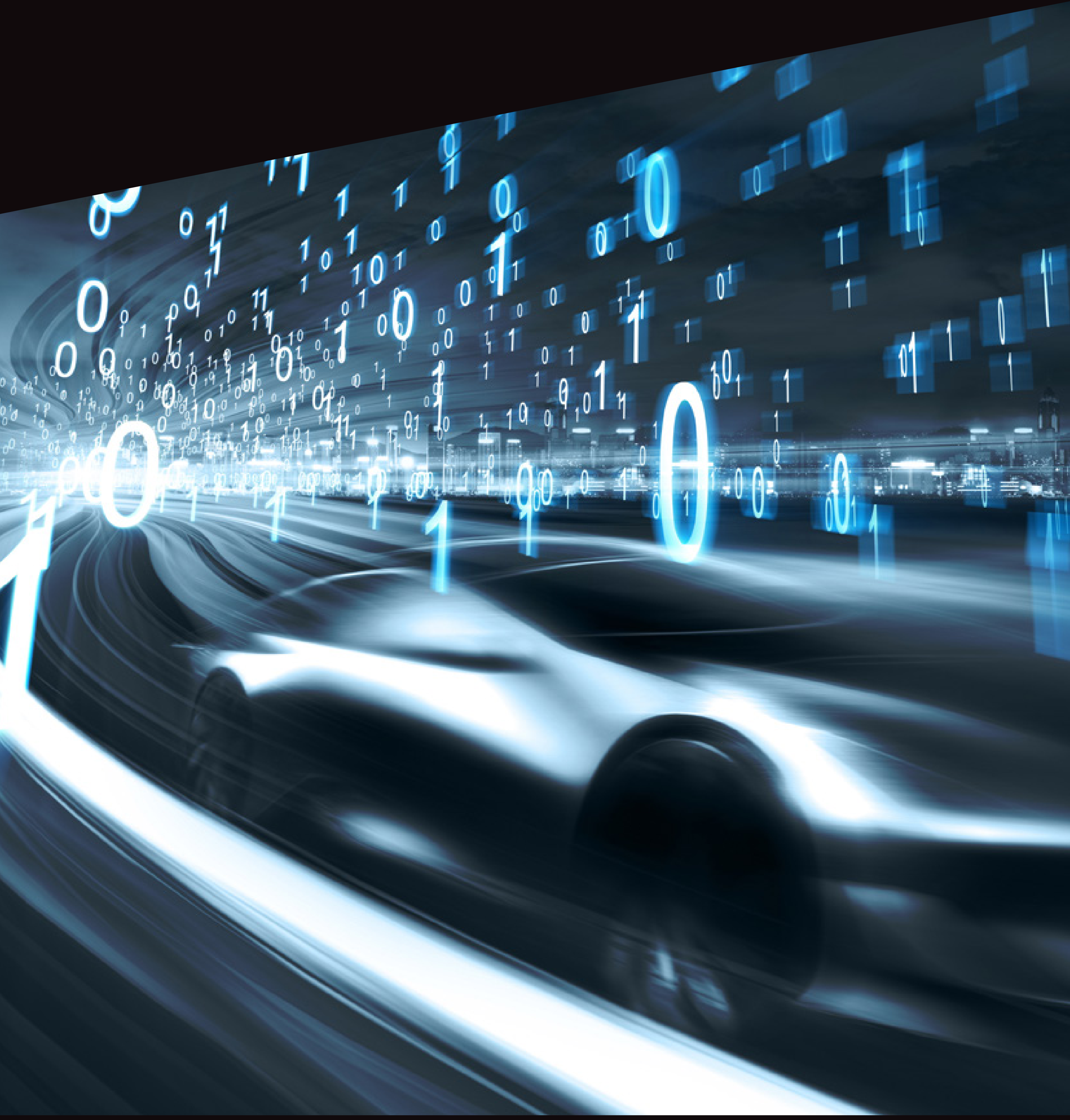
autosports group



2019 Annual Report

Contents

Letter from the Chairman and CEO

On behalf of the Board, we are pleased to deliver a strong result for FY2019 despite challenging trading conditions experienced by automotive retailers nationally.

Dear Shareholders,

Autosports Group has delivered a positive result for the FY2019 period. There is no question that 2019 was a difficult year for our sector nationally with challenging market conditions fuelled by a federal election, reduced consumer confidence, unanticipated stock interruption, quarantine problems, new compliance regulations and reform of lending guidelines. Despite this, the Group persevered with a disciplined and focused strategy to enhance its business portfolio, control expenses and invest in business improvements to ensure a resilient outcome.

In terms of financial results, the Group results were solid in the circumstances. Normalised revenue was positive at $1.76bn (2018: $1.75bn). Normalised EBITDA was $51.1m, down 16% against the previous year (2018: $61.0m).

Strategically, we maintained our disciplined focus on prestige and luxury segments in metropolitan areas on the East Coast of Australia in FY19. Our portfolio was developed and strengthened this Financial Year as we continued to invest in well-timed opportunities that improved our resilience and service offerings. In Sydney's North Shore, the Group acquired the business and assets of Mercedes-Benz Hornsby with completion taking place in early September 2019. We are delighted to be the first Australian automotive group to hold all three key luxury brands of Audi, BMW and Mercedes-Benz in the same State.

This followed the strategic acquisition of Sydney City Prestige and Auto Approve in August 2019. Sydney City Prestige is a luxury used car wholesale business that integrates seamlessly with our existing luxury used car business Prestige Auto Traders, strengthening our position in Sydney's used car market. Auto Approve, which was acquired as part of this acquisition, is a finance brokerage firm that leverages the Group's existing Australian Credit Licence to offer quality finance and insurance products.

With a focus on end-to-end customer service and support in metropolitan locations, the Group also acquired a well-established collision repair business, Mosman Smash Repairs in November 2018.

Balancing the acquisitions with greenfield growth, we opened promising Greenfield sites including Canterbury MINI Garage that complements our acquisition of Canterbury BMW in early 2018. This followed the launch of our super-luxury car showroom in Southport, Queensland in October 2018 that doubled our representation of Maserati and Bentley dealerships. The Group also completed the purchase and amalgamation of two properties in MacGregor Queensland adding more tangible assets to the balance sheet.

From a business improvement perspective, the Group achieved a great deal in FY2019. We expanded the use of our Salesforce customer management platform to gain a better understanding of our customers and optimise market trends and opportunities. We continued to maximise our digital footprint and tailor our customer platforms to help analyse customer behaviours to drive retention and loyalty and deliver a superior customer experience.

The Group continues to celebrate and invest in its people. With a strong focus on positive cultures, we invested in new leadership and culture training in addition to an enhanced awareness to build a long-term culture of safety throughout the Group. The talent shortage of Australian automotive technicians and trades was partly addressed with the launch of the Autosports Group Apprenticeship program in NSW, to be rolled out nationally in FY2020.

Importantly, diversity targets were introduced in senior management KPIs as we continue to challenge areas where we need to improve for the long-term benefit of our teams, customers, brand partners and shareholders. The Group continued to improve in areas of corporate governance, compliance, risk management and stakeholder relationships.

We are cautiously optimistic that trading conditions will improve in FY2020, as we cycle the one-off events that occurred last year and we settle in our recent acquisitions and continue to develop our greenfield businesses. As we look to FY2020, the disruption in the automotive retailing industry coupled with difficult trading conditions is expected to present unique acquisition opportunities. The Group will continue to assess well priced opportunities with a strategic fit to current operations. We will leverage our scale and balanced operations to deliver strong outcomes in the future.

We thank our Board and employees for their dedication and support throughout the Financial Year. It is the determination and commitment of each and every employee that makes 'The Difference' at Autosports Group. We look forward to seeing you at our Annual General Meeting in November.

Yours faithfully

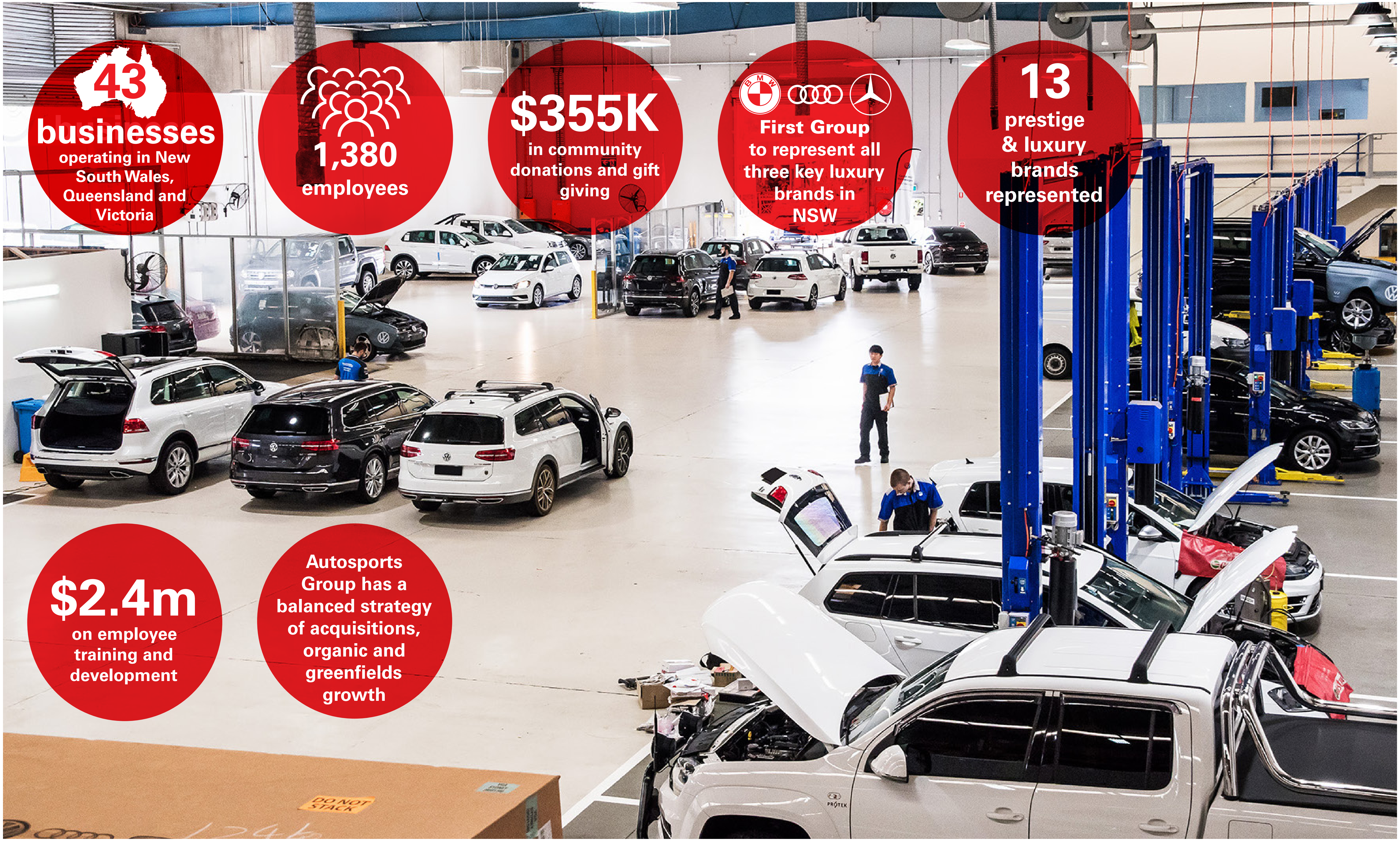
Tom Pockett

Independent Chairman

Nick Pagent

Chief Executive Officer

Key facts



43 businesses operating in New South Wales, Queensland and Victoria

1,380 employees

$355K in community donations and gift giving

First Group to represent all three key luxury brands in NSW

13 prestige & luxury brands represented

$2.4m on employee training and development

Autosports Group has a balanced strategy of acquisitions, organic and greenfields growth

2018

October
- Launched new luxury Maserati and Bentley dealership on the Gold Coast

November
- Opened Canterbury MINI Garage; Acquired Mosman Smash Repairs in Sydney's North Shore

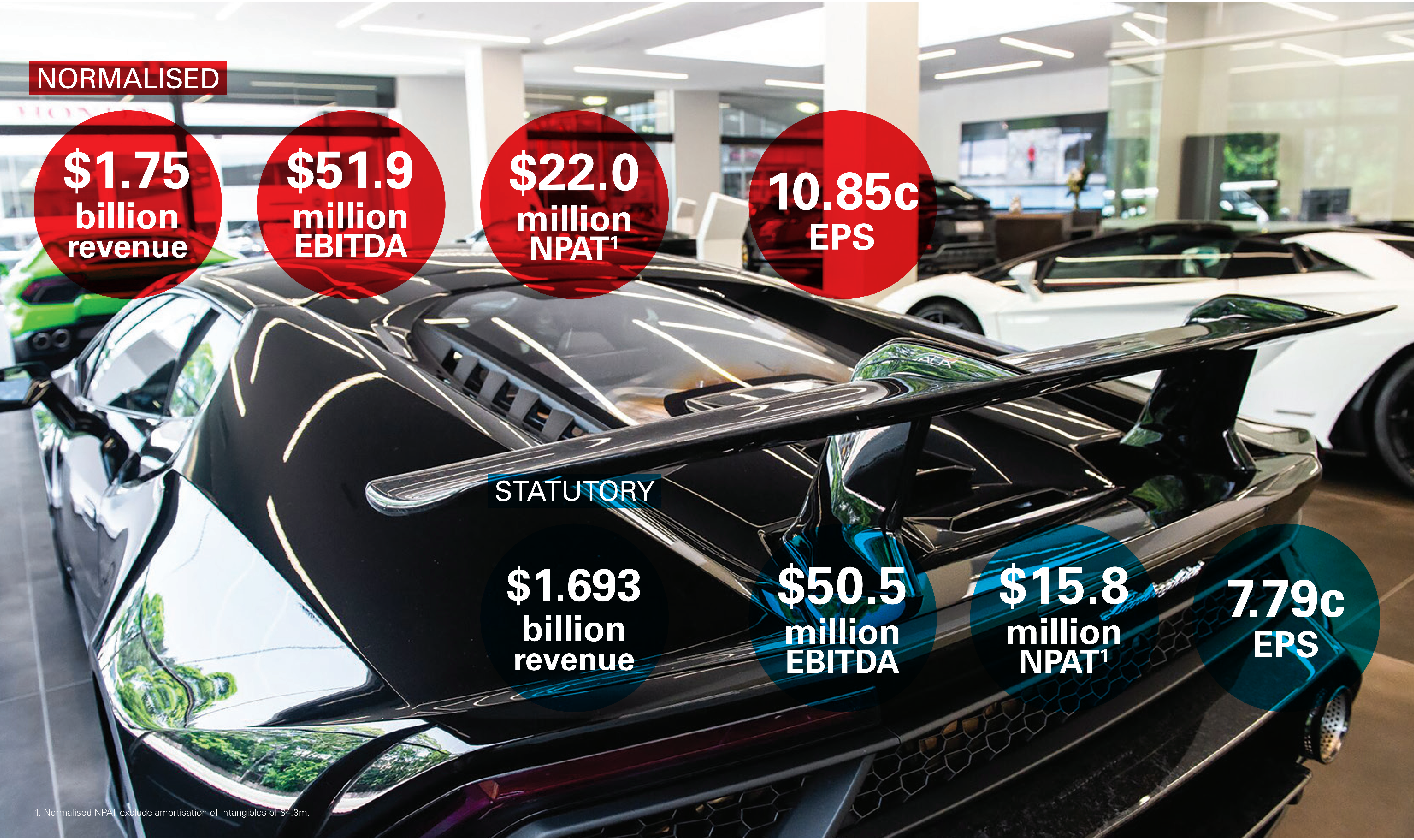
2019

February
- Launched new Lamborghini Sydney showroom

August
- Strategic acquisition of Sydney City Prestige and Auto Approve in Artarmon; Launched Autosports Group Apprentice Program

September
- Acquired Mercedes-Benz Hornsby and purchased the associated property

Financial highlights



NORMALISED

$1.75 billion revenue

$51.9 million EBITDA

$22.0 million NPAT[1]

10.85c EPS

STATUTORY

$1.693 billion revenue

$50.5 million EBITDA

$15.8 million NPAT[1]

7.79c EPS

1. Normalised NPAT exclude amortisation of intangibles of $4.3m.

The directors present their report, together with the financial statements, on the consolidated entity ('Autosports Group' or '**Group**') consisting of Autosports Group Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2019.

Directors

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

Thomas Pockett – Chairman
Nicholas Pagent – Executive director and CEO
Ian Pagent – Executive director
Robert Quant – Non-executive director
Marina Go – Non-executive director

Principal activities

During the financial year, the Group's principal activities were focused on the retail automotive industry. The core business focuses on the sale of new and used motor vehicles, distribution of finance and insurance products on behalf of retail financiers and automotive insurers, sale of aftermarket products and spare parts, motor vehicle servicing and collision repair services.

There have been no significant changes in the nature of the Group's principal activities.

The Group's operations comprise of:

- 35 franchised dealerships selling new and used prestige and luxury motor vehicles;
- 3 used motor vehicle outlets, focused primarily on the sale of used prestige and luxury motor vehicles; and
- 5 specialist prestige motor vehicle collision repair facilities.

Brands

The Group represents the following brands and dealerships:

AUTOSPORTS GROUP BRANDS & DEALERSHIPS

Audi	VOLVO	BMW	VW	BMW Motorrad	LAMBORGHINI	Mercedes-Benz	MINI
6	5	4	4	2	2	2	3
MASERATI	BENTLEY	ALPINA	HONDA	mazda	SYDNEY CITY PRESTIGE	PRESTIGE AUTO TRADERS -EST 1996-	autosports brisbane
2	2	1	1	1	1	1	1

The number below each brand represents the number of dealerships held by the Group.

Dividends

On 29 August 2019, the directors declared a fully franked final dividend of 3 cents per ordinary share (2018: 4.8 cents), to be paid on 12 November 2019 to eligible shareholders on the register as at 29 October 2019. When combined with the interim dividend of 2 cents per share paid in May 2019, the total dividend based on 2019 earnings is 5 cents per share fully franked. The financial effect of the dividends declared after the reporting date is not reflected in the 30 June 2019 financial statements and will be recognised in the subsequent financial period.

Operating and financial review

The Group generates its income from:

- the sale of new and used motor vehicles;
- the sale or distribution of ancillary products and services, such as finance, insurance and aftermarket products;
- the sale of motor vehicle spare parts;
- the provision of motor vehicle servicing; and
- the provision of collision repair services.

FY2019 financial performance key metrics

	Statutory	Normalised
Revenue	$1.693b	$1.75b[(a)]
EBITDA	$50.5m	$51.9m[(b)]
NPAT	$15.8m	$22.0m[(c)]
NPATA	$20.3m	$21.8m[(d)]
EPS	7.79c	10.85c

(a) Movement to normalised revenue represents Original Equipment Manufacturer ('**OEM**') bonuses received which are included in cost of goods sold for statutory reporting purposes, and removal of revenue relating to closed business.

(b) Movement to normalised earnings before interest, tax, depreciation and amortisation ('**EBITDA**') relates to add back of one-off pre-tax acquisition and restructure expenses of $828,000, and removal of pre-tax losses relating to closed business of $833,000.

(c) Normalised net profit after tax ('**NPAT**') attributable to owners of Autosports Group Limited excludes pre-tax amortisation of intangibles of $4,485,000 and one-off pre-tax acquisition and restructure expenses of $828,000, and losses relating to closed business.

(d) Movement to normalised net profit after tax excluding amortisation ('**NPATA**') relates to one-off pre-tax acquisition and restructure expenses of $828,000, and $833,000 of pre-tax losses relating to closed business.

The following tables demonstrate the Group's statutory financial performance normalised to include non-recurring items.

Profit before tax excluding non-recurring items

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

	Consolidated	
	30 June 2019 $'000	30 June 2018 $'000
Revenues from ordinary activities	1,693,640	1,692,038
Profit before tax	23,105	37,445
Profit before tax excluding non-recurring items (refer below)	24,766	38,779
Profit for the year attributable to the owners of Autosports Group Limited	15,662	26,102

Comments

The profit for the Group after providing for income tax and non-controlling interest amounted to $15,662,000 (2018: $26,102,000).

The profit for the year was impacted by non-recurring items as follows:

	Consolidated	
	30 June 2019 $'000	30 June 2018 $'000
Statutory profit after tax attributable to the owners of Autosports Group Limited	15,662	26,102
Add: Non-controlling interest[1]	224	332
Add: Income tax expense	7,219	11,011
	23,105	37,445
Add: Acquisition expenses[2]	55	1,334
Add: Restructure expenses[3]	773	-
Add: Other non-recurring items[4]	833	-
Profit before tax excluding non-recurring items	**24,766**	38,779

1. Represents the 20% minority interest in New Centenary Mazda Pty Ltd held by the dealer principal.
2. Relates to acquisition expenses on the Mosman Smash Repairs acquisition during the year. Previous year relates to the BMW Melbourne acquisition.
3. Restructure expenses relate to costs associated with restructure of administration in Queensland and used car wholesale business.
4. Reflects closure of Alfa Romeo and Fiat franchise (which does not meet the criteria of discontinued operations).

Profit before tax excluding acquisition and restructure expenses is a financial measure which is not prescribed by Australian Accounting Standards ('**AAS**') and represents the statutory profit under AAS adjusted for such expenses. The directors consider profit before tax excluding acquisition and restructure expenses to reflect the core earnings of the Group.

Operational overview

Disciplined growth

The Group has continued to pursue a clear and focused strategy balanced between acquisitions, organic and greenfield growth.

In the financial year, the Group acquired the business operating as Mosman Smash Repairs which services the Northern Beaches suburbs of Sydney. Mosman Smash Repairs is an accredited Volvo and Volkswagen repairer adding to the Group's portfolio of approved repairers.

Greenfields growth was strong through the financial year. The Group opened Gold Coast Bentley and Maserati in a purpose-built facility in Southport Queensland in October 2018. The Gold Coast facility reinforces the Group's representation of those brands in key Queensland metropolitan areas. The new Southport facility allows for a third super-luxury brand which is yet to be confirmed.

Canterbury MINI Garage opened in November 2018. The catalyst for this greenfield was the Group's strategic acquisition of Canterbury BMW in 2018. Canterbury MINI Garage extends the Group's MINI representation to New South Wales.

During the financial year the Group purchased land at 589 Mains Road, Macgregor, Queensland. The land adjoins the Group's existing land and buildings at 601 Mains Road Macgregor from which Mercedes Benz Macgregor trades. In November 2018 the amalgamation of the two properties occurred allowing for future development at this 15,665 square metre site.

The Group regularly upgrades its facilities to meet the requirements of its OEM franchisors. Canterbury BMW was upgraded in March 2019 to accommodate the establishment of the new Canterbury MINI Garage. The Group's new Gold Coast Maserati and Bentley dealerships feature luxury showrooms in a purpose-built facility in Ferry Road, Southport.

Lamborghini Sydney revealed a refurbished new showroom at the Group's Leichhardt facility in February 2019.

After careful review of the Group's portfolio the Group concluded that the continuation of the Alfa Romeo and Fiat franchises were not sustainable due to low vehicle volumes. In the 2019 financial year the Alfa Romeo and Fiat franchises incurred a loss of $833,000.

Market conditions

Market conditions during the financial year were challenging for automotive retailers nationally.

The industry experienced declines in new vehicle sales across all Eastern Seaboard markets where the Group operates including New South Wales (-9.6%), Queensland (-7.7%) and Victoria (-9.4%).

The Audi brand nationally declined 32.2% in the 6 months to June 2019. The decline was exacerbated by the stop sell on the Q7, Q3 and A1 due to European carbon emission regulations ('**WLTP**'). These stop sells accounted for 70% of the brand's decline on the prior 6-month period. These models are expected to be made available in the first half of FY2020.

In addition to poor market conditions, the Group was impacted heavily in the latter part of the first half of the financial year by quarantine issues and hails storms in Sydney. The quarantine issues arose from heightened surveillance by the Department of Agriculture and Water Resources ('**DAWR**') upon the discovery of the Brown Marmorated Stink Bug on several shipping vessels departing from Europe. As the Group relies on much of its stock arriving from Europe, the quarantine issues impacted stock availability during the year.

The Sydney hail storms resulted in delayed deliveries during the latter part of the 2018 calendar year. The impact of the hail storms abated through the second half.

Despite these setbacks, management implemented a number of strategies through the year to relieve the pressure of softened consumer demand and stock constraints. As a result, management reduced stock holdings to ease interest expense and realigned other variable expenses in line with market conditions.

Operational excellence

As a retailer of luxury and prestige vehicles, Autosports Group strives to apply that same standard of luxury and excellence in all aspects of its operations. This year, the Group's Doncaster BMW dealership was awarded 1st place, Major Metro Dealer of the Year back to back with its win the previous year. The Group performed exceptionally in the Twin Cup competition, a worldwide Audi service department competition, with four Autosport Group employees representing the Australian team.

People and diversity

At Autosports Group, diversity is about recognising and valuing the contribution of people from different backgrounds, with different perspectives and experiences. This includes age, disability, sexual orientation, ethnicity, religion and cultural background. It also includes gender.

The Group recognises the need for better balance of women in sales roles, technical roles and General Manager/Dealer Principal positions. In FY2019 the Group set and delivered against measurable objectives to improve the gender balance in these roles in a sustainable way. The Group reviewed its gender composition statistics and developed realistic gender diversity targets and made senior executives across the Group accountable for meeting those targets. Leadership and culture training was also delivered during the financial year and will continue in FY2020 to reinforce the Group's values and support diversity.

To address the impacts of the shortage of technicians in Australia the Group launched a bespoke apprentice program in August 2019. The program leverages the Group's scale and luxury brand representation to attract new talent. The program also serves as a platform to promote the automotive industry as a career opportunity for women.

According to the Workplace Gender Equality Agency ('**WGEA**') Report prepared for the financial year (for car retailing businesses, categorised as ANZSIC Code 3911 only), the Group's gender composition was 20% women. 21% of employees awarded promotions were women and 23.7% of employees who resigned were women. The full copy of this report is available on the Group's website at http://investors.autosportsgroup.com.au/investors/?page=corporate- governance. The executive team will continue its focus on gender diversity in FY2020.

Giving program

Community giving is at the core of the Group's values embodied in a three- tiered Giving Program which supports the values of Individualised Attention across the Group. Tier 1 provides a platform for us to support the not-for-profit initiatives of the brands the Group represent. Tier 2 supports giving to traditional charities. Tier 3 allows the Group to support the giving preferences of our people. After surveying those preferences, the Group selected three primary charities which were promoted through the Group's internal employee referral program.

Safety

In the financial year, the Group continued to build on its consolidated approach to Work Health and Safety with a review and consultation process in relation to its policy and procedures. The Group has adopted a zero-tolerance risk appetite for serious safety incidents. A large focus for FY2019 was to embed a strong safety culture across the business to reduce incidents, improve workplace culture and drive business efficiencies.

Marketing and technology

The Group's investment in the Salesforce Customer Relationship Management ('**CRM**') platform continued in line with a well-defined strategy to develop the Group's digital footprint. This investment has enabled the Group to better manage customer data and has empowered the marketing team to deliver insights back to the business to drive positive business outcomes. In the last 12 months the digital team focused on developing and delivering a customer contact strategy to drive loyalty, retention and increase lifetime customer value. The Group will continue to invest in strengthening its digital platforms and use these to deliver increased vehicle and service sales and positive customer experiences.

Likely developments in operations in future years

Organic growth will comprise:

- The maturing of greenfield sites to increase margins;
- using digital marketing to grow back-end services including servicing and spare part sales;
- driving aftersales demand through consolidating parts warehousing and distribution logistics;
- expanding capacity at existing dealerships to meet consumer demand;
- reviewing service department operations to drive optimal productivity in existing service bays;
- establishing new greenfield dealerships when the mix of brand, location and demand works; and
- integrating acquisitions benefit from operational synergies.

Acquisition growth will focus on:

- high-quality and well-priced acquisition targets in East Coast Metropolitan areas in luxury and prestige brands; and
- collision and repair acquisitions to expand the Group's OEM approved repairer facilities to include more brands within the Group's portfolio.

FY2020 outlook:

- new vehicle market conditions expected to gradually improve throughout FY2020;
- the Group has like for like growth opportunities especially in WLTP affected brands;
- service and parts growth expected to continue in FY2020;
- integration of Mercedes-Benz Hornsby and Sydney City Prestige; and
- conditions exist for further well priced acquisition opportunities.

Other focus areas include:

- implementing a bespoke program to address the Australian automotive technician skills shortage;
- progressing gender diversity initiatives; and
- promoting and embedding the Group's values across the business and organisational culture.

Risk and governance

The Group identified its key risk areas as:

Consumer demand – The Group has taken steps to protect itself from the poor trading conditions experienced nationally by Australian automotive retailers including reducing stock levels and managing variable expenses. The Group will continue to adapt to market conditions as they change.

OEM risk – The Group's supportive and collaborative approach to its relationships with OEMs has cultivated the Group's excellent reputation amongst OEMs.

Work, Health and Safety ('WHS') – The Group has a zero-risk tolerance for serious safety incidents. During the year the Group revised its Work Health and Safety policies and procedures and worked with each business to improve safety reporting and incident management.

Reliance on key personnel – The Group engaged in activities during the year to develop the skills and experience of potential successors as part of its succession planning initiatives.

Credit risk – The Group will continue to adhere to the terms of financier floorplan terms, meets the requirements of financier floorplan audits as well as monitor interest rate fluctuations.

Regulatory compliance – The Group was prepared for the flex commission reforms that were enacted during the year. The Group continued to monitor and review its Takata airbag recall procedures and work closely with OEMs.

Changes to market trends – The Group continues to monitor market trends to prepare itself for changes to consumer preferences and new technologies.

Cybersecurity – The Group reviewed its cybersecurity risk profile during the year to protect the business against external and internal cyber threats.

Environmental regulation

The Group is committed to continually improving its operations to deliver better environmental outcomes. The Group is subject to environmental regulation and applies minimum environmental standards at its dealerships and service and collision facilities.

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

On 2 August 2019, the Group acquired the businesses operating as Sydney City Prestige and a majority stake in Auto Approve for $870,000. Sydney City Prestige is a luxury used car wholesaler located in Artarmon, Sydney and complements the Group's existing luxury used car wholesaler, Prestige Auto Traders. The Sydney City Prestige business also includes a RAM dealership and LDV parts and service business. Auto Approve is a finance broking business offering primarily automotive finance and insurance products.

On 6 August 2019, the Group entered into an agreement to purchase the business of Mercedes Benz Hornsby for $3,500,000 plus certain other assets and liabilities. This business will be the Group's first Mercedes-Benz dealership in New South Wales.

Apart from the dividend declared, no other matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Regulatory change

The Australian Securities and Investments Commission ('**ASIC**') reforms relating to flex commissions took effect in November 2018. These reforms impose restrictions on the interest rates offered to consumers on the purchase of a motor vehicle. Under the new model, lenders are required to set the interest rate which can be discounted up to 2.0 basis points by the dealer. No material change to income occurred as a result of these reforms.

In response to the Australian Competition and Consumer Commission ('**ACCC**') report on the new car retailing industry in December 2017, the Government issued a Consultation Paper in February 2019. The objective of the consultation was to gauge the suitability of possible elements of a mandatory scheme for the sharing of motor vehicle service and repair information and the establishment of a Service and Repair Information Sharing Advisory Committee. Subject to the outcome of consultation and a further period of public consultation, the Government proposes to implement a scheme in 2019.

In 2018 the ACCC issued a Takata airbag inflator recall notice. The recall requires all defective airbags to be replaced by 31 December 2020. The dealerships have been working closely with OEMs to carry out airbag replacements. The Group has monitored and reviewed its procedures across its portfolio in relation to the recall during the financial year.

New South Wales introduced the Modern Slavery Act 2018 (NSW) requiring companies with revenue exceeding $50 million to publish a modern slavery statement on the occurrence of modern slavery in their supply chain. Similarly, Commonwealth legislation took effect during the financial year with the introduction of the Modern Slavery Act 2018 (Cth). The Group will be required to report on its modern slavery initiatives for FY2020 financial period by 31 December 2021.

The Final Report on the Royal Commission into the misconduct in the Banking, Superannuation and Financial Services industry Identified a number of recommendations which may impact the automotive industry. None of the recommendation are expected to have a significant impact on the Group. The recommendation seeking to remove the point of sale exemption for the sale of finance and insurance products at dealerships will, subject to legislative change outcomes, likely be resolved by automotive financiers moving to an Authorised Credit Representative model. The Group also holds its own Australian Credit Licence.

On 14 August 2019, the Federal Government announced it will shortly commence industry consultation on the development of new draft regulations for the automotive franchising sector. The objective of the proposed reforms is intended to address end of term arrangements and capital expenditure arrangements between dealers and manufacturers.

Current directors

Thomas ('Tom') Pockett

Title:	Independent Chairman (appointed to the Board on 29 August 2016)
Qualifications:	Fellow of the Institute of Chartered Accountants Australia and New Zealand and a Bachelor of Commerce from the University of New South Wales

Experience and expertise:	Tom is the Chairman of Stockland Corporation and a Non-Executive Director of Insurance Australia Group Limited (appointed 1 January 2015), O'Connell Street Associates Limited (appointed 1 November 2014) and Sunnyfield, a not-for-profit disability services provider in New South Wales. Tom was Chief Financial Officer of Woolworths Limited from August 2002 to February 2014. He was an Executive Director of Woolworths Limited from November 2006 to 1 July 2014. He previously held the position of Deputy Chief Financial Officer at the Commonwealth Bank of Australia and prior to that held several senior finance roles within the Lend Lease Group following a successful career with Deloitte.
Other current directorships:	Chairman of Stockland Corporation Limited (ASX: SGP) (from 1 September 2014) and Non-Executive director of Insurance Australia Group (ASX: IAG) (from 1 January 2015)
Former directorships (last 3 years):	None
Special responsibilities:	Chairman, Member of Audit and Risk Committee and People and Remuneration Committee
Interests in shares:	166,667 ordinary shares held directly
Interests in options:	None
Interests in rights:	None

Nicholas ('Nick') Pagent

Title: Managing Director and Chief Executive Officer (appointed on 29 August 2016)

Experience and expertise:	Nick has over 23 years' experience in the motor vehicle industry across Australia and the United Kingdom. Prior to founding Autosports Group, Nick worked in the United Kingdom in senior roles including Director of Sales and Dealer Principal with Mercedes-Benz London and Executive Audi, St Albans
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Managing Director and Chief Executive Officer
Interests in shares:	39,210,602 ordinary shares held indirectly (104,452,574 ordinary shares when combined with Ian Pagent's holding for the purpose of substantial holder declarations)
Interests in options:	None
Interests in rights:	471,054 LTI performance rights convertible into 471,054 ordinary shares 81,358 STI performance rights convertible into 81,358 ordinary shares

Ian Pagent

Title: Executive Director (appointed on 29 August 2016)

Experience and expertise:	Ian has over 50 years' experience in the motor vehicle industry across Australia, Asia and the United States. Between 1988 and 2002, Ian was co-owner and Managing Director of Trivett Classic Group. During this period, he was the dealer principal for BMW, Audi, Volvo, Jaguar, Land Rover, Aston Martin, Porsche, Lamborghini, Lotus, Mazda, Honda, Peugeot, Toyota and MG Rover.
Other current directorships:	Non-executive director – Friends of Mater Foundation
Former directorships (last 3 years):	None
Special responsibilities:	Executive Director
Interests in shares:	65,241,972 ordinary shares held indirectly (104,452,574 ordinary shares when combined with Ian Pagent's holding for the purpose of substantial holder declarations)
Interests in options:	None
Interests in rights:	188,421 LTI performance rights convertible into 188,421 ordinary shares 47,767 STI performance rights convertible into 47,767 ordinary shares

Robert Quant

Title: Independent Non-Executive Director (appointed on 29 August 2016)

Qualifications: Fellow of the Institute of Chartered Accountants Australia and New Zealand and a Bachelor of Accounting from the University of Technology, Sydney

Experience and expertise:	Robert has over 36 years' experience in professional accounting in advisory and leadership roles having developed sector expertise in retail automotive and professional services. His most recent executive roles include Global Leader – Asia Pacific for Grant Thornton International Limited and CEO of Grant Thornton Australia Limited. As well as sitting on and chairing a number of private boards, he advises in the areas of strategy development and organisational change.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chair of Audit and Risk Committee and member of People and Remuneration Committee
Interests in shares:	62,499 ordinary shares held indirectly
Interests in options:	None
Interests in rights:	None

		**Marina Go** Title: Independent Non-Executive Director (appointed on 28 October 2016) Qualifications: Master of Business Administration from the Australian Graduate School of Management ('**AGSM**') and a Bachelor of Arts from Macquarie University
Experience and expertise:	Marina Go is Chair of Suncorp Super Netball and Ovarian Cancer Australia, a non-executive director of Energy Australia, 7-Eleven, Pro-Pac, and The Walkley Foundation, Chair of the Advisory Board for the Centre For Media Transition at the University of Technology Sydney, a director of PWC's Diversity Advisory Board, and author of the business book for women, Break Through: 20 Success Strategies for Female Leaders. Marina has over 25 years of leadership experience in the media industry, having started her career as a journalist. Marina is the former Chair of the Wests Tigers NRL Club and Private Media CEO. She is a member of the Australian Institute of Company Directors.	
Other current directorships:	None, other than those listed above.	
Former directorships (last 3 years):	None	
Special responsibilities:	Chair of People and Remuneration Committee and Member of Audit and Risk Committee	
Interests in shares:	62,499 ordinary shares held directly	
Interests in options:	None	
Interests in rights:	None	

'Other current directorships' quoted above are current directorships for listed entities only.

'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, unless otherwise stated.

Other Key Management and Company Secretary

Aaron Murray

Title: Chief Financial Officer

Experience and expertise	Aaron has over 22 years' experience in accounting and the motor vehicle industry. Aaron has held the role of Autosports Group Chief Financial Officer since 2009, after joining the business in 2007. Prior to joining Autosports Group, Aaron held accounting and finance roles with Trivett Classic, McMillan Volkswagen and Audi Centre Parramatta.
Relevant interests in shares:	1,672,038 ordinary shares held indirectly
Interests in options:	None

Caroline Raw

Title:	Company Secretary and General Counsel (appointed on 23 February 2018)
Qualifications:	Fellow of the Institute of Chartered Secretaries and Administrators, Bachelor of Laws and Bachelor of Commerce from Western Sydney University, Graduate Diploma of Applied Corporate Governance from Governance Institute

Experience and expertise:	Caroline has over 14 years' experience as a corporate lawyer advising listed companies and funds on initial public offerings ('**IPOs**'), capital raising, funds management and mergers and acquisitions. Prior to joining Autosports Group, Caroline held a senior role at a national law firm in the equity capital markets and merger and acquisitions practice group. Caroline sat on the Capital Markets Committee of the Property Council of Australia and has previously acted as group company secretary and legal counsel for an ASX-listed property funds management company and an Australian real estate investment trust ('**A-REIT**').

Meetings of directors

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

	Full Board		People and Remuneration Committee		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
Thomas Pockett	10	10	7	7	9	9
Nick Pagent*	10	10	7	7	9	9
Ian Pagent*	10	10	7	7	9	9
Robert Quant	10	10	7	7	9	9
Marina Go	10	10	7	7	9	9

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

* Whilst Nick Pagent and Ian Pagent are not members of the People and Remuneration Committee or Audit and Risk Committee, they attended each meeting.

Governance

The Board has adopted a framework of corporate governance, reflected through Autosports Group's policies and practices. The Group's Corporate Governance Statement, which meets the requirements of ASX Listing Rule 4.10.3, can be viewed at: http://investors.autosportsgroup.com.au/investors/

Shares under option

There were no unissued ordinary shares of Autosports Group Limited under option outstanding at the date of this report.

Shares under performance rights

There were 995,848 unissued ordinary shares of Autosports Group Limited under performance rights at the date of this report.

Shares issued on the exercise of options

There were no ordinary shares of Autosports Group Limited issued on the exercise of options during the year ended 30 June 2019 and up to the date of this report.

Shares issued on the exercise of performance rights

No shares were issued on the exercise of performance rights during or since the end of the financial year. Instead, the Company arranged to purchase shares on-market through a facility offered by its Share Registry, Link Market Services, which satisfied vested performance rights during the financial year. There were no other ordinary shares issued during or since the end of the financial year.

Indemnity and insurance of officers

The Company has entered into Deeds of Indemnity, Insurance and Access with each of the directors as well as the Company Secretary and Chief Financial Officer of the Company to indemnify them for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company

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

Non-audit services

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 27 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 27 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;
- the amount paid to the auditors in relation to non-audit services includes a non-recurring fee in relation to the IPO of the Group. These services were undertaken by personnel distinct from the audit team undertaking the statutory audit of the group; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Officers of the Company who are former partners of Deloitte Touche Tohmatsu

There are no officers of the Company who are former partners of Deloitte Touche Tohmatsu.

Rounding of amounts

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

Auditor

Deloitte Touche Tohmatsu continues in office in accordance with section 327 of the Corporations Act 2001.

Auditor's independence declaration

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

Remuneration Report (audited)

Contents

Sections

1. Remuneration essentials

What does this report cover?

The directors of Autosports Group Limited ('**ASG**') are pleased to introduce to shareholders the Company's remuneration report for the performance period 1 July 2018 to 30 June 2019 ('financial year').

Who does this report cover?

This report sets out the remuneration arrangements for the Company's key management personnel ('**KMP**'). Throughout the remuneration report, KMP are referred to as either senior executives or non-executive directors.

The following table sets out the Company's KMP for the financial year. All non-executive directors and senior executives held their positions for the whole of the financial year (unless otherwise indicated).

Non-executive directors	
Name	**Position**
Tom Pockett	Chair and independent non-executive director
Marina Go	Independent non-executive director
Robert Quant	Independent non-executive director

Senior executives	
Name	**Position**
Nick Pagent	Managing Director and Chief Executive Officer ('**CEO**')
Ian Pagent	Executive Director
Aaron Murray	Chief Financial Officer ('**CFO**')

Remuneration governance and framework

Role of the Board and People and Remuneration Committee

The Board is responsible for establishing, and overseeing the implementation of, the Company's remuneration policies and frameworks and ensuring that it is aligned with the long-term interests of the Company and its shareholders.

The People and Remuneration Committee was established at the time of Listing in November 2016 to assist the Board with these responsibilities. The role of the People and Remuneration Committee is to review key aspects of the Group's remuneration structure and arrangements and make recommendations to the Board. In particular, the People and Remuneration Committee reviews and recommends to the Board:

- arrangements for the senior executives (including annual remuneration and participation in short-term and long-term incentive plans);
- key performance indicator ('**KPI**') targets for senior executives that align with the Company's short and long-term goals and cultural expectations;
- remuneration arrangements for non-executive directors;
- major changes and developments to the Company's equity incentive plans; and
- whether offers are to be made under the Company's employee equity incentive plans in respect of a financial year and the terms of any offers.

Use of remuneration consultants and other advisors

Prior to Listing on 16 November 2016, the Board engaged an independent external advisor to advise on the remuneration of the senior executives. The scope of the engagement included the provision of remuneration assistance as requested by the Board, including but not limited to, providing data and commentary on market trends, industry comparisons, developing the Company's remuneration framework for the listed environment, and advising on remuneration structuring. The Board agreed to maintain this structure for the first two years from Listing to assess the performance of the executive team on a year on year basis.

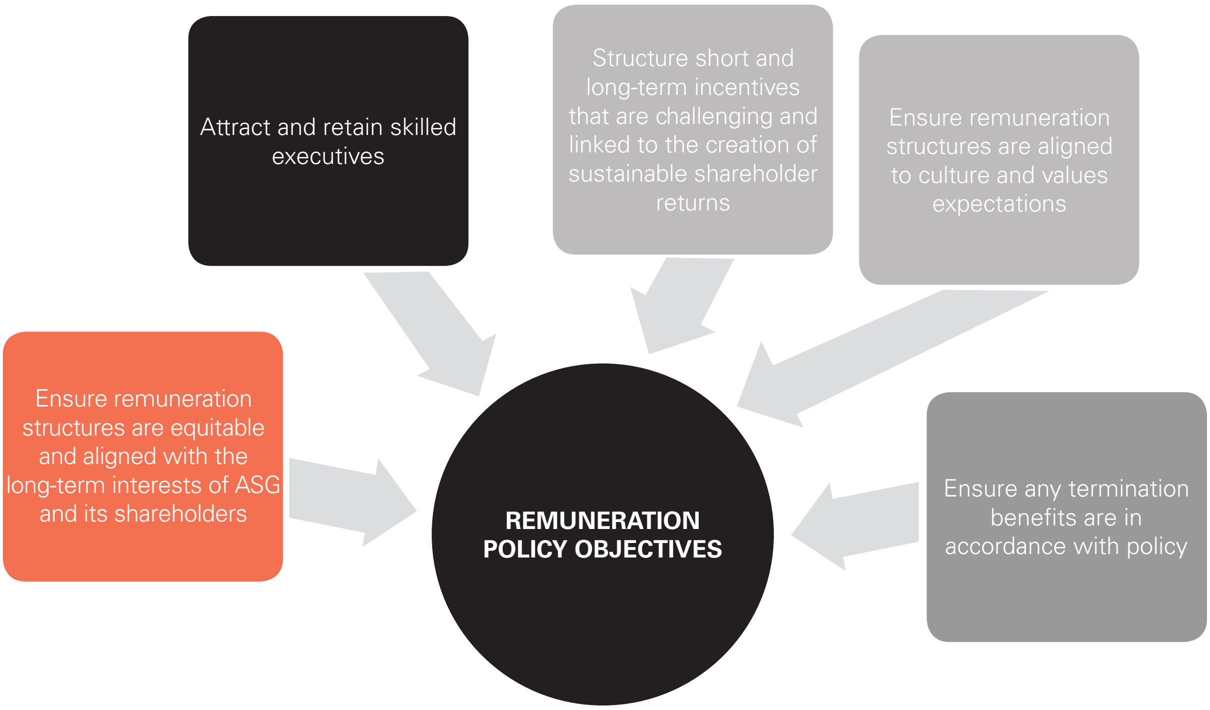
In FY2019, the Board sought further independent external advice to ensure the Company is (a) doing what it said it would in relation to its disclosed remuneration structure (b) that executive base salaries are market appropriate (c) current remuneration plans remain effective and aligned with the Company's strategy and (d) that decision making around individual KPIs remain valid.

Remuneration policy and guiding principles

Executive remuneration

The Company's remuneration framework is designed to be competitive and to focus senior executives on executing the Group's strategy and achieving its business objective to increase shareholder value.

The Board and the People and Remuneration Committee are guided by the following objectives when making decisions regarding senior executive remuneration:



Non-executive director remuneration

In remunerating non-executive directors, the Group aims to ensure that it can attract and retain qualified and experienced directors having regard to:

- the specific responsibilities and requirements for the Board;
- fees paid to non-executive directors of other comparable Australian companies; and
- the size and complexity of the Group's operations.

Remuneration mix and components

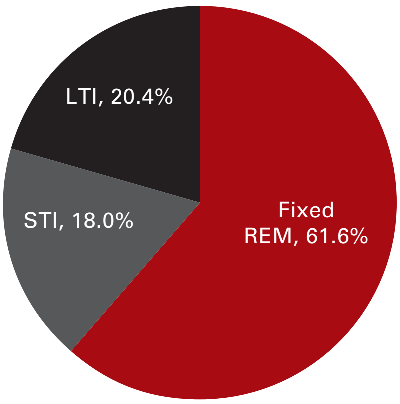
The Group's executive remuneration framework, which was put in place from Listing, is summarised below and includes components of remuneration which are structured to motivate executives to deliver sustained returns through a mix of short-term and long-term incentives.

Executive remuneration framework

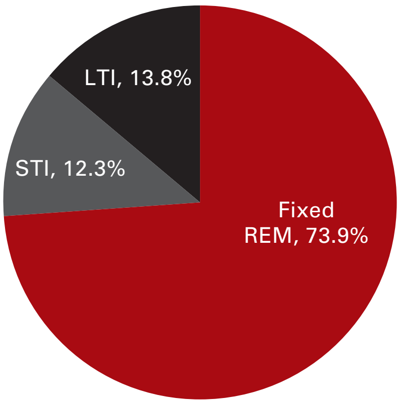
Fixed remuneration – Cash	Short-term incentive ('STI') (at risk) – Equity	Long-term incentive ('LTI') (at risk) – Equity
• Base salary plus superannuation and other benefits • Base salary was formally benchmarked at the time of Listing • Influenced by individual performance • Reviewed annually	• STI is subject to performance hurdles (including NPAT) and other benefits • The 2019 STI award was also subject to a culture and values gateway hurdle • Performance generally measured over 12 months • Granted in performance rights which will vest following a 12-month deferral period subject to the executive's continuous service	• Granted in performance rights • Vesting subject to an EPS performance condition • Performance generally measured over 3 years
Market competitive base reward encourages sustainable performance in the medium to longer term and provides a retention element		

The tables below illustrate the remuneration mix for the senior executives at target performance.

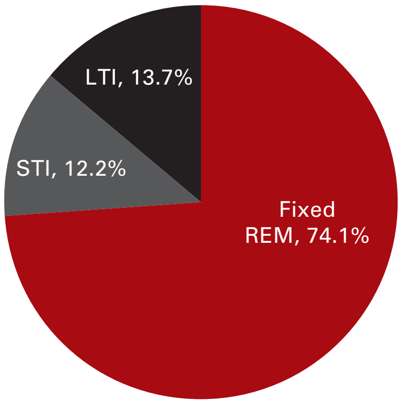
Remuneration mix at target for Nick Pagent for the financial year



Remuneration mix at target for Ian Pagent for the financial year

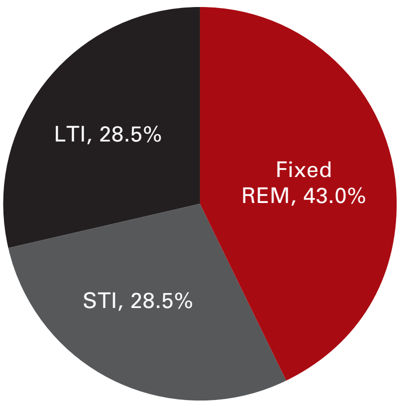


Remuneration mix at target for Aaron Murray for the financial year

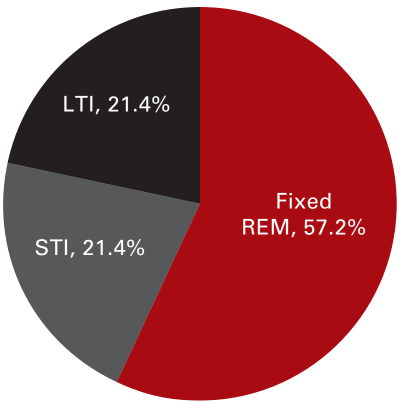


The tables below illustrate the remuneration mix for the senior executives at maximum performance.

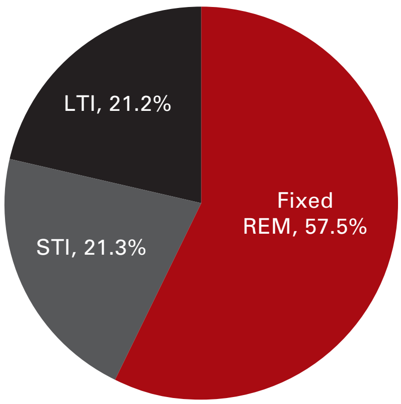
Remuneration mix at maximum performance for Nick Pagent for the financial year



Remuneration mix at maximum performance for Ian Pagent for the financial year



Remuneration mix at maximum performance for Aaron Murray for the financial year



Company performance

2019 was a difficult year for the Group with challenging market conditions fuelled by a federal election, quarantine problems, new compliance regulations, reform of lending guidelines and distractions in our sector with competitor consolidation.

The Group's remuneration structure was established to reward both short-term and long-term growth but with gateway hurdles of upholding cultural and value expectations for continual improvement in corporate governance, compliance, risk management and stakeholder relationships.

In 2019, whilst the Group did not achieve financial KPIs, senior management optimised opportunities within the particularly difficult trading conditions outlined above. They also achieved several non-financial KPIs and continued to drive improvements in the business. As a result, a total of 33% (2018: 72%) of the target STI has been awarded.

The table below shows the Company's financial performance using a number of key measures since Listing.

	Share performance			Earnings performance			Liquidity	
	Closing share price ($)	Dividend per share (cents)	Basis EPS (cents)	EBIT $M	NPAT $M	ROE %	Cash flow from operations $M	Interest coverage (EBITDA)
2019								
1 Jul 2018 – 30 Jun 2019	1.26	3.0	7.79	39.5	15.9	3.14	23.1	3.09
2018								
1 Jul 2017 – 30 Jun 2018	1.70	9.0	12.99	50.7	26.4	5.3	46.1	4.51

2. Executive remuneration in detail

Fixed remuneration

The remuneration of all senior executives includes a fixed component comprised of base salary and employer superannuation contributions and other benefits associated with the provision and use of motor vehicles.

Fixed remuneration is regularly reviewed by the People and Remuneration Committee with reference to each senior executive's individual performance and, as appropriate, relevant comparative compensation in the market.

Benchmarking of fixed remuneration of the senior executives was conducted prior to Listing against peer companies. Fixed remuneration for senior executives is market-aligned to similar roles in companies of a comparable size, complexity and scale to Autosports Group.

Short-term incentive

Overview of the STI plan	The STI plan is an 'at-risk' component of executive remuneration whereby, if the applicable performance conditions are met, STI awards will be delivered in the form of performance rights which will vest after a further deferral of one year subject to the executive's continued service.
Participation	Executive directors and other members of senior management are eligible to participate in the STI plan.
Performance period	1 July 2018 to 30 June 2019.
STI opportunity	The STI opportunities of the senior executives are set out below:

	Level of performance	
	At target	**At maximum**
Nick Pagent	33% of base salary	75% of base salary
Ian Pagent	20% of base salary	45% of base salary
Aaron Murray	20% of base salary	45% of base salary

Each senior executive's STI opportunity is assessed against individually weighted financial and non-financial performance hurdles.

In the FY2019 Performance Period, the Board determined that performance would be assessed from 95% of target whereby if performance was determined to be between 95% and 100% of target, senior executives would be rewarded with 30% of the relevant individually weighted STI opportunity. If performance was assessed to be between target and maximum, a straight-line pro-rata STI award would be awarded.

For the FY2020 Performance Period, the Board determined that performance is assessed from 90% of target whereby if performance is determined to be between 90% and 100% of target, senior executives will be rewarded with 30% of the relevant individually weighted STI opportunity. If performance is assessed to be between target and maximum, a straight-line pro-rata STI award is awarded.

Also, for the FY2019 and FY2020 performance period, the Board determined that all performance measures will exclude new or unbudgeted acquisitions.

Performance conditions	Performance conditions for the initial grant include: • a "gateway hurdle" of upholding the Company's culture and values. If the gateway hurdle is not met, no STI is awarded; and • in addition, each senior executive has an individualised balanced scorecard that determines their STI awards. These scorecards incorporate individually weighted financial and non-financial performance hurdles determined by the Board annually. The financial hurdles primarily focus on the financial objectives of the Group and include targets measured against Revenue, EBITDA and EPS. EPS is calculated having regard to underlying profit, which measures profit from ASG's ongoing operations adjusted, where the Board considers it appropriate. The non-financial performance hurdles are aligned to each senior executive's role and include culture hurdles, growth, stakeholder relationships, safety, diversity, risk and corporate governance to ensure the business continues to be well managed. The Board has determined that the combination of financial and non-financial conditions provides the appropriate balance between short-term financial measures and the more strategic non-financial measures which in the medium to long-term will ultimately drive further growth and returns for shareholders.
Measurement of performance conditions	Following the end of the financial year, the People and Remuneration Committee assesses the performance of senior executives against the performance conditions set by the Board and determines the actual level of award for the senior executives for the initial grant and, therefore, the number of performance rights to be granted. The Board believes this method is most efficient and results in the most accurate outcomes.
Delivery of STI awards	Following measurement against performance conditions, STI awards are delivered in the form of performance rights which will vest following a deferral period of 12 months subject to a continuous service condition.
Performance rights	Upon vesting, each performance right entitles the senior executive to one ordinary share in the Company. The Board has the discretion to settle performance rights with a cash equivalent payment. Performance rights are granted for nil consideration and no amount is payable on vesting.
Number of performance rights to be granted	The number of performance rights to be granted to senior executives is determined by dividing any STI award that they become entitled to receive by the volume weighted average price ('**VWAP**') of shares traded on the ASX during the 10 trading days following the release of the Group's 2019 audited results.
Dividend and voting rights	Performance rights do not carry dividend or voting rights prior to vesting. Shares allocated on vesting carry the same dividend and voting rights as other shares.
Treatment on cessation of employment	If a senior executive ceases to be employed during the 12 month deferral period, the following treatment will apply, unless the Board determines otherwise: • if they resign or are summarily terminated, all of their rights will lapse; or • if they cease employment in any other circumstance, a pro rata portion (for the portion of the performance period elapsed) of unvested rights will remain on foot and will vest in the ordinary course.
Change of control	The Board may determine that all or a specified number of a senior executive's performance rights will vest or cease to be subject to restrictions where there is a change of control event.
Clawback and preventing inappropriate benefits	The Board has broad clawback powers if, for example, the senior executive has acted fraudulently or dishonestly or there is a material financial misstatement.

Percentage of STI awarded and forfeited for senior executives during the financial year

Details of the STI outcomes received by senior executives during the financial year are outlined in the table below.

Senior executives	Year	Minimum potential STI bonus ($)	Maximum potential STI bonus ($)[1]	STI award ($)[2]	% of target STI award granted	% of maximum STI award granted	% pf maximum STI award forfeited
Nick Pagent	2019	-	450,000	59,400	30%	13%	87%
	2018	-	450,000	129,115	40%	29%	71%
Ian Pagent	2019	-	180,000	40,000	50%	22%	78%
	2018	-	180,000	75,806	70%	42%	58%
Aaron Murray	2019	-	168,750	18,750	25%	11%	89%
	2018	-	168,750	48,568	40%	29%	71%

1. The maximum potential bonus is determined by reference to the maximum STI opportunity available to each executive as a percentage of their base salary.
2. 100% of the STI award will be delivered in the form of performance rights. The number of performance rights will be determined following the release of the Group's 2019 results (or in the case of the Executive Directors after the Annual General Meeting subject to shareholder approval) but will not vest until 30 June 2020, subject to continued service. As at 30 June 2019, the STI award has been calculated in accordance with AASB 2 'Share-based Payments'.

Long-term incentive

Set out below is an explanation of the terms and conditions applying to the LTI awards for senior executives during the performance period.

Overview of the LTI plan	The LTI plan is an 'at-risk' equity component of executive remuneration which is subject to the satisfaction of a long-term performance condition.
Participation	Executive directors and other members of senior management are eligible to participate in the LTI plan.
Instrument	Upon vesting, each performance right entitles the senior executive to one ordinary share in the Company. The Board has the discretion to settle performance rights with a cash equivalent payment. Performance rights are granted for nil consideration and no amount is payable on vesting.
Number of performance rights to be granted	The number of performance rights granted to each Senior Executive will be determined by dividing the LTI award opportunity (calculated as a percentage of the Senior Executive's base salary) by the VWAP of shares traded on the ASX during the 10 trading days following the release of the Group's full year results for that financial year.
Performance period	The initial grant was measured from Listing (16 November 2016) to 30 June 2019. Future grants have a three-year performance period.

Performance conditions	Performance rights will be tested against the compound annual growth rate ('**CAGR**') of the Group's underlying EPS. The percentage of performance rights that vest, if any, will be determined by reference to the following vesting schedule, subject to any adjustments for abnormal or unusual profit items that the Board, in its absolute discretion, considers appropriate:

CAGR of the Company's underlying EPS over the performance period	Percentage of performance rights that vest
Less than 7%	Nil
7% (threshold performance)	50%
Between 7% and 15%	Straight-line pro rata vesting between 50% and 100%
15% or above (maximum performance)	100%

	The Board will arrange for the performance condition to be tested following the release of the Company's full year results. Any rights that remain unvested at the end of the performance period will lapse immediately. A continuous service condition also applies to the performance rights, subject to the cessation of employment provisions described below. The EPS performance condition has been chosen as it provides evidence of the Company's growth in earnings and is directly linked to shareholder returns.
Measurement and testing of performance conditions	To measure the EPS performance condition, financial results are extracted by reference to the Company's audited financial statements. The use of financial statements ensures the integrity of the measure and alignment with the true financial performance of the Company. EPS is calculated having regard to underlying profit, which measures profit from ASG's ongoing operations adjusted, where the Board considers it appropriate.
Dividend and voting rights	The performance rights do not carry dividend or voting rights prior to vesting. Shares allocated on vesting carry the same dividend and voting rights as other shares.
Treatment on cessation of employment	If an executive ceases to be employed before the executive's performance rights vest, the following treatment will apply, unless the Board determines otherwise: • if the executive resigns or is summarily terminated, all their performance rights will lapse; or • if the executive ceases employment in any other circumstances, a pro rata portion (for the portion of the performance period elapsed) of their rights will remain on foot and will be tested after the end of the performance period against the performance condition.
Change of control	The Board may determine that all or a specified number of a senior executive's performance rights will vest or cease to be subject to restrictions where there is a change of control event.
Clawback and preventing inappropriate benefits	The Board has broad clawback powers if, for example, the senior executive has acted fraudulently or dishonestly or there is a material financial misstatement.

Executive service agreements

Each of the senior executives is party to a written executive service agreement with the Company which was entered into prior to Listing. The key terms of these agreements are set out below.

Duration	Ongoing term
Base salary	Nick Pagent – $600,000 per annum base salary plus other benefits valued at $80,481. Ian Pagent – $400,000 per annum base salary plus other benefits valued at $81,511. Aaron Murray – $375,000 per annum base salary plus other benefits valued at $81,291.
Periods of notice required to terminate and termination payments	Nick Pagent – either party may terminate the contract by giving 12 months' notice. Ian Pagent – either party may terminate the contract by giving 12 months' notice. Aaron Murray – either party may terminate the contract by giving 3 months' notice. The Company may terminate immediately in certain circumstances, including where the relevant senior executive engages in serious or wilful misconduct.
Remuneration Consultant Fees	Prior to Listing, Egan Associates was engaged to advise on the remuneration of the non-executive directors and senior executives. The scope of the engagement included the provision of remuneration assistance as requested by the Board, including but not limited to, providing data and commentary on market trends, developing the Company's remuneration framework for the listed environment, and advising on remuneration structuring. The engagement of Egan Associates was based on an agreed set of protocols that would be followed by the consultant so that it would be able to carry out its work, including information capture and the formation of its recommendations, free from undue influence by members of the KMP to whom the recommendations may relate. Under the engagement, Egan Associates reported to the Chair of the Board. The Board undertook its own inquiries and review of the processes and procedures followed by Egan Associates and is satisfied that the remuneration recommendations were made free from undue influence by members of the KMP about whom the recommendations may relate. In addition, Egan Associates has confirmed that, in its view, it was acting independently of management. In FY2018, the Board agreed it would review the operation of the existing remuneration structure after two years of listing with an independent consultant. Accordingly, the Board sought proposals from two different independent consultants in FY2019 to review the arrangements in place, Egan Associates was appointed to provide assurance on the following specific matters: (a) ensure the Company is doing what it said it would in relation to its disclosed remuneration structure; (b) that executive base salaries are market appropriate: (c) current remuneration plans remain effective and aligned with the Company's strategy; and (d) decision making around individual KPIs remain valid. Egan Associates made minor recommendations to improve the clarity the Company's remuneration report all of which were adopted. Egan Associates also made recommendations to lift reward arrangements for KMP base salaries and reward opportunities. The Board considered the recommendations and agreed to maintain the existing remuneration structure for FY2020. This will be considered again at the end of the FY2020 performance period. The Company incurred $10,000 in fees for Egan Associates in FY2019

3. Non-executive director remuneration

Principles of non-executive director remuneration

As outlined in section 2, in remunerating non-executive directors, the Group aims to ensure that it can attract and retain qualified and experienced directors having regard to:

- the specific responsibilities and requirements for the Board;
- fees paid to non-executive directors of other comparable Australian companies; and
- the size and complexity of the Group's operations.

Non-executive director remuneration in the financial year

Board fees

The current non-executive director fee pool has been set at $800,000 per annum. The non-executive directors' fees are $200,000 for the Chair and $100,000 for other non-executive directors (including superannuation) per annum.

Directors may be remunerated for reasonable travel and other expenses incurred in attending to the Group's affairs and any additional services outside the scope of Board and Committee duties they provide.

In order to maintain their independence, non-executive directors do not have any 'at risk' remuneration component. The Group does not pay benefits (other than statutory entitlements) on retirement to non-executive directors.

Committee fees

Non-executive directors are paid Committee fees of $20,000 (including superannuation) per annum for each Board Committee of which they are a Chair. Directors do not receive additional fees for being a member of a Board Committee.

Non-executive director remuneration in FY2020

In FY2020, the Board has agreed to review the base fees and terms of engagement for non-executive directors.

4. Statutory remuneration disclosures

Senior executive and non-executive director remuneration

The following table sets out the statutory disclosures in accordance with the Accounting Standards for the financial year.

		Short-term employee benefits		Post-employment benefits	Share-based payments		Total
	Year	Cash salary/ fees $	Non-monetary $[1]	Superannuation $	Rights $[2]	Shares $	$
Nick Pagent	2019	600,000	59,950	20,531	243,073	-	923,554
	2018	599,999	59,950	21,613	300,380	-	981,942
Ian Pagent	2019	392,307	60,980	20,531	113,469	-	587,287
	2018	392,307	60,980	20,049	144,312	-	617,648
Aaron Murray	2019	375,000	60,760	20,531	87,626	-	543,917
	2018	375,000	60,760	20,049	112,792	-	568,601
Tom Pockett	2019	182,649	-	17,351	-	-	200,000
	2018	182,649	-	17,351	-	-	200,000
Marina Go	2019	109,589	-	10,411	-	-	120,000
	2018	109,508	-	10,403	-	-	119,911
Robert Quant	2019	109,589	-	10,411	-	-	120,000
	2018	109,508	-	10,211	-	-	119,719

1. The amounts disclosed as non-monetary benefits includes things such as motor vehicle, motor vehicle insurance, fringe benefit tax on motor vehicle and fuel allowance.
2. The value of rights granted to the senior executives is based on the fair value estimate on grant date.

There were no termination benefits provided in the financial year.

Movements in performance rights held by KMPs

STI performance rights for the 2018 award were granted on 23 November 2018. Under this award, 81,358 performance rights were granted to Nick Pagent, 47,767 performance rights were granted to Ian Pagent and 30,604 performance rights were granted to Aaron Murray.

The LTI performance rights for the 2019 award were granted on 23 November 2018. Under this award, 283,554 performance rights were granted to Nick Pagent, 113,421 performance rights were granted to Ian Pagent and 106,332 performance rights were granted to Aaron Murray.

The following table shows the changes in performance rights granted to KMPs during the financial year, as well as the number of Performance Rights that vested or lapsed/forfeited during the year.

The non-executive directors do not hold performance rights. The rights referred to in the table below include performance rights under the STI plan and LTI plan.

Performance rights awarded, vested and lapsed/forfeited during the year.

	Rights held at 1 July 2018	Rights granted during reporting period	Rights vested during reporting period[1]	Rights lapsed or forfeited during the reporting period[2]	Rights held at 30 June 2019
Nick Pagent					
STI	43,035	81,358	(43,035)	-	81,358
LTI	375,000	283,554	-	(187,500)	471,054
Total	418,035	364,912	(43,035)	(187,500)	552,412
Ian Pagent					
STI	17,388	47,767	(17,388)	-	47,767
LTI	150,000	113,421	-	(75,000)	188,421
Total	167,388	161,188	(17,388)	(75,000)	236,188
Aaron Murray					
STI	12,465	30,604	(12,465)	-	30,604
LTI	140,624	106,332	-	(70,312)	176,644
Total	153,089	136,936	(12,465)	(70,312)	207,248

1. Rights vested after satisfaction of twelve-month continuous employment condition in connection with FY2017 STI grant.
2. Rights lapsed due to non-satisfaction of performance conditions in connection with FY2017 LTI grant.

KMP shareholdings

The following table outlines the movements in KMP ordinary shareholdings in the Company (including their related parties) for the financial year.

	Held at 1 July 2018	Received as part of remuneration	Additions[1]	Other net Changes[2]	Held at 30 June 2019
Non-executive directors					
Tom Pockett	166,667	-	-	-	166,667
Marina Go	20,833	-	20,000	-	40,833
Robert Quant	62,499	-	-	-	62,499
Senior executives					
Nick Pagent	38,951,855	43,035	320,602	(104,890)	39,210,602
Ian Pagent	64,437,541	17,388	50,000	737,043	65,241,972
Aaron Murray	1,650,508	12,465	9,065	-	1,672,038

1. On market purchase of shares.
2. In FY2019, there was a re-classification of shares owned by associated entities for Ian and Nick Pagent which affect their relative shareholding.

5. Transactions with KMP

Management fees

During the financial year the Group received property management fees on a salary allocation basis for administration and management of properties owned by Ian and Nick Pagent. The Group received administration service fees in relation to shared administration staff managing a dealership outside of the Group and owned by Ian and Nick Pagent.

Related party management fee	Fee Type	The Group received management fees $
GFB Properties Pty Ltd	Property management service	12,000
Autohaus Prestige Five Dock Pty Ltd	Property management service	24,000
Audi Parramatta Property Holdings Pty Ltd	Property management service	12,000
Audi Parramatta Properties 2 Pty Ltd	Property management service	12,000
Autosports Properties Leichhardt Pty Ltd	Property management service	24,000
New Centenary Properties Pty Ltd	Property management service	12,000
TOTAL		**96,000**

Related party leases

During the financial year the Group had operating lease agreements on commercial terms with various entities owned by Ian and Nick Pagent.

Related party operating leases	Property location	The Group paid rental fees $
GFB Properties Pty Ltd	3-7 Parramatta Rd, Five Dock NSW	808,641
Autohaus Prestige Five Dock Pty Ltd	34-36 Spencer St, Five Dock NSW and Unit C 2 Packard Ave, Castle Hill	444,674
Audi Parramatta Property Holdings Pty Ltd	49-51 Church St, Parramatta NSW	610,573
Audi Parramatta Properties 2 Pty Ltd	13 Church St, Parramatta NSW	456,241
Autosports Properties Leichhardt Pty Ltd	531-571 Parramatta Rd, Leichhardt NSW	615,205
New Centenary Properties Pty Ltd	135 Moggill Rd, Toowong QLD	2,148,720
TOTAL		**5,084,054**

Related party loans

Pursuant to a loan agreement between the Group and entities associated with Nick and Ian Pagent, the aggregate amount recognised under the loan was $2,430,170 as at 30 June 2019. The loan is recognised in the financial statements as a non-current liability. There is no interest payable on the loan.

End of remuneration report

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

Thomas Pockett
Independent Chairman
29 August 2019
Sydney

Nicholas Pagent
Chief Executive Officer

Auditor's Independence Declaration

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060
Grosvenor Place
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Sydney NSW 2000
Australia

Phone +61 2 9322 7000
www.deloitte.com.au

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

29 August 2019

Dear Directors

Autosports Group Limited

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

As lead audit partner for the audit of the financial report of Autosports Group Limited for the year ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Carlo Pasqualini
Partner
Chartered Accountant

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2019

	Note	Consolidated 30 June 2019 $'000	Consolidated 30 June 2018 $'000
Revenue	5	**1,693,618**	**1,691,980**
Interest revenue		22	58
Expenses			
Changes in inventories		(6,351)	46,639
Raw materials and consumables purchased		(1,411,798)	(1,472,690)
Employee benefits expense		(126,453)	(121,435)
Depreciation and amortisation expense	6	(11,043)	(8,951)
Occupancy costs		(33,774)	(29,467)
Acquisition and restructure expenses		(828)	(1,334)
Other expenses		(63,922)	(54,130)
Finance costs	6	(16,366)	(13,225)
Profit before income tax expense		**23,105**	**37,445**
Income tax expense	7	(7,219)	(11,011)
Profit after income tax expense for the year		**15,886**	**26,434**
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		**15,886**	**26,434**
Profit for the year is attributable to:			
Non-controlling interest	22	224	332
Owners of Autosports Group Limited		15,662	26,102
		15,886	**26,434**
Total comprehensive income for the year is attributable to:			
Non-controlling interest	22	224	332
Owners of Autosports Group Limited		15,662	26,102
		15,886	**26,434**

		Cents	Cents
Basic earnings per share	34	7.79	12.99
Diluted earnings per share	34	7.76	12.95

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

Consolidated Statement of Financial Position

As at 30 June 2019

	Note	Consolidated 30 June 2019 $'000	Consolidated 30 June 2018 $'000
Assets			
Current assets			
Cash and cash equivalents		11,292	14,302
Trade and other receivables	8	104,571	104,166
Inventories	9	346,395	352,658
Other assets	10	6,918	4,940
Total current assets		**469,176**	**476,066**
Non-current assets			
Property, plant and equipment	11	69,105	59,895
Intangibles	12	531,938	535,203
Deferred tax	7	9,259	7,268
Total non-current assets		**610,302**	**602,366**
Total assets		**1,079,478**	**1,078,432**
Liabilities			
Current liabilities			
Trade and other payables	13	80,971	75,439
Contract liabilities and deferred revenue	14	2,506	4,547
Income tax payable	7	2,690	5,721
Employee benefits	15	12,203	11,012
Borrowings	17	409,855	414,013
Total current liabilities		**508,225**	**510,732**
Non-current liabilities			
Payables	16	2,430	-
Borrowings	18	64,309	65,530
Employee benefits	19	1,475	1,488
Total non-current liabilities		**68,214**	**67,018**
Total liabilities		**576,439**	**577,750**
Net assets		**503,039**	**500,682**
Equity			
Issued capital	20	475,637	475,637
Share-based payments reserve	21	1,033	894
Retained profits		22,606	20,612
Equity attributable to the owners of Autosports Group Limited		**499,276**	**497,143**
Non-controlling interest	22	3,763	3,539
Total equity		**503,039**	**500,682**

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

Consolidated Statement of Changes in Equity

For the year ended 30 June 2019

Consolidated	Issued capital $'000	Share-based payments reserve $'000	Retained profits $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2017	475,637	392	12,198	3,447	491,674
Profit after income tax expense for the year	-	-	26,102	332	26,434
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**26,102**	**332**	**26,434**
Transactions with owners in their capacity as owners:					
Share-based payments (notes 6 and 36)	-	502	-	-	502
Dividends paid to non-controlling interest	-	-	-	(240)	(240)
Dividends paid (note 23)	-	-	(17,688)	-	(17,688)
Balance at 30 June 2018	**475,637**	**894**	**20,612**	**3,539**	**500,682**

Consolidated	Issued capital $'000	Share-based payments reserve $'000	Retained profits $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2018	475,637	894	20,612	3,539	500,682
Profit after income tax expense for the year	-	-	15,662	224	15,886
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**15,662**	**224**	**15,886**
Transactions with owners in their capacity as owners:					
Share-based payments (notes 6 and 36)	-	139	-	-	139
Dividends paid (note 23)	-	-	(13,668)	-	(13,668)
Balance at 30 June 2019	**475,637**	**1,033**	**22,606**	**3,763**	**503,039**

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 2019

	Note	Consolidated 30 June 2019 $'000	Consolidated 30 June 2018 $'000
Cash flows from operating activities			
Profit before income tax expense for the year		23,105	37,445
Adjustments for:			
Depreciation and amortisation	6	11,043	8,951
Net loss on disposal of property, plant and equipment		66	58
Share-based payments	6	139	502
Interest received		(22)	(58)
Interest and other finance costs	6	16,366	13,225
		50,697	**60,123**
Change in operating assets and liabilities:			
Increase in trade and other receivables		(405)	(33,800)
Decrease/(increase) in inventories		6,351	(46,639)
Increase in other operating assets		(1,948)	(159)
Increase in trade and other payables		7,962	9,452
Decrease in contract liabilities and deferred revenue		(2,041)	-
Increase in employee benefits		970	556
Increase in deferred revenue		-	823
(Decrease)/Increase in bailment finance		(9,920)	82,957
Decrease in other operating liabilities		-	(392)
		51,666	**72,921**
Interest received		22	58
Interest and other finance costs paid		(16,366)	(13,225)
Income taxes paid		(12,184)	(13,636)
Net cash from operating activities		**23,138**	**46,118**
Cash flows from investing activities			
Net payment for the acquisition of businesses	31	(1,453)	(41,920)
Payments for property, plant and equipment		(14,450)	(20,524)
Payments for security deposits		(24)	-
Proceeds from disposal of property, plant and equipment		241	-
Proceeds from release of security deposits		-	920
Net cash used in investing activities		**(15,686)**	**(61,524)**
Cash flows from financing activities			
Proceeds from borrowings	35	14,946	41,290
Repayment of borrowings	35	(11,740)	(8,797)
Dividends paid	23	(13,668)	(17,688)
Net cash from/(used in) financing activities		**(10,462)**	**14,805**
Net decrease in cash and cash equivalents		**(3,010)**	**(601)**
Cash and cash equivalents at the beginning of the financial year		**14,302**	**14,903**
Cash and cash equivalents at the end of the financial year		**11,292**	**14,302**

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

Note 1. General information

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

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

565 Parramatta Road
Leichhardt NSW 2040

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

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

Note 2. 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 Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('**AASB**') that are mandatory for the current reporting period.

The following Accounting Standards and Interpretations adopted during the year are most relevant to the Group:

AASB 9 Financial Instruments

The Group has adopted AASB 9 from 1 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('**OCI**'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('**ECL**') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

AASB 15 Revenue from Contracts with Customers

The Group has adopted AASB 15 from 1 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

Impact of adoption

The Group has adopted Accounting Standards AASB 9 and AASB 15 for the year ended 30 June 2019. The Accounting Standards were adopted from 1 July 2018, using the transitional rules available not to restate comparatives. The adoption of AASB 9 and AASB 15 did not result in any change to the opening net assets or the opening retained profits as at 1 July 2018, and has not had a material impact on the Group's results.

The adoption of these Accounting Standards and Interpretations resulted in the following adjustments:

- service plans and extended warranty plans provided to customers represents performance obligations to service the product during the free service and extended warranty period. Previously revenue was recognised at a point in time as part of the vehicle transaction and an estimated cost for the future liability was recognised in accrued expenses. In accordance with AASB 15, the Group has allocated a portion of the total transaction price to the service performance obligations which is recognised over time and costs incurred in relation to the obligations are expenses as incurred. As a result of the adoption of the standard, on the 1 July 2018

Note 2. Significant accounting policies (continued)

the Group recognised a contract liability of $419,000 with a corresponding reduction in accrued expenses. The impact of the profit and loss account for the year ended 30 June 2019 under the new standard is not material;

- provision for impairment of receivables presented in the comparative year is now classified as allowance for expected credit losses;
- interest revenue is now shown separately on the face of profit or loss; and
- deferred income liabilities presented in the comparative year are now classified as contract liabilities.

Working capital deficiency

The directors have prepared the financial statements on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. The statement of financial position reflects an excess of current liabilities over current assets of $39,049,000 as at 30 June 2019 (2018: $34,366,000).

The directors have reviewed the cash flow forecast for the Group through to 31 August 2020. The forecast indicates that the Group will generate net positive operating cash flows and operate within its overall finance facilities and that the Group will, therefore, be able to pay its debts as and when they fall due after considering the following factors:

- An amount of $2,506,000 (2018: $4,547,000) is included in current liabilities which relate to contract liabilities and no cash outflow is expected in relation to this amount;
- The Group generated $23,138,000 (2018: $46,118,000) of cash flow from operating activities;
- During the year the Group used $495,000 of available cash to fund business acquisitions and $6,169,000 to fund additions to property, plant and equipment and specifically leasehold improvements, net of borrowings;
- As at 30 June 2019, the Group has undrawn finance facilities amounting to $134,072,000 (2018: $32,737,000); and
- The Group has cash and cash equivalents amounting to $11,292,000 as at 30 June 2019 (2018: $14,302,000).

The directors have concluded that it is appropriate to prepare the financial statements on the going concern basis, as they are confident that the Group will be able to pay its debts as and when they become due and payable from positive cash flows from operations and available finance facilities for at least 12 months from the date of signing the financial statements.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('**AASB**') and the Corporations Act 2001, 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.

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 Group'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 3.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 37.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Autosports Group Limited as at 30 June 2019 and the results of all subsidiaries for the year then ended.

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

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

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as

Note 2. Significant accounting policies (continued)

an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

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

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

Operating segments

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

Revenue recognition

The Group recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

New, demonstrator and used vehicles

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

Parts and service

Revenue from the sale of parts is recognised at the point in time when the buyer obtains control of the goods, which is generally at the time of delivery of the goods.

Service work on customers' vehicles is carried out under instructions from the customer. Service revenue is recognised over time based on either a fixed price or an hourly rate. Revenue arising from the sale of parts fitted to customers' vehicles during service is recognised at the point in time upon delivery of the fitted parts to the customer upon completion of the service.

Aftermarket accessories and other revenue

Aftermarket accessories and other revenue are recognised at the point in time when they are delivered to the customer or when the right to receive payment is established. Aftermarket accessories relate to items fitted at the dealership and include products such as window tinting, mud flaps and paint protection.

Finance and insurance revenue

Finance and insurance commissions are recognised at the point in time, usually in the period in which the related sale or rendering of service is provided. Finance and insurance commissions are received from finance companies and insurance companies as commission payments on products sold to customers.

Interest

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

Commercial income and rebates

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

Note 2. Significant accounting policies (continued)

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.

Trade and other receivables

Trade receivables

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

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

Other receivables

Are recognised at amortised cost, less any provision for impairment.

Current and non-current classification

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

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

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

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

Cash and cash equivalents

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

Inventories

New and demonstrator vehicles

New and demonstrator vehicles are stated at the lower of cost and net realisable value. Costs are assigned on the basis of specific identification. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Used vehicles

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

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

Note 2. Significant accounting policies (continued)

Spare parts and accessories

Spare parts and accessories are stated at the lower of cost and net realisable value. Costs are assigned to individual items on the basis of weighted average cost. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Other inventory

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

Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

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

Buildings	40 years
Plant and equipment	3 – 20 years
Furniture, fixtures and fittings	3 – 20 years
Motor vehicles	4 – 8 years
Leasehold improvements	Shorter of unexpired period of the lease or the estimated useful life

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

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

Leases

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

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

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

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

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

Intangible assets

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

Goodwill

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

Customer relationships

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

Impairment of non-financial assets

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

Note 2. Significant accounting policies (continued)

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

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial 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 days of recognition.

Contract liabilities

Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer. In the previous year the balance was disclosed as deferred revenue.

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.

Loans and borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount and any consideration paid is recognised in profit or loss.

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

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

Provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Provision for warranties

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

Employee benefits

Short-term employee benefits

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

Long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. 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 high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

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

Share-based payments

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

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

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the

Note 2. Significant accounting policies (continued)

employees to receive payment. No account is taken of any other vesting conditions.

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

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

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

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

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

Fair value measurement

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

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

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 business combinations regardless of whether equity instruments or other assets are acquired.

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

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

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

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

Note 2. Significant accounting policies (continued)

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

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

Earnings per share

Basic earnings per share

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

Diluted earnings per share

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

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

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

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

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

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

Rounding of amounts

The Company is of a kind referred to in 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.

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 Group for the annual reporting period ended 30 June 2019. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below:

Management's assessment of the new standard are as follows:

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. Subject to exceptions, a lease liability will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A 'right of use' asset corresponding to the lease liability will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated

Note 2. Significant accounting policies (continued)

into both a principal (financing activities) and interest (either operating or financing activities) component.

The impact of adoption of this standard as at 1 July 2019, using the modified retrospective approach, will result in the recognition of a right-of-use asset in the range of $195,000,000 to $205,000,000 with a corresponding increase in lease liability, in respect of the Group's operating leases over premises.

New Conceptual Framework for Financial Reporting

A revised Conceptual Framework for Financial Reporting has been issued by the AASB and is applicable for annual reporting periods beginning on or after 1 January 2020. This release impacts for-profit private sector entities that have public accountability that are required by legislation to comply with Australian Accounting Standards and other for-profit entities that voluntarily elect to apply the Conceptual Framework. Phase 2 of the framework is yet to be released which will impact for-profit private sector entities. The application of new definition and recognition criteria as well as new guidance on measurement will result in amendments to several accounting standards. The issue of AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework, also applicable from 1 January 2020, includes such amendments. Where the Group has relied on the conceptual framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under Australian Accounting Standards, the Group may need to revisit such policies. The Group will apply the revised conceptual framework from 1 July 2020 and is yet to assess its impact.

Note 3. Critical accounting judgements, estimates and assumptions

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

Goodwill

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

Note 4. Operating segments

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

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

Note 5. Revenue

	Consolidated 30 June 2019 $'000	Consolidated 30 June 2018 $'000
Revenue for contracts with customers		
New and demonstrator vehicles	986,421	1,027,382
Used vehicles	421,188	416,176
Parts	132,056	105,387
Service	111,052	96,309
Aftermarket accessories	12,196	13,884
Finance and insurance revenue	23,671	25,810
	1,686,584	**1,684,948**
Other revenue		
Other revenue	7,034	7,032
Revenue	**1,693,618**	**1,691,980**

Disaggregation of revenue

There is no disaggregation of revenue provided, as all revenue is generated in Australia and revenue is recognised at a point in time, except for service revenue which is recognised over time.

Note 6. Expenses

	Consolidated 30 June 2019 $'000	Consolidated 30 June 2018 $'000
Profit before income tax includes the following specific expenses:		
Depreciation		
Leasehold improvements	2,921	1,819
Plant and equipment	1,744	1,544
Furniture, fixtures and fittings	1,181	997
Motor vehicles	712	313
Total depreciation	**6,558**	**4,673**
Amortisation		
Customer relationships	4,485	4,278
Total depreciation and amortisation	**11,043**	**8,951**
Share-based payments expense		
Share-based payment incentive to directors, executives and employees	139	502
Finance costs		
Floor plan interest	12,820	10,968
Corporate interest	3,546	2,257
Finance costs expensed	**16,366**	**13,225**
Rental expense relating to operating leases		
Minimum lease payments	**30,890**	**27,204**
Superannuation expense		
Defined contribution superannuation expense	**10,357**	**9,788**
Other provisions		
Inventory provision expenses/(credits)	**(356)**	**1,028**

Note 7. Income tax

	Consolidated	
	30 June 2019 $'000	30 June 2018 $'000
Income tax expense		
Current tax	9,153	14,377
Deferred tax – origination and reversal of temporary differences	(1,934)	(3,366)
Aggregate income tax expense	**7,219**	**11,011**
Deferred tax included in income tax expense comprises:		
Increase in deferred tax assets	(1,934)	(3,366)
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	23,105	37,445
Tax at the statutory tax rate of 30%	6,932	11,234
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Permanent tax differences	89	32
Share-based payments	74	151
	7,095	11,417
Current year tax losses not recognised	19	81
Prior year temporary differences now recognised	105	(487)
Income tax expense	**7,219**	**11,011**
Deferred tax asset		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised other than in equity:		
Tax losses	3,576	1,390
Allowance for expected credit losses	161	150
Property, plant and equipment	1,262	1,109
Employee benefits	4,279	3,978
Provision for warranties	302	276
Accrued expenses	215	164
Deferred income	1,884	3,029
IPO transaction costs	818	1,225
Work in progress	(86)	(168)
Provision for inventories	(924)	(927)
Customer relationships	(3,417)	(4,763)
Other items	30	64
	8,100	**5,527**
Amounts recognised in equity:		
Unamortised transaction costs on share issue	1,159	1,741
Deferred tax asset	**9,259**	**7,268**
Movements:		
Opening balance	7,268	3,897
Credited to profit or loss	1,934	3,366
Additions through business combinations (note 31)	57	5
Closing balance	**9,259**	**7,268**
Provision for income tax		
Provision for income tax	2,690	5,721

Note 8. Current assets – trade and other receivables

	Consolidated	
	30 June 2019 $'000	30 June 2018 $'000
Trade receivables	97,917	98,448
Other receivables	6,870	5,865
Less: Allowance for expected credit losses (30 June 2018: Provision for impairment of receivables)	(216)	(147)
	104,571	**104,166**

Allowance for expected credit losses

The Group has recognised a loss of $108,000 in profit or loss in respect of impairment of receivables for the year ended 30 June 2019 (2018: gain of $102,000).

Movements in the allowance for expected credit losses (30 June 2018: Provision for impairment of receivables) are as follows:

	Consolidated	
	30 June 2019 $'000	30 June 2018 $'000
Opening balance	147	249
Provisions recognised	108	-
Receivables written off during the year as uncollectable	(39)	-
Unused amounts reversed	-	(102)
Closing balance	**216**	**147**

The ageing of the past due but not impaired receivables are as follows:

	Consolidated	
	30 June 2019 $'000	30 June 2018 $'000
Under 30 days overdue	2,630	2,354
Over 30 days overdue	7,122	3,211
	9,752	**5,565**

Note 9. Current assets – inventories

	Consolidated	
	30 June 2019 $'000	30 June 2018 $'000
New and demonstrator vehicles – at cost	278,583	289,706
Less: Write-down to net realisable value	(3,675)	(3,891)
	274,908	**285,815**
Used vehicles – at cost	51,465	49,423
Less: Write-down to net realisable value	(672)	(866)
	50,793	**48,557**
Spare parts and accessories – at cost	19,268	16,901
Less: Write-down to net realisable value	(556)	(502)
	18,712	**16,399**
Other inventory – at cost	1,982	1,887
	346,395	**352,658**

Note 10. Current assets – other assets

	Consolidated	
	30 June 2019 $'000	30 June 2018 $'000
Prepayments	3,080	1,855
Security deposits	28	4
Other cash deposits	3,810	3,081
	6,918	**4,940**

Note 11. Non-current assets – property, plant and equipment

	Consolidated	
	30 June 2019 $'000	30 June 2018 $'000
Land and buildings – at cost[1]	**18,615**	12,086
Leasehold improvements	33,559	27,271
Less: Accumulated depreciation	(6,185)	(2,757)
	27,374	**24,514**
Plant and equipment	16,393	14,747
Less: Accumulated depreciation	(3,994)	(2,739)
	12,399	**12,008**
Furniture, fixtures and fittings	8,182	7,442
Less: Accumulated depreciation	(2,557)	(1,523)
	5,625	**5,919**
Motor vehicles	4,270	2,096
Less: Accumulated depreciation	(1,035)	(430)
	3,235	**1,666**
Capital work in progress – at cost	**1,857**	**3,702**
	69,105	**59,895**

1. Land and buildings represents owner occupied premises at 601 Mains Road, Macgregor, Queensland and the adjoining land 581, Mains Road, Macgregor, Queensland from which Macgregor Mercedes-Benz trades from.

Note 11. 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	Land and buildings $'000	Leasehold improvements $'000	Plant and equipment $'000	Furniture, fixtures and fittings $'000	Motor vehicles $'000	Capital work in progress $'000	Total $'000
Balance at 1 July 2017	-	17,811	7,793	4,855	1,371	4,410	36,240
Additions	12,086	2,000	2,588	615	618	5,295	23,202
Additions through business combinations (note 31)	-	624	3,105	1,450	5	-	5,184
Disposals	-	-	(36)	(7)	(15)	-	(58)
Transfers in/(out)	-	5,898	102	3	-	(6,003)	-
Depreciation expense	-	(1,819)	(1,544)	(997)	(313)	-	(4,673)
Balance at 30 June 2018	12,086	24,514	12,008	5,919	1,666	3,702	59,895
Additions	6,529	3,609	1,534	834	2,251	1,028	15,785
Additions through business combinations (note 31)	-	-	236	19	35	-	290
Disposals	-	(250)	(1)	(1)	(55)	-	(307)
Transfers in/(out)	-	2,422	366	35	50	(2,873)	-
Depreciation expense	-	(2,921)	(1,744)	(1,181)	(712)	-	(6,558)
Balance at 30 June 2019	**18,615**	**27,374**	**12,399**	**5,625**	**3,235**	**1,857**	**69,105**

Property, plant and equipment secured under finance leases

Refer to note 29 for further information on property, plant and equipment secured under finance leases.

Note 12. Non-current assets – intangibles

	Consolidated 30 June 2019 $'000	Consolidated 30 June 2018 $'000
Goodwill – at cost	520,547	519,327
Customer relationships – at cost	22,425	22,425
Less: Accumulated amortisation	(11,034)	(6,549)
	11,391	**15,876**
	531,938	**535,203**

Note 12. Non-current assets – intangibles (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	Goodwill $'000	Customer relationships $'000	Total $'000
Balance at 1 July 2017	482,125	17,553	499,678
Additions through business combinations (note 31)	37,202	2,601	39,803
Amortisation expense	-	(4,278)	(4,278)
Balance at 30 June 2018	519,327	15,876	535,203
Additions through business combinations (note 31)	1,220	-	1,220
Amortisation expense	-	(4,485)	(4,485)
Balance at 30 June 2019	**520,547**	**11,391**	**531,938**

Goodwill acquired through business combinations is allocated to one group of cash generating units ('**CGU**') according to the business segment, being motor vehicle retailing which is the lowest level at which management monitors goodwill.

The recoverable amount of the Group's goodwill has been determined by value-in-use calculations ('**VIU**'). The calculations use cash flow projections based on the business plan, prior to any future restructuring to which the Group is not yet committed, approved by management covering a four year period and a terminal growth rate.

Key assumptions

Key assumptions are those to which the recoverable amount of an asset or cash-generating units is most sensitive.

The following key assumptions were used in the VIU model:

(a) Earnings before interest, depreciation and amortisation ('**EBITDA**') % between 3.3 – 4.3% (2018: between 3.3 – 3.9%);

(b) Pre-tax discount rate: 12.6% (2018: 12.2%);

(c) Terminal growth rate of 2.5% beyond four year period (2018: 2.5%); and

(d) New vehicle motor growth (including rebates, aftermarket and finance and insurance) between 1.5 – 2.0% in FY2021 to FY2024.

For the financial year ended 30 June 2019, the recoverable amount of net assets for the CGU exceeded the carrying value and therefore, goodwill is not considered to be impaired.

Sensitivity analysis

The Group has conducted an analysis of the sensitivity of the impairment test to changes in the key assumptions used to determine the recoverable amount of goodwill. The recoverable amount exceeds the carrying amount by $35,647,000.

The directors believe that any reasonably possible change in any of the key assumptions below on which the recoverable amount is based will cause the carrying amount to equal the recoverable amount of the CGU.

Key assumptions	VIU model	VIU equals carrying amount	Change
EBITDA %	3.3% – 4.3%	3.3% – 4.1%	0.2%
Post-tax discount rate	9.8%	10.2%	0.4%
Pre-tax discount rate	12.6%	13.2%	0.6%
Terminal growth rate	2.5%	1.9%	0.6%
New vehicle motor growth (including rebates, aftermarket and finance and insurance) between FY2021 – FY2024	1.5 – 2.25%	0.75 – 1.15%	0.75 – 1.1%

Notwithstanding the above, should market conditions deteriorate further than forecast, it may cause the carrying amount of the CGU to be lower than recoverable amount at a future date, which may result in an impairment.

Note 12. Non-current assets – intangibles (continued)

Remaining amortisation period

The remaining amortisation period for customer relationships is 2-4 years (2018: 3-5 years).

Note 13. Current liabilities – trade and other payables

	Consolidated	
	30 June 2019 $'000	30 June 2018 $'000
Trade payables	59,124	53,598
Related party payable	-	505
GST payable	11,213	10,045
Accrued expenses	10,634	11,291
	80,971	**75,439**

Refer to note 24 for further information on financial instruments.

Note 14. Current liabilities – contract liabilities and deferred revenue

	Consolidated	
	30 June 2019 $'000	30 June 2018 $'000
Contract liabilities	2,506	-
Deferred revenue	-	4,547
	2,506	**4,547**

Note 15. Current liabilities – employee benefits

	Consolidated	
	30 June 2019 $'000	30 June 2018 $'000
Employee entitlements	**12,203**	**11,012**

Note 16. Non-current liabilities – payables

	Consolidated	
	30 June 2019 $'000	30 June 2018 $'000
Related party payable	**2,430**	**-**

Refer to note 24 for further information on financial instruments.

Note 17. Current liabilities – borrowings

	Consolidated	
	30 June 2019 $'000	30 June 2018 $'000
Bailment finance	395,175	405,095
Capital loans	12,315	7,640
Hire purchase	2,365	1,278
	409,855	**414,013**

Refer to note 18 for further information on assets pledged as security and financing arrangements.

Refer to note 24 for further information on financial instruments.

Note 18. Non-current liabilities – borrowings

	Consolidated	
	30 June 2019 $'000	30 June 2018 $'000
Capital loans	62,476	62,467
Hire purchase	1,833	3,063
	64,309	**65,530**

Refer to note 24 for further information on financial instruments.

Total secured liabilities

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

	Consolidated	
	30 June 2019 $'000	30 June 2018 $'000
Bailment finance	395,175	405,095
Capital loans	74,791	70,107
Hire purchase	4,198	4,341
	474,164	**479,543**

Bailment finance

Bailment is provided largely by the Original Equipment Manufacturer finance companies on a vehicle by vehicle basis and secured over the underlying vehicle. The current weighted average interest rate is 2.8% (2018: 3.6%).

Capital loans

Capital loans are secured by a fixed and floating charge over the assets of the Group, except for certain entities within the Group whereby security interest is held by a charge over the inventory and the proceeds from the sale of that inventory. The current weighted average interest rate is 3.6% (2018: 4.2%).

Hire purchase

The hire purchase liabilities are effectively secured over the hire purchase assets, recognised in the statement of financial position, revert to the financier in the event of default. The current weighted average interest rate is 5.6% (2018: 4.7%).

Note 18. Non-current liabilities – borrowings (continued)

Financing arrangements

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

	Consolidated	
	30 June 2019 $'000	30 June 2018 $'000
Total facilities		
Bailment finance	522,900	436,400
Capital loans	81,139	71,539
Hire purchase	4,197	4,341
	608,236	**512,280**
Used at the reporting date		
Bailment finance	395,175	405,095
Capital loans	74,792	70,107
Hire purchase	4,197	4,341
	474,164	**479,543**
Unused at the reporting date		
Bailment finance	127,725	31,305
Capital loans	6,347	1,432
Hire purchase	-	-
	134,072	**32,737**

Bailment finance – Floorplan financing will increase in line with business expectations.

Note 19. Non-current liabilities – employee benefits

	Consolidated	
	30 June 2019 $'000	30 June 2018 $'000
Employee benefits	1,475	1,488

Note 20. Equity – issued capital

	Consolidated			
	30 June 2019 Shares	30 June 2018 Shares	30 June 2019 $'000	30 June 2018 $'000
Ordinary shares – fully paid	201,000,000	201,000,000	475,637	475,637

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.

Share buy-back

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

Capital risk management

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

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

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

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment. The Group is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

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

The capital risk management policy remains unchanged from the 30 June 2018 Annual Report.

Note 21. Equity – share-based payments reserve

	Consolidated	
	30 June 2019 $'000	30 June 2018 $'000
Share-based payments reserve	1,033	894

Share-based payments reserve

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

Note 21. Equity – share-based payments reserve (continued)

Movements in reserves

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

Consolidated	Share-based payments $'000
Balance at 1 July 2017	392
Share-based payments	502
Balance at 30 June 2018	894
Share-based payments	139
Balance at 30 June 2019	**1,033**

Note 22. Equity – non-controlling interest

The non-controlling interest represents the 20% minority interest in New Centenary Mazda Pty Ltd held by the dealer principal.

Movements in the non-controlling interest are as follows:

	Consolidated	
	30 June 2019 $'000	30 June 2018 $'000
Opening balance	3,539	3,447
Profit after income tax expense for the year	224	332
Dividend declared to non-controlling interest	-	(240)
Closing balance	**3,763**	**3,539**

Note 23. Equity – dividends

Dividends

	Consolidated	
	30 June 2019 $'000	30 June 2018 $'000
Final dividend for the period ended 30 June 2018 of 4.8 cents (2018: 4.6 cents) per ordinary share	9,648	9,246
Interim dividend for the year ended 30 June 2019 of 2 cents (2018: 4.2 cents) per ordinary share	4,020	8,442
	13,668	**17,688**

On 29 August 2019, the directors declared a fully franked final dividend for the year ended 30 June 2019 of 3 cents per ordinary share, to be paid on 12 November 2019 to eligible shareholders on the register as at 29 October 2019. This equates to a total estimated distribution of $6,030,000, based on the number of ordinary shares on issue as at 30 June 2019.The financial effect of the dividends declared after the reporting date are not reflected in the 30 June 2019 financial statements and will be recognised in subsequent financial period.

Note 23. Equity – dividends (continued)

Franking credits

	Consolidated	
	30 June 2019 $'000	30 June 2018 $'000
Franking credits available for subsequent financial years based on a tax rate of 30%	**25,765**	**22,183**

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 24. Financial instruments

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group'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 Group. The Group 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 risk and ageing analysis for credit 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 Group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Group's operating units. Finance reports to the Board on a regular basis.

Market risk

Foreign currency risk

The Group is not exposed to any significant foreign currency risk. Vehicles are purchased in Australian Dollars.

Price risk

The Group is not exposed to any significant price risk.

Interest rate risk

The Group's main interest rate risk arises from its borrowings and cash at bank. Borrowings obtained at variable rates expose the Group to interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk.

As at the reporting date, the Group had the following variable rate borrowings:

Consolidated	30 June 2019 Balance $'000	30 June 2018 Balance $'000
Bailment finance	395,175	405,095
Capital loans	74,792	70,107
Cash at bank	(11,292)	(14,302)
Net exposure to cash flow interest rate risk	**458,675**	**460,900**

An official increase/decrease in interest rates of 50 (2018: 50) basis points per annum would have an adverse/favourable effect on profit before tax of $2,293,000 (2018: $2,305,000) and equity of $1,605,000 (2018: $1,614,000) (assuming 30% tax). The percentage change is based on the expected volatility of interest rates using market data and analyst's forecasts.

Note 24. Financial instruments (continued)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Group obtains guarantees where appropriate to mitigate credit risk. 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 to the financial statements. The Group does not hold any collateral.

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

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

Liquidity risk

Vigilant liquidity risk management requires the Group 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 Group 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	
	30 June 2019 $'000	30 June 2018 $'000
Bailment finance	127,725	31,305
Capital loans	6,347	1,432
	134,072	**32,737**

Note 24. Financial instruments (continued)

Remaining contractual maturities

The following tables detail the Group'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 – 30 June 2019	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
Non-derivatives					
Non-interest bearing					
Trade payables	59,124	-	-	-	59,124
Related party payable	-	2,430	-	-	2,430
Interest-bearing – variable					
Bailment finance	406,564	-	-	-	406,564
Capital loans	14,835	12,447	31,539	29,011	87,832
Interest-bearing – fixed rate					
Hire purchase	2,528	1,157	779	-	4,464
Total non-derivatives	**483,051**	**16,034**	**32,318**	**29,011**	**560,414**

Consolidated – 30 June 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
Non-derivatives					
Non-interest bearing					
Trade payables	53,598	-	-	-	53,598
Related party payable	505	-	-	-	505
Interest-bearing – variable					
Bailment finance	409,470	-	-	-	409,470
Capital loans	10,400	17,823	33,683	19,705	81,611
Interest-bearing – fixed rate					
Hire purchase	1,482	1,476	1,824	-	4,782
Total non-derivatives	**475,455**	**19,299**	**35,507**	**19,705**	**549,966**

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

Note 25. Fair value measurement

The carrying amounts of trade and other receivables and trade and other payables approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Note 26. Key management personnel disclosures

Compensation

The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	Consolidated	
	30 June 2019 $	30 June 2018 $
Short-term employee benefits	1,950,824	1,950,660
Post-employment benefits	99,766	99,677
Share-based payments	444,168	557,484
	2,494,758	**2,607,821**

Note 27. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Deloitte Touche Tohmatsu, the auditor of the Company:

	Consolidated	
	30 June 2019 $	30 June 2018 $
Audit services – Deloitte Touche Tohmatsu		
Audit or review of the financial statements	487,000	582,000
Other services – Deloitte Touche Tohmatsu		
Tax compliance	101,000	100,000
Due diligence relating to acquisitions	-	88,000
	101,000	**188,000**
	588,000	**770,000**

Note 28. Contingent liabilities

	Consolidated	
	30 June 2019 $'000	30 June 2018 $'000
Bank guarantees	5,020	3,580

All bank guarantees are to cover landlord deposits on leased property.

Note 29. Commitments

	Consolidated	
	30 June 2019 $'000	30 June 2018 $'000
Lease commitments – operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	29,432	30,186
One to five years	73,870	78,980
More than five years	36,636	27,429
	139,938	**136,595**
Hire purchase commitments – finance		
Committed at the reporting date and recognised as liabilities, payable:		
Within one year	2,528	1,482
One to five years	1,936	3,300
Total commitment	**4,464**	**4,782**
Less: Future finance charges	(266)	(441)
Net commitment recognised as liabilities	**4,198**	**4,341**
Representing:		
Hire purchase – current (note 17)	2,365	1,278
Hire purchase – non-current (note 18)	1,833	3,063
	4,198	**4,341**

Operating lease commitments includes contracted amounts for dealership operating premises under non-cancellable operating leases expiring within 1 to 13 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Hire purchase commitments includes contracted amounts for various plant and equipment with a written down value of $4,963,000 (2018: $4,170,000) under finance leases expiring within one to five years. Under the terms of the leases, the Group has the option to acquire the leased assets for predetermined residual values on the expiry of the leases.

Note 30. Related party transactions

Parent entity

Autosports Group Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 32.

Key management personnel

Disclosures relating to key management personnel are set out in note 26 and the remuneration report included in the directors' report.

Note 30. Related party transactions (continued)

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	30 June 2019 $	30 June 2018 $
Other income:		
Management fees received from entities owned by the directors Ian Pagent and Nicholas Pagent	96,000	182,052
Payment for other expenses:		
Lease payments on properties to entities owned by the directors Ian Pagent and Nicholas Pagent	5,084,054	5,500,114

Receivable from and payable to related parties

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

Loans from related parties

The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated	
	30 June 2019 $	30 June 2018 $
Current borrowings:		
Loans from an entity owned by the directors Ian Pagent and Nicholas Pagent	-	505,319
Non-current borrowings:		
Loans from an entity owned by the directors Ian Pagent and Nicholas Pagent	2,430,171	-

Terms and conditions

Other than the loans from entities related to Ian Pagent and Nicholas Pagent where no interest is charged or payable, all transactions were made on normal commercial terms and conditions and at market rates.

Note 31. Business combinations

Mosman Smash Repair

On 28 November 2018, the Group acquired certain assets and liabilities of Mosman Smash Repair from Mosman Smash Repairs Pty Limited. The total consideration transferred amounted to $1,453,000. The goodwill of $1,220,000 represents profitability of the acquired business and the synergistic opportunities it offers and cross selling opportunities that will arise from the acquisition.

The acquired business contributed revenues of $2,955,000 and profit after tax of $106,000 to the Group for the period from 28 November 2018 to 30 June 2019. The business combination is final as at the reporting date.

Note 31. Business combinations (continued)

Details of the acquisition are as follows:

	Fair value $'000
Inventories	88
Prepayments	6
Plant and equipment	290
Deferred tax asset	57
Employee benefits	(208)
Net assets acquired	**233**
Goodwill	1,220
Acquisition-date fair value of the total consideration transferred	**1,453**
Representing:	
Cash paid or payable to vendor	1,453
Acquisition costs expensed to profit or loss	55
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	**1,453**

Note 32. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries:

Name	Principal place of business/ Country of incorporation	Ownership interest 30 June 2019 %	Ownership interest 30 June 2018 %
Autosports Brisbane Pty Ltd	Australia	100%	100%
Autosports Castle Hill Pty Ltd	Australia	100%	100%
Autosports Five Dock Pty Ltd	Australia	100%	100%
Autosports Leichhardt Pty Ltd	Australia	100%	100%
Autosports Prestige Pty Ltd	Australia	100%	100%
Autosports Sutherland Pty Ltd	Australia	100%	100%
Betar Prestige Cars Pty Ltd	Australia	100%	100%
Birchgrove Finance Pty Ltd	Australia	100%	100%
Modena Trading Pty Ltd	Australia	100%	100%
Mosman Prestige Cars Pty Ltd	Australia	100%	100%
New Centenary Mercedes-Benz Pty Ltd	Australia	100%	100%
Prestige Auto Traders Australia Pty Ltd	Australia	100%	100%
Prestige Group Holdings Pty Ltd	Australia	100%	100%
Prestige Repair Works Pty Ltd	Australia	100%	100%
ASG Brisbane Pty Ltd	Australia	100%	100%
ASG Melbourne Pty Ltd	Australia	100%	100%

The consolidated financial statements also incorporates the assets, liabilities and results of the following subsidiary with non-controlling interests:

			Parent		Non-controlling interest	
Name	Principal place of business/ Country of incorporation	Principal activities	Ownership interest 30 June 2019 %	Ownership interest 30 June 2018 %	Ownership interest 30 June 2019 %	Ownership interest 30 June 2018 %
New Centenary Mazda Pty Ltd	Australia	Motor vehicle dealership	80%	80%	20%	20%

Summarised financial information of the subsidiary with non-controlling interests has not been included as it is not material to the Group.

Note 33. Deed of cross guarantee

The following entities are party to a deed of cross guarantee under which each company guarantees the debts of the others:

- Autosports Group Limited
- Autosports Brisbane Pty Ltd
- Autosports Castle Hill Pty Ltd
- Autosports Five Dock Pty Ltd
- Autosports Leichhardt Pty Ltd
- Autosports Prestige Pty Ltd
- Autosports Sutherland Pty Ltd
- Betar Prestige Cars Pty Ltd
- Modena Trading Pty Ltd
- Mosman Prestige Cars Pty Ltd
- New Centenary Mercedes-Benz Pty Ltd
- Prestige Auto Traders Australia Pty Ltd
- Prestige Group Holdings Pty Ltd
- Prestige Repair Works Pty Ltd
- ASG Brisbane Pty Ltd
- ASG Melbourne 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 Corporations Instrument 2016/785 issued by the Australian Securities and Investments Commission.

The above companies represent a 'Closed Group' for the purposes of the Corporations Instrument, and as there are no other parties to the deed of cross guarantee that are controlled by Autosports Group Limited, they also represent the 'Extended Closed Group'.

Set out below is a consolidated statement of profit or loss and other comprehensive income and statement of financial position of the 'Closed Group'.

Statement of profit or loss and other comprehensive income	30 June 2019 $'000	30 June 2018 $'000
Revenue	**1,635,648**	**1,630,053**
Changes in inventories	(4,620)	46,639
Raw materials and consumables purchased	(1,366,445)	(1,422,612)
Employee benefits expense	(122,050)	(116,811)
Depreciation and amortisation expense	(10,970)	(8,880)
Occupancy costs	(32,692)	(28,472)
Acquisition and restructure expenses	(828)	(1,334)
Other expenses	(60,698)	(50,752)
Finance costs	(15,804)	(12,710)
Profit before income tax expense	**21,541**	**35,121**
Income tax expense	(6,740)	(10,291)
Profit after income tax expense	**14,801**	**24,830**
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	**14,801**	**24,830**

Equity – retained profits	30 June 2019 $'000	30 June 2018 $'000
Retained profits at the beginning of the financial year	18,608	11,466
Profit after income tax expense	14,801	24,830
Dividends paid	(13,668)	(17,688)
Retained profits at the end of the financial year	**19,741**	**18,608**

Note 33. Deed of cross guarantee (continued)

Statement of financial position	30 June 2019 $'000	30 June 2018 $'000
Current assets		
Cash and cash equivalents	10,650	13,954
Trade and other receivables	104,289	102,339
Inventories	340,237	344,768
Other assets	6,917	4,956
	462,093	**466,017**
Non-current assets		
Other financial assets	18,342	18,342
Property, plant and equipment	68,608	59,422
Intangibles	504,011	507,276
Deferred tax	9,035	6,977
	599,996	**592,017**
Total assets	**1,062,089**	**1,058,034**
Current liabilities		
Trade and other payables	79,535	73,636
Contract liabilities and deferred revenue	2,404	-
Income tax payable	2,731	5,448
Employee benefits	11,927	10,717
Deferred revenue	-	4,546
Borrowings	400,947	402,931
	497,544	**497,278**
Non-current liabilities		
Payables	2,430	-
Borrowings	64,310	64,129
Employee benefits	1,394	1,488
	68,134	**65,617**
Total liabilities	**565,678**	**562,895**
Net assets	**496,411**	**495,139**
Equity		
Issued capital	475,637	475,637
Share-based payments reserve	1,033	894
Retained profits	19,741	18,608
Total equity	**496,411**	**495,139**

Note 34. Earnings per share

	Consolidated	
	30 June 2019 $'000	30 June 2018 $'000
Profit after income tax	15,886	26,434
Non-controlling interest	(224)	(332)
Profit after income tax attributable to the owners of Autosports Group Limited	**15,662**	**26,102**

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	201,000,000	201,000,000
Adjustments for calculation of diluted earnings per share:		
Estimated options over ordinary shares to be issued post reporting date	843,468	525,602
Weighted average number of ordinary shares used in calculating diluted earnings per share	**201,843,468**	**201,525,602**

	Cents	Cents
Basic earnings per share	7.79	12.99
Diluted earnings per share	7.76	12.95

Note 35. Cash flow information

Non-cash investing and financing activities

	Consolidated	
	30 June 2019 $'000	30 June 2018 $'000
Acquisition of plant and equipment by means of finance leases	**1,335**	**2,678**

Changes in liabilities arising from financing activities

Consolidated	Capital loans $'000	Hire purchase $'000	Total $'000
Balance at 1 July 2017	36,488	2,789	39,277
Net cash from/(used in) financing activities	33,619	(1,126)	32,493
Acquisition of plant and equipment by means of finance leases	-	2,678	2,678
Balance at 30 June 2018	70,107	4,341	74,448
Net cash from/(used in) financing activities	4,684	(1,478)	3,206
Acquisition of plant and equipment by means of finance leases	-	1,335	1,335
Balance at 30 June 2019	**74,791**	**4,198**	**78,989**

Note 36. Share-based payments

The Group has established an Equity Incentive Plan ('EIP') to assist in the motivation, reward and retention of senior management and other employees.

The share-based payment expense for the year was $139,000 (2018: $502,000). The number of performance rights to be granted is determined by dividing any STI award that they become entitled to receive by the volume weighted average price ('**VWAP**') of shares traded on the ASX during the 10 trading days following the release of the Group's 30 June 2019 audited full year results.

EIP is delivered in the form of performance rights which will vest after a further deferral of one year subject to the executive's continued service.

The rights are measured over a 12 month period.

Performance conditions for the initial grant include:

- a 'gateway hurdle' of upholding the Group's culture and values of individualised attention. Operating with honesty, integrity and accountability at all times and in accordance with the Group's Code of Conduct. If the gateway hurdle is not met, no STI is awarded.
- in addition, each senior executive has an individualised balanced scorecard that determines their awards. These scorecards primarily focus on the financial objectives of the Group and include targets measured against total revenue, EBIT, EBITDA, NPBT and NPAT. The scorecards also include operational KPIs such as sales and margin related matrices, as well as non-financial KPIs predominantly in the areas of risk and corporate governance to ensure the business continues to be well managed.

The Board has determined that the combination of financial and non-financial conditions provides the appropriate balance between short term financial measures and the more strategic non-financial measures which in the medium to long term will ultimately drive further growth and returns for shareholders.

Upon vesting, each performance right entitles the senior executive to one ordinary share in the Company. The Board has the discretion to settle performance rights with a cash equivalent payment. Performance rights are granted for nil consideration and no amount is payable on vesting.

If a senior executive ceases to be employed during the 12 month deferral period, the following treatment will apply, unless the Board determines otherwise:

- if they resign or are summarily terminated, all of their rights will lapse; or
- if they cease employment in any other circumstances, a pro rata portion (for the portion of the performance period elapsed) of unvested rights will remain on foot and will vest in the ordinary course.

Movements in performance rights during the year

	2019 Number	2018 Number
Balance at the beginning of the year	766,340	332,812
Granted during the year	577,552	433,528
Exercised during the year	(100,716)	-
Forfeited during the year	(332,812)	-
Balance at the end of the year	**910,364**	**766,340**

Performance rights vested and exercisable as at 30 June 2019 was 159,729 (2018: 80,602).

Note 37. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	30 June 2019 $'000	30 June 2018 $'000
Profit after income tax	25,667	18,145
Total comprehensive income	**25,667**	**18,145**

Statement of financial position

	Parent	
	30 June 2019 $'000	30 June 2018 $'000
Total current assets	140,748	128,813
Total assets	490,868	478,868
Total current liabilities	64	203
Total liabilities	64	203
Equity		
Issued capital	477,495	477,495
Share-based payments reserve	1,033	894
Retained profits	12,276	276
Total equity	**490,804**	**478,665**

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2019 and 30 June 2018.

The parent entity and some of its subsidiaries are party to a deed of cross guarantee under which each company guarantees the debts of the others. Refer to note 33 for further details.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2019 and 30 June 2018.

Capital commitments – Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2019 and 30 June 2018.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 38. Events after the reporting period

On 2 August 2019, the Group acquired the businesses operating as Sydney City Prestige and a majority stake in Auto Approve for $870,000. Sydney City Prestige is a luxury used car wholesaler located in Artarmon, Sydney and complements the Group's existing luxury used car wholesaler, Prestige Auto Traders. The Sydney City Prestige business also includes a RAM dealership and LDV parts and service business. Auto Approve is a finance broking business offering primarily automotive finance and insurance products.

On 6 August 2019, the Group entered into an agreement to purchase the business of Mercedes Benz Hornsby for $3,500,000 plus certain other assets and liabilities. This business will be the Group's first Mercedes-Benz dealership in New South Wales.

Apart from the dividend declared as disclosed in note 23, no other matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Directors' Declaration

30 June 2019

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2019 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 33 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

Thomas Pockett
Independent Chairman

Nicholas Pagent
Chief Executive Officer

29 August 2019
Sydney

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

Report on the Audit of the Financial Report

Opinion

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

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

(i) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and

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

Basis for Opinion

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

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key Audit Matters

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

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Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Carrying value of Goodwill As at 30 June 2019, the Group has recognised goodwill of $520m, which relates to acquisitions made in the current and prior financial years. As disclosed in Note 3, the directors' assessment of the recoverability of goodwill requires the exercise of significant judgement, in particular in estimating future growth rates, discount rates and the expected cash flows of the components (cash generating unit (CGU)) to which goodwill has been allocated. Estimating the cash flows requires the exercise of judgement as to the likely impact of: • Competitive pressures in specific markets in which the Group operates; and • Technological, legislative and regulatory developments across the motor industry.	Our procedures included, but were not limited to: • Re-evaluating the Group's categorisation of CGUs and the allocation of goodwill to the carrying value of CGUs based on our understanding of the Group's business. This evaluation included performing an analysis of the Group's internal reporting; • Comparing growth rates with 3rd party data for the motor industry; • Comparing the Group's forecast cash flows to the board approved budget; • Evaluating management's historical forecasting accuracy including comparing actual results to budget; • Performing sensitivity analysis on the growth and discount rates; • In conjunction with our valuation specialists comparing the discount rate utilised by management to an independently calculated discount rate; and • Assessing the appropriateness of the disclosures in Note 12 to the financial statements.

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 2019, but does not include the financial report and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not express 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 when it becomes available 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.

When we read the annual report, 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.

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.

Deloitte.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters 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.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

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

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

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

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

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

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

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included pages 13 to 24 of the Director's Report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Autosports Group Limited, for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Carlo Pasqualini
Partner
Chartered Accountants
Sydney, 29 August 2019

Shareholder Information
30 June 2019

The shareholder information set out below was applicable as at 21 August 2019.

Distribution of equity securities

Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares
1 to 1,000	127
1,001 to 5,000	184
5,001 to 10,000	80
10,001 to 100,000	110
100,001 and over	52
	553
Holding less than a marketable parcel	-

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
JIP PARRAMATTA PTY LTD	23,199,693	11.54
SASTEMPO PTY LTD	21,285,348	10.59
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	21,117,057	10.51
LIVIST PTY LTD	15,455,897	7.69
AUDI PARRAMATTA HOLDINGS PTY LTD	15,310,969	7.62
NATIONAL NOMINEES LIMITED	12,040,771	5.99
CITICORP NOMINEES PTY LIMITED	11,571,639	5.76
NIP PARRAMATTA PTY LTD	10,401,678	5.17
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	9,423,306	4.69
PAGENT FAMILY INVESTMENTS PTY LTD	7,193,635	3.58
LAMBHILL PTY LTD	6,582,353	3.27
FIVE DOCK DJC PTY LTD	6,436,189	3.20
OGLE INVESTMENTS PTY LTD	5,147,053	2.56
AALHUIZEN NOMINEES PTY LTD	4,722,374	2.35
RICGAZ PTY LTD	4,161,528	2.07
LAMBHILL PTY LTD	2,792,647	1.39
LIVERPOOL STREET INVESTMENTS	2,353,632	1.17
CITICORP NOMINEES PTY LIMITED	1,675,000	0.83
DANIARON PTY LTD	1,644,259	0.82
ZERO NOMINEES PTY LTD	1,643,980	0.82
	184,159,008	**91.62**

Substantial holders

Substantial holders[1] in the Company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
IAN AND NICHOLAS PAGENT	104,452,574	51.97
– Ian Pagent	65,241,972	32.46
– Nick Pagent	39,210,602	19.51
AUSTRALIAN SUPER PTY LTD[2]	10,087,287	5.02
COMMONWEALTH BANK OF AUSTRALIA[3]	12,306,850	6.12
COPIA INVESTMENT PARTNERS LTD[4]	10,070,000	5.01

1. At the time of IPO the Company escrowed certain holdings of shares being 19.9% of shares that were issued. As a result, the Company is deemed to have a relevant interest however the Company does not control the voting rights of those escrowed shares.
2. Based on substantial holder notice lodged on 27 June 2018.
3. Based on substantial holder notice lodged on 31 August 2018.
4. Based on substantial holder notice lodged on 31 December 2018.

Voting rights

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.

Restricted securities – Escrowed shares

Class	Expiry date	Number of shares
Ordinary shares	On release of Company's results for 30 June 2019	39,998,994

Performance rights

The number of performance rights on issue as at the reporting date are:

Name	Number held
Nick Pagent	552,412
Ian Pagent	236,188
Aaron Murray	207,248
	995,848

There are no other unquoted equity securities on issue.

Buy-back

There is no current on-market buy-back.

Corporate **Directory**
30 June 2019

Directors	Thomas('Tom') Pockett – Chairman Nicholas ('Nick') Pagent Ian Pagent Robert Quant Marina Go
Company secretary	Caroline Raw
Registered office	565 Parramatta Road Leichhardt NSW 2040 Tel: +61 2 8753 2873
Share register	Link Market Services Limited Level 12, 680 George Street Sydney NSW 2000 Tel: 1300 554 474
Auditor	Deloitte Touche Tomatsu Grosvenor Place, 225 George Street Sydney NSW 2000
Stock exchange listing	Autosports Group Limited shares are listed on the Australian Securities Exchange (ASX code: ASG)
Website	http://autosportsgroup.com.au/
Corporate Governance Statement	The directors and management are committed to conducting the business of Autosports Group Limited in an ethical manner and in accordance with the highest standards of corporate governance. Autosports Group Limited has adopted and has complied with the ASX Corporate Governance Principles and Recommendations (Third Edition) ('Recommendations') to the extent appropriate to the size and nature of its operations. The Corporate Governance Statement, which sets out the corporate governance practices that were in operation during the financial year, which is approved at the same time as the Annual Report can be found at: investors.autosportsgroup.com.au/investors.

autosports group