ANNUAL REPORT 2016

MOTORCYCLE HOLDINGS LIMITED
ANNUAL REPORT 2016

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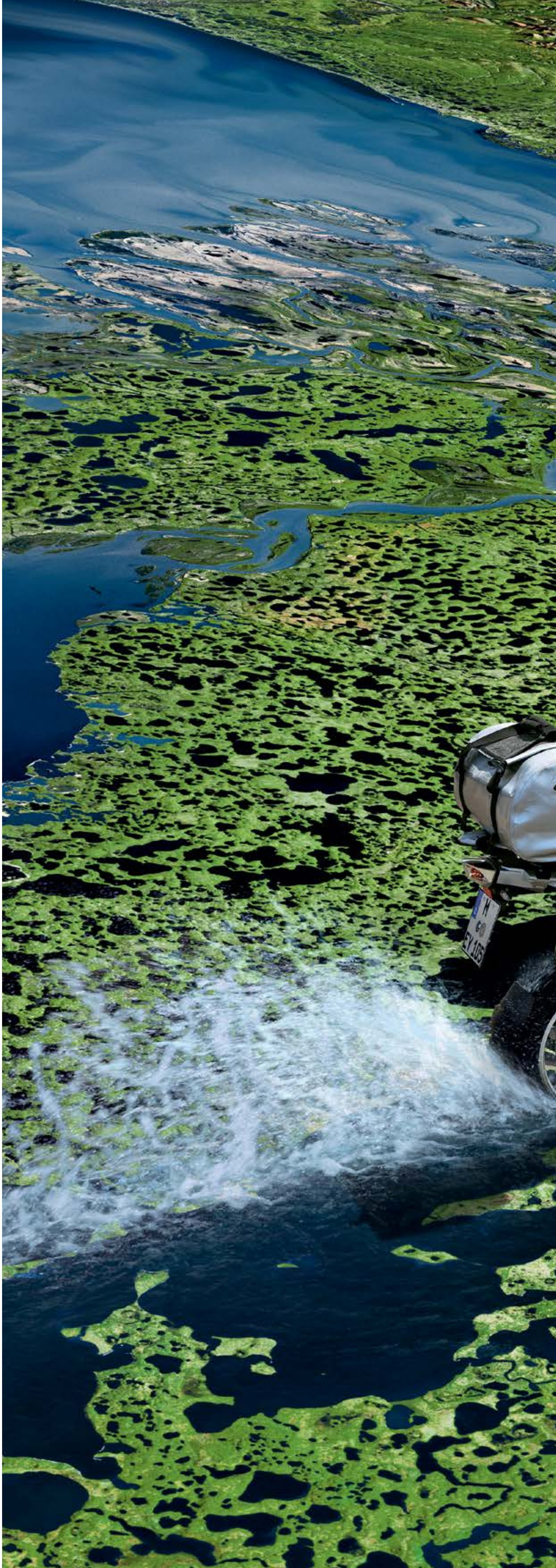


ABOUT US

Founded in 1989, MotorCycle Holdings is Australia's largest motorcycle dealership operator with 34 franchises operated from 24 locations in Queensland, New South Wales and the Australian Capital Territory.

MotorCycle Holdings' core business consists of the ownership and operation of motorcycle dealerships engaging in the sale of new motorcycles, used motorcycles, accessories and parts, finance, insurance and warranty products as well as service and repair. MotorCycle Holdings also owns and operates a rider training school and a motorcycle repair business which performs smash repair work for insurers.

The Company represents a diverse portfolio of brands. In the new motorcycle category it sells eight of the top ten selling motorcycle brands in Australia (by number of new motorcycle sales). In 2015, these eight brands represented 84% of Australian new motorcycle volume. In the used motorcycle category the Company sells all of the top 10 brands in Australia.

Further Information

Please visit www.mcholdings.com.au for further information about MotorCycle Holdings Limited.

MotorCycle Holdings Limited

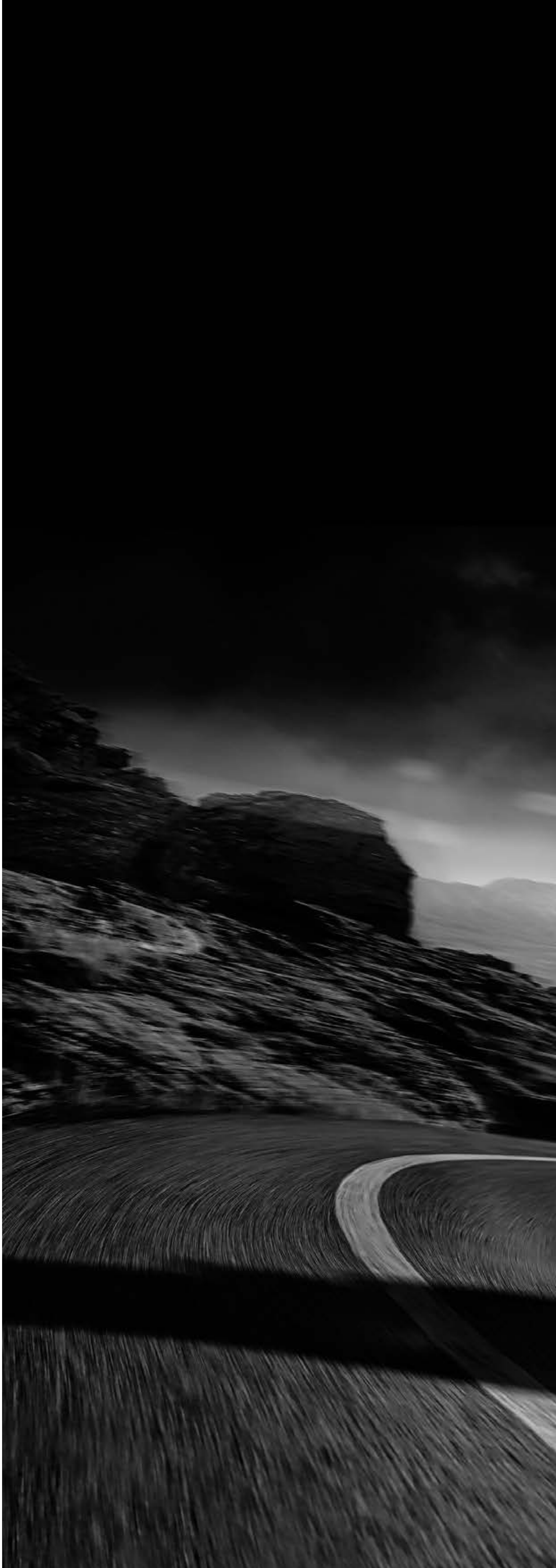
ACN 150 386 995

68 Moss Street
Slacks Creek QLD 4127

www.mcholdings.com.au

HIGHLIGHTS

1. Highly successful IPO completed April 2016
2. Financial results for 12 months to June exceeded prospectus forecasts
3. Strong growth in motorcycle sales achieved
4. Newly acquired dealerships generating strong revenues
5. Continued growth planned via acquisition and existing network
6. Outlook continues to be favourable



CHAIRMAN'S AND **MANAGING DIRECTOR'S** REPORT

David Foster
Chairman

David Ahmet
Managing Director

Dear Shareholder,

The 2016 financial year was a period of major change and progress for MotorCycle Holdings Limited.

The highlight, of course, was the successful initial public offering (IPO) and subsequent listing of the Company on the Australian Securities Exchange. The IPO involved the sale of 23.1 million shares at an offer price of $2 per share, raising $46.3 million. The stock started trading at $2.50 on April 29, 2016, and closed at $2.71 at the end of the first day's trade, immediately providing shareholders with handsome increases in the value of their investments. The share price has since climbed steadily, reaching $3.85 on August 18, valuing the company at $144 million, and making the IPO one of the most successful to be recently completed in Australia.

FIGURE 1.1
MotorCycle Holdings strong share price performance from April 29 listing

While the share price performance has been highly rewarding for shareholders, the IPO also was fundamentally important in transforming MotorCycle Holdings and creating a strong platform for the future.

After 27 years as a successful, privately-owned organisation, during which we expanded from a single dealership to become Australia's largest motorcycle sales network, the transition to public ownership has established the organisational base and financial capability to underpin the next phase of the Company's growth.

A portion of the capital raised through the IPO was used to strengthen our financial position, refinance debt facilities and repay various loans. The float allowed our largest shareholder, The Archer Growth Fund, to realise some of the value of its investment in the Company, reducing its interest from 61% to approximately 10%. But in so doing, it enabled approximately 1,500 new investors to be introduced as shareholders, creating a stronger, more diversified ownership structure to support our future expansion plans. We welcome them all to the Company and thank them for their support.

Strategy

Importantly, the float also gave us the capacity to access equity capital markets as a potential funding source, strengthening our ability to play a leading role in the restructuring and consolidation of the motorcycle sales sector.

The motorcycle sales industry is highly fragmented, often inefficient, and ripe for rationalisation and aggregation. By our estimation, there are more than 700 motorcycle dealerships across Australia, with only two operators, other than MotorCycle Holdings, owning more than four dealerships.

"CURRENTLY WE ACCOUNT FOR APPROXIMATELY 7% OF NEW MOTORCYCLE SALES IN AUSTRALIA."

Currently, we account for approximately 7% of new motorcycle sales in Australia (by number of new motorcycles sold) and approximately 25% of new motorcycle sales in Queensland (by number of new motorcycles sold).

Our strategy is to grow our overall business both organically, by improving the productivity of our current network, and through acquisition. Increased scale delivers enhanced efficiency, improved trading terms from our suppliers as well as the ability to amortise overheads over a larger number of dealerships. In addition, the Company plans to use its well developed centralised management processes to drive operational improvements in the dealerships it acquires.

The benefits of our strategy are reflected in our strong financial performance.

Financial Results

Our results for the year to June 30, 2016, were substantially higher than forecast at the time of the public listing. The Company achieved a pro-forma net profit of $8 million after tax for the 12 months to June 2016, compared with the pro-forma prospectus forecast of $6.9 million.[1]

We sold a total of 13,931 bikes during the year, which was well above our forecast of 13,434, and 13% higher than sales in 2015. The better than expected result was due to a number of factors, including: benign weather conditions in the first three months of the year, which were favourable to motorcycle sales; increased focus on used motorcycle sales across our 24 dealerships; and in particular, a strong performance by two new dealerships in Canberra and Campbelltown acquired in the second half of FY2015. These two dealerships together increased sales by $26.6 million in 2016, while organic growth at our pre-existing 22 dealerships delivered $9.4 million in increased sales.

On a like for like basis every department was able to lift revenue and gross profit and make a substantial contribution to the group's result.

(1) All references to pro forma numbers are detailed in the table in Appendix One on page 71.

FIGURE 1.2: Pro forma Financial Results

	2013	2014	2015	2016 Prospectus Forecast	**2016**	**2016 vs 2015 (%)**
Motorcycle sales	11,351	12,370	12,303	13,434	**13,931**	**13**
Revenue ($M)	148.6	163.6	173.3	196.9	**209.3**	**21**
EBITDA ($M)	6.4	7.5	7.8	11.3	**12.8**	**64**
EBITDA margin (%)	4.3	4.6	4.5	5.7	**6.1**	**36**
NPAT ($M)	3.7	4.5	4.6	6.9	**8.0**	**74**

- These pro forma results for historical periods and profit forecasts for 2016 were prepared as part of the Initial Public Offering (IPO) and listing of the company on the Australian Securities Exchange in April 2016. Adjustments were made to statutory results to reflect the revised capital structure of the company after listing, and after excluding certain non-recurring costs such as IPO expenses.

* Prospectus revenue numbers were restated in an ASX announcement released on 4 August 2016, and prior historical numbers have been restated in this table.

New Motorcycles

New motorcycle sales increased 17.5% to 7,538 units over the year, which is a solid performance, and well above market growth of about 1.8%. The increase was driven by the two new dealerships purchased mid-2015 as well as strong organic growth of 9.2% for the rest of the group. Remedial work at three underperforming dealerships also proved effective in turning around performance.

Used Motorcycles

Used motorcycle sales grew by 8.5% to 6,393 units, which again exceeded estimated market growth. An improved focus on used motorcycle stock acquisition, led to increased sales through the pre-existing network as well as through the newly acquired dealerships.

Service Departments

The performance of the Service Departments improved significantly during the year due to strengthened management and greater responsiveness to clients. On a like for like basis the Service Departments improved gross profit by 9.7%. Including new dealerships, the increase was 23%.

Finance and Insurance

Finance and insurance commissions rose by 23% for the year, again driven by improved recruitment and training, as well as the contribution from new dealerships, which responded rapidly to new management initiatives.

Parts and Accessories

The Parts and Accessory business grew profit by 23% in total, including 5.6% organically, despite increasing competition from on-line retailers. Our accessory super store at Springwood in Brisbane achieved particularly strong sales growth, demonstrating many consumers prefer to shop in person. We are currently upgrading our online presence to ensure that we maximise sales opportunities.

Outlook

The outlook for the business remains very positive, with clear opportunity for MotorCycle Holdings to generate continued growth both organically and through acquisition.

The motorcycle market in Australia as a whole remains reasonably stable. Sales of new motorcycles grew by approximately 1.8% in the year to June, 2016, to approximately 110,000 units. Sales of road and off-road motorcycles, our core market, increased by 5%. Used bike sales in our main geographic market, Queensland, rose by 1.4%.

So the market is growing slowly but steadily.

Within the market we see great potential for the Company to increase its market share. The Company did not make any acquisitions in the year to June 2016, as we were focused on finalising the float and integrating the Canberra and Campbelltown dealerships. But we are confident that opportunities will arise in the current year that meet our strict acquisition criteria. Already, in the current financial year, we have acquired two

new franchises in Queensland, being MV Agusta and Royal Enfield, which are growing boutique brands with incremental sales potential.

Dividend

As was explained in the prospectus for our float, the Company elected not to pay a dividend in 2016, due to the short period between the completion of the offer and the end of the financial year.

However, assuming business conditions remain favourable, and internal targets are achieved, we would expect to pay a dividend for the period to December 2016, which would be payable in April 2017. The Company's stated policy is a dividend payout target ratio of 50% to 70% of statutory NPAT, subject, of course, to satisfactory business conditions and outcomes.

Finally, we would like to pay tribute to the former Chairman of MotorCycle Holdings, Bob Thorn, who led the Company through the listing process, but retired from the Board in July due to a change in his business commitments. He made an important and lasting contribution to the evolution of the group, and we thank him for his leadership.

We also welcome Rick Dennis to the Board. An accountant by profession, he is a very experienced business executive who will bring important skills to the Company. To our fellow Directors, we express our gratitude for their diligence and commitment during the past 12 months as we went through the IPO and listing exercise. Likewise, we thank the management team and all our 450 staff nationally, who have achieved great results for the Company during challenging economic conditions. And finally, we thank you, our new shareholders, for your ongoing support and look forward to sharing with you the benefits of another good year for MotorCycle Holdings in 2017.

David Foster
Chairman

David Ahmet
Managing Director

"OUR STRATEGY IS TO GROW OUR BUSINESS ORGANICALLY, AND THROUGH ACQUISITION."

"IN THE YEAR TO JUNE 2016, SALES OF NEW MOTORCYCLES IN AUSTRALIA GREW BY APPROXIMATELY 1.8% TO 110,000 UNITS."

OVERVIEW OF **THE INDUSTRY**

Market Structure of the Motorcycle Industry in Australia

The motorcycle dealership industry in Australia is highly fragmented generally consisting of a large number of individual private operators.

The major motorcycle manufacturers generally distribute motorcycles to dealerships who then retail to consumers under a franchise arrangement.

MotorCycle Holdings estimates that there are over 700 dealerships across Australia, with only two operators other than MotorCycle Holdings owning four or more dealerships.

New Motorcycles

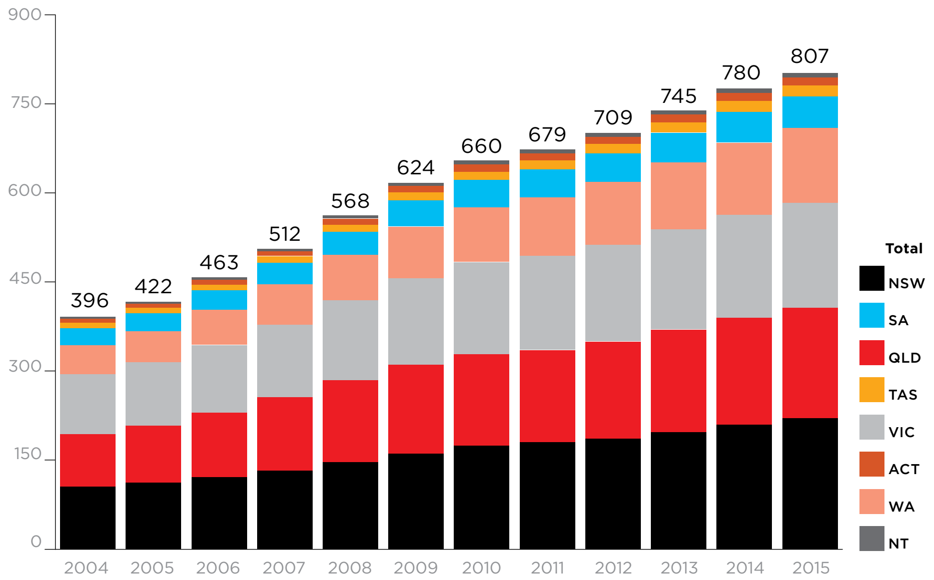
New motorcycles account for the largest portion of total units sold in Australia and generate approximately 69% of total revenue. Of the new motorcycles sold, approximately 46% are road motorcycles (including scooters) and approximately 54% are off-road motorcycles (including ATVs).

New motorcycle sales volumes in Australia experienced strong growth (5.4% CAGR) from 2004 to 2009 and have been relatively stable since the global financial crisis (-0.8% CAGR). In the year to June 2016, sales of new motorcycles grew by approximately 1.8% to 110,000 units.

Various categories of new motorcycle sales have experienced different rates of growth. For example, road motorcycles continue to grow moderately, with sales increasing by approximately 5% in the year to

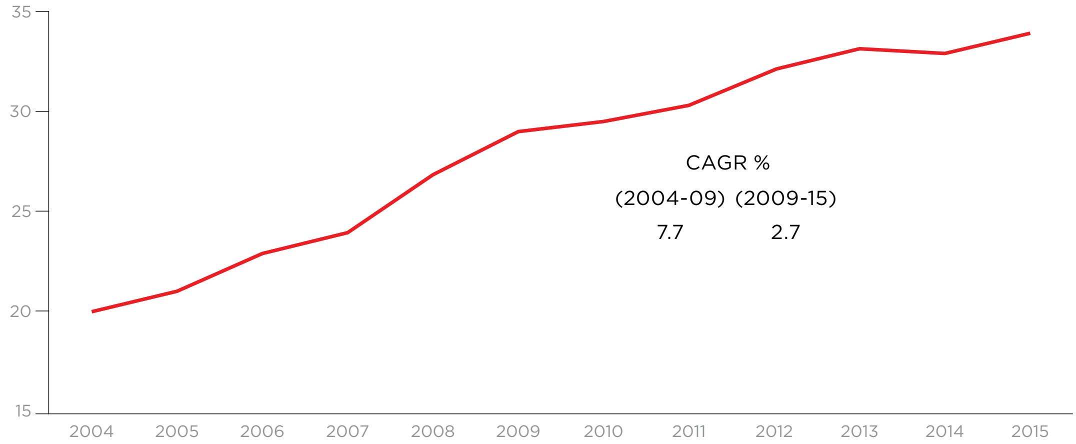
FIGURE 2.1
Registered motorcycles in Australia, by state (2004-15)*
Thousands of motorcycles

Source: MotorCycle Holdings Limited IPO Prospectus, March 2016



Note: Only includes registered motorcycles; * Calendar year.

FIGURE 2.2
Registered motorcycle penetration in Australia (2004-15)*
Number of registered motorcycles per 1,000 population



Note: Only includes registered motorcycles; * Calendar year

Source: MotorCycle Holdings Limited IPO Prospectus, March 2016

June 2016. Conversely, the scooter segment, which is the smallest segment by volume and value, has experienced a decline, falling almost 20% in the year to June.

Used Motorcycles

For accomplished dealership operators, margins from the sale of a used motorcycle are higher than from the sale of a new motorcycle as dealerships are able to source the correct stock, service and repair if necessary and then retail the motorcycle.

Used motorcycle sales volume growth in Queensland, MotorCycle Holdings' largest market, has delivered growth of 5.5% CAGR from 2005 to 2009 and 3.6% CAGR from 2009 to 2015. In the year to June 2016, the Queensland market grew by approximately 1.4% to 23,189 units.

Through periods of higher economic growth, management has experienced new motorcycles sales growth to be higher relative to used motorcycles sales volumes and the reverse occurring in times of slower economic growth.

According to a consumer survey conducted by the Company, approximately 65% of all motorcycles sold in Australia (by total number of motorcycles sold) were purchased from a dealership and approximately 35% of all motorcycles sold in Australia (by total number of motorcycles sold) were purchased privately.

COMPANY
OVERVIEW

MotorCycle Holdings is Australia's largest motorcycle dealership operator with 34 franchises operated from 24 locations in Queensland, New South Wales and the Australian Capital Territory.

FIGURE 3.1
Locations

Its core business consists of the ownership and operation of motorcycle dealerships engaging in the sale of new and used motorcycles, accessories and parts, finance, insurance and warranty products as well as service and repairs.

The Company also owns and operates a rider training school and a motorcycle service and repair business which performs smash repair work for insurers.

MotorCycle Holdings has an estimated 7% market share of all new motorcycle sales nationally (by number of motorcycles sold) and 25% in Queensland (by number of motorcycles sold).

History of MotorCycle Holdings

The company's CEO and largest shareholder David Ahmet joined Yamaha Moorooka as a sales person in 1988 and took a part ownership in the Yamaha Moorooka dealership in 1989.

Since 1989 MotorCycle Holdings has grown its dealership network both organically, by acquisitions and by being granted additional franchises in existing dealerships.

2016	IPO successfully completed | **April 2016**
2015	Canberra Harley-Davidson and Sy's Harley-Davidson (Campbelltown) acquired | **24 locations**
2013	Kawasaki, Suzuki, and Yamaha Ipswich, Kawasaki Gold Coast, Kawasaki Springwood, and Yamaha Springwood (collectively Ultimate Motorbikes) acquired | **22 locations**
2012	Harley-Davidson Brisbane, Harley-Davidson Gold Coast (Morgan and Wacker), BMW Brisbane and BMW Gold Coast acquired | **18 locations**
2011	Archer Growth Fund acquires majority shareholding, Honda Virginia established, Motorcycle repair and painting business acquired (Advanced Motorcycle Spraypainting and Decals) | **15 locations**
2010	Hyosung Springwood established | **14 locations**
2009	Kawasaki Moorooka established | **13 locations**
2006	Yamaha and Triumph Blacktown acquired | **12 locations**
2005	Honda Gold Coast, Yamaha Northside acquired | **11 locations**
2003	Yamaha Cairns, Yamaha Gold Coast and Motorcycle Riding School acquired | **9 locations**
2002	Kawasaki Northcoast acquired | **7 locations**
2000	Kawasaki Bowen Hills acquired and KTM added to Virginia | **6 locations**
1998	KTM added to Moorooka | **5 locations**
1996	Triumph Virginia and Springwood established | **5 locations**
1993	Suzuki Virginia acquired | **3 locations**
1992	Honda Springwood acquired | **2 locations**
1989	David Ahmet becomes partner in Yamaha Moorooka | **1 location**

Business Divisional Structure

MotorCycle Holdings' business model is to generate multiple income streams at each dealership and leverage MotorCycle Holdings Group resources and scale to drive profitability.

MotorCycle Holdings has a diverse source of revenue and margin contributors. No individual division contributes to more than 29% of the Company's gross margin.

The various divisions of MotorCycle Holdings business are each described below.

New and Used Motorcycles

The business sources new motorcycles from a variety of manufacturers and distributors and sells these products through company owned dealerships which operate under franchise arrangements with the relevant manufacturers or distributors.

The Company also sources used motorcycles which have been acquired at the dealership from a customer as a trade-in, acquired direct from a private seller or acquired from another dealership.

The approximate split between new and used motorcycle sales is 54% and 46% (by number of motorcycles sold by MotorCycle Holdings in the 12 months to June 2016).

Accessories and Parts

MotorCycle Holdings also generates income from the sale of motorcycle accessories to consumers within the dealerships. These accessories include helmets, boots, gloves, jackets and tyres.

The business also sells parts (typically sourced from the motorcycle manufacturers) at the dealerships.

Finance, Insurance & Warranty

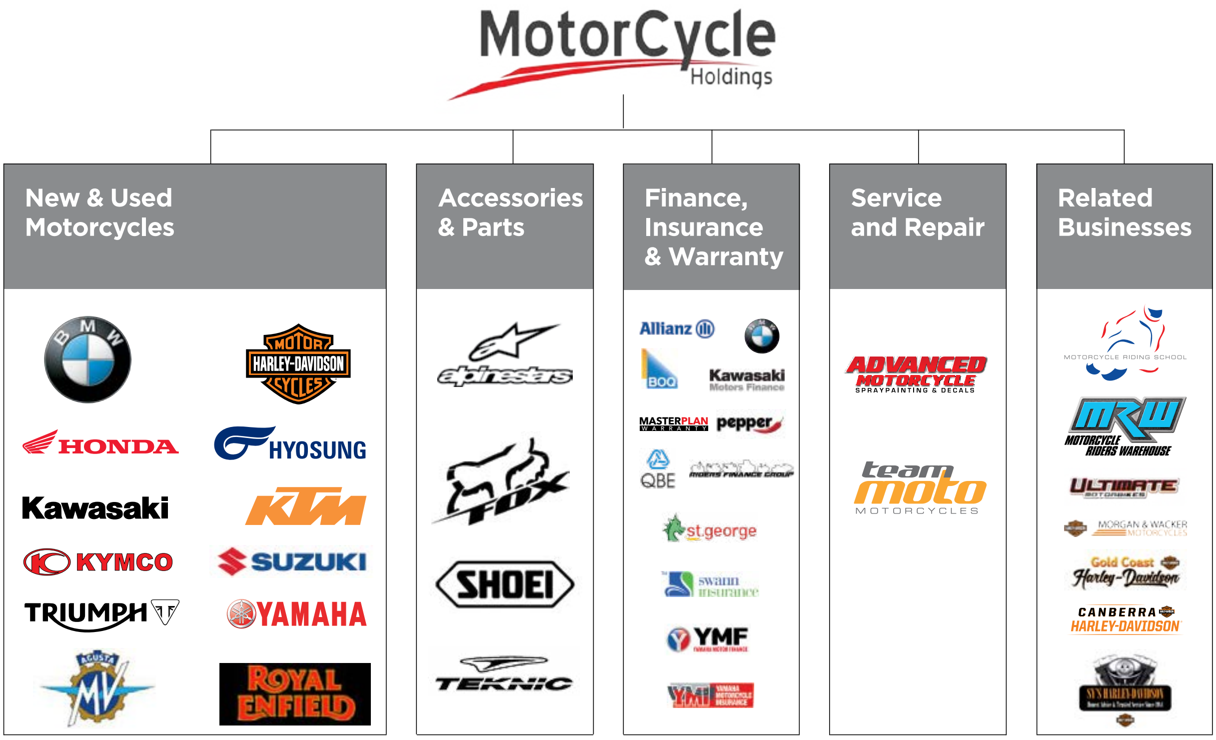
MotorCycle Holdings facilitates the sale of allied finance, insurance and warranty products within dealerships.

Service and Repair

MotorCycle Holdings provides service and repair of motorcycles, and owns a specialist smash repair centre – Advanced Motorcycle Repairs.

Riding School

MotorCycle Holdings owns and operates a motorcycle riding school.



DIRECTORS' REPORT

The Directors present their report together with the financial report of MotorCycle Holdings Limited (the "Company") and its controlled entities (the "Group") for the year ended 30 June 2016 and the auditor's report thereon.

1. Directors

The Directors of the Company at any time during or since the end of the financial year are:

Director	Experience
David Foster  Appointed 8 March 2016 Chairman (from 23 August 2016), Independent Non-Executive Director Chairman Audit and Risk Committee until 1 Sept 2016 Chairman Nomination and Remuneration Committee until 23 August 2016	David has over 25 years' experience in the financial services industry, with experience spanning across management, distribution, technology and marketing in retail banking. David is currently a non-executive director of Genworth Mortgage Insurance Australia Limited, Thorn Group Limited, Kina Securities Limited and G8 Education Limited. David was previously CEO of Suncorp Bank. David has a Masters of Business Administration, a Bachelor of Applied Science, is a Senior Fellow with Financial Services Institute of Australasia and a Graduate of the Australian Institute of Company Directors. Current directorships of other listed entities: Kina Securities Limited (appointed May 2015), G8 Education Limited (appointed January 2016), Genworth Mortgage Insurance Australia Limited (appointed May 2016) and Thorn Group Limited (appointed November 2014) Directorships of listed entities over last 3 years: Nil
David Ahmet  Appointed 30 June 2011 Managing Director and Chief Executive Officer	David is the Founder, Managing Director and Chief Executive Officer of MotorCycle Holdings. David has successfully led the expansion of MotorCycle Holdings since 1989 including its expansion from 1 location to 24 locations operating 34 franchises. David has over 27 years' experience in MotorCycle dealerships and is responsible for leading the management team and direction of the business as well as maintaining relationships with the manufacturers. Current directorships of other listed entities: Nil Directorships of listed entities over last 3 years: Nil

Director	Experience
Scott Greck  Appointed 12 April 2011 Non-Executive Director	Scott has been a managing partner of Archer Growth Funds since 2006 and a director of MotorCycle Holdings since June 2011. Prior to joining Archer Growth Funds, Scott was a Partner with Henderson Global Investors, Singapore. Scott currently also serves on the boards of Laser Clinics Australia, Skinstitut and Homyped. Scott has a Masters of Business (Finance) and a Bachelor of Commerce. Current directorships of other listed entities: Nil Directorships of listed entities over last 3 years: Nil
Warren Bee  Appointed 30 June 2011 Independent, Non-Executive Director Chairman Nomination and Remuneration Committee (from 23 August 2016) Member Audit and Risk Committee	Warren has been a director of MotorCycle Holdings since June 2011 and from 2007 to 2011 chaired the Company's advisory board. Warren also currently serves on the boards of LEP Colour Printers and the Walz Group. Warren has also held chief executive officer and line management roles across a range of industries. Warren is a Fellow of the Institute of Chartered Accountants Australia and a member of the Australian Institute of Company Directors. Current directorships of other listed entities: Nil Directorships of listed entities over last 3 years: Nil

Director	Experience
Rick Dennis  Appointed as Independent Non-Executive Director and Chairman of Audit and Risk Committee on 23 August 2016 with effect from 1 September 2016	Rick joins the Board after a 34-year career with Ernst and Young in Australia and Asia-Pacific. He was Queensland Managing Partner from 2001-07 and again from 2014. Rick established and led EY Australia's China Business Group in 2005 and was CFO and Deputy COO in Asia-Pacific from 2010-13. Rick sat on the firm's inaugural Asia-Pacific executive board and a number of EY global boards and committees. Current Directorships of other listed entities: Omni Market Tide Limited (appointed 22 March 2016). Apiam Animal Health Limited (appointed 5 November 2015). Directorships of listed entities over the last 3 years: Nil

Former Directors	Experience
Robert Thorn Former Chairman and Independent Non-executive Director Appointed 8 March 2016 Retired 22 July 2016	Bob joined the Company prior to the IPO and led the Company to a successful listing in April 2016. Bob retired from the Board on 22 July 2016 driven by a change in his business commitments.
Jose Matosantos Former Non-executive Director Appointed 12 April 2011 Resigned 8 March 2016	Jose Matosantos is employed by Archer Growth Funds and resigned from the Board prior to the IPO. Jose was also instrumental in assisting the Company through the IPO process.

2. Company Secretary – Lisa Dalton, (B. App Sc, M. App Sc. LLB (Hons), FAICD, FCIS)

Lisa Dalton was appointed as Company Secretary on 8 March 2016. Lisa is an experienced governance professional having been company secretary of a number of listed and unlisted companies over the past 16 years.

DIRECTORS' REPORT (continued)

3. Directors' meetings

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Company during the financial year are:

	Board Meetings		Audit Committee Meetings		Nomination and Remuneration Committee Meetings	
Director	Attended	Held	Attended	Held	Attended	Held
David Foster[1]	7	7	1	1	2	2
David Ahmet	12	12	–	–	–	–
Scott Greck	12	12	–	–	–	–
Warren Bee	12	12	1	1	2	2
Bob Thorn[2]	7	7	1	1	2	2
Jose Matosantos[3]	5	6	–	–	–	–

1. Appointed 8 March 2016
2. Appointed 8 March 2016, Retired 22 July 2016
3. Appointed 12 April 2011, Resigned 8 March 2016

4. Principal activities

The Company's registered office and principal place of business is 68 Moss Street, Slacks Creek, Queensland, 4127.

The principal activities of the Group during the year were the ownership and operation of motorcycle dealerships engaging in the sale of new motorcycles, used motorcycles, accessories and parts, finance, insurance and warranty products as well as service and repair.

Other than items outlined in the Operating and Financial review (in Section 5), there were no significant changes in the nature of the activities of the Group during the year.

5. Operating and financial review

In its maiden financial results as a listed company, MotorCycle Holdings has recorded a statutory net profit of $5.57 million for the 12 months to June 2016, up 49% from the 2015 statutory profit of $3.74 million.

The strong result was driven by solid growth in motorcycle sales, which increased by 13% to 13,931 units for the year, exceeding the forecasts included in the prospectus for the IPO of the Company in April 2016 by almost 500 units.

The better than expected sales result was due to a number of factors, including: benign weather conditions in the first three months of the year, which is favourable to motorcycle sales; increased sales focus on higher margin used motorcycle sales across the Company's 24 dealerships; and, in particular, a strong performance by two new outlets in Canberra and Campbelltown acquired in the second half of 2015.

Revenue for the year totaled $209.3 million, which was up 21% from $172.3 million in 2015.

After operating costs of $201.4 million, earnings before tax were $7.85 million, which was up 45% on pre-tax profits for 2015.

Further details of the Company's operating performance are included in the Chairman's and Managing Director's letter on pages 4 to 8.

6. Dividends

No dividends were paid or proposed to be paid by the company during the 2016 financial year. (2015: nil)

There is no Dividend Re-investment plan in operation.

7. Events subsequent to reporting date

Board of Director Changes

On 22 July 2016, the former Chairman, Mr Robert Thorn retired from the Board of the Company as a result of changed business commitments. Mr David Foster was appointed Acting Chairman on that date. On 23 August 2016, the Board appointed:

- David Foster as Chairman;
- Warren Bee as Chairman of the Nomination and Remuneration Committee; and
- Rick Dennis as an Independent, Non-Executive Director and Chairman of the Audit and Risk Committee, to take effect from 1 September 2016.

Intercompany Sales and Revenue Restatement

In the course of preparing its FY16 financial accounts the Company has, with its auditor, identified certain revenue and operating expense items relating to sales between the Company's operating divisions that should have been eliminated in preparing its accounts historically, but were not. The Company has undertaken the necessary eliminations in its FY16 accounts and, in order to allow for a proper prior year comparison, the relevant items for FY15 also have been restated.

The change above has no impact on the Company's operating cash flows, EBITDA, EBIT or NPAT, but does result in a slight improvement to the Company's reported EBITDA margin and EBIT margin. The change effectively reduces both revenue and certain components of operating expenses (relating to cost of goods sold) by a corresponding amount. For FY15 the impact is a reduction in revenue and operating expense of approximately $12.4m and for FY16 the same impact is approximately $15.9m.

Other than the matters noted above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

8. Likely developments

The Group will continue to pursue its policy of increasing profitability and market share in the markets within which it operates during the next financial year.

Further information about likely developments in the operations of the Group are outlined in the Operating and Financial Review in Section 5.

9. Remuneration report – audited

The information provided in this Remuneration Report has been prepared in accordance with section 300A of the Corporations Act 2001 (Cth) and has been audited.

a. Key Management Personnel

The Remuneration Report outlines remuneration for those people considered to be Key Management Personnel (KMP) of the Group during the Reporting Period. KMP are persons having authority and responsibility for planning, directing and controlling the activities of MotorCycle Holdings Limited.

KMP consist of:

- non-executive directors; and
- executive directors and senior executives.

DIRECTORS' REPORT (continued)

The table below summarises details of KMP of the Group for the financial year ended 30 June 2016, their roles and appointment/cessation dates.

Key Management Personnel during the Reporting Period		
Name	**Role**	**Appointment Date | (Cessation Date)**
Current Non-executive Directors		
David Foster	Chairman, Independent Non-executive Director	8 March 2016
Scott Greck	Non-executive Director	12 April 2011
Warren Bee	Independent, Non-executive Director	30 June 2011
Former Non-executive Directors		
Robert Thorn	Former Chairman, Independent Non-executive Director	8 March 2016 | (22 July 2016)
Jose Matosantos	Former Non-executive Director	12 April 2011 | (8 March 2016)
Executive Director and Senior Executives		
David Ahmet	Managing Director	30 June 2011
Bob Donovan	Chief Financial Officer	2 September 2002
Chris Chenoweth	General Manager	15 September 2008

b. Remuneration Governance

The following diagrammatic representation shows the framework the Board has in place to establish and review remuneration for KMP and employees of the Group:

MANAGEMENT

Management provides information relevant to remuneration decisions and makes recommendations to the NRC.

NOMINATION AND REMUNERATION COMMITTEE

NRC is delegated to review and make recommendations to the Board on remuneration policies for non-executive directors, senior executives and all employees including incentive arrangements and awards. The NRC can appoint remuneration consultants and other external advisors to provide independent advice.

BOARD

Approves the overall remuneration framework and policy, ensuring it is fair, transparent and aligned with long term outcomes . Approves incentive arrangements and awards for Executive Director and Senior Executives. Approves remuneration of non-executive directors' within shareholder approved fee cap.

c. Non-Executive Director Remuneration

Policy

A copy of the remuneration policy for non-executive Directors is available on the Company's website. The Board's Non-Executive Director remuneration policy is to:

- Provide a clear fee arrangement that avoids potential conflicts of interest associated with performance incentives,
- Remunerate Directors at market rates for their commitment and responsibilities, and
- Obtain independent external remuneration advice when required.

Non-Executive Directors receive remuneration for undertaking their role. They do not participate in the Company's incentive plans or receive any variable remuneration. Non-Executive Directors are not entitled to retirement payments.

The aggregate Non-Executive Director remuneration cap approved by shareholders prior to listing is $600,000 per annum (inclusive of superannuation contributions). The Board determines the distribution of Non-Executive Director fees within the approved remuneration cap.

Remuneration of Non-Executive Directors

The following table sets out the Annual Board and Committee fees (inclusive of superannuation) as at the date of this Report:

Non-Executive Directors	Board Member	Board Chairman	Audit & Risk Committee	Nomination & Remuneration Committee	Total
David Foster[1]	80,000	95,000	–	–	175,000
Scott Greck[2]	–	–	–	–	
Warren Bee[3]	70,000	–	5,000	10,000	85,000
Rick Dennis[4]	70,000	–	10,000	5,000	85,000
Total	**220,000**	**95,000**	**15,000**	**15,000**	**345,000**

1. David Foster was Acting Chairman from 22 July 2016 to 23 August 2016 and Chairman of both the Audit and Risk Committee (ARC) and Nomination and Remuneration Committee (NRC). From the time Mr Foster was appointed Acting Chairman he has been remunerated as Chairman and has not taken fees for his role as Chairman of both the ARC and NRC.
2. Scott Greck has elected to take no Board Member fees. He is not a member of either the ARC or NRC.
3. Warren Bee was appointed Chairman of the NRC on 23 August 2016.
4. Rick Dennis was appointed to the Board and Chairman of ARC on 1 September 2016.

d. Executive Director and Senior Executive Remuneration

Remuneration policy for Executive Director and Senior Executives

The Board's policy for determining the nature and amount of remuneration for the Executive Director and senior executives is:

- Provide for both fixed and performance based remuneration,
- Provide a remuneration package based on an annual review of employment market conditions, the Group's performance and individual performance, and
- Obtain independent external remuneration advice when required.

Components of remuneration

The remuneration framework for senior executives comprises two elements:

1. Fixed remuneration; and
2. At risk remuneration which consists of either an annual bonus under the Group's short-term incentive plan or commission arrangements documented in contracts of employment.

Remuneration and other terms of employment for the Managing Director, Chief Financial Officer, and General Manager are formalised in agreements which have a provision for bonuses and other benefits which may be granted from time to time by the Board of Directors. Contracts with Executives may be terminated by either party with three or six months notice as detailed on page 25.

David Ahmet, Managing Director

Term or agreement – ongoing, commenced June 2011, with a six month notice period. Base salary, exclusive of superannuation, of $600,000 per annum, to be reviewed annually by the Board.

Bob Donovan, Chief Financial Officer

Term or agreement – ongoing, commenced September 2002, with a three month notice period. Base salary, exclusive of superannuation, of $200,000 per annum, to be reviewed annually by the Board.

Chris Chenoweth, General Manager

Term or agreement – ongoing, commenced September 2008, with a three month notice period. Base salary, exclusive of superannuation, of $150,000 per annum, to be reviewed annually by the Board.

(i) Fixed remuneration

Fixed remuneration is a function of size and complexity of the role, individual responsibilities, experience, skills and market pay levels. This consists of cash salary, salary sacrifice items and employer superannuation at the statutory contribution rate.

The Board determines an appropriate level of fixed remuneration for the Managing Director and senior executives with recommendations from the Nomination and Remuneration Committee.

Fixed remuneration is reviewed annually following performance reviews at the end of the financial year and takes into account role and accountabilities, relevant market benchmarks and attraction, retention and motivation of executives in the context of the talent market.

Upon the recommendation of the Nomination and Remuneration Committee and approval of the Board, the Managing Director and senior executives received remuneration increases to their fixed remuneration from 1 July 2016 following annual performance reviews.

(ii) Performance linked remuneration

Short-term incentives

- Short Term Annual Cash Bonus

  The Managing Director and Chief Financial Officer were eligible to participate in the Group's short-term incentive plan during the Reporting Period

  Under the plan, participants have an opportunity to receive an annual cash bonus calculated as a percentage of their salary (Base pay not including superannuation) and conditional on the achievement of short-term financial and non-financial performance measures at a corporate and individual level. For the year ended 30 June 2016, short-term incentive payments were made based on achievement of pre-determined key performance indicators. Section f of the Remuneration Report sets out an overview of the key performance indicators.

- Commission Incentive

  The General Manager's short term incentive is based on a commission based structure. The commission is set at a percentage of net profit before tax of relevant business units, the achievement of which generates returns for shareholders.

  Payments made under the short-term incentive plan are assessed by the Nomination and Remuneration Committee and approved by the Board. The Board retains an overall discretion on whether to pay all, a portion of, or no annual cash bonus.

e. Cash bonuses included in remuneration

The Board awarded the Managing Director and senior executives a cash bonus for the Reporting Period as follows:

Employed at 30 June 2016	Position	Max potential Bonus % of Salary	Actual Amount of Bonuses included in FY16 remuneration $	% Max Bonus
David Ahmet	Managing Director	20%	101,408	100
Bob Donovan	Chief Financial Officer	20%	37,032	100
Chris Chenoweth	General Manager	Commission	247,214	N/A

f. Company performance and remuneration outcomes

The various components of the way the Group remunerates key management personnel have been structured to support the Group's strategy and business objectives which in turn are designed to generate shareholder wealth. Consideration of a longer term at risk reward in the form of a long term incentive plan will be undertaken in the 2017 financial year.

When setting targets and determining the quantum of the remuneration increases and the proportion of fixed and performance linked remuneration components, the Board refers to remuneration benchmarking reports provided by independent sources and remuneration consultants from time to time.

The at risk component of the remuneration structure intends to reward achievement against Company and individual performance measures over one-year timeframe.

For the 2015 financial year, a financial performance indicator of forecast prospectus EBITDA was the measure of performance for the Managing Director's and Chief Financial Officer's annual bonus.

The Board retains an overarching discretion to award an annual bonus. In exercising that discretion they have regard to the remuneration policy, market conditions, Company performance and affordability.

The table below summarises the Company's performance for FY2016.

Metric	2016	2015
Proforma EBITDA (excluding IPO costs) ($ millions)	12.8	7.8
Proforma net profit after tax (excluding IPO costs) ($ millions)	8.0	4.6
Change in share price[1]	7.6%	–
Earnings per share	18.7 cents	13.5 Cents
KMP Remuneration ($)	1,512,949	1,062,864

MotorCycle Holdings Limited listed on the ASX on 28 April 2016.

1 Stock price on day of first trade (29 April 2016) was $2.50. Closing price as at 30 June 2016 was $2.69

2 Pro forma numbers are detailed in the table in Appendix One on page 71

g. Key Management Personnel Remuneration

Details of the nature and amount of each major element of remuneration of each Director and Senior Executive of the Group for the Reporting Period are:

		Short Term Employee benefits				Post Employment benefits	Long-term benefits				
Name & role	**Year**	**Cash salary & fees $**	**Cash Bonus $**	**Non-cash benefits $**	**Total $**	**Super benefits $**	**Termination benefits $**	**Long service leave $**	**Share based benefits $**	**Total $**	**Proportion of remuneration on performance related %**
Current Non-executive Directors											
David Foster[1] Chairman, Non-Executive Director	2016	26,554	–	–	**26,554**	2,522	–	–	–	**29,076**	–
	2015	–	–	–	**-**	–	–	–	–	**-**	–
Scott Greck[2] Non-executive Director	2016	–	–	–	**-**	–	–	–	–	**-**	–
	2015	–	–	–	**-**	–	–	–	–	**-**	–
Warren Bee Non-executive Director	2016	65,783	–	–	**65,783**	3,043	–	–	–	**68,826**	–
	2015	45,000	–	–	**45,000**	–	–	–	–	**45,000**	–
Total Current Non-executive Directors	**2016**	**92,337**			**92,337**	5,565				**97,902**	**-**
	2015	**45,000**	**-**	**-**	**45,000**	**-**	**-**	**-**	**-**	**45,000**	**-**
Former Non-executive Directors											
Bob Thorn Former Chairman, Non-executive Director[3]	2016	74,531	–	–	**74,531**	4,826	–	–	–	**79,357**	–
	2015	–	–	–	**-**	–	–	–	–	**-**	–
Jose Matosantos[4] Former Non-executive Director	2016	–	–	–	**-**	–	–	–	–	**-**	–
	2015	–	–	–	**-**	–	–	–	–	**-**	–
Total Former Non-executive Directors'	**2016**	**74,531**			**74,531**	**4,826**				**79,357**	**-**
	2015	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total – Non-executive Directors' Remuneration	**2016**	**166,868**	**-**	**-**	**166,868**	**10,391**	**-**	**-**	**-**	**177,259**	
	2015	**45,000**	**-**	**-**	**45,000**	**-**	**-**	**-**	**-**	**45,000**	

Name & role	Year	Short Term Employee benefits Cash salary & fees $	 Cash Bonus $	 Non-cash benefits $	 Total $	Post Employment benefits Super benefits $	Long-term benefits Termination benefits $	 Long service leave $	 Share based benefits $	Total $	Proportion of remuneration on performance related %
Current Executive Director and senior executives											
David Ahmet	2016	485,612	101,408	491	**587,511**	45,254	–	7,939	–	**640,704**	16%
Managing Director	2015	473,789	–	491	**474,280**	48,315	–	8,476	–	**531,071**	0%
Bob Donovan	2016	186,807	37,032	–	**223,839**	18,696	–	2,906	–	**245,441**	15%
Chief Financial Officer	2015	179,890	10,000	–	**189,890**	18,514	–	2,798	–	**211,202**	5%
Chris Chenoweth	2016	157,200	247,214	491	**404,905**	38,020	–	6,620	–	**449,545**	55%
General Manager	2015	150,000	97,467	491	**247,958**	23,509	–	4,124	–	**275,591**	35%
Total – Executive Directors' and senior executives'	**2016**	**829,619**	**385,654**	**982**	**1,216,255**	**101,970**	**-**	**17,465**	**-**	**1,335,690**	**-**
Remuneration	**2015**	**803,679**	**107,467**	**982**	**912,128**	**90,338**	**-**	**15,398**	**-**	**1,017,864**	**-**
Total – KMP Remuneration	**2016**	**996,487**	**385,654**	**982**	**1,383,123**	**112,361**	**-**	**17,465**	**-**	**1,512,949**	–
	2015	**848,679**	**107,467**	**982**	**957,128**	**90,338**	**-**	**15,398**	**-**	**1,062,864**	–

h. Notes to the KMP Remuneration Table

1 Appointed 8 March 2016

2 Managing Partner of Archer Growth Funds. Elected to take no director fees during tenure.

3 Appointed 8 March 2016. Retired 22 July 2016

4 Employed by Archer Growth Funds. Elected to take no director fees during tenure.

DIRECTORS' REPORT (continued)

i. Other Information

(i) Contract duration and termination requirements

The Company has contracts of employment with no fixed tenure requirements with the Managing Director and Senior Executives. The notice period for each is outlined in the table below. Termination with notice may be initiated by either party. The contracts contain customary clauses dealing with immediate termination for gross misconduct, confidentiality and post employment restraint of trade provisions.

Name	Position	Notice Period
Executive Director		
David Ahmet	Managing Director	6 months
Senior Executives		
Bob Donovan	Chief Financial Officer	3 months
Chris Chenoweth	General Manager	3 months

(ii) Other transactions with Key Management Personnel

Members of the Group have entered into property leases for business premises with David Ahmet and entities associated with David Ahmet. The leases have been entered into on an arm's length basis and have conditions consistent with leases in the respective areas. A summary of the leases is set out on page 62.

(iii) Shareholdings of Key Management Personnel

The movement during the year in the number of ordinary shares in MotorCycle Holdings Limited held, directly, indirectly or beneficially, by each member of the Key Management Personnel, including their related parties, is as follows:

	Shareholdings of KMP			
Name	Opening Balance 1 July 2015[1]	Shares acquired during the year[2]	Shares disposed of during the year[4]	Closing Balance 30 June 2016
Non-executive Directors				
David Foster	–	12,500	–	12,500
Scott Greck[3]	16,966,501		13,064,208	3,902,293
Warren Bee	–	25,000	–	25,000
Executive Directors and senior executives				
David Ahmet[5]	8,356,635	–	–	8,356,635
Bob Donovan[6]	499,053	50,000	–	549,053
Chris Chenoweth[7]	499,053	75,000	–	574,053
Former Directors				
Bob Thorn	–	150,000	–	150,000
Jose Matosantos	–	n/a	n/a	n/a

1. 11,174,868, shares converted to 27,884,231 shares on 23 March 2016, held in the same respective proportions by members after the share split as before the share split. Shares described in opening balance represent the number of shares assuming the share split had taken place.
2. Shares acquired through IPO.
3. Shares owned by Archer Capital VCLP Growth Fund. Scott Greck is Managing Partner of the Growth Fund and subject to escrow until 23 March 2017.

4. Shares sold into the IPO.
5. 581,596 Shares owned directly by David Ahmet and 7,775,039 shares owned by Kenlake Pty Ltd, a company controlled by David Ahmet. 8,356,035 shares subject to escrow until 23 March 2018.
6. 499,053 shares subject to escrow until 23 March 2018.
7. 499,053 shares subject to escrow until 23 March 2018.

Remuneration consultants

The Board did not retain remuneration consultants during the Reporting Period.

Employee Share Plans

There were no employee share plans in place during the Reporting Period.

10. Environmental regulation

The Group is subject to various environmental regulations under both Commonwealth and State legislation.

The Directors believe that the Group has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Group during the period covered by this report.

11. Indemnification and insurance of officers and auditors

The Company has indemnified the Directors and Executives 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 insurance premiums 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 insurance contract prohibits disclosure of the nature of liability and the amount of the premium.

During or since the end of the financial year the company has not indemnified or made a relevant agreement to indemnify an auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor. In addition, the company has not paid, or agreed to pay, a premium in respect of a contract insuring against a liability incurred by an auditor

12. 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.

13. Non-audit services

A copy of the auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is attached and forms part of this report.

The Company may decide to employ its auditor on assignments additional to their statutory audit duties where the auditor's expertise or experience with the Group is important.

Details of the amounts paid or payable to the auditor for audit and non-audit services provided to the Group during the year are set out in note 26 to the consolidated financial report.

In accordance with advice received from the Audit and Risk Committee, the Directors are satisfied that the provision of the non-audit services was compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 and did not compromise the auditor independence requirements of the Act.

14. Auditor's independence declaration

Auditor's independence declaration is set out on page 31 of the annual report.

15. Rounding of Amounts to Nearest Thousand Dollars

The Company is of a kind referred to in ASIC Corporation Instrument 2016/191, relating to the 'rounding off' of amounts in the Directors' report. Amounts in the Directors' report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

This Directors' report is made with a resolution of the directors:

David Foster

Chairman

Dated at Brisbane, this 13th day of September 2016.

David Ahmet

Managing Director

Dated at Brisbane, this 13th day of September 2016.

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

Deloitte.

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

Riverside Centre
Level 25
123 Eagle Street
Brisbane QLD 4000
GPO Box 1463
Brisbane QLD 4001
Australia

Tel: +61 (0) 7 3308 7000
Fax: +61 (0) 7 3308 7001
www.deloitte.com.au

The Directors
MotorCycle Holdings Limited
68 Moss Street,
SLACKS CREEK QLD 4127

13 September 2016

Dear Directors

MotorCycle Holdings 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 MotorCycle Holdings Limited.

As lead audit partner for the audit of the financial statements MotorCycle Holdings Limited for the financial year ended 30 June 2016, 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

Rowan Smith
Partner
Chartered Accountants

FINANCIAL REPORT

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“MOTORCYCLE HOLDINGS IS AUSTRALIA’S LARGEST MOTORCYCLE DEALERSHIP OPERATOR WITH 34 FRANCHISES OPERATED FROM 24 LOCATIONS IN QUEENSLAND, NEW SOUTH WALES AND THE AUSTRALIAN CAPITAL TERRITORY.”

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 $'000	2015 $'000*
Revenue	3	**191,493**	158,577
Other revenue	4	**17,796**	13,765
Changes in inventories of finished goods and work in progress		**2,210**	2,460
Raw materials and consumables used		**152,598**	124,891
Employee benefits expense		**29,598**	24,170
Finance costs	5	**2,232**	2,926
Depreciation and amortisation expense	5	**823**	722
Other expenses	5	**13,981**	11,750
Profit before tax		**7,847**	5,423
Income tax expense	6	**2,276**	1,686
Profit for the year		**5,571**	3,737
Other comprehensive income		**-**	-
Total comprehensive income for the year		**5,571**	3,737

* Please refer to Note 32 'Intercompany sales and revenue restatement'

Earnings per share:	Notes	Cents	Cents
Basic earnings per share	30	**18.7**	13.5
Diluted earnings per share	30	**18.7**	13.5

The above 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 2016

	Notes	2016 $'000	2015 $'000
Current assets			
Cash and cash equivalents	7	**4,226**	1,930
Trade and other receivables	8	**1,541**	2,324
Inventories	9	**37,036**	34,826
Current tax receivable		**-**	5
Other		**4**	3
Total current assets		**42,807**	39,088
Non-current assets			
Property, plant and equipment	10	**7,004**	7,266
Deferred tax assets	17	**2,562**	1,906
Goodwill	11	**25,904**	25,904
Other		**56**	57
Total non-current assets		**35,526**	35,133
Total assets		**78,333**	74,221
Current liabilities			
Trade and other payables	12	**6,740**	15,823
Short term borrowings	13	**19,243**	18,000
Current tax liabilities	14	**784**	-
Provisions	15	**3,644**	3,169
Total current liabilities		**30,411**	36,992
Non-current liabilities			
Borrowings	16	**11,000**	10,357
Redeemable preference shares	22	**-**	13,941
Deferred tax liabilities	17	**1,168**	1,114
Provisions	18	**559**	631
Total non-current liabilities		**12,727**	26,043
Total liabilities		**43,138**	63,035
Net assets		**35,195**	11,186
EQUITY			
Contributed equity	20	**29,635**	11,198
Retained earnings	21	**5,560**	(11)
Total equity		**35,195**	11,186

The above 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 2016

	Notes	Issued capital $'000	Retained earnings $'000	Total $'000
Balance at 1 July 2014		11,148	(3,748)	**7,400**
Profit for the year	21	–	3,737	**3,737**
Other comprehensive income		–	–	**-**
Total comprehensive income for the year		–	3,737	**3,737**
Transactions with owners in their capacity as owners:				
Issue of shares		50	–	**50**
Sub total		50	–	**50**
Balance at 30 June 2015	20	11,198	(11)	**11,187**
Profit for the year	21	–	5,571	**5,571**
Other comprehensive income		–	–	**-**
Total comprehensive income for the year		–	5,571	**5,571**
Transactions with owners in their capacity as owners:				
Issue of shares	20	20,132	–	**20,132**
IPO costs capitalised (net of tax)	20	(1,695)	–	**(1,695)**
Sub total		18,437	–	**18,437**
Balance at 30 June 2016	20	29,635	5,560	**35,195**

The above 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 2016

	Notes	Consolidated 2016 $'000	Consolidated 2015 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**230,989**	202,897
Payments to suppliers and employees (inclusive of GST)		**(218,402)**	(194,127)
Interest and other costs of finance paid		**(2,232)**	(4,425)
Income taxes paid		**(2,086)**	(2,343)
Interest received		**10**	23
Net cash (used)/provided by operating activities	31	**8,279**	2,025
Cash flows from investing activities			
Payment for acquisition of businesses	23(a)	**-**	(3,737)
Payments for property, plant and equipment	10	**(604)**	(1,431)
Proceeds from sale of property, plant and equipment		**43**	19
Net cash used in investing activities		**(561)**	(5,149)
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities		**20,132**	50
Costs of issue of ordinary shares		**(1,695)**	-
IPO Costs (inclusive of GST) not capitalised		**(2,444)**	-
Repayment of shareholder loans		**(8,117)**	-
Proceeds from borrowings		**643**	2,900
Repayment of Redeemable Preference Shares		**(13,941)**	-
Net cash (used)/provided by financing activities		**(5,422)**	2,950
Net increase/(decrease) in cash and cash equivalents		**2,296**	(174)
Cash and cash equivalents at the beginning of the financial year		**1,930**	2,104
Cash and cash equivalents at the end of the financial year	7	**4,226**	1,930

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

NOTES TO THE **CONSOLIDATED FINANCIAL STATEMENTS**

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) General information and basis of preparation

The financial report covers the Group (consolidated entity) of MotorCycle Holdings Limited and its subsidiaries (consolidated financial statements). MotorCycle Holdings Limited is a publicly listed company incorporated and domiciled in Australia. The addresses of its registered office and principal place of business are as follows:

Registered office	**Principal place of business**
68 Moss St	68 Moss St
Slacks Creek, Qld 4127	Slacks Creek, Qld 4127

The principal activities of MotorCycle Holdings' core business consists of the ownership and operation of motorcycle dealerships engaging in the sale of new motorcycles, used motorcycles, accessories and parts, finance, insurance and warranty products as well as service and repair. MotorCycle Holdings also owns and operates a rider training school and a motorcycle repair business which performs smash repair work for insurers.

(i) Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law.

First-time adoption of Australian International Financial Reporting Standards disclosure requirements

The financial report of MotorCycle Holdings Limited has transitioned from being a special purpose financial report in 2015 to a general purpose financial report in 2016. As part of this transition, the company is required to change its accounting policies to comply with Australian equivalents to International Financial Reporting Standards (A-IFRS) with effect from 1 July 2013. This transition is accounted for in accordance with Accounting Standard AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards. As the company has applied the recognition and measurement requirements of A-IFRS since 1 July 2013, the transition to A-IFRS has not affected any amounts reported in the current or prior years, however it has resulted in additional disclosures being presented in the financial statements. On this basis, the directors have elected not to present a detailed explanation on the transition to A-IFRS.

The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity. Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the company and the Group comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the directors on 13/9/2016.

(ii) Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. All amounts are presented in Australian dollars, unless otherwise noted.

Fair Value is 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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for

NOTES TO THE **CONSOLIDATED FINANCIAL STATEMENTS** (continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

share based payment transactions that are within the scope of AASB 2, leasing transactions that are within the scope of AASB 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 102 or value in use in AASB 136.

(iii) Accounting Policies

The following is a summary of the material accounting policies adopted in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of MotorCycle Holdings Limited (The Company) and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

(c) Operating segments

Operating segments are identified based on internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and assess its performance.

The Group has one operating segment being Motorcycle Retailing.

(d) Revenue

Revenue is recognised at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other such allowances.

(i) Sales of goods

Revenue from the sales of bikes and parts is recognised when the buyer has accepted the risks and rewards of ownership, generally by taking delivery of the goods.

(ii) Service revenue

Service work on customers' bikes is carried out under instructions from the customer. Service revenue is recognised once the requested work has been completed. Revenue arising from the sale of parts fitted to customers' bikes during service is recognised upon completion of the service.

(iii) Interest revenue

Interest revenue is recognised on a time proportional basis, taking into account the effective interest rates applicable to the financial assets.

(iv) Commission revenue

Commissions are recognised in the period in which the related sale of goods or rendering of service is recognised.

(e) Finance costs

Borrowing costs are recognised as expenses in the period in which they are incurred. Borrowing costs include:

- Interest on bank overdrafts, short and long-term borrowings
- Interest on bike bailment arrangements
- Interest on Redeemable Preference Shares
- Amortisation of ancillary costs incurred in connection with the arrangement of borrowings

(f) Taxes

(i) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the notional income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

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.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(ii) Goods and services tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or is part of the expense item as applicable; and
- Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from or payable to the taxation authority, are classified as operating cash flows.

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

(g) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight line basis over the period of the lease.

(h) Business combinations

The acquisition method of accounting is used for all business combinations regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange. Acquisition related costs are recognised in

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

profit or loss as incurred. Where equity instruments are issued in an acquisition, the value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill (refer to Note 12). If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in profit or loss but only after an assessment of the identification and measurement of the net assets acquired.

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

If the initial accounting for a business acquisition is incomplete by the end of the reporting period in which the combination occurs, the consolidated entity reports provisional amounts for the items for which accounting is incomplete. The provisional amounts are adjusted during the measurement period (no longer than 12 months from the initial acquisition) on a retrospective basis by restating the comparative information presented in the financial statements.

(i) Impairment of long lived assets (excluding goodwill)

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation 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. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units "CGU") and these cash flows are discounted using the estimated weighted average cost of capital of the asset/CGU. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment losses been recognised for the asset (cash-generating unit) in prior years.

A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case, the reversal of the impairment loss is treated as a revaluation increase.

(j) Cash and cash equivalents

Cash and cash equivalents include 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, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

(k) Receivables

(i) Trade receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

(l) Inventories

Stock on hand has been valued as follows:

New motorcycles are stated at the lower of cost and net realisable value. Demonstrator vehicles are stated at the lower of cost and net realisable value. Costs are assigned on the basis of specific identification.

Used motorcycles are stated at the lower of cost and net realisable value on a unit by unit basis. Net realisable value has been determined by reference to the likely net realisable value given the age of the motorcycle at year end. Costs are assigned on the basis of specific identification.

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.

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

(m) Investments and other financial assets

Investments are recognised and derecognised on settlement date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Subsequent to initial recognition, investments in associates are accounted for under the equity method in the consolidated financial statements.

The Group classifies its other financial assets in the following categories: (i) available-for-sale financial assets and (ii) loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

(i) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance date which are classified as non-current assets. Loans and receivables are included in receivables in the Statement of Financial Position (Note 8).

Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

(n) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives and available-for-sale securities) is based on quoted market prices at the balance date. The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is determined based on market expectations of future interest rates.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(o) Property, plant and equipment

(i) Plant and equipment

Plant and equipment is measured initially at cost. Costs include all directly attributable expenditure incurred including costs to get the asset ready for its use as intended by management. Costs included an estimate of any expenditure expected to be incurred at the end of the asset's useful life, including restoration,

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

rehabilitation and decommissioning costs (make good costs).

The following useful lives are used in the calculation of depreciation:

Buildings	30 – 32 years
Plant and equipment	3 – 15 years
Furniture and fittings	3 – 15 years
Motor vehicles	4 – 8 years

The carrying amount of plant and equipment is reviewed annually by directors for indications of impairment. If any such indications exist, an impairment test is carried out, and any impairment losses on the assets recognised.

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 the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

(ii) Depreciation

The depreciable amount of all fixed assets is depreciated on either a straight line or diminishing value basis over their useful lives (commencing from the time the asset is ready for use). Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. Land is not depreciated.

The depreciable amount is the carrying value of the asset less estimated residual amounts. The residual amount is based on what a similar asset of the expected condition of the asset at the end of its useful life could be sold for.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

(p) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary, associate or business at the date of acquisition. Goodwill on acquisition of subsidiaries and businesses is included in intangible assets. Goodwill on acquisition of associates is included in investment in associates. Goodwill acquired in business combinations is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. An impairment loss for goodwill is recognised immediately in profit or loss and is not reversed in a subsequent period. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing (refer Note 11).

(q) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and recognised initially at the fair value of what is expected to be paid, and subsequently at amortised cost, using the effective interest rate method.

(r) Borrowings

Borrowings are initially recognised at fair value net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

(s) New motor bike stock and related bailment

Motor bikes secured under bailment plans are provided to the Group under bailment agreements between the floor plan loan providers and entities within the Group. The Group obtains title to the bikes immediately prior to sale. Motor bikes financed under bailment plans held by the Group are recognised as trading stock with the corresponding liability shown as owing to the finance provider.

(t) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that 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 taking into account the risks and uncertainties surrounding the obligation.

(i) Provision for Warranties

Provision is made in respect of the Group's estimated liability on all products and services under warranty at balance sheet date. The provision is measured as the present value of future cash flows estimated to be required to settle the warranty obligation. The future cash flows have been estimated by reference to the Group's history of warranty claims.

(u) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave, when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long-term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

Contributions are made by the Group to defined contribution employee superannuation funds and are charged as expenses when incurred.

(v) Dividends

Provision is made for the amount of any dividend declared on or before the end of the year but not distributed at balance date.

(w) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

(ii) Diluted earnings per share

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- Costs of servicing equity (other than dividends)
- The after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses
- Other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares, divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(x) Rounding of amounts

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

(y) Amendments to AASBs and the new Interpretations that are mandatorily effective for the current year

In the current year, the Group has applied all the amendments to AASBs issued by the Australian Accounting Standards Board ("AASB") that are mandatorily effective for an accounting period that begins on or after 1 July 2015, and therefore relevant for the current year end.

The application of these amendments does not have any material impact on the disclosures or the amounts recognised in the Group's consolidated financial statements.

(z) Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations that were issued but not yet effective are listed below.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018	30 June 2019
AASB 15 'Revenue from Contracts with Customers', AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15', AASB 2015-8 'Amendments to Australian Accounting Standards – Effective date of AASB 15'	1 January 2018	30 June 2019
AASB 16 'Leases'	1 January 2019	30 June 2020
AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016	30 June 2017
AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'	1 January 2016	30 June 2017
AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'	1 January 2016	30 June 2017
AASB 2016-1 'Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses'	1 January 2017	30 June 2018
AASB 2016-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107'	1 January 2017	30 June 2018

2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

(a) Critical accounting estimates, assumptions, judgements, and key sources of estimation uncertainty

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

The Group makes estimates, assumptions and judgements concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below:

(i) Estimated impairment of goodwill and other intangibles with indefinite useful lives

Goodwill and other intangibles with indefinite useful lives with a carrying value of $25.9m (2015: $25.9m) are tested annually for impairment, based on estimates made by directors. The recoverable amount of the intangibles is based on the greater of 'Value in use' or 'Fair value less costs to dispose'. Value in use is assessed by the directors through a discounted cash flow analysis which includes significant estimates and assumptions related to growth rates, margins, working capital requirements and cost of capital. Fair value less costs to dispose is assessed by the directors based on their knowledge of the industry and recent market transactions. Further information on the intangibles impairment test can be found in Note 11. For the purpose of impairment testing conducted for the current year ending 30 June 2016 the recoverable amount has been based on value in use.

(ii) Provisions for warranties

A provision for warranties of $0.6m (2015: $0.5m) has been recognised for extended warranties provided for the Group's retail new and used bike sales. This provision has been estimated based on past experience and confirmation of future costs by the administrators of the warranty programmes. Further information on the provision for warranties can be found in Note 15.

(iii) IPO costs allocation

A total of $4.1 million in transaction costs were incurred in relation to the Initial Public Offering. Of these costs $1.7m were assessed as incremental costs directly attributable to the equity transaction that otherwise would have been avoided. These costs were accounted for as a deduction from equity. The remaining $2.4 million was recognised as an expense in profit or loss. Certain costs were jointly incurred in connection with the issuance of shares and the sale of existing shares. These costs were allocated to those transactions using a rational and consistent basis.

3 REVENUE

	2016 $'000	2015 $'000
Sales revenue		
New bikes	**89,627**	69,014
Used bikes	**59,236**	53,197
Parts	**32,186**	27,481
Service	**9,585**	8,076
Other	**859**	809
Net cash (used)/provided by operating activities	**191,493**	158,577

4 OTHER REVENUE

	2016 $'000	2015 $'000
Other revenue		
Interest	**10**	23
Commissions	**12,028**	10,341
Other	**5,758**	3,401
Total	**17,796**	13,765

Gains on disposal of other assets	**(27)**	(3)
Total	**(27)**	(3)

5 EXPENSES

(a) Profit before income tax includes the following specific expenses:

	2016 $'000	2015 $'000
Depreciation		
Plant and equipment	**228**	206
Motor vehicles	**99**	96
Fixtures, Furniture and Fittings	**62**	56
Low value pool	**109**	102
Total depreciation	**498**	460
Amortisation		
Leasehold improvements	**325**	262
Total amortisation	**325**	262
Total depreciation and amortisation	**823**	722

5. EXPENSES (continued)

	2016 $'000	2015 $'000
Finance costs		
Vehicle bailment	**447**	528
Interest expense	**435**	463
Redeemable preference shares interest	**1,350**	1,935
Total finance expense	**2,232**	2,926
Rental expense relating to operating leases	**4,126**	3,614
Professional fees	**2,636**	473
Motor vehicle expenses	**902**	967
Advertising	**936**	768
Electricity and water	**600**	544
Bank fees	**563**	442
Insurance	**520**	305
Miscellaneous expenses	**3,698**	4,637
Total other expense	**13,981**	11,750

6 INCOME TAX

(a) Income tax expenses

	2016 $'000	2015 $'000
Current income tax expense	**2,736**	1,838
Adjustment for current tax of prior years	**(95)**	–
Deferred income tax benefit	**(365)**	(152)
Total	**2,276**	1,686
Deferred income tax expense/(benefit) included in income tax expense comprises:		
Decrease in deferred tax liabilities (Note 17)	**(365)**	(152)

(b) Numerical reconciliation of income tax expense to prima facie tax payable

	2016 $'000	2015 $'000
Profit before income tax expense	**7,847**	5,423
Tax at the Australian tax rate of 30.0% (2015 – 30.0%)	**2,354**	1,627
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non allowable expenses	**17**	106
Under/(over) provision in prior year	**(95)**	–
Recognised deferred tax asset/liabilities	**–**	(47)
Income tax expense	**2,276**	1,686

(c) Amounts recognised directly in equity

Aggregate deferred tax arising in the reporting period and directly debited to other comprehensive income	**142**	–

The tax rate used in the above reconciliations is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

7 CASH AND CASH EQUIVALENTS

	2016 $'000	2015 $'000
Current assets		
Cash at bank and on hand	**3,498**	1,915
Short term deposits	**728**	15
Total cash and cash equivalents	**4,226**	1,930

8 CURRENT ASSETS – Trade and other receivables

	2016 $'000	2015 $'000
(a) Trade and other receivables	**1,638**	2,421
Provision for doubtful receivables	**(97)**	(97)
Total trade and other receivables	**1,541**	2,324

(i) The ageing of trade receivables at 30 June 2016 is detailed below:

	2016		2015	
	Gross $'000	Provision $'000	Gross $'000	Provision $'000
Not past due	**906**	**-**	1,066	-
Past due 0-30 days	**154**	**-**	453	-
Past due 31 days plus	**115**	**(97)**	184	(97)
Total	**1,175**	**(97)**	1,703	(97)

The maximum credit period on trade sales is 30 days. No interest is charged on the trade receivables from the date of invoice or when past due. The Group has provided fully for all receivables identified by management as being specifically doubtful. The Group's provision policy is based on an assessment of changes in credit quality and historical experience.

Included in the Group's trade receivables balance are debtors with a carrying amount of $269,094 (2015: $637,437), which are past due at the reporting date, of this balance the Group has provided $97,000 for these balances. The Group does not hold any collateral over these balances.

9 CURRENT ASSETS – Inventories

	2016 $'000	2015 $'000
New motorcycles – at cost	**19,861**	19,065
Less: Write-down to net realisable value	**(142)**	(159)
Sub total new motorcycles	**19,719**	18,906
Used motorcycles – at cost	**8,775**	8,087
Less: Write-down to net realisable value	**(136)**	(109)
Sub total used motorcycles	**8,639**	7,978
Parts, accessories, and other consumables – at cost	**10,994**	9,934
Less: Write-down to net realisable value	**(2,316)**	(1,992)
Sub total other inventories	**8,678**	7,942
Total inventories	**37,036**	34,826

10 PROPERTY, PLANT AND EQUIPMENT

	2016 $'000	2015 $'000
Leasehold improvements		
Gross value	**6,413**	6,227
Accumulated depreciation	**(1,439)**	(1,110)
Total leasehold improvements	**4,974**	5,117
Motor Vehicles		
Gross value	**1,020**	954
Accumulated depreciation	**(646)**	(578)
Total motor vehicles	**374**	376
Plant and equipment		
Gross value	**3,161**	2,944
Accumulated depreciation	**(2,220)**	(1,992)
Total plant and equipment	**941**	952
Furniture, Fixtures and Fittings		
Gross value	**923**	916
Accumulated depreciation	**(469)**	(410)
Total furniture, fixtures and fittings	**454**	506
Low value pool assets		
Gross value	**931**	877
Accumulated depreciation	**(670)**	(562)
Total low value pool assets	**261**	315
Total property, plant and equipment	**7,004**	7,266

Reconciliations

Reconciliation of the carrying amounts of each class of property, plant and equipment at the beginning and end of the year is set out below:

Consolidated 2016	Leasehold improvements $'000	Motor Vehicles $'000	Plant and equipment $'000	Furniture, Fixture & Fittings $'000	Low value pool assets $'000	Total $'000
Carrying amount at the start of the year	5,117	376	952	506	315	**7,266**
Additions	186	129	217	8	60	**600**
Disposals/transfers	-	(38)	-	-	(1)	**(39)**
Depreciation expense	(325)	(99)	(228)	(63)	(108)	**(823)**
Carrying amount at end of year	4,978	368	941	451	266	**7,004**
Consolidated 2015						
Carrying amount at the start of the year	3,942	384	966	508	267	**6,067**
Additions	1,437	108	192	54	150	**1,941**
Disposals/transfers	-	(20)	-	-	-	**(20)**
Depreciation expense	(262)	(96)	(206)	(56)	(102)	**(722)**
Carrying amount at end of year	5,117	376	952	506	315	**7,266**

11 GOODWILL

		2016 $'000	2015 $'000
Goodwill		**25,904**	25,904
Total goodwill		**25,904**	25,904
Movement – Goodwill			
Balance at the beginning of the financial year	23a	**25,904**	22,838
Additional amounts recognised:			
– from business combinations during the year		**-**	3,066
Balance at the end of the financial year		**25,904**	25,904

(a) Impairment tests for goodwill

For the purpose of impairment testing, goodwill and other intangible assets with indefinite useful lives are allocated to each of the consolidated entity's cash generating units (CGU), or groups of CGU's, that are expected to benefit from the synergies of the combinations. Each unit or groups of units to which goodwill and other indefinite life intangible assets is allocated represents the lowest level at which assets are monitored for internal management purposes and is not larger than an identified operating segment.

The recoverable amount of a CGU or group of CGU's to which goodwill and other indefinite life intangible assets is allocated is determined based on the greater of its value in use and its fair value less costs to sell.

For the purpose of impairment testing conducted for the current year ending 30 June 2016 the recoverable amount has been based on value in use. The value in use assessment is conducted using a discounted cash flow (DCF) methodology requiring the directors to estimate the future cash flows expected to arise from the cash generating units and then applying a discount rate to calculate the present value.

The DCF model adopted by directors was based on 2017 financial budgets approved by the Board, a 1.5% (2015: 1.5%) perpetual growth rate and a pre-tax discount rate of 12.5% (2015: 9.2%). This growth rate does not exceed the long term average growth rate for the industry.

(b) Impairment charge

The Directors' assessment in 2016 determined that goodwill and other intangible assets with indefinite useful lives was not impaired.

12 CURRENT LIABILITIES – Payables

	2016 $'000	2015 $'000
Trade and other payables		
Trade payables[1]	**4,366**	4,695
Other payables	**2,374**	11,128
Total trade and other payables	**6,740**	15,823

(1) The average credit period on purchases of goods is 30 days. No interest is charged on trade payables from the date of invoice. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

13 SHORT TERM BORROWINGS

	2016 $'000	2015 $'000
Bailment finance[i]	**19,243**	18,000
Total bailment finance	**19,243**	18,000

(i) *Bailment finance*

Bailment finance is provided on a bike by bike basis by various finance providers, the interest rate ranges from 5 -12% p.a. applicable at 30 June 2016 (2015: 5-12%). Bailment finance is immediately repayable after the bike is sold to a third party, payment is generally made within 48 hours.

14 CURRENT LIABILITIES – Current tax liabilities

	2016 $'000	2015 $'000
Income tax	**784**	–

15 CURRENT LIABILITIES – Provisions

	2016 $'000	2015 $'000
Employee benefits	**2,953**	2,615
Warranties	**563**	457
Lease smoothing	**128**	97
	3,644	3,169

(a) Movement in Warranty provision

Movements in each major class of provision during the financial year, other than employee benefits, are set out below:

Consolidated 2016	Warranties $'000
Carrying amount at the start of the year	**457**
Additional provisions recognised	**361**
Payments charged against provisions	**(255)**
Carrying amount at end of year	**563**

(b) Warranty Provision

An estimate is made based on past experience, and confirmation of future costs by the administrator of the warranty program, of the expected expenditure on new and used motor bikes in terms of warranties on these bikes.

16 NON-CURRENT LIABILITIES – Borrowings

	2016 $'000	2015 $'000
Bank loan(i)	**11,000**	10,357
SECURED LIABILITIES		
Total secured liabilities (current and non-current) are:		
Bank loan(i)	**11,000**	10,357
Bailment finance (Note 13(ii))	**19,243**	18,000
Total secured liabilities	**30,243**	28,357

(i) Interest bearing loans from the Commonwealth Bank of Australia is secured on a fixed and floating charge over the present and future interest of all assets and undertakings of the controlled entities of the company only.

(ii) Motor bike bailment finance reflects a liability payable to the consolidated entity's bailment financiers. This liability is represented by and secured by a charge over the vehicles subject to the bailment agreements and various levels of security and indemnities.

FINANCING ARRANGEMENTS

The consolidated entity has access to the following lines of credit at balance date:

	2016 $'000	2015 $'000
Total facilities		
Cash Advance Facility(i)	**16,060**	10,357
Multi Option Facility(ii)	**5,845**	5,770
Bailment finance(iii)	**32,875**	33,689
Total facilities	**54,780**	49,816
Used at balance date		
Cash Advance Facility(i)	**11,000**	10,357
Multi Option Facility(ii)	**2,004**	3,723
Bailment finance(iii)	**19,243**	18,000
Total used facilities	**32,247**	32,080
Unused at balance date		
Cash Advance Facility(i)	**5,060**	-
Multi Option Facility(ii)	**3,841**	2,047
Bailment finance(iii)	**13,632**	15,689
Total unused facilities	**22,533**	17,736

(i) Facility at balance date was provided on a non-amortisable (interest only) basis subject to compliance with specific covenants for a fixed term.

(ii) Facility is available to the purpose of:

(a) refinancing existing debt and paying any associated finance costs;

(b) funding capital expenditure and permitted acquisitions; and

(c) funding general corporate and working capital purposes.

16. NON-CURRENT LIABILITIES – Borrowings (continued)

The facility may also be utilised to obtain letters of credit and bank guarantees. At balance date, the portion of the facility used relates solely to bank guarantees used to secure operating leases, bailment facilities and trade credit accounts.

(iii) Bailment facilities are used to finance the acquisition of new bike trading stock. These facilities include a combination of fixed term and open ended arrangements and are subject to review periods ranging from quarterly to annual. These facilities generally include short term termination notice periods and are disclosed as current liabilities in the Statement of Financial Position.

17 DEFERRED TAX ASSETS AND LIABILITIES

	2016 $'000	2015 $'000
Deferred tax assets	**2,562**	1,906
Deferred tax liabilities	**(1,168)**	(1,114)
Total deferred tax assets & liabilities	**1,394**	792
The balance comprises temporary differences attributable to:		
Amounts recognised in profit or loss		
Book versus tax carrying value of plant and equipment	**139**	–
Inventory valuation	**581**	488
IPO costs capitalised for tax purposes	**490**	–
Provisions		
– Doubtful debts	**29**	29
– Employee benefits	**995**	869
– Warranties	**199**	182
– Inventory write downs	**(1,026)**	(925)
Sundry items	**128**	149
Sub total	**1,536**	792
Amounts recognised directly in equity		
IPO costs capitalised against equity raised	**(142)**	–
Sub-total other	**(142)**	–
Net deferred tax liabilities	**1,394**	792
The deferred tax expense included in income tax expense in respect of the above temporary differences resulted from the following movements:		
Opening balance at 1 July	**792**	640
Charged/(credited) to profit and loss	**365**	152
Deferred tax recognised directly in equity	**(142)**	–
Under / (over) provision in prior year	**95**	–
Closing balance at 30 June	**1,394**	792

18 NON-CURRENT LIABILITIES – Provisions

	2016 $'000	2015 $'000
Employee benefits – long service leave	**363**	1,179
Lease smoothing	**94**	350
	457	1,529

19 SEGMENT INFORMATION

Segments are identified on the basis of internal reports about components of the consolidated entity that are regularly reviewed by the chief operating decision maker, being the board of directors, in order to allocate resources to the segment and to assess its performance.

The consolidated entity operates in one operating and reporting segment being Motorcycle Retailing, identified on the basis of how the consolidated entity is regularly reviewed by the chief decision maker for the purpose of resource allocation and assessment of segment performance. Information regarding the consolidated entity's reporting segment is presented below.

(a) Motorcycle Retailing

Within the Motorcycle Retail segment, the consolidated entity offers a range of motorcycle products and services, including the sale, repair, maintenance and service of new, demo and used motorcycles and related spare parts and accessories. New motorcycles, parts and maintenance services are predominantly supplied in accordance with franchise agreements with manufacturers.

This segment also includes a rider training school, motorcycle rental and motorcycle repair business which performs smash repair work for insurers.

The Group operates in one principal geographic location, being Australia.

20 CONTRIBUTED EQUITY

(a) Paid up capital

	2016 $'000	2015 $'000
Ordinary shares – fully paid	**29,635**	11,198

Ordinary shares confer on their holders the right to participate in dividends declared by the Board and to vote at general meetings of the Company.

(b) Movements in ordinary share:

Date	Details	Number of shares	Issue price	$'000
1 July 2014	Opening balance	11,148,485	1.00	11,148
24 April 2015	Issuance of shares	26,383	1.90	50
30 June 2015	Closing balance	11,174,868	1.00	11,198
1 July 2015	Opening balance	11,174,868	1.00	11,198
23 March 2016	Share split	16,709,364	–	–
22 April 2016	Issuance of shares	10,065,768	2.00	20,132
22 April 2016	Costs of share issue			(1,695)
30 June 2016	Closing balance	37,950,000		29,635

21 RETAINED EARNINGS

(a) Retained earnings

Date	2016 $'000	2015 $'000
Retained profits at the beginning of the financial year	**(11)**	(3,748)
Net profit for the year	**5,571**	3,737
Retained profits at the end of the financial year	**5,560**	(11)

22 FINANCIAL INSTRUMENTS

Overview

The consolidated entity has exposure to the following key risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk (interest rate risk)

This note presents information about the consolidated entity's exposure to each of the above risks, the consolidated entity's objectives, policies and processes for measuring and managing risk, and the consolidated entity's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the consolidated entity's risk management framework.

The Board has established an Audit and Risk Committee, which is responsible for monitoring, assessing and reporting on the consolidated entity's risk management system. The committee will provide regular reports to the Board of Directors on its activities.

The consolidated entity's risk management policies are established to identify and analyse the risks faced by the consolidated entity, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the consolidated entity's activities.

The Audit & Risk Committee oversees how management monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks.

The Group's principal financial instruments comprise bank loans, bailment finance, cash and short-term deposits. The main purpose of these financial instruments is to raise finance for and fund the Group's operations. The Group has various other financial instruments such as trade debtors and trade creditors which arise directly from its operations. It is, and has been throughout the period under review, the Group's policy that no speculative trading in financial instruments shall be undertaken.

The main risk arising from the Group's financial instruments are market risk (interest rate), credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

CREDIT RISK

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. Further, it is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

Trade receivables consist of a large number of customers, spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of debtors and other receivable balances are monitored on an ongoing basis, with the result that the Group's exposure to bad debts is not significant.

The consolidated entity establishes an allowance for doubtful debts that represents its estimate of incurred losses in respect of trade and other receivables and investments.

With respect to credit risk arising from financial assets of the Group comprised of cash, cash equivalents and receivables, the Group's maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date is in the carrying amount as disclosed in the statement of financial position and notes to the financial statements.

The Group's credit risk on liquid funds is limited as the counter parties are major Australian banks with favourable credit ratings assigned by international credit rating agencies.

LIQUIDITY RISK

Liquidity risk is the risk that the consolidated entity will not be able to meet its financial obligations as they fall due. The consolidated entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

The Group's overall objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans.

The Group also manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Information on available facilities can be found in Note 16.

MARKET RISK

Market risk is the risk that changes in market prices, such as interest rates, will affect the consolidated entity's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and monitor market risk exposures within acceptable parameters, whilst optimising the return on risk.

(i) Interest rate risk

The Group is exposed to interest rate risk as a consequence of its financing facilities as set out in Notes 14 and 17. Funds are borrowed by the Group at both fixed and floating interest rates. The Group's policy is to manage its interest cost using variable rate debt.

The Group's policy is to not fix any of its borrowings at fixed rates of interest. As at 30 June 2016, 0% (2015: 0%) of the Group's borrowings were at a fixed rate of interest, with all funds borrowed at floating rates. There is no history of fixing interest rates and MotorCycle Holdings has no intention of fixing interest rates in the immediate future.

(ii) Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management and represents management's assessment of the possible change in interest rates.

At reporting date, if interest rates had been 50 basis points higher or lower and all other variable were held constant, the Group's net profit after tax would increase/decrease by $91,000 (2015: $92,000) per annum. This is mainly due to the Group's exposures to interest rates on its variable rate borrowings.

CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

22. FINANCIAL INSTRUMENTS (continued)

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

There were no changes in the consolidated entity's approach to capital management during the period.

CREDIT RISK

(i) Exposure to Credit Risk

The carrying amount of financial assets (as per Note 8) represents the maximum credit exposure. The maximum exposure to credit risk as the reporting date was:

	2016 $'000	2015 $'000
Trade and other receivables	**1,638**	2,421
Less: Provision for doubtful receivables	**(97)**	(97)
Total trade and other receivables	**1,541**	2,324

(ii) Impairment Losses

The ageing of trade receivables at reporting date is detailed in Note 8.

(iii) Fair values & Exposures to Credit & Liquidity Risk

Detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recorded in the financial statements approximate their fair value (2015: fair value).

	2016 $'000	2015 $'000
Financial assets		
Trade and other receivables net of doubtful debts	**1,541**	2,324
Cash and cash equivalents	**4,226**	1,930
Total financial assets	**5,767**	4,254
Financial liabilities		
Bills payable and fully drawn advances		
Borrowings	**11,000**	10,357
Bailment	**19,243**	18,000
Trade and other payables	**6,740**	15,823
Total financial liabilities	**36,983**	44,180

The fair value of financial assets and financial liabilities are determined as follows:

- The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes listed redeemable notes, bills of exchange, debentures and perpetual notes).

Maturity profile

The below table provides a maturity profile for the Group's financial instruments that are exposed to interest rate risk at balance date. The amounts disclosed in the table are gross contractual undiscounted cash flows (principal and interest) required to settle the respective liabilities. The interest rate is based on the rate applicable as at the end of the financial period. Trade debtors are non-interest bearing.

Contractual maturities of financial liabilities

At 30 June 2016	Less than 1 year $'000	1 – 2 years $'000	2 – 3 years $'000	3 – 4 years $'000	4 – 5 years $'000	5+ years $'000	Total $'000
INTEREST BEARING							
Floating rate							
Financial assets							
Cash and cash equivalents	4,226	–	–	–	–	–	**4,226**
Financial liabilities							
Bailment (current)	19,243	–	–	–	–	–	**19,243**
Borrowings	406	406	406	11,036	–	–	**12,254**
Total interest bearing	19,649	406	406	11,036	–	–	**31,497**
NON INTEREST BEARING							
Financial assets							
Trade debtors	1,541	–	–	–	–	–	**1,541**
Total non interest bearing	1,541	–	–	–	–	–	**1,541**
At 30 June 2015							
INTEREST BEARING							
Floating rate							
Financial assets							
Cash and cash equivalents	1,930	–	–	–	–	–	**1,930**
Financial liabilities							**-**
Bailment (current)	18,000	–	–	–	–	–	**18,000**
Borrowings	1,487	9,876	–	–	–	–	**11,363**
Total interest bearing	19,487	9,876	–	–	–	–	**29,363**
Fixed rate							
Financial liabilities							
Redeemable Preference Shares	–	–	–	–	–	21,552	**21,552**
Total financial liabilities	–	–	–	–	–	21,552	**21,552**
NON INTEREST BEARING							
Financial assets							
Trade debtors	2,324	–	–	–	–	–	**2,324**
Total financial assets	2,324	–	–	–	–	–	**2,324**

Estimation of Fair Value

The following summarises the major methods and assumptions used in estimating the fair value of financial instruments:

Loans and Borrowings

Fair value is calculated based on discounted expected future principal and interest cash flows.

22. FINANCIAL INSTRUMENTS (continued)

Trade and Other Receivables/Payables

For receivables/payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value. All other receivables/payables are discounted to determine the fair value.

23 INVESTMENTS IN SUBSIDIARIES

		Equity holding	
Name of entity	**Place of incorporation**	**2016 %**	**2015 %**
MotorCycle Holdings Operations Pty Ltd	Australia	**100**	100
MotorCycle Holdings IDS Pty Ltd	Australia	**100**	100
MotorCycle Holdings Unit Co Pty Ltd	Australia	**100**	100
MotorCycle Holdings Group Unit Co Pty Ltd	Australia	**100**	100
Team Moto Pty Limited	Australia	**100**	100
Netpark Pty Ltd	Australia	**100**	100
Shoreway Pty Ltd	Australia	**100**	100
Pushgate Pty Ltd	Australia	**100**	100
Stanbay Pty Ltd	Australia	**100**	100
Myway Services Pty Ltd	Australia	**100**	100
Motorcycle Riding School Pty Ltd	Australia	**100**	100
North Ride Pty Ltd	Australia	**100**	100
MotorCycle Holdings TCO Pty Ltd	Australia	**100**	100
TeamMoto Unit Trust	Australia	**100**	100
MotorCycle Holdings Group Unit Trust	Australia	**100**	100
Innovative Dealership Solutions Pty Ltd	Australia	**100**	100
Innovative Dealership Solutions Unit Trust	Australia	**100**	100
Mw Motorcycles Pty Ltd	Australia	**100**	100

All subsidiaries are either directly controlled by MotorCycle Holdings Limited or are wholly owned within the group, have ordinary class of shares and are incorporated in Australia.

Information relating to MotorCycle Holdings Ltd ('the parent entity')

Financial position	2016 $'000	2015 $'000
Assets		
Current assets	**-**	4,913
Non-current assets	**27,746**	27,746
Total assets	**27,746**	32,389
Liabilities		
Current liabilities	**1,190**	7,977
Non-current liabilities	**-**	13,941
Total liabilities	**1,190**	21,918
Equity		
Issued capital	**29,635**	11,198
Retained earnings	**(3,350)**	(728)
Reserves	**-**	-
Total equity	**26,285**	10,470
Financial performance		
Loss for the year	**(2,622)**	(1,354)
Total other comprehensive income	**(2,622)**	(1,354)

Also refer Notes 24a in respect of guarantees entered into by the parent entity in relation to debts of its subsidiaries.

(a) Acquisition of businesses

The Group acquired the Canberra Harley-Davidson and Sy's Harley-Davidson businesses during the 2015 financial year. Both these businesses were 100% acquired.

Below is a summary of the total purchase consideration paid and net identifiable asset acquired:

	Note	Total $'000
Acquisition cost – cash consideration		**3,737**
Fair value of net identifiable asset acquired		**671**
Goodwill on acquisition	11	**3,066**

Goodwill arose in these business combinations because as at the date of acquisition the consideration paid for the combinations included amounts in relation to the benefits of synergies and future revenues and profit growth from the businesses acquired.

24 CONTINGENT LIABILITIES

(a) Parent entity

Unsecured guarantees, indemnities and undertakings have been given by the parent entity in the normal course of business in respect of financial and trade arrangements entered into by its subsidiaries. It is not anticipated that the parent entity will become liable for any amount in respect thereof. At 30 June 2016 no subsidiary was in default in respect of any arrangement guaranteed by the parent entity and all amounts owed have been brought to account as liabilities in the financial statements.

25 COMMITMENTS FOR EXPENDITURE

(a) Operating Lease Commitments

Commitments for minimum lease payments in relation to non-cancellable operating leases for premises are payable as follows:

	2016 $'000	2015 $'000
Within one year	**2,165**	3,740
Later than 1 year but not later than 5 years	**4,164**	3,960
Later than 5 years	**1,726**	–
Total operating lease commitments	**8,055**	7,700

The consolidated entity leases property under non-cancellable operating leases with expiry dates between 2017 – 2027.

Leases generally provide for a right of renewal at which time the lease is renegotiated. Lease rental payments comprise a base amount plus an incremental contingent rental based on movements in the consumer price index or a fixed percentage increase.

26 REMUNERATION OF AUDITOR

Amounts received or due and receivable by Deloitte Touche Tomatsu ("Deloitte") for:

	2016 $'000	2015 $'000
– audit or review of the financial report	**187**	122
Amounts received or due and receivable by related entities of Deloitte for:		
– other services	**458**	18

Of the $457,800 of other services paid in 2016, $318,313 relate to professional services fees paid in relation to the preparation of the Investigative Accountants Report associated with the issuance of the prospectus.

27 SUBSEQUENT EVENTS

There has not been any other matter or circumstances occurring subsequent to the end of the financial year that significantly affected, or may significantly affect, the operations of the group or the state of affairs of the group in future financial years.

28 KEY MANAGEMENT PERSONNEL

The remuneration report included in the Directors' Report sets out the remuneration policies of the consolidated entity and the relationship between these policies and the consolidated entity's performance.

(a) Details of key management personnel

(i) Directors

D Foster	Chairman (non-executive)
D Ahmet	Managing Director and Chief Executive Officer
S Greck	Director (non-executive)
W Bee	Director (non-executive)

(ii) Executives

C Chenoweth	General Manager and Group Bike Sales
B Donovan	Chief Financial Officer

(b) Compensation of key management personnel

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

	Consolidated	
	2016 $'000	**2015 $'000**
Short term	**1,383**	957
Post employment benefits	**130**	106
	1,513	1,063

(c) Loans to key management personnel

There are no loans to key management personnel.

(d) Other transactions with key management personnel

Other transactions with key management personnel are detailed in Note 29.

29 RELATED PARTIES

Key management personnel

Other information on key management personnel has been disclosed in the Directors' Report.

Remuneration and retirement benefits

Information on the remuneration of key individual management personnel has been disclosed in the Remuneration Report included in the Directors' Report.

Other transactions of directors and director related entities

The aggregate amount of "Other transactions" with key management personnel are as follows:

(i) Certain MotorCycle Holdings Group entities have entered into leases in respect of properties that are part-owned by David Ahmet or that are part-owned by entities owned and controlled by David Ahmet.

David Ahmet is a lessor in relation to the leases of Triumph Virginia and Moorooka Service Centre.

Kenlake Pty Ltd (ACN 075 880 867), as trustee for the Ahmet Family Trust, is a lessor in relation to the leases of Triumph Springwood, Honda Springwood , Advanced Spray Painting and Decals, Team Moto Virginia, Team Moto Moorooka, Yamaha Gold Coast, Team Moto North Coast, Team Moto Blacktown.

The terms of these leases were negotiated on commercial arms' length basis in 2011 and contain customary terms and conditions including an initial lease term of 5 years, with options to renew for a further 15 years (comprising 3 options for 5 year periods). The current lease term expired on the 30 June 2016 and options have been exercised for the first of the three 5 year options to extend the lease period to 30 June 2021.

Location	Address	FY 2016 rental expense	Increase per annum	Current lease period
Triumph Virginia	1924 Sandgate Rd. Virginia, QLD 4014	$133,346	4%	1 July 2011 – 30 June 2016
Moorooka Service Station	5 & 11 Kensal St, Moorooka, QLD 4105	$84,546	4%	1 July 2011 – 30 June 2016
Triumph Springwood	61 Moss St. Springwood, QLD 4127	$101,924	4%	1 July 2011 – 30 June 2016
Honda Springwood	68 Moss St. Springwood, QLD 4127	$254,316	4%	1 July 2011 – 30 June 2016
Advanced Spray Painting and Decals	1&2/3369 Pacific Hwy, Springwood, QLD 4127	$156,250	4%	1 July 2011 – 30 June 2016
Advanced Spray Painting and Decals	3367 Pacific Hwy, Springwood, QLD 4128	$112,194	4%	1 July 2011 – 30 June 2016
TeamMoto Virginia	1916-1920 Sandgate Rd. Virginia, QLD 4014	$327,966	4%	1 July 2011 – 30 June 2016
TeamMoto Moorooka	971 Ipswich Road, Moorooka, QLD 4105	$79,550	4%	1 July 2011 – 30 June 2016
Yamaha Gold Coast	31 Lawrence Dr. Nerang, QLD 4211	$148,303	4%	1 July 2011 – 30 June 2016
TeamMoto North Coast	22 Maroochydore Rd, Maroochydore, QLD 4558	$129,351	4%	1 July 2011 – 30 June 2016
TeamMoto Blacktown	1 Sunnyholt Rd, Blacktown, NSW 2148	$130,030	4%	1 July 2011 – 30 June 2016

Wholly-owned group

The parent entity of the wholly-owned group is MotorCycle Holdings Limited. Information relating to the wholly-owned group is set out in Note 23.

30 EARNINGS PER SHARE

(a) Basic earnings per share

	2016 Cents	2015 Cents
Earnings attributable to the ordinary equity holders of the Company	**18.7**	13.5

(b) Diluted earnings per share

	2016 Cents	2015 Cents
Earnings attributable to the ordinary equity holders of the Company	**18.7**	13.5

(c) Reconciliation of earnings used in calculating earnings per share

	2016 $'000	2015 $'000
Basic earnings per share		
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share	**5,571**	3,737
Diluted earnings per share		
Profit attributable to the ordinary equity holders of the company used in calculating diluted earnings per share	**5,571**	3,737
Weighted average number of ordinary shares outstanding during the year	**29,787**	27,754
Adjustments for calculation of diluted earnings per share – performance rights and options	**-**	-
Weighted average number of ordinary shares outstanding during the year used in the calculation of diluted earnings per share	**29,787**	27,754

The earnings per share calculation for the comparative period has been adjusted for the share split in accordance with the accounting standards.

31 RECONCILIATION OF NET PROFIT AFTER TAX TO THE NET CASH INFLOWS FROM OPERATIONS

	2016 $'000	2015 $'000
Net profit after tax	**5,571**	3,782
Add items classified as financing activities		
IPO Costs (inclusive of GST) not capitalised	**2,444**	–
Repayment of shareholder loans	**8,117**	–
Add/(less) non-cash movements		
Depreciation and amortisation	**823**	722
(Increase)/decrease in assets –		
Receivables	**784**	(256)
Inventories	**(2,210)**	(1,923)
Deferred tax assets	**(602)**	(152)
Increase/(decrease) in liabilities –		
Payables	**(9,083)**	518
Bailment finance liability	**1,243**	1,155
Provisions	**403**	(1,271)
Taxes payable	**789**	(551)
Net cash inflow from operating activities	**8,279**	2,024

32 INTERCOMPANY SALES AND REVENUE RESTATEMENT

Transactions associated with products and services associated with bringing motorcycles to point of sale have historically been disclosed on a gross basis in revenue and expenses within the consolidated statement of profit and loss and other comprehensive income. As these transactions should be eliminated, the comparative sales and cost of sales for the year ended 30 June 2015 have been restated to reflect this position. There is no impact on the comparative statement of financial position reported.

The Directors note that this change does not impact the profit before tax disclosed in the consolidated statement of profit or loss and other comprehensive income, the operating cash flows disclosed within the consolidated statement of cash flows nor the earnings per share previously reported for the year ended 30 June 2015.

	30 June 2015		
	Previously stated $'000	Restatement $'000	Restated $'000
CONSOLIDATED STATEMENT OF PROFIT OR LOSS			
Revenue	170,950	(12,373)	158,577
Other revenue	13,765	–	13,765
Changes in inventories of FG and WIP	2,460	–	2,460
Raw materials and consumables purchased	137,264	12,373	124,891
Employee benefits expense	24,170	–	24,170
Finance costs	2,926	–	2,926
Depreciation and amortisation expense	722	–	722
Other expenses	11,750	–	11,750
Profit before tax	5,423	–	5,423
Income tax expense	1,686	–	1,686
Profit for the year	3,737	–	3,737
Other comprehensive income for the year	–	–	–
TOTAL COMPREHENSIVE INCOME	3,737	–	3,737

DIRECTORS' DECLARATION

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

(a) the consolidated financial statements and notes, set out on pages 33 to 66 are 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 2016 and of its performance for the financial year ended on that date; and

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

(b) the financial report also complies with the International Financial Reporting Standards as disclosed in note 1(a); and

(c) 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 directors.

David Foster

Chairman

Dated at Brisbane, this 13th day of September 2016.

David Ahmet

Managing Director

Dated at Brisbane, this 13th day of September 2016.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Riverside Centre
Level 26
123 Eagle Street
Brisbane QLD 4000
GPO Box 1463
Brisbane QLD 4001 Australia

Tel: +61 (0) 7 3308 7000
Fax: +61 (0) 7 3308 7001
www.deloitte.com.au

Independent Auditor's Report to the members of MotorCycle Holdings Limited

Report on the Financial Report

We have audited the accompanying financial report of MotorCycle Holdings Limited, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the Company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 33 to 66.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the Company's preparation of the financial report that gives a true and fair view, 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Deloitte.

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of MotorCycle Holdings Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of MotorCycle Holdings Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

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

(b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included on pages 21 to 29 of the directors' report for the year ended 30 June 2016. 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.

Opinion

In our opinion the Remuneration Report of MotorCycle Holdings Limited for the year ended 30 June 2016, complies with section 300A of the *Corporations Act 2001*.

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU

Rowan Smith
Partner
Chartered Accountants
Brisbane, 13 September 2016

ADDITIONAL INFORMATION

Shareholdings as at 19 August 2016

Substantial shareholders

The number of shares held by substantial shareholders and their associates are set out below:

Shareholder	Number
MotorCycle Holdings Limited (shares held by employees and their Associates under voluntary escrow arrangements	14,754,192
David Ahmet and Associates	8,356,635
Archer Capital VCLP GF 1.LP	3,902,293
Colonial First State Investments Limited, Colonial First State Asset Management (Australia) Limited, Commonwealth Bank Officers Superannuation Corporation Pty Limited	3,377,808

Voting rights

Each shareholder present at a meeting has one vote on a show of hands, and if a poll is called each shareholder present votes in proportion to the number of and amount paid up on their shares.

Ordinary shares

Distribution of equity security holders by size of holding

Category	No. of Ordinary shares	No. of Shareholders
1,001 - 5,000	176,908	239
5,001 - 10,000	3,070,476	932
10,001 - 100,000	1,729,357	219
100,001 - 1,000,000	2,889,198	101
>1,000,001	30,084,061	23
Total	**37,950,000**	**1,514**

The number of shareholders holding less than a marketable parcel of ordinary shares is 10.

Escrowed Shares

14,754,192 ordinary shares are subject to voluntary escrow from the date of listing to 23 March 2017 (3,902,293 shares) and 23 March 2018 (10,851,899 shares).

Securities Exchange

The Company is listed on the Australian Securities Exchange. The Home exchange is Sydney.

Other information

MotorCycle Holdings Limited, incorporated and domiciled in Australia, is a publicly listed company limited by shares.

ADDITIONAL INFORMATION (continued)

On-market buy-back

There is no current on-market buy-back.

Twenty largest shareholders

Rank	Name	No. of shares	% of shares
1	KENLAKE PTY LIMITED AND ASSOCIATES	8,356,635	22.02
2	CITICORP NOMINEES PTY LIMITED	5,562,136	14.66
3	ARCHER CAPITAL VCLP	3,902,293	10.28
4	NATIONAL NOMINEES LIMITED	2,811,129	7.41
5	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,062,186	5.43
6	RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED	1,161,304	3.06
7	BNP PARIBAS NOMS PTY LTD	978,623	2.58
8	UBS NOMINEES PTY LTD	606,136	1.60
9	CHRISTOPHER ANDREW CHENOWETH & GEORGINA LOUISE CHENOWETH AND RELATED ENTITIES	574,053	1.52
10	MR ROBERT JOHN DONOVAN & MS CORINA LEE TROY & RELATED ENTITIES	549,053	1.45
11	J P MORGAN NOMINEES AUSTRALIA LIMITED	544,282	1.43
12	MICHAEL CHARLES COOKSLEY AND KAREN ANN COOKSLEY	524,053	1.39
13	ROBERT BRUCE TINLIN	524,053	1.39
14	BNP PARIBAS NOMS (NZ) LTD	514,087	1.35
15	AMP LIFE LIMITED	296,284	0.78
16	CITICORP NOMINEES PTY LIMITED	274,723	0.72
17	MARTIN JOHN POCOCK AND MICHELLE JUNE POCOCK AND RELATED ENTITIES	409,526	1.08
18	SHANE RAYMOND MUSGROVE	332,026	0.88
19	RT DEVELOPMENTS PTY LTD	150,000	0.40
20	AUST EXECUTOR TRUSTEES LTD	125,000	0.33
	Totals: Top 20 holders	**33,170,346**	**87.45**
	Total Remaining Holders Balance	**4,779,654**	**12.55**

Leases with Related Parties

Certain MotorCycle Holdings Group entities have entered into leases in respect of properties that are part-owned by David Ahmet (Managing Director) or that are part-owned by entities owned and controlled by David Ahmet. The Company was granted the following waiver from listing rule 10.1 to the extent necessary to permit the Company not to seek shareholder approval for the first renewal period of 5 years, commencing on 1 July 2016 (the “First Renewal Period”), of property leasing agreements entered into between the Company on behalf of Triumph Virginia, Moorooka Service Centre, Triumph Springwood, Honda Springwood, Advanced Spray Painting and Decals, Team Moto Virginia, Team Moto Moorooka, Yamaha Gold Coast, Team Moto North Coast and Team Moto Blacktown and properties that are part-owned by Company director and substantial shareholder David Ahmet or that are part-owned by Kenlake Pty Ltd, an entity owned and controlled by David Ahmet (the “Ahmet Leases”) on the following conditions.

3.1 Summaries of the material terms of the Ahmet Leases are made in each annual report of the Company during the life of the Ahmet Leases.

3.2 Any material variation to the terms of the Ahmet Leases is subject to shareholder approval.

3.3 Renewal of the Ahmet Leases, including the exercise of any subsequent option to renew the Ahmet Leases for a further term of 5 years after the completion of the First Renewal Period, will be subject to shareholder approval, should listing rule 10.1 apply at that time.

The terms of these leases were negotiated on commercial arms' length basis in 2011 and contain customary terms and conditions including an initial lease term of 5 years, with options to renew for a further 15 years (comprising 3 options for 5 year periods). Options to renew were exercised on 1 July 2016. The annual value of the rent under the leases is set out in Note 29 to the Financial Statements.

Appendix One

Reconciliation of pro forma profit to statutory results. The table below sets out the adjustments made to the statutory historical and forecast consolidated statements of profit or loss and other comprehensive income to arrive at the pro forma results.

			Historical		Forecast	Actual
$m	**Notes**	**FY13**	**FY14**	**FY15**	**FY16**	**FY16**
Statutory revenue		148.6	163.6	172.3	**196.9**	**209.3**
Pro forma adjustments						
Reclassification	1	1.0	0.9	1.0	**-**	**-**
Pro forma revenue		149.6	164.6	173.3	**196.9**	**209.3**
Statutory EBITDA		7.1	8.3	8.5	**8.6**	**10.4**
Pro forma adjustments						
Listed public company costs	2	(0.7)	(0.7)	(0.7)	**(0.4)**	**(0.4)**
Offer and other business transaction costs	3	–	–	–	**3.1**	**2.8**
Pro forma EBITDA		6.4	7.5	7.8	**11.3**	**12.8**
Statutory NPAT		2.8	3.6	3.7	**4.2**	**5.6**
Pro forma adjustments						
Listed public company costs	2	(0.7)	(0.7)	(0.7)	**(0.4)**	**(0.4)**
Offer and other business transaction costs	3	–	–	–	**3.1**	**2.8**
Change in capital structure	4	1.9	2.2	2.0	**1.3**	**1.3**
Tax effect of adjustments and effective tax rate	5	(0.2)	(0.5)	(0.4)	**(1.2)**	**(1.3)**
Pro forma NPAT		3.7	4.5	4.6	**6.9**	**8.0**

Notes:

1. Manufacturer marketing and non-volume performance incentive income has historically been presented net of operating expenses.
2. The listed public company costs represent the anticipated incremental costs that the Company will incur as a listed public company. These incremental costs include Directors' remuneration, adjustments to executive management STI, listing and registry fees and audit fees.
3. Offer and business transaction costs reflect the amount recorded in the FY16 statutory consolidated statement of profit or loss. These costs represent an allocation of Offer transaction costs associated with the listing and sale of the shares by the Selling Shareholders. Additional non-recurring business transactions costs have also been recorded in the FY16 statutory forecast consolidated statement of profit or loss.
4. The change in capital structure adjusts the net interest expense reported in the statutory historical and forecast consolidated statements of profit or loss to reflect the New Banking Facilities and indebtedness of the Company from the date of the Offer in the pro forma historical and forecast consolidated statements of profit or loss. The redeemable preference shares, part of the existing capital structure, were redeemed prior to the Offer from the Company's finance facilities and with proceeds from the Offer.
5. The tax effect of adjustments and effective tax rate reflects the net tax effect of the pro forma adjustments as well as adjusting the historical tax expense to reflect the Company's anticipated effective tax rate as a listed public company of 31.0%.

For further information, please refer to the Prospectus for the IPO that was lodged with the ASX.

CORPORATE DIRECTORY

Registered Office

MotorCycle Holdings Limited
68 Moss Street
Springwood, 4127
Queensland
Tel: +61 7 3380 2204
Email: cfo@mcholdings.com.au

ASX Ticker Code

MTO

Directors

David Foster
David Ahmet
Scott Greck
Warren Bee
Rick Dennis (from 1 September 2016)

Chief Financial Officer

Bob Donovan

Company Secretary

Lisa Dalton

Auditor

Deloitte Touche Tohmatsu
Level 25 and 26, Riverside Centre
123 Eagle Street
Brisbane, 4000
Queensland
Tel: +61 7 3308 7000

Location of Share Registry

Computershare Investor Services Pty Ltd
117 Victoria Street
West End, 4101
Queensland
Tel (within Australia): 1300 850 505
Tel (outside Australia): +61 3 9415 4000
Website: computershare.com.au

Website

www.mcholdings.com.au

2016 Annual General Meeting

The details of the 2016 Annual General Meeting for MotorCycle Holdings Limited are:

10am (Brisbane time)
Friday, 28 October 2016

Morgans
Level 29, Riverside Centre
123 Eagle Street
Brisbane Queensland 4000