017 $'000
Profit before income tax from continuing operations includes the following specific expenses:		
Depreciation and amortisation expense		
Plant and equipment	8,297	5,519
Motor vehicles	3,890	4,012
Amortisation	2,861	3,667
Make good provision	534	329
	15,582	13,527
Acquisition and divestment costs		
Professional consultant costs	459	2,369
Transaction success fees paid to advisors	–	3,793
Other transaction costs	243	2,320
	702	8,482
Finance costs		
Interest and finance charges paid/payable	13,452	9,185
Borrowing cost write offs due to refinancing process	–	581
	13,452	9,766
Rental expense relating to operating leases		
Minimum lease payments	40,895	31,902
Superannuation expense		
Defined contribution superannuation expense	16,075	13,740

Note 6. Income tax

	Consolidated	
	2018 $'000	2017 $'000
Income tax expense		
Current tax on profits for the year	33,318	26,907
Deferred tax expense	610	(610)
Adjustment recognised for prior periods	(273)	(309)
Relating to discontinued operations	3,929	5,037
Total income tax expense	37,584	31,025
Income tax expense is attributable to:		
Profit from continuing operations	33,655	25,988
Profit from discontinued operations	3,929	5,037
Total income tax expense	37,584	31,025
Deferred tax included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets	1,345	(561)
Decrease in deferred tax liabilities	(735)	(49)
Total deferred tax expense	610	(610)
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense from continuing operations	118,034	79,720
Profit before income tax expense from discontinued operations	13,870	15,135
	131,904	94,855
Tax at the statutory tax rate of 30%	39,571	28,457
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Acquisition costs	211	2,134
Other	(657)	321
Gain on divestment	(1,963)	–
Adjustment recognised for prior periods	(273)	(309)
Difference in overseas tax rates	695	422
Income tax expense	37,584	31,025

	Consolidated 2018 $'000	2017 $'000
Deferred tax asset		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Property, plant and equipment	1,769	2,259
Employee benefits	13,392	11,737
Trade and other receivables	2,296	2,663
Inventory	13,850	15,810
Other	8,337	8,520
	39,644	40,989
Amounts recognised in equity:		
Transaction costs on share issue	1,301	1,359
Amounts recognised in other comprehensive income:		
Cash flow hedge	394	447
Share-based payment	597	882
	991	1,329
Total deferred tax asset	41,936	43,677
Set off deferred tax liabilities pursuant to set-off provisions	(24,181)	(25,013)
Net deferred tax asset	17,755	18,664
Movements in deferred tax asset		
Opening balance	43,677	27,728
Credited/(charged) to profit or loss	(1,345)	561
Credited/(charged) to equity	(58)	1,038
Additions through business combinations (note 34)	790	13,778
Charged to other comprehensive income	(338)	66
Adjustment recognised for prior periods	(443)	53
Foreign currency translation	(347)	453
Closing balance	41,936	43,677

Note 6. Income tax (continued)

	Consolidated 2018 $'000	Consolidated 2017 $'000
Deferred tax liability		
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Customer contracts	6,158	6,688
Trademarks	17,643	17,721
Other	249	376
	24,050	24,785
Amounts recognised in other comprehensive income:		
Cash flow hedge	131	228
Total deferred tax liability	24,181	25,013
Set off deferred tax liabilities pursuant to set-off provisions	(24,181)	(25,013)
Net deferred tax liability	–	–
Movements in deferred tax liability		
Opening balance	25,013	20,481
Credited to profit or loss	(735)	(49)
Charged/(credited) to equity	(97)	228
Additions through business combinations (note 34)	–	4,353
Finalisation of prior year business combinations (note 34)	(78)	–
Foreign currency translation	108	–
Adjustment recognised for prior periods	(30)	–
Closing balance	24,181	25,013

Note 7. Discontinued operations

Description

The discontinued operations relate to the businesses of Footwear and Resource Services that were acquired in the prior year as part of the Hellaby Holdings Limited acquisition and deemed held for sale on acquisition. During the year they were all successfully divested. Refer to notes 10 and 17 for further information.

Financial performance information

	Consolidated	
	2018 $'000	2017 $'000
Footwear	27,245	64,697
Resource Services	118,402	131,906
Total revenue	145,647	196,603
Footwear	(28,135)	(59,498)
Resource Services	(111,093)	(121,970)
Total expenses	(139,228)	(181,468)
Profit before reserve reclassification	6,419	15,135
Foreign currency reserve reclassification	(2,771)	–
Net investment hedge reserve reclassification	3,211	–
Total reserve reclassifications	440	–
Profit before income tax expense post reserve reclassifications	6,859	15,135
Income tax expense	(3,929)	(5,037)
Profit after income tax expense	2,930	10,098
Gain on divestment before income tax	7,011	–
Income tax expense	–	–
Gain on divestment after income tax expense	7,011	–
Profit after income tax expense from discontinued operations	9,941	10,098

Carrying amounts of assets and liabilities divested

	Consolidated	
	2018 $'000	2017 $'000
Assets held for sale	110,963	–
Total assets	110,963	–
Liabilities held for sale	52,190	–
Total liabilities	52,190	–
Net assets	58,773	–

Note 7. Discontinued operations (continued)

Details of the divestments

	Consolidated 2018 $'000	Consolidated 2017 $'000
Net cash sale consideration*	93,690	–
Carrying amount of net assets divested	(58,773)	–
Net accrued consideration to be received	1,516	–
Accrued divestment and warranty costs	(859)	–
Cash proceeds used to settle intercompany debt	(31,506)	–
Derecognition of non-controlling interest (note 23)	1,527	–
Foreign currency reserve reclassification	1,416	–
Gain on divestment before income tax	7,011	–
Gain on divestment after income tax	7,011	–

* Net of divestment costs and minority interest payments.

The Footwear and Contract Resources (North America component only) businesses were divested effective 30 September 2017, the Contract Resources (excluding the North America component) business effective 31 October 2017 and the TBS business effective 31 March 2018.

The Contract Resources (excluding the North America component) divestment was finalised in March 2018 with a NZD $5.0M (AUD $4.6m) working capital settlement received, which is included in the net cash sale consideration amount in the table above. The final completion consideration for TBS is yet to be finalised.

Cash flow disclosures are not required for disposal groups that are classified as held for sale on acquisition in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Note 8. Current assets – trade and other receivables

	Consolidated	
	2018 $'000	2017 $'000
Trade receivables	134,735	126,524
Less: Provision for impairment of receivables	(7,251)	(8,296)
	127,484	118,228
Customer loans	1,352	1,366
Less: Provision for impairment of customer loans	(805)	(851)
	547	515
Other receivables	12,586	12,118
Prepayments	6,083	4,923
	18,669	17,041
	146,700	135,784

Trade receivables are non-interest bearing and repayment terms vary by business unit. The amount of provision for impairment of trade receivables has been measured as the difference between the carrying amount of the trade receivables and the estimated future cash flows expected to be received from the relevant debtors.

Customer loans relate to loans with franchisees. Loans with repayment terms of less than twelve months are classified as current. Non-current customer loans are discounted to their present value. Of the total customer loans balance including the non-current portion disclosed in note 11, $292,000 (2017: $265,000) are non-interest bearing. $1,281,000 (2017: $1,704,000) of loans have a weighted average annual interest rate of 10.2% (2017: 9.9%).

Other receivables are non-interest bearing. Receivables with repayment terms of less than twelve months are classified as current. These receivables are all neither past due nor impaired.

The ageing of the net trade receivables and loans above (including the non-current portion from note 11) are as follows:

	Consolidated	
	2018 $'000	2017 $'000
Current and not due	82,001	84,431
31 – 60 days	40,355	28,424
61 – 90 days	5,753	6,184
	128,109	119,039

As at 30 June the amount of the provision for impairment of receivables and loans was $8,198,000 (2017: $9,454,000) represented by:

- Provision for trade doubtful debts $5,971,000 (2017: $7,130,000)
- Provision for credit notes $1,280,000 (2017: $1,166,000)
- Provision for customer loans $947,000 (2017: $1,158,000)

Bapcor recognised a loss of $420,000 (2017: $254,000) in respect of impaired receivables during the financial year.

Note 8. Current assets – trade and other receivables (continued)

Movements in the provision for impairment of receivables and loans are as follows:

	Consolidated	
	2018 $'000	2017 $'000
Opening balance	9,454	8,295
Additional provisions recognised	420	254
Additions through business combinations	88	2,846
Amounts used	(1,484)	(1,356)
Foreign currency translation	(44)	(9)
Change in provision from re-measurement	(236)	(576)
Closing balance	8,198	9,454

Note 9. Current assets – inventories

	Consolidated	
	2018 $'000	2017 $'000
Stock in transit – at cost	15,271	13,325
Stock on hand – at cost	318,905	302,287
Less: Provision for slow moving inventory	(46,839)	(53,985)
	272,066	248,302
	287,337	261,627

Movements in provision for slow moving inventory

Balance at 1 July 2017	53,985
Additional provisions recognised against profit[1]	1,977
Additions through business combinations[2]	1,224
Inventory written off against provision[3]	(9,920)
Foreign currency translation	(427)
	46,839

Notes:
1. Represents inventory provisions raised during the normal course of business for slow moving and obsolete inventory and charged against profit.
2. Represents inventory provisions created for acquired businesses to record inventory in line with Bapcor policy.
3. Represents physical disposal and destruction of obsolete inventory which had been previously provided. This relates largely to inventory acquired as part of the Metcash Automotive and Hellaby Automotive acquisitions which were recognised as slow moving or obsolete at the time of acquisition and provided for in line with Bapcor policy.

Note 10. Current assets – assets held for sale

	Consolidated	
	2018 $'000	2017 $'000
Footwear	–	27,391
Resource Services	–	151,469
	–	178,860

As part of the Hellaby Holdings Limited acquisition in the prior year, the two acquired businesses of Footwear and Resource Services were immediately deemed assets held for sale at the time of acquisition. During the year ending 30 June 2018, these held for sale businesses were divested. The results of these held for sale businesses have been reported as discontinued operations. Refer to notes 7 and 17 for further information.

Refer to note 28 for information relating to the determination of the fair value of the assets held for sale.

Note 11. Non-current assets – trade and other receivables

	Consolidated	
	2018 $'000	2017 $'000
Customer loans	220	603
Less: Provision for impairment of receivables	(142)	(307)
	78	296

Customer loans relate to loans with franchisees. Refer to note 8 for further information on these customer loans.

Note 12. Non-current assets – property, plant and equipment

	Consolidated	
	2018 $'000	2017 $'000
Plant and equipment – at cost	62,105	55,016
Less: Accumulated depreciation	(27,310)	(22,409)
	34,795	32,607
Motor vehicles – at cost	29,850	27,396
Less: Accumulated depreciation	(12,055)	(10,222)
	17,795	17,174
	52,590	49,781

Note 12. Non-current assets – property, plant and equipment (continued)

Reconciliations

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

Consolidated	Plant and equipment $'000	Motor vehicles $'000	Total $'000
Balance at 1 July 2016	23,823	12,390	36,213
Additions	9,399	5,697	15,096
Additions through business combinations	4,722	4,182	8,904
Disposals	(210)	(685)	(895)
Foreign currency translation	(1)	(5)	(6)
Transfers in/(out)	393	(393)	–
Depreciation expense	(5,519)	(4,012)	(9,531)
Balance at 30 June 2017	32,607	17,174	49,781
Additions	9,338	5,340	14,678
Additions through business combinations (note 34)	946	190	1,136
Disposals	(117)	(599)	(716)
Foreign currency translation	(50)	(52)	(102)
Transfers in/(out)	368	(368)	–
Depreciation expense	(8,297)	(3,890)	(12,187)
Balance at 30 June 2018	34,795	17,795	52,590

Note 13. Non-current assets – intangibles

	Consolidated	
	2018 $'000	2017 $'000
Goodwill	594,118	561,844
Trademarks	58,979	59,442
Customer contracts	25,520	25,543
Less: Accumulated amortisation	(4,960)	(3,251)
	20,560	22,292
Software	9,925	8,959
Less: Accumulated amortisation	(5,846)	(4,706)
	4,079	4,253
	677,736	647,831

Reconciliations

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

Consolidated	Computer software $'000	Customer contracts $'000	Trade names $'000	Goodwill $'000	Total $'000
Balance at 1 July 2016	4,371	24,024	44,581	289,231	362,207
Additions	1,101	–	19	–	1,120
Additions through business combinations (note 34)	716	–	14,889	273,599	289,204
Foreign currency translation	–	–	(47)	(986)	(1,033)
Amortisation expense	(1,935)	(1,732)	–	–	(3,667)
Balance at 30 June 2017	4,253	22,292	59,442	561,844	647,831
Additions	966	–	–	–	966
Additions through business combinations (note 34)	–	–	–	10,199	10,199
Finalisation of prior year business combinations (note 34)	–	–	(277)	32,573	32,296
Foreign currency translation	(11)	–	(186)	(10,498)	(10,695)
Amortisation expense	(1,129)	(1,732)	–	–	(2,861)
Balance at 30 June 2018	4,079	20,560	58,979	594,118	677,736

Impairment testing

Impairment testing of assets including goodwill and other intangible assets occurs each year on 31 March balances or when impairment indicators arise. The recoverable amount of assets including goodwill and other indefinite useful life intangible assets is determined based on value-in-use calculations at an individual or a combination of cash-generating units ('CGU') up to the operating segment level. These calculations require the use of key assumptions on which management has based its cash flow projections, as well as pre-tax discount rates.

Cash flow projections were derived from management forecasts based on the five year strategic plan. This has been compiled based on past experience, current performance and market position as well as structural changes and economic factors which have been derived based on external data and internal analysis.

The following key assumptions were used in testing for impairment:

- Pre-tax discount rate: 11.96% (2017: 11.96%)
- Terminal value growth rate beyond 5 years (set at current CPI): 1.90% (2017: 1.30%)
- Forecast year on year revenue and EBITDA margin growth ranges as follows:

CGU	Revenue growth	EBITDA growth
Trade	2.0% – 5.1%	0 – 0.2 percentage points
Bapcor NZ	3.0% – 3.1%	0 – 0.4 percentage points
Specialist Wholesale	3.6% – 5.5%	0 – 0.4 percentage points
Retail & Service	4.2% – 4.6%	0 – 0.7 percentage points

A reasonable possible change in assumptions would not cause the carrying value of the CGUs to exceed its recoverable amount in the Trade, Specialist Wholesale and Bapcor NZ CGU's. The Retail & Service CGU and Autopro brand are relatively more sensitive to changes in trading conditions.

There have been no further indicators of impairment after the impairment testing date of 31 March 2018 up until the date of this report.

Note 13. Non-current assets – intangibles (continued)

Impairment testing (continued)

The balances of goodwill and other intangible assets excluding computer software allocated to each segment as at 30 June were:

	Consolidated	
	2018 $'000	2017 $'000
Goodwill		
Trade	109,071	106,529
Retail & Service	131,514	126,738
Specialist Wholesale*	191,586	193,725
Bapcor NZ*	161,947	134,851
	594,118	561,843

	Consolidated	
	2018 $'000	2017 $'000
Other intangible assets		
Retail & Service	53,185	54,815
Specialist Wholesale*	20,998	21,146
Bapcor NZ*	5,356	5,774
	79,539	81,735

* The prior year values have been reclassified to reflect the impact of the move of the Australian Bapcor NZ subsidiaries to be under the Specialist Wholesale segment.

Note 14. Non-current assets – other

	Consolidated	
	2018 $'000	2017 $'000
Make good asset	1,261	1,085
Employee loans	2,186	2,976
	3,447	4,061

Employee loans were made to key management personnel and other personnel to assist in the purchase of shares. These loans are secured by the underlying shares acquired. The loans are interest bearing and are repayable on the earlier of sale of the underlying shares, termination of employment or five years from the date of the loan in cash, and cannot be settled by the employees returning the shares to the company.

Note 15. Current liabilities – trade and other payables

	Consolidated	
	2018 $'000	2017 $'000
Trade payables	146,165	133,966
Accrued expenses	41,588	40,802
	187,753	174,768

Refer to note 27 for further information on financial risk management.

Note 16. Current liabilities – provisions

	Consolidated	
	2018 $'000	2017 $'000
Employee benefits	29,079	27,191
Deferred settlements	22,337	4,267
Onerous lease provision	926	673
	52,342	32,131

Deferred settlements

This provision represents the obligation to pay consideration following the acquisition of a business. Some of these are only due to the vendor if certain future targets are met. It is measured at the present value of the estimated liability.

As at 30 June, the following deferred settlements are provided for (across both current and non-current deferred settlement provisions; refer to note 19 for details on non-current portion):

- Precision Automotive; currently provided at $646,000 (2017: $1,594,000)
- Baxters Pty Ltd; currently provided at $20,972,000 (2017: $20,288,000)
- Tricor; currently provided at $953,000 (2017: Nil)
- AADi; currently provided at $1,833,000 (2017: Nil)

Onerous lease provision

This provision represents the present value of the estimated costs, net of any sub-lease revenue that will be incurred until the end of the lease terms where the obligation is expected to exceed the economic benefit to be received.

Amounts not expected to be settled within the next twelve months

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the consolidated entity does not have an unconditional right to defer settlement. However, based on past experience, the consolidated entity does not expect all employees to take the full amount of accrued leave or require payment within the next twelve months.

The following amounts reflect leave that is not expected to be taken within the next twelve months:

	Consolidated	
	2018 $'000	2017 $'000
Employee benefits obligation expected to be settled after twelve months	5,282	4,742

Note 17. Current liabilities – liabilities relating to assets held for sale

	Consolidated	
	2018 $'000	2017 $'000
Footwear	–	8,184
Resource Services	–	63,000
Eliminations	–	(342)
	–	70,842

The prior year liabilities relating to assets held for sale related to the Footwear and Resource Services businesses which were deemed to be held for sale on business combination of Hellaby Holdings Limited and subsequently divested during FY18. Refer to notes 7 and 10 for further information.

Note 18. Non-current liabilities – borrowings

	Consolidated	
	2018 $'000	2017 $'000
Secured bank loans	328,391	432,229
Less: unamortised transaction costs capitalised	(1,903)	(2,482)
	326,488	429,747

Refer to note 27 for further information on financial risk management.

Bapcor has a $500M debt facility with ANZ, Westpac, The Bank of Tokyo-Mitsubishi UFJ and The Hongkong and Shanghai Banking Corporation. The debt facility comprises funding in three and five year tranches as follows:

- $200M three year tranche, available for general corporate purposes
- $250M five year tranche, available for general corporate purposes
- $50M three year tranche, available for working capital requirements

The facility is secured by way of a fixed and floating charge over Bapcor's assets. There were no changes to the debt covenants with the net leverage ratio being less than 3.0X and the fixed cover charge ratio being greater than 1.75X. Refer to note 27 for further information.

Borrowing costs of $23,000 (2017: $2,482,000) were incurred in establishing the new facility, and are being amortised over the life of the facility and will be expensed to finance costs as effective interest expense in the statement of comprehensive income. As at 30 June total borrowing costs of $1,903,000 (2017: $2,482,000) have not yet been amortised through the statement of comprehensive income.

Financing arrangements

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

	Consolidated 2018 $'000	Consolidated 2017 $'000
Total facilities		
Bank loans including overdraft*	497,500	497,500
Used at the reporting date		
Bank loans including overdraft*	328,391	432,229
Unused at the reporting date		
Bank loans including overdraft*	169,109	65,271

* Total facilities available at 30 June was $500M (2017: $500M). The amount used in the above table excludes $2.5m (2017: $2.5m) of facility which relates to bank guarantees under the working capital tranche.

Note 19. Non-current liabilities – provisions

	Consolidated 2018 $'000	Consolidated 2017 $'000
Employee benefits	3,459	2,644
Deferred settlements	2,067	20,913
Make good provision	8,725	8,169
Onerous lease provision	1,441	1,646
	15,692	33,372

Deferred settlements and onerous lease provision

Refer to note 16.

Make good provision

This provision represents the present value of the estimated costs to make good the premises leased by the consolidated entity at the end of the respective lease terms.

Movements in provisions

Movements in each class of provision during FY18, other than employee benefits, are set out below:

Consolidated – 2018	Deferred consideration $'000	Make good $'000	Onerous lease $'000
Carrying amount at the start of the year	20,913	8,169	1,646
Additional provisions recognised	19	534	579
Additions through business combinations	2,048	100	–
Amounts transferred to current	(20,913)	–	(285)
Amounts used	–	(13)	(466)
Foreign currency translation	–	(65)	(33)
Carrying amount at the end of the year	2,067	8,725	1,441

Note 20. Equity – issued capital

	Consolidated			
	2018 Shares	2017 Shares	2018 $'000	2017 $'000
Ordinary shares	280,244,752	278,633,080	610,951	602,571
Treasury shares	–	(200,000)	(4,495)	(1,896)
	280,244,752	278,433,080	606,456	600,675

Movements in ordinary share capital

Details	Date	Shares	$'000
Balance	1 July 2016	245,857,351	416,427
Issue for Baxters Pty Ltd acquisition	3 August 2016	500,000	2,780
Exempt Employee Share Scheme offer	9 September 2016	138,519	734
Issue for Hellaby Holdings Limited acquisition – Institutional placement (net of costs)	30 September 2016	28,205,129	161,051
Issue for Hellaby Holdings Limited acquisition – Retail placement (net of costs)	4 December 2016	3,115,772	16,288
Issue for Dividend Reinvestment Plan	21 April 2017	816,309	4,558
Share issue transactions costs		–	(648)
Deferred tax credit recognised directly in equity		–	1,381
Balance	30 June 2017	278,633,080	602,571
Issue for Dividend Reinvestment Plan	29 September 2017	932,347	4,896
Hellaby transaction costs (net of tax)		–	(290)
Issue for Dividend Reinvestment Plan	27 April 2018	679,325	3,774
Balance	30 June 2018	280,244,752	610,951

Movements in treasury shares

Details	Date	Shares	$'000
Balance	1 July 2016	–	–
Treasury shares purchased	16 December 2016	(351,344)	(1,896)
Utilisation of treasury shares for LTI	16 December 2016	151,344	–
Balance	30 June 2017	(200,000)	(1,896)
Return of employee shares	1 July 2017	(22)	–
Purchase of treasury shares	14 September 2017	(480,686)	(2,599)
Utilisation of treasury shares for LTI	14 September 2017	680,708	–
Balance	30 June 2018	–	(4,495)

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.

Treasury shares

The average purchase price of treasury shares during the period was $5.40 (2017: $5.40) per share.

Note 21. Equity – reserves

	Consolidated	
	2018 $'000	2017 $'000
Foreign currency reserve	(10,131)	(918)
Cash flow hedge reserve	667	(2,519)
Share-based payments reserve	5,819	3,883
Net investment hedge reserve	–	(648)
	(3,645)	(202)

Foreign currency reserve

This reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

Cash flow hedge reserve

This reserve is used to recognise the effective portion of the gain or loss of cash flow hedge instruments that is determined to be an effective hedge.

Share-based payments reserve

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

Net investment hedge reserve

This reserve is used to recognise the effective portion of the gain or loss of net investment hedge instruments that is determined to be an effective hedge.

Note 21. Equity – reserves (continued)

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Foreign currency reserve $'000	Cash flow hedge reserve $'000	Share-based payments reserve $'000	Net investment hedge reserve $'000	Total $'000
Balance at 1 July 2016	–	(1,256)	2,101	–	845
Revaluation	–	(1,860)	–	(631)	(2,491)
Deferred tax	–	541	157	(17)	681
Share-based payment expense	–	–	1,625	–	1,625
Foreign currency translation	(918)	56	–	–	(862)
Balance at 30 June 2017	(918)	(2,519)	3,883	(648)	(202)
Revaluation	–	3,999	–	2,473	6,472
Deferred tax	–	(1,101)	(284)	17	(1,368)
Share-based payment expense	–	–	2,220	–	2,220
Reclassified to profit and loss (note 7)	2,771	–	–	(3,211)	(440)
Foreign currency translation	(11,984)	89	–	–	(11,895)
Cancellation on divestment	–	199	–	1,369	1,568
Balance at 30 June 2018	(10,131)	667	5,819	–	(3,645)

Note 22. Equity – retained profits/(accumulated losses)

	Consolidated	
	2018 $'000	2017 $'000
Accumulated losses at the beginning of the financial year	(17,067)	(51,052)
Profit after income tax expense for the year	94,656	64,044
Dividends paid (note 24)	(40,451)	(30,059)
Retained profits/(accumulated losses) at the end of the financial year	37,138	(17,067)

Note 23. Equity – non-controlling interest

	Consolidated 2018 $'000	2017 $'000
Resource Services		
Balance at 1 July	6,561	–
Non-controlling interest acquired on business combination	–	6,805
Non-controlling interest loss for the period	(214)	(214)
Foreign currency revaluation	–	(30)
Finalisation of prior year business combinations (note 34)	(4,820)	–
Divestment of non-controlling interest	(1,527)	–
Balance at 30 June	–	6,561

As part of the prior year acquisition of Hellaby Holdings Limited, the acquired Resource Services held for sale asset had a non-controlling interest that was material to the consolidated entity. Refer to note 34. This non-controlling interest was divested on the sale of the Contract Resources business unit that formed part of the Resource Services held for sale asset. The amounts relating to this non-controlling interest and subsequent transactions are represented above.

	Consolidated 2018 $'000	2017 $'000
Investment in Car Bits Asia, Thailand		
Balance at 1 July	–	–
Non-controlling interest on incorporation	2,554	–
Non-controlling interest loss for the period	(122)	–
Foreign currency revaluation	(35)	–
Balance at 30 June	2,397	–

In March 2018, the consolidated group entered into a tri-party joint venture in Thailand holding 51% of the shares of the incorporated entity Car Bits Asia., Co. Ltd for the purposes of opening the Burson stores in Thailand. The consolidated group is considered to have effective control.

Note 24. Equity – dividends

Dividends

Dividends paid during the financial year were as follows:

	Consolidated 2018 $'000	2017 $'000
Final dividend for the year ended 30 June 2017 (2017: 30 June 2016) of 7.5 cents (2017: 6.0 cents) per ordinary share*	20,882	14,781
Interim dividend for the year ended 30 June 2018 (2017: 30 June 2017) of 7.0 cents (2017: 5.5 cents) per ordinary share**	19,569	15,278
	40,451	30,059

* $4,896,000 of the final dividend for the year ended 30 June 2017 was settled under the Dividend Reinvestment Plan.

** $3,774,000 (2017: $4,558,000) of the interim dividend for the year ended 30 June 2018 (2017: 30 June 2017) was settled under the Dividend Reinvestment Plan.

Note 24. Equity — dividends (continued)

The Board has declared a final dividend in respect of FY18 of 8.5 cents per share, fully franked. The final dividend will be paid on 27 September 2018 to shareholders registered on 31 August 2018.

The final dividend takes the total dividends declared in relation to FY18 to 15.5 cents per share, fully franked, representing an increase of dividends paid of 19.2% compared to the prior financial year. Dividends paid and declared in FY18 represents 50.3% of pro-forma net profit after tax from continuing operations.

Franking credits

	Consolidated	
	2018 $'000	2017 $'000
Franking credits available for subsequent financial years based on a tax rate of 30%	51,234	38,252

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

Note 25. Net tangible assets

A large proportion of the consolidated entity's assets are intangible in nature, consisting of goodwill, customer contracts and trademarks acquired on business combination as well as software. These assets as well as any deferred taxes are excluded from the calculation of net tangible assets per security.

Net tangible assets per share at 30 June was (19.0) (2017: (16.0)) cents per share.

Net assets per share at 30 June was $2.25 (2017: $2.12) per share.

Note 26. Derivative financial instruments

	Consolidated	
	2018 $'000	2017 $'000
Current assets		
Forward foreign exchange contracts – cash flow hedges	1,720	40
Current liabilities		
Forward foreign exchange contracts – cash flow hedges	(116)	(1,780)
Interest rate swap contracts – cash flow hedges	(8)	–
	(124)	(1,780)
Non-current liabilities		
Interest rate swap contracts – cash flow hedges	(330)	(637)
	1,266	(2,377)

Refer to note 27 for further information on financial risk management.

Refer to note 28 for further information on fair value measurement.

Note 27. Financial risk management

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: 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 derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. 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 carried out 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 manages financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

Note 27. Financial risk management (continued)

The consolidated entity holds the following financial instruments:

	Consolidated 2018 $'000	Consolidated 2017 $'000
Financial assets		
Cash and cash equivalents	40,154	39,755
Trade and other receivables*	140,695	131,157
Derivative financial instruments	1,720	40
Total financial assets	182,569	170,952
Financial liabilities		
Trade and other payables	187,753	174,768
Derivative financial instruments	454	2,417
Deferred consideration	24,404	25,180
Borrowings**	328,391	432,229
Total financial liabilities	541,002	634,594

* Trade and other receivables in the table excludes prepayments which are not classified as financial instruments.
** Borrowings excludes any unamortised transaction costs capitalised.

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, primarily with respect to the United States dollar and the New Zealand dollar.

Foreign exchange risk arises from future commercial transactions, primarily the purchase of inventory for sales, recognised financial assets and financial liabilities and net investments in foreign operations.

In order to protect against exchange rate movements, the consolidated entity has entered into forward foreign exchange contracts. These contracts are hedging highly probable forecasted cash flows for the ensuing financial year. Management has a risk management policy to hedge between 25% and 100% of anticipated foreign currency transactions for the subsequent twelve months. As well as this the consolidated entity also has foreign currency loans to offset foreign investments which create a natural hedge against foreign currency fluctuations.

The following table demonstrates the sensitivity to a change in the Australian dollar against other currencies, with all other variables held constant. The impact on profit before tax is due to changes in the fair value of monetary assets and liabilities. The pre-tax impact on equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedges as well as foreign currency loans designated as net investment hedges.

	AUD strengthened			AUD weakened		
Consolidated – 2018	% change	Effect on profit before tax	Effect on equity	% change	Effect on profit before tax	Effect on equity
Derivative financial instruments	1%	–	262	(1%)	–	267
Other financial assets	1%	(398)	–	(1%)	406	–
Other financial liabilities	1%	367	–	(1%)	(374)	–
		(31)	262		32	267

Consolidated – 2017	AUD strengthened % change	AUD strengthened Effect on profit before tax	AUD strengthened Effect on equity	AUD weakened % change	AUD weakened Effect on profit before tax	AUD weakened Effect on equity
Derivative financial instruments	1%	–	589	(1%)	–	(601)
Other financial assets	1%	(287)	–	(1%)	293	–
Other financial liabilities	1%	259	943	(1%)	(264)	(962)
		(28)	1,532		29	(1,563)

In FY18, a net gain of $3.2m has been recognised in the discontinued operations income statement which relates to the favourable repayment of NZD denominated loans.

Price risk

The consolidated entity is not exposed to any significant price risk.

Interest rate risk

The consolidated entity's main interest rate risk arises from long-term borrowings. The interest rate and term for bank borrowings is determined at the date of each drawdown.

Borrowings obtained at variable rates expose the consolidated entity to cash flow interest rate risk. The consolidated entity, from time to time, enters into interest rate swap contracts under which it receives interest at variable rates and pays interest at fixed rates to manage the risk of adverse fluctuations in the floating interest rate on its borrowings.

As at the reporting date, the consolidated entity had the following variable rate borrowings and interest rate swap contracts outstanding:

Consolidated	2018 Weighted average interest rate %	2018 Balance $'000	2017 Weighted average interest rate %	2017 Balance $'000
Borrowings (principal)	3.62%	328,391	3.30%	432,229
Less: amounts covered by interest rate swaps	2.39%	(60,000)	2.39%	(60,000)
Net exposure to cash flow interest rate risk		268,391		372,229

As at 30 June, if the weighted average interest rate of the bank borrowings had changed by a factor of +/–10%, interest expense would increase/decrease by $505,000 (2017: $1,427,000).

The amount recognised in other comprehensive income net of tax in relation to interest rate swaps was $209,000 (2017: $516,000).

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. Credit risk is managed in the following ways:

1. The consolidated entity has a strict code of credit for all customers, including obtaining agency credit information, confirming references and setting appropriate credit limits.
2. Derivative counterparties and cash transactions are limited to high quality independently rated financial institutions with a minimum rating of 'A'.
3. Concentrations of credit risk are minimised by undertaking transactions with a large number of customers.
4. In some instances the consolidated entity holds collateral over its trade receivables and loans in the form of personal guarantees and charges under the Personal Property Securities Register.

The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes 8 and 11. No trade receivables have an external credit rating, and management classify trade receivables on aging profiles.

Note 27. Financial risk management (continued)

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	
	2018 $'000	2017 $'000
Bank loans including overdraft*	169,109	65,271

* The unused facility value excludes any facility that relates to bank guarantees. Refer to note 18 for further information.

Remaining contractual maturities

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 – 2018	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Trade and other payables	187,753	–	–	–	187,753
Borrowings*	13,424	169,707	186,195	–	369,326
Deferred consideration	23,039	2,000	–	–	25,039
Total non-derivatives	224,216	171,707	186,195	–	582,118
Derivatives					
Interest rate swaps	8	105	225	–	338
Forward foreign exchange contracts	116	–	–	–	116
Total derivatives	124	105	225	–	454

Consolidated – 2017	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Trade and other payables	174,768	–	–	–	174,768
Borrowings*	16,633	16,633	466,062	–	499,328
Deferred consideration	4,369	22,069	–	–	26,438
Total non-derivatives	195,770	38,702	466,062	–	700,534
Derivatives					
Interest rate swaps	–	116	521	–	637
Forward foreign exchange contracts	1,780	–	–	–	1,780
Total derivatives	1,780	116	521	–	2,417

* Borrowings' contractual cash flows includes an interest component based on the drawn/undrawn ratio and interest rate applicable as at reporting date until maturity of the loan facility.

Fair value of financial instruments

The fair value of financial assets and liabilities disclosed in the statement of financial position do not differ materially from their carrying values.

Capital risk management

The consolidated entity's policy is to maintain a capital structure for the business which ensures sufficient liquidity and support for business operations, maintains shareholder and market confidence, provides strong stakeholder returns, and positions the business for future growth. In assessing capital management both equity and debt instruments are taken into consideration.

The ongoing maintenance of this policy is characterised by:

- ongoing cash flow forecast analysis and detailed budgeting processes which, combined with continual development of banking relationships, is directed at providing a sound financial positioning for the consolidated entity's operations and financial management activities; and
- a capital structure that provides adequate funding for potential acquisition and investment strategies, building future growth in shareholder value. The loan facility can be partly used to fund significant investments as part of this growth strategy.

The consolidated entity is not subject to externally imposed capital requirements, other than contractual banking covenants and obligations. All bank lending requirements have been complied with during the year and at the date of this report, which include the following covenants:

- Net leverage ratio not exceeding 3.00:1 (Net Debt : EBITDA); and
- Fixed charge cover ratio not below 1.75:1 (EBITDA plus Rent : Net Total Cash Interest plus Rent).

Note 28. Fair value measurement

Fair value hierarchy

The following tables detail the consolidated entity's financial instruments, 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 – 2018	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Derivative financial instruments	–	1,720	–	1,720
Total assets	–	1,720	–	1,720
Liabilities				
Derivative financial instruments	–	454	–	454
Deferred consideration	–	–	24,404	24,404
Total liabilities	–	454	24,404	24,858

Note 28. Fair value measurement (continued)

Consolidated – 2017	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Derivative financial instruments		40	–	40
Assets held for sale	–	–	178,860	178,860
Total assets	–	40	178,860	178,900
Liabilities				
Derivative financial instruments	–	2,417	–	2,417
Liabilities held for sale	–	–	70,842	70,842
Deferred consideration	–	–	25,180	25,180
Total liabilities	–	2,417	96,022	98,439

There were no transfers between levels during the financial year.

Derivative financial instruments carried at fair value are forward foreign exchange contracts and floating interest rate to fixed interest rate swaps. These are considered to be Level 2 financial instruments because their measurement is derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Deferred consideration is considered to be a Level 3 financial instrument because inputs in valuing this instrument are not based on observable market data. The fair value of this instrument is determined based on an estimated discounted cash flow analysis.

Assets and liabilities held for sale are considered to be a Level 3 financial instrument because inputs in valuing these assets are not based on observable market data. The fair value of these instruments are determined based on information obtained by management during the sale process (e.g. indicative bids, adviser estimates) as well as estimates derived on earning multiples.

Note 29. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by PricewaterhouseCoopers, the auditor of the company, and its network firms:

	Consolidated	
	2018 $'000	2017 $'000
Audit services – PricewaterhouseCoopers		
Audit or review of the financial statements	622,752	510,000
Other services – PricewaterhouseCoopers		
Tax compliance services	61,594	60,602
Consulting services	49,600	106,000
	111,194	166,602
	733,946	676,602
Audit services – network firms		
Audit or review of the financial statements	61,905	333,010
Other services – network firms		
Tax compliance services	121,799	88,102
Consulting services	65,451	12,000
	187,250	100,102
	249,155	433,112
Total auditor remuneration	983,101	1,109,714

Note 30. Commitments and contingent liabilities

Commitments

	Consolidated	
	2018 $'000	2017 $'000
Commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Guarantees in relation to leases	3,372	2,982
Letters of credit in relation to the purchase of inventory	555	343
Guarantees in relation to performance of contracts*	–	483
Other commitments in relation to facility construction and consumable purchases*	–	1,571
	3,927	5,379
Operating lease payables – continuing operations		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	40,792	40,650
One to five years	73,171	72,802
More than five years	5,463	6,257
	119,426	119,709
Operating lease receivables – continuing operations		
Committed at the reporting date and recognised as assets, receivable:		
Within one year	3,840	4,298
One to five years	5,879	7,110
More than five years	19	291
	9,738	11,699

* The commitments in relation to performance of contracts and facility construction and consumable purchases in the prior year relate to the discontinued operations of Resource Services.

Operating lease commitments includes contracted amounts for various retail outlets, warehouses, offices and plant and equipment under non-cancellable operating leases with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Contingent liabilities

There are no unrecorded contingent liabilities (2017: Nil).

Note 31. Related party transactions

Parent entity

Bapcor Limited is the parent entity. Refer to note 33 for supplementary information about the parent entity including internal dividends received.

Subsidiaries

Interests in subsidiaries are set out in note 35.

Key management personnel

Disclosures relating to key management personnel are set out in note 32 and the Remuneration Report included in the Directors' Report.

Note 32. Related party transactions – key management personnel disclosures

Compensation

	Consolidated 2018 $	Consolidated 2017 $
Short-term employee benefits	8,114	6,543
Post-employment benefits	236	218
Long-term benefits	68	60
Share-based payments	1,822	1,249
	10,240	8,070

Loans

	Consolidated 2018 $'000	Consolidated 2017 $'000
Opening balance	1,354	1,780
Amounts repaid	(583)	(426)
Amounts recovered by deferred FY17 STI	(129)	–
Closing balance	642	1,354

Refer to the audited Remuneration Report within the Directors' Report for further details on key management personnel compensation, as well as note 14 for further details on the loans made to key management personnel.

Note 33. Parent entity information

Set out below is the supplementary information about the parent entity.

	Parent 2018 $'000	Parent 2017 $'000
Statement of comprehensive income		
Loss after income tax	(9,809)	(18,276)
Internal dividend income	51,337	108,000
Total comprehensive income	41,528	89,724

	Parent	
	2018 $'000	2017 $'000
Statement of financial position		
Total current assets	–	–
Total assets	681,085	672,422
Total current liabilities	–	–
Total liabilities	–	–
Equity		
Issued capital	606,456	600,675
Other reserves	5,819	4,014
Current year profits/(losses)	41,528	89,724
Dividends paid	(40,451)	(30,059)
Prior years retained earnings	67,733	8,068
Total equity	681,085	672,422

Note 34. Business combinations

FY18 acquisitions

The consolidated entity acquired the net assets of the following businesses:

- Autobarn Auburn
- Autobarn Bendigo
- Autobarn Chirnside Park
- Autobarn Doncaster
- Autobarn Launceston
- Autobarn Noosa
- Autobarn O'Conner
- Autobarn Penrith
- Autobarn Waurn Ponds
- Autopro Bathurst
- Autopro Seymour
- Oxford Motor Spares
- Tricor Engineering ('Tricor')
- Ultra Cheap Spares

The consolidated entity also acquired 100% of the shares in the following companies:

- AADi Australia Pty Ltd and A&F Drive Shaft Repair QLD Pty Ltd ('AADi')

These acquisitions were made to strengthen the Bapcor offering as well as increase the company store network presence.

Note 34. Business combinations (continued)

The assets and liabilities recognised as a result of these acquisitions are set out below. Store business combinations have been aggregated. These are provisional at the time of this report and the fair values are to be finalised within the acquisition period of twelve months from acquisition date.

	Tricor Fair value $'000	AADi Fair value $'000	Other Fair value $'000
Cash and cash equivalents	–	415	17
Trade and other receivables	–	2,126	7
Inventories	75	904	4,580
Plant and equipment	78	10	858
Motor vehicles	119	33	38
Deferred tax asset	37	126	627
Trade and other payables	–	(298)	(169)
Provisions	(73)	(111)	(568)
Net assets acquired	236	3,205	5,390
Goodwill	2,133	2,421	5,645
Acquisition-date fair value of the total consideration transferred	2,369	5,626	11,035
Representing:			
Cash paid	1,455	3,804	10,259
Deferred and contingent consideration	914	1,822	–
Debt forgiven	–	–	776
	2,369	5,626	11,035
Cash used to acquire business, net of cash acquired:			
Cash consideration	1,455	3,804	10,259
Less: cash and cash equivalents	–	(415)	(17)
Net cash used	1,455	3,389	10,242

Goodwill in relation to these acquisitions relates to the anticipated future probability of their contribution to the consolidated entity's total business.

Each of the business acquisitions took place on different dates and are heavily integrated into the consolidated entity's operations and as such it is impractical to disclose the amount of profit since acquisition date.

Refer to note 5 for details on acquisition related costs incurred.

Deferred and contingent consideration

Deferred consideration has been estimated and provided for on the Tricor and AADi acquisitions and are currently accrued at $953,000 and $1,833,000 respectively as at 30 June 2018 (notes 16 and 19).

FY17 acquisitions

In the previous financial year the consolidated entity made the following acquisitions:

- Autobarn Beenleigh
- Autobarn Burleigh Heads
- Autobarn Nambour
- Autobarn Orange
- Autobarn Virginia
- Autopro Colac
- Autopro Gawler
- Autopro Gladstone
- Autopro Raymond Terrace
- Baxters Pty Ltd
- Hellaby Holdings Limited
- MTQ Engine Systems (Aust) Pty Ltd
- Roadsafe Automotive Products

There have been no material change to these business combinations except for the Hellaby Holdings Limited acquisition as per the below:

	30 June 2018 Fair value $'000	30 June 2017 Fair value $'000
Trade receivables	36,280	36,280
Inventories	65,581	65,581
Assets held for sale	121,341	163,334
Plant and equipment	5,328	5,328
Intangible assets	11,107	11,384
Deferred tax asset	9,952	9,952
Trade and other payables	(34,984)	(34,984)
Deferred tax liability	(3,009)	(3,087)
Liabilities held for sale	(59,624)	(64,423)
Provisions	(8,323)	(8,323)
Bank overdraft	(1,065)	(1,065)
Bank loans	(79,487)	(79,487)
Net assets attributable to non-controlling interests	(1,985)	(6,805)
Net assets acquired	61,112	93,685
Goodwill	273,573	241,000
Acquisition-date fair value of the total consideration transferred	334,685	334,685

The change to the held for sale valuation relate to the finalisation of working capital of the discontinued operating divisions of Hellaby Holdings Limited.

Note 35. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policies of the consolidated entity:

Name	Principal place of business/ Country of incorporation	Ownership interest 2018 %	Ownership interest 2017 %
Bapcor Finance Pty Ltd	Australia	100.0%	100.0%
Bapcor Services Pty Ltd (formerly ACN 610 722 168)	Australia	100.0%	100.0%
Burson Automotive Pty Ltd	Australia	100.0%	100.0%
Car Bitz & Accessories Pty Ltd	Australia	100.0%	100.0%
Aftermarket Network Australia Pty Ltd	Australia	100.0%	100.0%
Automotive Brands Group Pty Ltd	Australia	100.0%	100.0%
Midas Australia Pty Ltd	Australia	100.0%	100.0%
Specialist Wholesalers Pty Ltd	Australia	100.0%	100.0%
MTQ Engine Systems (Aust) Pty Ltd	Australia	100.0%	100.0%
Baxters Pty Ltd	Australia	100.0%	100.0%
Bapcor Australia Pty Ltd (formerly Hellaby Australia Pty Ltd)	Australia	100.0%	100.0%
Diesel Distributors Australia Pty Ltd	Australia	100.0%	100.0%
Bapcor Automotive Australia Pty Ltd (formerly Hellaby Automotive Australia Pty Ltd)	Australia	100.0%	100.0%
Ryde Batteries Pty Ltd	Australia	100.0%	100.0%
Ryde Batteries (Wholesale) Pty Ltd	Australia	100.0%	100.0%
Federal Batteries Qld Pty Ltd	Australia	100.0%	100.0%
Bapcor Auto Electrical Pty Ltd (formerly Hellaby Auto Electrical Pty Ltd)	Australia	100.0%	100.0%
Premier Auto Trade Pty Ltd	Australia	100.0%	100.0%
JAS Oceania Pty Ltd	Australia	100.0%	100.0%
Australian Automotive Electrical Wholesale Pty Ltd	Australia	100.0%	100.0%
Low Voltage Pty Ltd	Australia	100.0%	100.0%
Hellaby Auto Fuel Pty Ltd***	Australia	100.0%	100.0%
ACN 119 121 729 Pty Ltd (formerly TRS Tyre & Wheel Pty Ltd)***	Australia	100.0%	100.0%
Bapcor New Zealand Ltd (formerly Hellaby Holdings Ltd)	New Zealand	100.0%	100.0%
Bapcor Automotive Ltd (formerly Hellaby Automotive Ltd)	New Zealand	100.0%	100.0%
Brake & Transmission NZ Ltd	New Zealand	100.0%	100.0%
Diesel Distributors Ltd	New Zealand	100.0%	100.0%
TRS Tyre & Wheel Ltd	New Zealand	100.0%	100.0%
Bapcor Services New Zealand Ltd (formerly Truck & Trailer Parts Ltd)	New Zealand	100.0%	100.0%
HCB Technologies Ltd	New Zealand	100.0%	100.0%
Hellaby Resource Services Ltd*	New Zealand	100.0%	100.0%
Hellaby Investment No 8 Ltd*	New Zealand	100.0%	100.0%
Generator Fund Ltd***	New Zealand	100.0%	100.0%
Renouf Corporation International	United States	100.0%	100.0%
Benequity Properties, LLC	United States	100.0%	100.0%
Bapcor International Pty Ltd	Australia	100.0%	–
Car Bits Asia Co. Ltd	Thailand	51.0%	–

Name	Principal place of business/ Country of incorporation	Ownership interest 2018 %	Ownership interest 2017 %
AADi Australia Pty Ltd	Australia	100.0%	–
A&F Drive Shaft Repair Queensland Pty Ltd	Australia	100.0%	–
Dasko Ltd**	New Zealand	–	100.0%
Hellaby Brands Ltd***	New Zealand	–	100.0%
Hellaby Investments Number 10 Ltd***	New Zealand	–	100.0%
Hellaby Investment No 13 Ltd***	New Zealand	–	100.0%
Hellaby Investment No 14 Ltd***	New Zealand	–	100.0%
Hellaby Investment No 15 Ltd***	New Zealand	–	100.0%
Number 1 Shoes Ltd*	New Zealand	–	100.0%
R Hannah & Co Ltd*	New Zealand	–	100.0%
TBS Group Ltd*	New Zealand	–	100.0%
TBS Farnsworth Ltd*	New Zealand	–	100.0%
Total Bridge Services JV*	New Zealand	–	50.0%
T.B.S. Coatings Ltd*	New Zealand	–	100.0%
TBS Remcon Ltd*	New Zealand	–	100.0%
Crow Refractory Ltd*	New Zealand	–	100.0%
Contract Resources Investments Ltd*	New Zealand	–	85.0%
Contract Resources South America Ltd*	New Zealand	–	85.0%
Nexxo Contract Resources Do Brasil Manuseio De Catalisadores Ltda JV*	United States	–	42.5%
Contract Resources (New Zealand) Ltd*	New Zealand	–	85.0%
Contract Resources Holdings Pty Ltd*	Australia	–	85.0%
Contract Resources Finance Pty Ltd*	Australia	–	85.0%
Contract Resources Australia Pty Ltd*	Australia	–	85.0%
Contract Resources Equipment Pty Ltd*	Australia	–	85.0%
DDT International Pty Ltd*	Australia	–	85.0%
Contract Resources Pty Ltd*	Australia	–	85.0%
CR Travel Pty Ltd*	Australia	–	85.0%
Contract Resources (Karratha) Pty Ltd*	Australia	–	85.0%
Contract Resources USA Inc*	United States	–	85.0%
Contract Resources Ltd LLC*	United States	–	85.0%
Catalyst Handling Resources Holdings LLC*	United States	–	68.0%
Catalyst Handling Resources Ltd*	Trinidad & Tobago	–	68.0%
Catalyst Handling Resources LLC*	United States	–	68.0%
JACR (JV)*	The Kingdom of Saudi Arabia	–	41.7%
Contract Resources Technical and Industrial Services LLC*	Oman	–	85.0%
Contract Resources Oilfield Services LLC*	United Arab Emirates	–	85.0%
Contract Resources Oilfield Services WLL*	Qatar	–	85.0%

* These subsidiaries relate to the disposed Footwear and Resource Services business units of the Hellaby Holdings Ltd acquisition. A number of these entities relate to the holding structure that was not disposed of and are in the process of being wound up.
** Dasko Ltd was amalgamated into HCB Technologies Ltd during the financial period.
*** These subsidiaries are non-trading. Some were wound up during the financial period and others are in the process of being wound up.

Note 36. Deed of cross guarantee

The following entities are party to a deed of cross guarantee entered into in June 2017 under which each company guarantees the debts of the others. The companies below represent a 'Closed Group' for the purposes of the class order outlined below.

Bapcor Limited
Bapcor Finance Pty Ltd
Burson Automotive Pty Ltd
Aftermarket Network Australia Pty Ltd
Specialist Wholesalers Pty Ltd
Automotive Brands Group Pty Ltd
Midas Australia Pty Ltd
MTQ Engine Systems (Aust) Pty Ltd
Baxters Pty Ltd
Car Bitz & Accessories Pty Ltd
Bapcor Services Pty Ltd (formerly ACN 610 722 168)
Australian Automotive Electrical Wholesale Pty Ltd
Diesel Distributors Australia Pty Ltd
Federal Batteries Qld Pty Ltd
Bapcor Australia Pty Ltd (formerly Hellaby Australia Pty Ltd)
Bapcor Automotive Australia Pty Ltd
(formerly Hellaby Automotive Australia Pty Ltd)
Bapcor Auto Electrical Pty Ltd (formerly Hellaby Auto Electrical Pty Ltd)
Hellaby Auto Fuel Pty Ltd
JAS Oceania Pty Ltd
Low Voltage Pty Ltd
Premier Auto Trade Pty Ltd
Ryde Batteries Pty Ltd
Ryde Batteries (Wholesale) Pty Ltd
ACN 119 121 729 (formerly TRS Tyre & Wheel Pty Ltd)

By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare financial statements and Directors' Report under Class Order 98/1418 issued by the Australian Securities and Investments Commission.

Set out below is a consolidated statement of comprehensive income and statement of financial position of the Closed Group.

Statement of comprehensive income	2018 $'000	2017 $'000
Revenue	1,057,362	922,348
Expenses	(949,937)	(844,420)
Profit before income tax expense	107,425	77,928
Income tax expense	(29,103)	(25,001)
Profit after income tax expense	78,322	52,927
Other comprehensive income		
Changes in fair value of cash flow hedges	(5,378)	2,191
Other comprehensive income for the year, net of tax	(5,378)	2,191
Total comprehensive income for the year	72,944	55,118

Equity – retained profits/(accumulated losses)	2018 $'000	2017 $'000
Accumulated losses at the beginning of the financial year	(28,184)	(51,052)
Profit after income tax expense	78,322	52,927
Dividends paid	(40,451)	(30,059)
Retained profits/(accumulated losses) at the end of the financial year	9,687	(28,184)

Statement of financial position	2018 $'000	2017 $'000
Current assets		
Cash and cash equivalents	28,322	30,905
Trade and other receivables	124,535	114,618

Inventories	243,988	221,179
Derivative financial instruments	1,090	27
Income tax refund due	–	1,045
	397,935	367,774
Non-current assets		
Trade and other receivables	78	296
Property, plant and equipment	49,096	46,679
Intangibles	506,788	426,157
Deferred tax	10,260	10,356
Other	3,447	4,061
Intercompany	–	30,879
Investments	340,416	334,685
	910,085	853,113
Total assets	1,308,020	1,220,887
Current liabilities		
Trade and other payables	160,855	150,446
Derivative financial instruments	89	934
Income tax	2,341	4,998
Provisions	50,512	30,195
	213,797	186,573
Non-current liabilities		
Borrowings	315,197	429,747
Derivative financial instruments	330	637
Provisions	12,868	28,402
Intercompany	153,531	–
	481,926	458,786
Total liabilities	695,723	645,359
Net assets	612,297	575,528
Equity		
Issued capital	606,456	600,676
Reserves	(3,846)	3,036
Retained profits/(accumulated losses)	9,687	(28,184)
Total equity	612,297	575,528

Note 37. Events after the reporting period

On 3 July 2018, the consolidated entity sold the TRS Tyre and Wheel business in New Zealand ('TRS') to Trelleborg Wheel Systems, a subsidiary of Swedish listed Trelleborg AB for NZD $20m. Final completion is outstanding at the time of this financial report.

TRS is a distributor of tyres for agricultural, materials handling and construction vehicles in New Zealand, specialising in tyres and complete wheels for tyre and tractor dealers.

TRS contributed revenue of $24.3m and profit before tax of $2.5m in FY18.

On 1 August 2018, the consolidated entity exercised an option to make final settlement of the Baxter's deferred contingent consideration which was recorded as a current liability in note 16.

Apart from the dividend declared as disclosed in note 24, no other matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 38. Cash flow information

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

	Consolidated	
	2018 $'000	2017 $'000
Profit after income tax expense for the year	94,320	63,830
Adjustments for:		
Depreciation and amortisation	15,582	13,527
Net gain on disposal of property, plant and equipment	(60)	(80)
Unwinding of the discount on deferred settlements	858	833
Amortisation of capitalised borrowing costs	604	752
Non-cash share-based payment expense	2,220	1,625
Component relating to discontinued operations	(9,942)	(10,098)
Change in operating assets and liabilities:		
Increase in trade and other receivables	(8,873)	(396)
Increase in inventories	(20,151)	(12,450)
Decrease/(increase) in other operating assets	936	(1,027)
Increase in trade and other payables	12,764	10,737
Decrease in provision for income tax	(1,013)	(3,623)
Decrease in other operating liabilities	(1,814)	(2,536)
Net cash from operating activities	85,431	61,094

Net debt reconciliation

Consolidated	2018 $'000
Cash and cash equivalents	40,154
Cash and cash equivalents relating to non-controlling interest	(2,481)
Borrowings excluding unamortised transaction costs capitalised (note 18)	(328,391)
Net derivative financial instruments (note 26)	1,266
Net debt	(289,452)

Note 39. Earnings per share

	Consolidated 2018 $'000	Consolidated 2017 $'000
Earnings per share for profit from continuing operations		
Profit after income tax attributable to the owners of Bapcor Limited	84,379	53,732

	cents	cents
Basic earnings per share	30.22	19.93
Diluted earnings per share	30.06	19.83

	Consolidated 2018 $'000	Consolidated 2017 $'000
Earnings per share for profit from discontinued operations		
Profit after income tax attributable to the owners of Bapcor Limited	9,941	10,098

	cents	cents
Basic earnings per share	3.56	3.75
Diluted earnings per share	3.54	3.73

	Consolidated 2018 $'000	Consolidated 2017 $'000
Earnings per share for profit		
Profit after income tax	94,320	63,830
Non-controlling interest	336	214
Profit after income tax attributable to the owners of Bapcor Limited	94,656	64,044

	cents	cents
Basic earnings per share	33.90	23.76
Diluted earnings per share	33.73	23.64

	Number	Number
Weighted average number of ordinary shares		
Weighted average number of ordinary shares used in calculating basic earnings per share	279,252,093	269,599,050
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	1,407,835	1,337,272
Weighted average number of ordinary shares used in calculating diluted earnings per share	280,659,928	270,936,322

The weighted average number of ordinary shares for 2017 has been restated for the effect of the rights issues performed in accordance with AASB 133 *Earnings Per Share*.

Note 40. Share-based payments

The Long Term Incentive ('LTI') plan is intended to assist in the motivation, retention and reward of nominated senior executives. The LTI is a payment contingent on two or three year performance and the payments are rights to acquire shares ('Performance Rights'). Refer to the audited Remuneration Report within the Directors' Report for further information on the LTI.

In FY18 the following offers were made to eligible participants:

- In relation to the FY17 year for the Chief Executive – Hellaby Automotive (C Daly). These allocated Performance Rights have a performance period that ends 30 June 2018 and 30 June 2019 in line with the FY17 offer that was previously made to other executives at which time the performance hurdles are tested.

	Tranche 1		Tranche 2	
Grant date	15/08/17		15/08/17	
Performance hurdle	Relative TSR	EPS	Relative TSR	EPS
Performance period	1/07/16 to 30/06/18	1/07/16 to 30/06/18	1/07/16 to 30/06/19	1/07/16 to 30/06/19
Test date	30/06/18		30/06/19	
Expiry date	Once tested		Once tested	
Quantity granted	4,999	2,978	9,354	5,882
Exercise price	Nil		Nil	
Fair value at 15/08/17[1]	$2.89	$5.41	$3.04	$5.30
Other conditions	Restriction on sale to 30/06/19		Restriction on sale to 30/06/20	
Share price on valuation date	$5.51		$5.51	
Volatility	27.71%		27.71%	
Dividend yield	2.09%		2.09%	
Risk free rate	1.66%		1.76%	

- In relation to the FY17 year for the CEO and Managing Director (D Abotomey) following the successful passing of a resolution at the FY17 Annual General Meeting. These allocated Performance Rights have a performance period that ends 30 June 2019 at which time the performance hurdles are tested.

Grant date	4/12/17	
Performance hurdle	Relative TSR	EPS
Performance period	1/07/16 to 30/06/19	
Test date	30/06/19	
Expiry date	Once tested	
Quantity granted	88,802	88,801
Exercise price	Nil	
Fair value at 4/12/17[1]	$2.842	$5.372
Other conditions	Restriction on sale to 30/06/20	
Share price on valuation date	$5.57	
Volatility	26.80%	
Dividend yield	2.33%	
Risk free rate	1.74%	

1. The fair value represents the value used to calculate the accounting expense as required by accounting standards.

- In relation to the FY18 year an offer to participate in the LTI was made to nine of Bapcor's senior executives. These allocated Performance Rights have a performance period that ends on 30 June 2020 at which time the performance hurdles are tested.

Grant date	4/12/17	
Performance hurdle	Relative TSR	EPS
Performance period	1/07/17 to 30/06/20	
Test date	30/06/20	
Expiry date	Once tested	
Quantity granted	283,535	283,532
Exercise price	Nil	
Fair value at 4/12/17[1]	$3.059	$5.249
Other conditions	Restriction on sale to 30/06/21	
Share price on valuation date	$5.57	
Volatility	26.80%	
Dividend yield	2.33%	
Risk free rate	1.88%	

1. The fair value represents the value used to calculate the accounting expense as required by accounting standards.

Relative total shareholder return ('TSR') hurdle

Fifty per cent of the Performance Rights granted to a participant will vest subject to a TSR performance hurdle that assesses performance by measuring capital growth in the share price together with income returned to shareholders, measured over the performance period against a Comparator Group of companies. The Performance Rights will vest by reference to Bapcor's TSR performance ranking against this Comparator Group of companies, as follows:

Bapcor's TSR relative to the Comparator Group over the performance period	Percentage of TSR Rights vesting
Less than 50th percentile	Nil
Equal to 50th percentile	50%
Greater than 50th percentile and less than 75th percentile	Pro-rata straight-line vesting
Equal to or greater than 75th percentile	100%

Earnings per share ('EPS') growth

Fifty per cent of the Performance Rights granted to a participant will vest by reference to an EPS performance hurdle that measures the basic EPS on a normalised basis over the performance period. Each tranche of Performance Rights subject to an EPS hurdle will vest as follows:

Bapcor's compound annual EPS growth over the performance period	Percentage of EPS Rights Vesting
Less than 7.5%	Nil
7.5%	20%
Greater than 7.5% and less than 15%	Pro-rata straight-line vesting
Equal to or greater than 15%	100%

Performance Rights issued up to 30 June 2017 are exercised as soon as the vesting conditions are met. If vesting conditions are met, Performance Rights will automatically convert into fully paid ordinary shares of the Company.

For Performance Rights issued on or after 1 July 2017, if vesting conditions are met, the Performance Rights are converted into fully paid ordinary shares of the Company at the election of the Participant.

There is no specific expiry date, however the Performance Rights lapse if the vesting conditions are not met.

Shares will be subject to a restriction on sale for twelve months from vesting of the Performance Rights.

Note 40. Share-based payments (continued)

Set out below are summaries of Performance Rights granted under the LTI:

2018

Grant date	Vesting date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
24/04/14	30/06/17	$0.00	475,362	–	(475,362)	–	–
01/07/15	30/06/17	$0.00	128,868	–	(128,868)	–	–
01/07/15	30/06/18	$0.00	246,986	–	–	(23,252)	223,734
01/08/15	30/06/17	$0.00	76,478	–	(76,478)	–	–
01/08/15	30/06/18	$0.00	146,574	–	–	–	146,574
01/07/16	30/06/18	$0.00	124,286	7,977	–	(9,414)	122,849
01/07/16	30/06/19	$0.00	237,389	192,839	–	(17,981)	412,247
01/07/17	30/06/20	$0.00	–	567,067	–	–	567,067
			1,435,943	767,883	(680,708)	(50,647)	1,472,471

2017

Grant date	Vesting date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
24/04/14	30/06/16	$0.00	151,344	–	(151,344)	–	–
24/04/14	30/06/17	$0.00	475,362	–	–	–	475,362
01/07/15	30/06/17	$0.00	128,868	–	–	–	128,868
01/07/15	30/06/18	$0.00	246,986	–	–	–	246,986
01/08/15	30/06/17	$0.00	76,478	–	–	–	76,478
01/08/15	30/06/18	$0.00	146,574	–	–	–	146,574
01/07/16	30/06/18	$0.00	–	124,286	–	–	124,286
01/07/16	30/06/19	$0.00	–	237,389	–	–	237,389
			1,225,612	361,675	(151,344)	–	1,435,943

The weighted average exercise price for the Performance Rights exercised in FY18 was $5.4007 (2017: $5.3958).

The weighted average contractual lives are 1.74 years (2017: 1.48 years).

The expense arising from share-based payment transactions relating to the LTI during the year as part of employee benefits expense was $2,220,000 (2017: $1,625,000).

Refer to note 1 for details on the fair value determination of the share-based payments.

Employee Salary Sacrifice Share Plan

During the financial year, Bapcor issued shares to employees via an Employee Salary Sacrifice Share Plan ('ESSSP'). The ESSSP allowed eligible employees to acquire up to $1,000 of shares from their pre-tax wages. The value of this share-based payment transaction is deemed immaterial to the financial statements.

DIRECTORS' DECLARATION

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 2018 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 36 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

Andrew Harrison
Chairman

Darryl Abotomey
Chief Executive Officer and Managing Director

22 August 2018
Melbourne

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Independent auditor's report

To the members of Bapcor Group Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Bapcor Group Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended

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

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 30 June 2018
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated statement of comprehensive income for the year then ended
- the notes to the consolidated financial statements, which include a summary of significant accounting policies
- the directors' declaration.

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

Independence

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.

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of

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users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.

Materiality

- For the purpose of our audit we used overall Group materiality of $5.5 million, which represents approximately 5% of the Group's profit before tax.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We chose Group profit before tax because, in our view, it is the metric against which the performance of the Group is most commonly measured.
- We utilised a 5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.

Audit Scope

- Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- Audit procedures were performed on the Australian and New Zealand operations assisted by local component auditors in New Zealand under the supervision of the Group engagement team.
- Our engagement team included valuation experts to assist in the audit procedures over goodwill impairment.

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 for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit and Risk Committee.

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Key audit matter	How our audit addressed the key audit matter
Carrying value of goodwill and intangible assets with indefinite lives *Refer to note 13 $653million* ▪ At 30 June 2018, the Group recognised $594million of goodwill and $58.9million of intangible assets with indefinite lives (trade names). ▪ At least annually, an impairment test is performed by the Group to assess whether the carrying value of the goodwill and intangible assets with indefinite lives, in each of the Group's cash generating units (CGUs) are recoverable based on a 'value in use' discounted cashflow model, or 'fair value less costs of disposal' model (the models). Where a shortfall in value is identified, an impairment charge is recognised in the consolidated statement of comprehensive income. ▪ Significant judgement is required by the Group to estimate the key assumptions in the models to determine the recoverable amount of the goodwill and intangible assets and the amount of any resulting impairment (if any). The most significant areas of judgement relate to: o cash flow forecasts, including the terminal value forecast o short-term and future growth rates in revenue and EBITDA margin o the discount rate adopted in the models o relief from royalty rate, in determining the fair value less costs to sell value of trade names. Given the level of judgement applied by the Group and the magnitude of the goodwill and intangible assets with indefinite lives recognised on the Group's Consolidated statement of financial position we determined that this was a key audit matter.	In assessing the models, our audit procedures included, amongst others: ▪ Assessing whether the division of the Group's goodwill and intangible assets into CGUs, was consistent with our knowledge of the Group's operations and internal Group reporting, based on discussions with Management and our understanding of the operation of the Group's business. ▪ Assessing whether the grouping of CGUs appropriately included the assets, liabilities and cash flows directly attributable to each CGU and a reasonable allocation of corporate overheads. ▪ Testing that forecast cash flows used in the models were consistent with the Group's most up-to-date budgets and business plans formally approved by the Board. ▪ Assessing the Group's historical ability to forecast cash flows by comparing budgets with reported actual results for the past year. ▪ Assessing the sensitivity to change of key assumptions used in the models that either individually or collectively would be required for assets to be impaired. ▪ Together with PwC valuation experts, evaluating whether the discount rates used in the models appropriately reflected the risks of the CGUs by comparing the discount rates to industry and market factors. ▪ Together with PwC valuation experts, assessing whether the value in use models used to test Goodwill for impairment included the appropriate inputs as required under Australian Accounting Standards. ▪ With the assistance of PwC valuation experts, assessing whether the appropriate valuation method was used to determine fair value less costs to sell for tradenames; in addition assessing whether the key inputs into the fair value calculation were appropriate including discount rate used, relief from royalty rate and marketing and administration cost recharge.

Key audit matter	How our audit addressed the key audit matter
	▪ Testing the mathematical accuracy of the models' calculations on a sample basis. ▪ Considering the adequacy and accuracy of disclosures in note 13, including those regarding the key assumptions, in accordance with the requirements of Australian Accounting Standards.
Carrying value of Inventory *Refer to note 9 $287.3 million* ▪ The Group's inventory is held at the lower of cost or net realisable value. ▪ At 30 June 2018, the Group recorded a provision for aged and slow moving inventory of $46.8million. The provision is estimated based on the application of judgemental provisioning rates to aged and slow moving inventory categories. Specific provisioning for items where the known net realisable value is lower than cost are also recorded. ▪ We consider this to be a key audit matter because of the significant judgement and estimation required by the Group in determining the net realisable value of inventory and the potentially material impact that the provision could have on the financial report.	Our audit procedures included the following, amongst others: ▪ Considering whether all the necessary inventory balances were included in the inventory provision calculation. ▪ Evaluating whether the methodology applied to the provision calculation was consistent with that applied in the prior year. ▪ Testing the movement in the inventory provision, including agreeing a sample of inventory written off to supporting documentation such as board approvals. ▪ Considered the adequacy and accuracy of disclosures in note 9 in light of the requirements of Australian Accounting Standards.
Accounting for the sale of discontinued businesses *Refer to note 7* The Group sold a number of businesses during the financial year ended 30 June 2018, which were all classified as held-for-sale assets at 30 June 2017. They were acquired as part of the Hellaby Holdings Limited ("Hellaby") acquisition during the year ended 30 June 2017. As part of the finalisation of the Hellaby acquisition accounting, the fair value determined for assets classified as held-for-sale was finalised (refer to note 34 in the financial statements). This resulted in an increase to Goodwill in the current year of $32.5million. We considered this a key audit matter because of	Our audit procedures included the following, amongst others: ▪ Agreeing the fair value of consideration received by the Group, for all the businesses sold during the year, to the relevant third party sale and purchase agreements, and agreeing a sample of payments received to the Group's bank records. ▪ Testing the Group's finalisation of acquisition accounting of the Hellaby acquisition, including: ▪ Agreeing a sample of revisions to the fair value of assets acquired as for held-for-sale to supporting sale and purchase agreements

Key audit matter	*How our audit addressed the key audit matter*
the significant judgement required by the Group in estimating the fair values of assets classified as held for sale in finalising the Hellaby acquisition accounting and the material impact on the financial report of the change to acquisition accounting arising from the change to fair values.	▪ Testing the accuracy of the revised allocation of Goodwill on acquisition. ▪ Considering the adequacy of the disclosures made in note 7 and note 34, in light of the requirements of Australian Accounting Standards.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon. Prior to the date of this auditor's report, the other information we obtained included the Director's Report and Corporate Directory. We expect the remaining other information to be made available to us after the date of this auditor's report, including Highlights, Chairman's Report, Board of Directors, Chief Executive Officer's Report, Executive Team, Our Reach, Our History, Segment Overview, Community & Sustainability and Information for Shareholders.

Our opinion on the financial report does not cover the other information and we do not and will not express an opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above 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 that we 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.

When we read the other information not yet received as identified above, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action to take.

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 ability of the Group to continue as a going concern, disclosing, as applicable, matters related 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.

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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 the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 60 to 80 of the directors' report for the year ended 30 June 2018.

In our opinion, the remuneration report of Bapcor Group Limited for the year ended 30 June 2018 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.

PricewaterhouseCoopers

PricewaterhouseCoopers

Jason Perry
Partner

Melbourne
22 August 2018

SHAREHOLDER INFORMATION

In accordance with ASX Listing Rule 4.10, the Company provides the following information to shareholders not elsewhere disclosed in this Annual Report. The information provided is current as at 22 August 2018 ('Reporting Date').

1. Corporate Governance Statement

Bapcor ('the Company') has prepared a Corporate Governance Statement which sets out the corporate governance practices that were in operation throughout the financial year for the Company. In accordance with ASX Listing Rule 4.10.3, the Corporate Governance Statement will be available for review on the Company's website www.bapcor.com.au, and will be lodged with ASX at the same time that this Annual Report is lodged with ASX.

2. Distribution and number of shareholders of equity securities

The distribution and number of holders of equity securities on issue in the Company as at the Reporting Date, and the number of holders holding less than a marketable parcel of the Company's ordinary shares, based on the closing market price as at the Reporting Date, is as follows:

2.1 Distribution of ordinary shareholders

Range	Total holders	Shares	% of Issued Capital
1 – 1,000	5,955	2,989,884	1.07
1,001 – 5,000	7,031	18,046,700	6.44
5,001 – 10,000	1,823	13,143,687	4.69
10,001 – 100,000	1,072	22,746,654	8.12
100,001 +	58	223,317,827	79.68
Total	15,939	280,244,752	100.00
Holders of less than a marketable parcel of $500 included in above total	162	1,741	

2.2 Distribution of holders of performance rights

Range	Total holders	Performance Rights	%
1 – 1,000	–	–	–
1,001 – 5,000	–	–	–
5,001 – 10,000	–	–	–
10,001 – 100,000	5	217,062	14.74
100,001 +	7	1,255,409	85.26
Total	12	1,472,471	100%

3. Twenty largest quoted equity security holders

The Company only has one class of quoted securities, being ordinary shares. The names of the twenty largest holders of ordinary shares, the number of ordinary shares and the percentage of capital held by each holder is as follows:

	Ordinary Shares	
Name	Number Held	% of Issued Capital
HSBC Custody Nominees (Australia) Limited	96,182,157	34.32
J P Morgan Nominees Australia Limited	39,286,918	14.02
Citicorp Nominees Pty Limited	25,551,221	9.12
National Nominees Limited	20,050,003	7.15
BNP Paribas Nominees Pty Ltd	18,846,739	6.73
Garrmar Investments Pty Ltd	6,922,699	2.47
Glendale Investment Group Pty Ltd	1,764,000	0.63
Mutual Trust Pty Ltd	1,612,070	0.58
D Abotomey	1,535,533	0.55
Netwealth Investments Limited	1,423,793	0.51
AMP Life Limited	1,366,155	0.49
Schram Investments Pty Ltd	1,102,507	0.39
Sandhurst Trustees Ltd	949,600	0.34
Shoppee Nominees Pty Ltd	934,567	0.33
C Magill	589,566	0.21
Australian Executor Trustees Limited	473,777	0.17
UBS Nominees Pty Ltd	374,592	0.13
JMB Family Investments Pty Ltd	400,000	0.14
Buttonwood Nominees Pty Ltd	326,462	0.12
Forsyth Barr Custodians Ltd	281,671	0.10
	219,974,030	78.50
Other Shareholders	60,270,722	21.50
Total Shareholders	280,244,752	100.00

4. Substantial holders

As at the Reporting Date, the names of the substantial holders of the Company and the number of equity securities in which those substantial holders and their associates have a relevant interest, as disclosed in substantial holding notices given to the Company, are as follows:

Name	Number Held	% of Issued Capital
BT Investment Management	17,381,473	6.20
FMR LLC	16,844,711	6.01
Paradice Investment Management Pty Ltd	15,243,705	5.44

5. Voting rights

The voting rights attaching to each class of equity securities are set out below:

5.1 Ordinary shares

At a general meeting of the Company, every holder of ordinary shares present in person or by proxy, attorney or representative has one vote on a show of hands and on a poll, one vote for each ordinary share held.

5.2 Performance rights

Performance rights do not carry any voting rights.

6. Unquoted equity securities

1,472,471 unlisted performance rights have been granted to 12 persons. There are no persons who hold 20% or more of performance rights that were not issued or acquired under an employee incentive scheme.

7. Voluntary escrow

There are no securities subject to voluntary escrow in the Company as at the Reporting Date.

8. On-market buy-back

The Company is not currently conducting an on-market buy-back.

CORPORATE DIRECTORY

Directors	Andrew Harrison (Independent, Non-Executive Director and Chairman) Darryl Abotomey (Chief Executive Officer and Managing Director) Therese Ryan (Independent, Non-Executive Director) Margaret Haseltine (Independent, Non-Executive Director)
Company secretary	Gregory Fox
Notice of annual general meeting	The details of the annual general meeting of Bapcor Limited are: Date: 29 October 2018 Time: 1.30pm Address: Allens Level 28, 126 Phillip Street Sydney NSW 2000
Registered office	61 Gower Street Preston VIC 3072 Australia
Share register	Computershare Investor Services Pty Ltd 452 Johnston Street Abbotsford VIC 3067 Australia Ph: +61 3 9415 4000
Auditor	PricewaterhouseCoopers 2 Riverside Quay Southbank VIC 3006 Australia
Stock exchange listing	Bapcor Limited shares are listed on the Australian Securities Exchange (ASX code: BAP)
Website	www.bapcor.com.au

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