

Mercedes-Benz Australia/Pacific Pty Ltd

ABN 23 004 411 410

**INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR 30 JUNE 2020**

Mercedes-Benz Australia/Pacific Pty Ltd

INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2020

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Mercedes-Benz Australia/Pacific Pty Ltd
INTERIM MANAGEMENT REPORT
FOR THE HALF YEAR ENDED 30 JUNE 2020

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 2020.

Principal activities

The principal activities of the Company during the half year ended 30 June 2020 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 loss, after income tax, for the half year ended 30 June 2020 amounting to \$13.615 million (2019: \$18.412 million loss).

Significant changes in the state of affairs

In the opinion of the Directors 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 2019 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 2020, 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

Mr. Volker Malzahn
CFO and Director

Melbourne

Ms. Diane Tarr
Director

Melbourne

Mr. Steve McHutchon
Director

Melbourne

Mercedes-Benz Australia/Pacific Pty Ltd

UNAUDITED STATEMENT OF FINANCIAL POSITION

	30 June 2020 \$'000	31 Dec 2019 \$'000
Current assets		
Cash and cash equivalents	243,572	186,564
Trade and other receivables	1,920,677	2,032,857
Inventories	612,071	954,423
Total current assets	2,776,320	3,173,844
Non-current assets		
Trade and other receivables	949,935	1,325,454
Deferred tax assets	89,202	82,775
Intangible assets	2,733	3,286
Property, plant and equipment	57,299	69,810
Total non-current assets	1,099,169	1,481,325
Total assets	3,875,489	4,655,169
Current liabilities		
Trade and other payables	493,844	703,239
Loans and borrowings	1,549,236	1,752,583
Employee benefits	4,411	8,454
Provisions	97,390	81,175
Deferred income	382	1,684
Total current liabilities	2,145,263	2,547,135
Non-current liabilities		
Trade and other payables	42,901	39,373
Loans and borrowings	956,499	1,332,018
Employee benefits	4,638	532
Provisions	77,390	73,615
Deferred income	1,333	1,416
Total non-current liabilities	1,082,761	1,446,954
Total liabilities	3,228,024	3,994,089
Net assets	647,465	661,080
Share capital	70,000	70,000
Retained earnings	577,465	591,080
Total equity	647,465	661,080

The notes on pages 5 to 6 are an integral part of these financial statements.

Mercedes-Benz Australia/Pacific Pty Ltd
UNAUDITED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS ENDED 30 JUNE

	2020	2019
	\$'000	\$'000
Revenue	1,273,846	1,395,198
Cost of sales	(1,244,064)	(1,350,271)
Gross profit	29,782	44,927
Other income	14,065	13,978
Employee expenses	(21,570)	(23,033)
Depreciation expense	(4,656)	(3,656)
Other expenses	(32,677)	(57,620)
Result from operating activities	(15,056)	(25,404)
Net finance income/(expense)	(3,932)	(493)
Profit/(loss) before income tax	(18,988)	(25,897)
Income tax benefit/(expense)	5,373	7,485
Profit/(loss) for the period	(13,615)	(18,412)

The notes on pages 5 to 6 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 2020

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 29 July 2020.

(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 2019.

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.