



# MotorCycle Holdings Limited and its Controlled Entities

ABN 29 150 386 995

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**Interim Financial Report for the half year ended 31 December 2020**

**MotorCycle Holdings Limited**  
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## Table of Contents

Directors' Report	2
Lead Auditor's Independence Declaration	4
Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income	5
Consolidated Interim Statement of Financial Position	6
Consolidated Interim Statement of Changes in Equity	7
Consolidated Interim Statement of Cash Flows	8
Notes to and Forming Part of the Consolidated Interim Financial Statements	9
Directors' Declaration	15
Independent Auditor's Review Report	16

## Directors' Report

The directors present their report together with the consolidated interim financial statements of MotorCycle Holdings Limited (the "Company") and its controlled entities (the "Group") for the six months ended 31 December 2020 and the auditor report thereon.

### Directors

The directors of the Company at any time during or since the end of the interim period are:

David Foster Chair	Appointed 1 March 2016 (Non-Executive Director), Appointed 22 July 2016 (Chair)
David Ahmet Managing Director	Appointed 30 June 2011
Warren Bee Non-Executive Director	Appointed 30 June 2011
Rick Dennis Non-Executive Director	Appointed 23 August 2016
Peter Henley Non-Executive Director	Appointed 1 March 2017
Rob Cassen Non-Executive Director	Appointed 31 October 2017 (Executive Director), Appointed 22 December 2018 (Non-Executive Director)

### Review of Operations

Revenue for the half increased 23% to \$218,437,000 (2019: \$178,198,000) due to the continuing increased market demand for recreation and leisure products and the addition of new franchises and expanded product ranges.

Underlying earnings before interest, tax and depreciation (EBITDA) increased 167% to \$26,752,000 (2019: \$10,025,000) while net profit after tax (NPAT) increased 257% to \$17,205,000 (2019: \$4,816,000). Earnings per share increased 258% from 7.8 cents to 27.9 cents.

Underlying EBITDA includes interest and amortisation on leased properties as an expense to enable comparison to prior periods when lease expense was included.

The underlying EBITDA margin on sales achieved was 12.2% for the period (2019: 5.6%).

The improved trading conditions enabled the company to retire all debt as at December 2020 with \$7,433,000 at bank.

Overall motorcycle sales, including both new and used motorcycles, increased 12% to 11,467 units for the half year to 31 December 2020 (2019: 10,198 units).

New motorcycle sales increased 30% to 6,770 units (2019: 5,206 units), compared with the national market increase in new motorcycle sales of approximately 20%. The company secured approximately 12.1% of national new bike sales during the six months, compared with 11.1% for the corresponding period last year.

Used motorcycle sales decreased 6% to 4,697 units (2019: 4,992 units) due to tightening stock availability resulting in improved margins and gross profit.

Online accessory sales increased 75% with major projects underway to improve e-commerce systems to deliver further growth.

Retail accessories and parts revenue increased 19% and servicing and repair revenue increased 33%. Retail finance, insurance and mechanical protection plan income increased 6%.

Wholesale accessory sales increased 23% with divisional gross profit increasing 30% with demand expected to remain high in the second half. Stock supply has been subdued but is gradually improving and margins are expected to increase as benefits of a lower US dollar are realised.

The wholesale finance joint venture performed to budget delivering \$410,000 net profit after tax for the period with these results expected to improve as the portfolio matures.

The Harley-Davidson dealerships performed above expectations, despite unit sales not increasing.

The Indian Motorcycles and Polaris products added to existing stores contributed strongly to the results.

The half year results reflected the continuing increased market demand for recreation and leisure products which combined with the introduction of new franchises and expanded product ranges, lower overheads and a disciplined approach to ongoing expenses resulted in margin growth.

The company's growth strategy of expanding the business by adding new ranges and products to existing sites without increasing the company's cost base is delivering sustainable growth and profit.

The company expects the increased market demand and trading conditions to remain strong and consistent for the balance of the financial year.

## Underlying Earnings before Interest, Tax, Depreciation and Amortisation (Underlying EBITDA)

Management has presented the performance measure underlying EBITDA because it monitors performance at a consolidated level and believes that this measure is relevant to an understanding of the Group's financial performance.

Underlying EBITDA is not a defined performance measure in IFRS Standards. The Group's definition of underlying EBITDA may not be comparable with similarly titled performance measures and disclosures by other entities.

	31 Dec 2020	31 Dec 2019
	\$'000	\$'000
Statutory profit for the period	17,205	4,817
Income tax expense	7,309	2,095
Statutory profit before tax	<u>24,514</u>	<u>6,912</u>
Adjustments for:		
Net finance costs (excluding bailment, interest on ROU assets)	396	815
Depreciation (excluding depreciation on ROU assets)	809	822
Amortisation	1,033	1,033
Acquisition expenses	-	443
Underlying EBITDA	<u>26,752</u>	<u>10,025</u>

## Dividends

A fully franked special dividend of 5 cents per share was paid on 30 September 2020 (six months ended 31 December 2019: nil).

A fully franked interim dividend of 10 cents per share was declared on 25 February 2021, payable on 7 April 2021 with a record date of 18 March 2021.

## Subsequent Matters

There have not been any matters or circumstances occurring subsequent to the end of the period that have significantly affected, or may significantly affect, the operations of the Group or the state of affairs of the Group in future periods.

## Lead Auditor's Independence Declaration

The lead auditor's independence declaration is set out on page 4 and forms part of the directors' report for the six months ended 31 December 2020.

## Rounding Off

The Company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and in accordance with that instrument, amounts in the consolidated interim financial statements and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the directors:



David Foster  
Chair  
25 February 2021



David Ahmet  
Managing Director  
25 February 2021



# Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of MotorCycle Holdings Limited

I declare that, to the best of my knowledge and belief, in relation to the review of MotorCycle Holdings Limited for the half-year ended 31 December 2020 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature in black ink that reads 'KPMG'.

KPMG

A handwritten signature in black ink that appears to read 'Simon Crane'.

Simon Crane  
*Partner*

Brisbane  
25 February 2021

## Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income For the Six Months Ended 31 December 2020

	Note	31 Dec 2020 \$'000	31 Dec 2019 \$'000
Sales revenue <sup>1</sup>	6	218,027	177,348
Share of profit of equity accounted investee, net of tax		410	30
Other income	6	5,767	820
Cost of sales		153,748	126,817
Employee benefits expense		29,598	27,066
Finance costs		1,029	1,933
Depreciation and amortisation expense		6,742	6,422
Occupancy costs		1,301	1,301
Other expenses		7,272	7,747
<b>Profit before tax</b>		<b>24,514</b>	<b>6,912</b>
Income tax expense	7	7,309	2,095
<b>Profit for the period</b>		<b>17,205</b>	<b>4,817</b>
Other comprehensive income		44	26
<b>Total comprehensive income for the year attributable to owners of the company</b>		<b>17,249</b>	<b>4,843</b>
		<b>Cents</b>	<b>Cents</b>
<b>Earnings per share</b>			
Basic earnings per share		27.9	7.8
Diluted earnings per share		27.8	7.8

<sup>1</sup> Finance and insurance income has been reclassified as sales revenue in the Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income and was previously reported as other income. See Note 7.

## Consolidated Interim Statement of Financial Position

As At 31 December 2020

	Note	30 Dec 2020 \$'000	30 Jun 2020 \$'000
<b>Current assets</b>			
Cash and cash equivalents		7,433	39,494
Trade and other receivables		8,788	7,592
Inventories	9	71,505	74,425
Other assets		983	-
<b>Total current assets</b>		<b>88,709</b>	<b>121,511</b>
<b>Non-current assets</b>			
Right of use assets		37,726	28,795
Property, plant and equipment	10	11,741	11,464
Deferred tax assets		1,107	488
Goodwill and other intangible assets	11	93,538	94,571
Interest in equity accounted investees		3,868	3,164
Other assets		76	146
<b>Total non-current assets</b>		<b>148,056</b>	<b>138,628</b>
<b>Total assets</b>		<b>236,765</b>	<b>260,139</b>
<b>Current liabilities</b>			
Trade and other payables		18,362	12,652
Short term borrowings		18,903	30,602
Lease liabilities		8,963	11,100
Current tax liabilities		5,901	2,057
Provisions		7,027	6,459
Contract liabilities		3,261	2,444
<b>Total current liabilities</b>		<b>62,417</b>	<b>65,314</b>
<b>Non-current liabilities</b>			
Borrowings	12	-	44,623
Lease liabilities		31,014	20,227
Provisions		643	582
Contract liabilities		3,722	4,804
<b>Total non-current liabilities</b>		<b>35,379</b>	<b>70,236</b>
<b>Total liabilities</b>		<b>97,796</b>	<b>135,550</b>
<b>Net assets</b>		<b>138,969</b>	<b>124,589</b>
<b>Equity</b>			
Contributed equity		120,081	120,081
Share-based payment reserve		470	254
Retained earnings		18,418	4,254
<b>Total equity</b>		<b>138,969</b>	<b>124,589</b>

The above Consolidated Interim Statement of Financial Position should be read in conjunction with the accompanying notes.

## Consolidated Interim Statement of Changes in Equity

For the Six Months Ended 31 December 2020

	Issued Capital	Retained Earnings	Share- Based Payment Reserve	Total Equity
	\$'000	\$'000	\$'000	\$'000
<b>Balance at 30 June 2020</b>	<b>120,081</b>	<b>4,254</b>	<b>254</b>	<b>124,589</b>
<b>Comprehensive income for the period</b>				
Profit for the period	-	17,205	-	17,205
Other comprehensive income	-	44	-	44
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>17,249</b>	<b>-</b>	<b>17,249</b>
<b>Transactions with owners in their capacity as owners</b>				
Dividends paid	-	(3,085)	-	(3,085)
Equity settled share-based payments	-	-	216	216
<b>Total transactions with owners in their capacity as owners</b>	<b>-</b>	<b>(3,085)</b>	<b>216</b>	<b>(2,869)</b>
<b>Balance at 31 December 2020</b>	<b>120,081</b>	<b>18,418</b>	<b>470</b>	<b>138,969</b>
<b>Balance at 30 June 2019</b>	<b>120,081</b>	<b>14,979</b>	<b>177</b>	<b>135,237</b>
Adjustment on initial application of AASB 16 (net of tax)	-	(1,426)	-	(1,426)
<b>Restated balance at 1 July 2019</b>	<b>120,081</b>	<b>13,553</b>	<b>177</b>	<b>133,811</b>
<b>Comprehensive income for the period</b>				
Profit for the period	-	4,817	-	4,817
Other comprehensive income	-	26	-	26
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>4,843</b>	<b>-</b>	<b>4,843</b>
<b>Transactions with owners in their capacity as owners</b>				
Dividends paid	-	-	-	-
Equity settled share-based payments	-	-	-	-
<b>Total transactions with owners in their capacity as owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance at 31 December 2019</b>	<b>120,081</b>	<b>18,396</b>	<b>177</b>	<b>138,654</b>

The above Consolidated Interim Statement of Changes in Equity should be read in conjunction with the accompanying notes.

## Consolidated Interim Statement of Cash Flows

For the Six Months Ended 31 December 2020

	31 Dec 2020	31 Dec 2019
	\$'000	\$'000
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST)	245,821	196,461
Payments to suppliers and employees (inclusive of GST)	(215,394)	(185,505)
Interest and other costs of finance paid	(1,029)	(1,933)
Income taxes paid	(4,084)	(119)
Interest received	-	8
<b>Net cash provided by operating activities</b>	<b>25,314</b>	<b>8,912</b>
<b>Cash flows from investing activities</b>		
Payment for acquisition of businesses (net of cash acquired)	-	(2,581)
Investment in equity accounted investees	(250)	-
Payments for property, plant and equipment	(1,123)	(518)
Proceeds from sale of property, plant and equipment	37	48
<b>Net cash used in investing activities</b>	<b>(1,336)</b>	<b>(3,051)</b>
<b>Cash flows from financing activities</b>		
Repayments of borrowings	(47,774)	(833)
Repayments of lease principal	(5,180)	(4,568)
Dividend paid	(3,085)	-
<b>Net cash used in financing activities</b>	<b>(56,039)</b>	<b>(5,401)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(32,061)</b>	<b>460</b>
Cash and cash equivalents at the beginning of the period	39,494	9,175
<b>Cash and cash equivalents at the end of the period</b>	<b>7,433</b>	<b>9,635</b>

The above Consolidated Interim Statement of Cash Flows should be read in conjunction with the accompanying notes.

## Notes to the Consolidated Interim Financial Statements

### 1. Reporting Entity

MotorCycle Holdings Limited (the "Company") is a company domiciled in Australia. These consolidated interim financial statements ("interim financial statements") as at and for the six months ended 31 December 2020 comprise the Company and its subsidiaries (together referred to as the "Group").

The Group is primarily involved in the ownership and operation of motorcycle dealerships engaging in the sale of new motorcycles, used motorcycles, accessories and parts, finance, insurance and mechanical protection plan products as well as service and repair. The Group also owns and operates a rider training school and a motorcycle repair business which performs smash repair work for insurers and a motorcycle accessories wholesaling business.

The consolidated annual financial statements of the Group as at and for the year ended 30 June 2020 are available upon request from the Company's registered office at 68 Moss Street, Slacks Creek, Queensland or at [www.mcholdings.com.au](http://www.mcholdings.com.au).

### 2. Basis of Preparation

These interim financial statements are general purpose financial statements prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*, and with IAS 34 *Interim Financial Reporting*.

They do not include all of the information required for a complete set of annual financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 30 June 2020.

These interim financial statements were authorised for issue by the Company's Board of Directors on 25 February 2021.

The Company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and in accordance with the legislative instrument, amounts in the consolidated interim financial statements have been rounded off to the nearest thousand dollars, unless otherwise stated.

### 3. Changes in Significant Accounting Policies

The accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 30 June 2020. A number of new standards are effective from 1 July 2020 but they do not have a material effect on the Group's financial statements.

### 4. Use of Judgements and Estimates

In preparing these interim financial statements, Management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2020.

## 5. Operating Segment Information

The Group operates in two operating and reporting segments being Motorcycle Retailing and Motorcycle Accessories Wholesaling; identified on the basis of how the consolidated entity is regularly reviewed by the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

	Motorcycle Retailing	Motorcycle Accessories Wholesaling	Eliminations	Consolidated	Motorcycle Retailing	Motorcycle Accessories Wholesaling	Eliminations	Consolidated
	31 Dec 2020	31 Dec 2020	31 Dec 2020	31 Dec 2020	31 Dec 2019	31 Dec 2019	31 Dec 2019	31 Dec 2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Sales to external customers and other income	196,694	21,333	-	218,027	160,051	17,297	-	177,348
Inter-segment sales	-	13,340	(13,340)	-	-	10,571	(10,571)	-
<b>Total revenue</b>	<b>196,694</b>	<b>34,673</b>	<b>(13,340)</b>	<b>218,027</b>	<b>160,051</b>	<b>27,868</b>	<b>(10,571)</b>	<b>177,348</b>
<b>Segment result</b>								
Operating profit before interest	19,909	5,417	-	25,326	6,685	2,609	-	9,294
External interest expense allocation	(99)	(297)	-	(396)	(204)	(611)	-	(815)
<b>Operating contribution</b>	<b>19,810</b>	<b>5,120</b>	<b>-</b>	<b>24,930</b>	<b>6,481</b>	<b>1,998</b>	<b>-</b>	<b>8,479</b>
Share of net profit of equity accounted investees	410	-	-	410	30	-	-	30
Business acquisition costs	-	-	-	-	(419)	-	-	(419)
<b>Segment profit</b>	<b>20,220</b>	<b>5,120</b>	<b>-</b>	<b>25,340</b>	<b>6,092</b>	<b>1,998</b>	<b>-</b>	<b>8,090</b>
Unallocated corporate expenses				(826)				(1,178)
<b>Profit before tax</b>				<b>24,514</b>				<b>6,912</b>
Income tax expense				(7,309)				(2,095)
<b>Net profit after tax</b>				<b>17,205</b>				<b>4,817</b>
Depreciation and amortisation	5,588	1,154	-	6,742	4,530	1,892	-	6,422
Write down of inventories to net realisable value	(101)	(379)	-	(480)	2,186	33	-	2,219
	Motorcycle Retailing	Motorcycle Accessories Wholesaling	Eliminations	Consolidated	Motorcycle Retailing	Motorcycle Accessories Wholesaling	Eliminations	Consolidated
	31 Dec 2020	31 Dec 2020	31 Dec 2020	31 Dec 2020	30 Jun 2020	30 Jun 2020	30 Jun 2020	30 Jun 2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Assets</b>								
Segment assets	170,792	65,974	-	236,766	183,774	76,365	-	260,139
<b>Liabilities</b>								
Segment liabilities	85,820	11,977	-	97,797	108,024	27,526	-	135,550
<b>Net Assets</b>	<b>84,972</b>	<b>53,997</b>	<b>-</b>	<b>138,969</b>	<b>75,750</b>	<b>48,839</b>	<b>-</b>	<b>124,589</b>
Goodwill	50,243	27,256	-	77,499	50,243	27,256	-	77,499
Acquisition of non-current assets	957	166	-	1,123	1,097	117	-	1,214

## 6. Revenue

### Disaggregation of Revenue

	Motorcycle Retailing 31 Dec 2020	Motorcycle Accessories Wholesaling 31 Dec 2020	Consolidated 31 Dec 2020	Motorcycle Retailing 31 Dec 2019	Motorcycle Accessories Wholesaling 31 Dec 2019	Consolidated 31 Dec 2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
New motorcycles	86,532	-	86,532	61,882	-	61,882
Used motorcycles	49,850	-	49,850	47,432	-	47,432
Parts and accessories	44,858	21,333	66,191	37,769	17,297	55,066
Service	7,932	-	7,932	5,952	-	5,952
Finance and insurance income	7,162	-	7,162	6,786	-	6,786
Other revenue	360	-	360	230	-	230
	<b>196,694</b>	<b>21,333</b>	<b>218,027</b>	<b>160,051</b>	<b>17,297</b>	<b>177,348</b>
At a point in time	196,118	21,333	217,451	159,412	17,297	176,709
Over time	576	-	576	639	-	639
	<b>196,694</b>	<b>21,333</b>	<b>218,027</b>	<b>160,051</b>	<b>17,297</b>	<b>177,348</b>
<b>Other income</b>						
JobKeeper payment	5,761	-	5,761	-	-	-
Interest income	-	-	-	8	-	8
Other income	6	-	6	1,024	(212)	812
	<b>5,767</b>	<b>-</b>	<b>5,767</b>	<b>1,032</b>	<b>(212)</b>	<b>820</b>

### Contract Balances

	31 Dec 2020 \$'000	30 Jun 2020 \$'000
Receivables, included in trade and other receivables	8,995	7,592
Contract liabilities	6,983	7,248

### Transaction Price Allocated to Remaining Performance Obligations

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially satisfied) at 31 December 2020.

12 Months Ending	31 December 2021	31 December 2022	31 December 2023	31 December 2024	31 December 2025	31 December 2026 or later
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Mechanical protection plans	3,261	2,144	1,100	369	102	7
	<b>3,261</b>	<b>2,144</b>	<b>1,100</b>	<b>369</b>	<b>102</b>	<b>7</b>

## 7. Tax Expense

The Group's consolidated effective tax rate in respect of the continuing operations for the six months ended 31 December 2020 was 30 percent (for the six months ended 31 December 2019: 30 percent).

## 8. Financial Instruments

The financial instruments held by the Group at 31 December 2020 relate to cash and cash equivalents, trade receivables and payables, and borrowings.

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded in the financial statements approximate their fair value.

## 9. Inventories

During the six months ended 31 December 2020 the Group wrote up its inventory to net realisable value by \$480,000. (six months ended 31 December 2019: write-down of \$2,219,000) This relates to stock obsolescence and was determined using the same principles adopted for the year ended 30 June 2020.

	31 Dec 2020	30 Jun 2020
	\$'000	\$'000
New and demonstrator motorcycles (at cost)	27,327	30,375
Less: write-down to net realisable value	(190)	(285)
New and demonstrator inventory	<u>27,137</u>	<u>30,090</u>
Used motorcycles (at cost)	7,946	6,701
Less: write-down to net realisable value	(76)	(118)
Used inventory	<u>7,870</u>	<u>6,583</u>
Parts, accessories and other consumables (at cost)	46,709	48,306
Less: write-down to net realisable value	(10,212)	(10,554)
Parts, accessories and other consumable inventory	<u>36,497</u>	<u>37,752</u>
<b>Total inventories</b>	<u><b>71,504</b></u>	<u><b>74,425</b></u>

## 10. Property, Plant and Equipment

During the six months ended 31 December 2020, the Group acquired assets with a cost of \$1,123,000 (six months ended 31 December 2019: \$1,009,000). None of these assets were acquired through business combinations (six months ended 31 December 2019: \$492,000).

Assets with a carrying amount of \$37,000 were disposed of during the six months ended 31 December 2020 (six months ended 31 December 2019: \$48,000), resulting in a gain on disposal of \$1,000 (six months ended 31 December 2019: loss of \$1,000), and included in 'other expenses' in the consolidated statement of profit or loss and other comprehensive income.

## 11. Intangible Assets and Goodwill

A reconciliation of the carrying amount of goodwill and other intangible assets is set out below:

31 Dec 2020	Goodwill	Trademarks	Customer contracts and relationships	Other intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Cost</b>					
Balance at beginning of period	101,795	5,603	15,000	2,000	124,398
Acquired through business combinations	-	-	-	-	-
<b>Balance at end of period</b>	<b>101,795</b>	<b>5,603</b>	<b>15,000</b>	<b>2,000</b>	<b>124,398</b>
<b>Accumulated amortisation and impairment</b>					
Balance at beginning of period	(24,296)	-	(4,464)	(1,067)	(29,827)
Amortisation expense	-	-	(833)	(200)	(1,033)
<b>Balance at end of period</b>	<b>(24,296)</b>	<b>-</b>	<b>(5,297)</b>	<b>(1,267)</b>	<b>(30,860)</b>
<b>Carrying amounts</b>					
Balance at beginning of period	77,499	5,603	10,536	933	94,571
<b>Balance at end of period</b>	<b>77,499</b>	<b>5,603</b>	<b>9,703</b>	<b>733</b>	<b>93,538</b>
<b>30 Jun 2020</b>					
	Goodwill	Trademarks	Customer contracts and relationships	Other intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Cost</b>					
Balance at beginning of period	100,545	5,603	15,000	2,000	123,148
Acquired through business combinations	1,250	-	-	-	1,250
<b>Balance at end of period</b>	<b>101,795</b>	<b>5,603</b>	<b>15,000</b>	<b>2,000</b>	<b>124,398</b>
<b>Accumulated amortisation and impairment</b>					
Balance at beginning of period	-	-	(2,797)	(667)	(3,464)
Amortisation expense	-	-	(1,667)	(400)	(2,067)
Impairment charge	(24,296)	-	-	-	(24,296)
<b>Balance at end of period</b>	<b>(24,296)</b>	<b>-</b>	<b>(4,464)</b>	<b>(1,067)</b>	<b>(29,827)</b>
<b>Carrying amounts</b>					
Balance at beginning of period	100,545	5,603	12,203	1,333	119,684
<b>Balance at end of period</b>	<b>77,499</b>	<b>5,603</b>	<b>10,536</b>	<b>933</b>	<b>94,571</b>

## 12. Loans and Borrowings

	31 Dec 2020	30 Jun 2020
	\$'000	\$'000
<b>Non-current</b>		
Opening balance	44,623	46,815
Repayments	(44,750)	(1,167)
Changes to facility payment schedule	-	(1,333)
Amortisation of deferred borrowing costs	127	308
<b>Total long term borrowings</b>	<b>-</b>	<b>44,623</b>

The Group has access to a \$20,000,000 undrawn bank facility at balance date.

## 13. Dividends Paid and Declared

The following dividends were declared and paid by the Company during the interim period:

	For the six months ended 31 Dec 2020	For the six months ended 31 Dec 2019
	\$'000	\$'000
Special dividend of 5 cents per share, fully franked, paid on 30 September 2020 (2019: nil)	3,085	-

After the reporting date, the following dividends were proposed by the Board of Directors. The dividends have not been recognised as liabilities at the end of the reporting period.

	For the six months ended 31 Dec 2020	For the six months ended 31 Dec 2019
	\$'000	\$'000
Interim dividend of 10 cents per share fully franked, to be paid on 7 April 2021 (2019: nil)	6,171	-

## 14. Leases with Related Parties

The Group has exercised an option in respect to a property owned by an entity owned and controlled by Rob Cassen for a further 10 years.

The lease was originally negotiated on commercial arms' length basis in July 2011 and contains customary terms and conditions. The Group obtained external market-based evidence to support the new rent payable.

## 15. Subsequent Events

There have not been any matters or circumstances occurring subsequent to the end of the period that have significantly affected, or may significantly affect, the operations of the group or the state of affairs of the group in future periods.

## Directors' Declaration

In the opinion of the directors of MotorCycle Holdings Limited ("the Company"):

1. the consolidated interim financial statements and notes set out on pages 5 to 14 are in accordance with the *Corporations Act 2001*, including:
  - (a) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance, for the six-month period ended on that date; and
  - (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*, and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



**David Ahmet**  
**Managing Director**

Dated at Brisbane this 25th day of February 2021



# Independent Auditor's Review Report

To the shareholders of MotorCycle Holdings Limited

## Conclusion

We have reviewed the accompanying **Interim Financial Report** of MotorCycle Holdings Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of MotorCycle Holdings Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Financial Report** comprises:

- Consolidated interim statement of financial position as at 31 December 2020;
- Consolidated interim statement of profit or loss and other comprehensive income, Consolidated interim statement of changes in equity and Consolidated interim statement of cash flows for the half-year ended on that date;
- Notes 1 to 15 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

The **Group** comprises MotorCycle Holdings Limited (the Company) and the entities it controlled at the half-year's end or from time to time during the half-year.

## Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Interim 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 (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

## Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*; and
- such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.



## Auditor's Responsibilities for the Review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

KPMG

Simon Crane  
*Partner*

Brisbane  
25 February 2021