

Mercedes-Benz Australia/Pacific Pty Ltd

ABN 23 004 411 410

INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED 30 JUNE 2017

Mercedes-Benz Australia/Pacific Pty Ltd

INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2017

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Mercedes-Benz Australia/Pacific Pty Ltd
INTERIM MANAGEMENT REPORT
FOR THE HALF YEAR ENDED 30 JUNE 2017

This interim management report is presented together with the interim financial report of Mercedes-Benz Australia/Pacific Pty Ltd (“the Company”) for the half year ended 30 June 2017.

Principal activities

The principal activities of the Company during the half year ended 30 June 2017 were the importation, marketing and distribution of passenger and commercial motor vehicles and their component parts.

The Company is also involved in financing activities for its working capital management and on behalf of itself and some other related parties of the local Daimler group.

There were no significant changes in the nature of the Company’s activities during the year.

Operating and financial review

The Company made a profit, after income tax, from continuing operations for the half year ended 30 June 2017 of \$42.280 million (2016: \$90.796 million).

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Company that occurred during the half year under review.

Likely developments

Operations

The Company will continue to pursue its policy of increasing its key market share as well as maintaining its contribution to the Daimler global organisation.

The Company’s financing activities for other related parties of the local Daimler group are expected to continue depending on the requirements of these related parties.

Risk Report

Many factors could directly or indirectly affect the Company’s business, financial position, financial performance and cash flows. These factors include, but are not limited to, changes in economic and market conditions, credit risk and currency risk. Further information regarding the Company’s risk management strategies are described in the Company’s 2017 Annual Financial Report.

Rounding off

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 (updated by CO 05/641 effective 28 July 2005) and in accordance with that Class Order, amounts in the financial report and interim management report have been rounded off to the nearest thousand dollars, unless otherwise stated

Mercedes-Benz Australia/Pacific Pty Ltd

RESPONSIBILITY STATEMENT

The Company directors' report (where necessary read together with the financial report and notes to the financial statements which accompany the directors' report) provides a fair review of the development and performance of the business and the position of the Company for the half year ended 30 June 2017, together with a description of the principal opportunities and risks associated with the expected development of the Company.



Mr Horst von Sanden
CEO and Director
Melbourne, 28 August 2017



Mr Muhammad Vaseehar
Acting CFO
Melbourne, 28 August 2017

Mercedes-Benz Australia/Pacific Pty Ltd

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION

	30 June 2017 \$'000	31 Dec 2016 \$'000
Current assets		
Cash and cash equivalents	271,116	70,886
Trade and other receivables	2,934,332	2,401,181
Inventories	916,511	877,387
Derivative financial instruments	3,118	1,171
Total current assets	<u>4,125,077</u>	<u>3,350,625</u>
Non-current assets		
Trade and other receivables	1,507,574	1,570,238
Deferred tax assets	74,218	73,045
Property, plant and equipment	96,372	126,225
Derivative financial instruments	4,134	2,855
Total non-current assets	<u>1,682,298</u>	<u>1,772,363</u>
Total assets	<u>5,807,375</u>	<u>5,122,988</u>
Current liabilities		
Trade and other payables	815,371	647,040
Loans and borrowings	2,215,102	1,820,686
Derivative financial instruments	377	703
Employee benefits	14,904	16,824
Provisions	176,263	146,623
Deferred income	120,993	29,043
Total current liabilities	<u>3,343,010</u>	<u>2,660,919</u>
Non-current liabilities		
Trade and other payables	11,571	6,599
Loans and borrowings	1,508,197	1,452,831
Derivative financial instruments	1,600	2,853
Employee benefits	2,475	1,698
Provisions	67,226	66,500
Deferred income	24,588	25,160
Total non-current liabilities	<u>1,615,657</u>	<u>1,555,641</u>
Total liabilities	<u>4,958,668</u>	<u>4,216,560</u>
Net assets	<u>848,708</u>	<u>906,428</u>
Total equity	<u>848,708</u>	<u>906,428</u>

The notes on pages 6 to 7 are an integral part of these financial statements.

Mercedes-Benz Australia/Pacific Pty Ltd

**UNAUDITED CONDENSED STATEMENT OF FINANCIAL PERFORMANCE
FOR THE SIX MONTHS ENDED 30 JUNE**

	2017	2016
	\$'000	\$'000
Revenue	1,884,740	1,795,753
Cost of sales	<u>(1,728,667)</u>	<u>(1,565,657)</u>
Gross profit	156,073	230,096
Other income	6,680	2,417
Employee expenses	(51,316)	(50,474)
Depreciation expenses	(1,675)	(2,142)
Other expenses	<u>(51,789)</u>	<u>(48,866)</u>
Results from operating activities	57,973	131,031
Net finance costs	<u>2,800</u>	<u>(311)</u>
Profit before income tax	60,773	130,720
Income tax expense	<u>(18,493)</u>	<u>(39,924)</u>
Profit for the period	<u>42,280</u>	<u>90,796</u>

The notes on pages 6 to 7 are an integral part of these financial statements.

Mercedes-Benz Australia/Pacific Pty Ltd

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2017**

1. REPORTING ENTITY

Mercedes-Benz Australia/Pacific Pty Ltd (“the Company”) is a company domiciled in Australia. The address of the Company’s registered office is Lexia Place, Mulgrave, Victoria 3170.

The Company is primarily involved in the importation, marketing and distribution of passenger and commercial motor vehicles and their component parts.

2. BASIS OF PREPARATION

(a) Statement of compliance

The condensed interim financial report has been prepared in order to meet certain requirements set out in Article 4 of the law of 11 January 2008 on transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market (the “Transparency Law”) and the Luxembourg Grand-Ducal decree dated 11 January 2008 on transparency requirements for issuers of securities (the “Transparency Regulation”).

The financial statements were authorised for issue by the Board of Management on 28 August 2017.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- derivative financial instruments are measured at fair value
- liabilities for cash-settled share-based payment arrangements are measured at fair value
- the defined benefit asset is measured as the net total of the plan assets, plus unrecognised past service cost and unrecognised actuarial losses, less unrecognised actuarial gains and the present value of the defined benefit obligation.

The financial statements have been prepared on a going concern basis.

(c) Functional and presentation currency

The financial statements are presented in Australian dollars which is the Company’s functional currency.

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 (updated by CO 05/641 effective 28 July 2005) and in accordance with that Class Order, all financial information presented in Australian dollars has been rounded to the nearest thousand, unless otherwise stated.

3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Company in these condensed interim financial statements are the same as those applied by the Company in its financial statements as at and for the year ended 31 December 2016.

Mercedes-Benz Australia/Pacific Pty Ltd

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2017**

4. DETERMINATION OF FAIR VALUES

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

(a) Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

(b) Loans and borrowings

Fair value of loans and borrowings is determined for disclosure purposes. The fair value of loans and borrowings that are readily traded are revalued at reporting date to market value using quoted market prices or, if not readily traded, are measured based on present value of future expected principal and interest cash flows, discounted at the market rate of interest at the reporting date.

(c) Derivatives

The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a market rate of interest at the reporting date.

The fair value of interest rate and cross currency swaps are based on market values which approximate estimated future cash flows based on the terms of maturity of each contract and using observable market interest and foreign exchange rates at the reporting date.

Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the entity and counterparty when appropriate.