



# AMA Group Limited (ABN 50 113 883 560) and controlled entities

## Appendix 4E Preliminary Final Report For the Year Ended 30 June 2014

### 1. Company information

Name of entity:	<b>AMA Group Limited</b>
ABN:	50 113 883 560
Reporting Period:	Year ended 30 June 2014
Previous Corresponding Period:	Year ended 30 June 2013

### 2. Results for announcement to the market

Revenues from ordinary activities	Down	1.0%	to	\$64,258,654
Profit before tax from continuing operations	Down	5.9%	to	\$8,705,938
Profit after tax attributable to members from continuing operations	Down	20.8%	to	\$5,875,873
Net profit for the period attributable to members	Down	21.4%	to	\$5,654,754

#### *Comments*

The results for the period show a profit before tax from continuing operations of \$8.706 million (\$9.248 2013) and this represents a decrease of 5.9% against the comparative period.

### 3. Net tangible assets per security

Net Tangible Assets / (Liabilities) per Ordinary Security (in cents)

As at 30 June 2014	3.77 cents per security
As at 30 June 2013	4.47 cents per security

#### 4. Details of entities over which control has been gained during the period

On 29 November 2013 the Company acquired 100% of the shares of Custom Alloy Pty Ltd A.C.N. 073 318 519

#### 5. Details of entities over which control has been lost during the period

On 26 May 2014 previously discontinued operations entities that were not trading, Emission Services Pty Ltd A.C.N. 104 778 798 and Diesel Test Pty Ltd A.C.N. 077 044 083 applied to be voluntarily de-registered and these entities were officially de-registered on 23 July 2014.

#### 6. Details of individual and total dividends

A dividend, 95% franked at 30%, of 1.6 cent per security was declared on 17 September 2013 with a payment date of 7 November 2013.

Dividend Declared	\$5,315,803
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#### 7. Dividend reinvestment plan

Not applicable.

#### 8. Details of associates and joint venture entities

Not applicable.

#### 9. Foreign entities

Not applicable.

#### 10. Audit qualification or review

This report is based on the consolidated financial statements which have been audited by Moore Stephens. The audit report is attached as part of the Annual Report.

#### 11. Attachments

Annual Report for the year ended 30 June 2014 for AMA Group Limited is attached.

#### 12. Signed



Duncan Fischer  
Chairman  
AMA Group Limited

Dated: This 27<sup>th</sup> Day of August 2014



Vehicle Protection Products  
& Accessories



Vehicle Panel Repair



Victoria's Leading Prestige Smash Repairer



Automotive Electrical  
& Cable Accessories



Automotive Component  
Remanufacturing



Operating Specialised Automotive Aftercare and Accessory Companies



Vehicle Protection Products  
& Accessories



Vehicle Panel Repair



Automotive Electrical  
& Cable Accessories

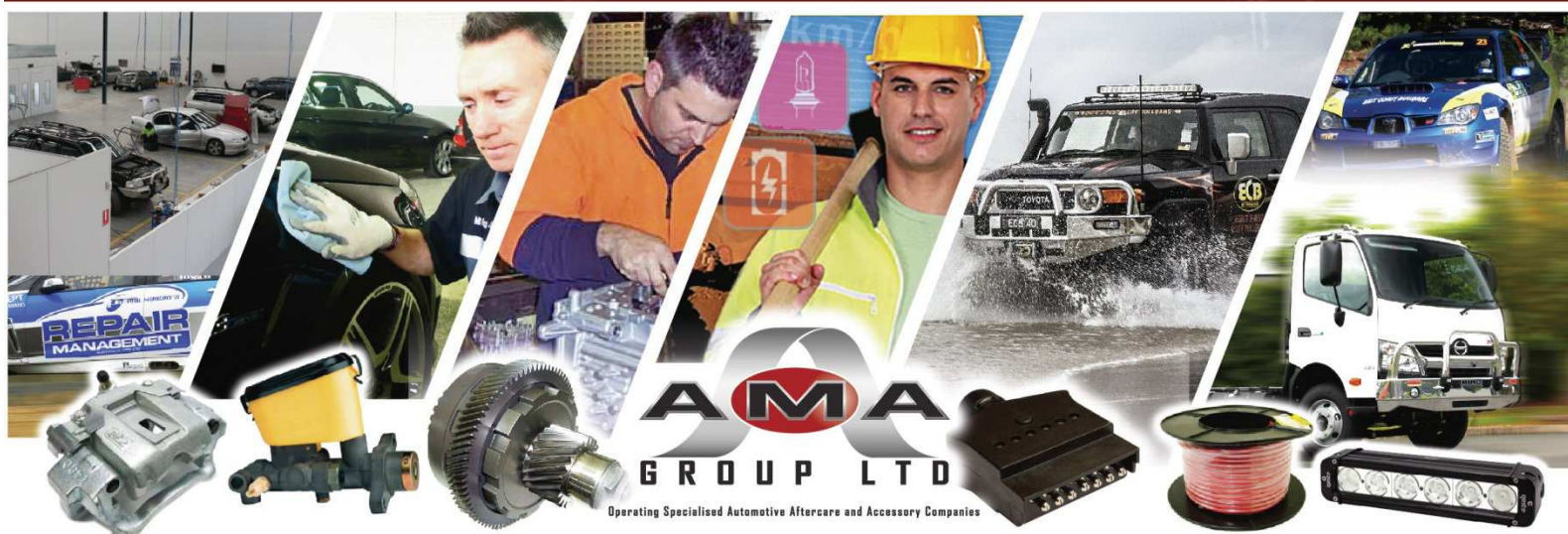


Automotive Component  
Remanufacturing

# AMA GROUP LIMITED

ABN: 50 113 883 560

## ANNUAL REPORT 2014



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## **AMA Group Limited** **Annual report for the year ended 30 June 2014**

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This document contains some statements which are by their very nature forward looking or predictive. Such forward looking statements are by necessity at least partly based on assumptions about the results of future operations which are planned by the Company and other factors affecting the industry in which the Company conducts its business and markets generally. Such forward looking statements are not facts but rather represent only expectations, estimates and/or forecasts about the future and thereby need to be read bearing in mind the risks and uncertainties concerning future events generally.

There are no guarantees about the subjects dealt with in forward looking statements. Indeed, actual outcomes may differ substantially from that predicted due to a range of variable factors.



Operating Specialised Automotive Aftercare and Accessory Companies

# CORPORATE GOVERNANCE STATEMENT 2014



Vehicle Protection Products  
& Accessories



Vehicle Panel Repair



Connecting Through Innovation



Automotive Electrical  
& Cable Accessories



Automotive Component  
Remanufacturing

# CORPORATE GOVERNANCE STATEMENT

A review of the Company's Corporate Governance Framework was undertaken during the 2013/14 year and a new framework was adopted which is appropriate for the size, complexity and operations of the Company and its subsidiaries.

Unless otherwise stated all Policies and Charters meet the ASX Corporate Governance Council's Best Practice Recommendations. All Charters and Policies are available from the Company or on its website at [www.amagroupltd.com](http://www.amagroupltd.com)

## Role of the Board and Management

The Board's role is to govern the Company rather than to manage it. In governing the Company, the Directors must act in the best interests of the Company as a whole. It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties. The Board's responsibilities are detailed in its Board Charter.

## Structure and Composition of the Board

The Board has been formed so that it has an effective mix of personnel who are committed to discharging their responsibilities and duties and being of value to the Company.

The names of the Directors, their independence, qualifications and experience are stated on page 10 along with the term of office held by each.

The Board believes that the interests of all Shareholders are best served by:

- \* Directors having the appropriate skills and experience;
- \* A majority of Directors being independent as defined in the ASX Corporate Governance Guidelines; and
- \* Some major Shareholders being represented on the Board.

Where any Director has a material personal interest in a matter, the Director will not be permitted to be present during discussion or to vote on the matter. The enforcement of this requirement is in accordance with the Corporations Act and aims to ensure that the interests of Shareholders, as a whole, are pursued and that their interest or the Director's Independence is not jeopardised.

Directors collectively or individually have the right to seek independent professional advice at the Company's expense, up to specified limits, to assist them to carry out their responsibilities. All advice obtained is made available to the full Board.

## Ethical and Responsible Decision-Making

As part of its commitment to recognising the legitimate interests of stakeholders, the Company has adopted a Code of Conduct to guide compliance with legal and other obligations to legitimate stakeholders.

The Company has a share trading policy that regulates the dealings by Directors, Officers and Employees, in shares, options and other securities issued by the Company. The policy has been formulated to ensure that Directors, Officers, Employees and Consultants who work on a regular basis for the Company are aware of the legal restrictions on trading in Company securities while in possession of unpublished price-sensitive information.

## Integrity in Financial Reporting

In accordance with the Board's policy, the CEO and Group Accountant have made attestations recommended by the ASX Corporate Governance Council as to the Company's financial condition prior to the Board signing this Annual Report.

The Company has a duly constituted Audit Committee currently consisting of two Non-Executive Directors, with the Committee Chairman being an Independent Non-Executive Director. The current members of the Committee, as at the date of this report, and their qualifications are detailed in the Directors' Profiles on page 10.

The ASX Corporate Governance Council's Best Practice Recommendations are that an Audit Committee consists of at least 3 members. The Company cannot comply with this due to the small number of Board members.

The Committee holds a minimum of two meetings a year. Details of attendance of the members of the Audit Committee are contained on page 12.



# CORPORATE GOVERNANCE STATEMENT

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## Timely and Balanced Disclosure

The Board has designated the Company Secretaries as the person responsible for overseeing and co-ordinating disclosure of information to the ASX as well as communicating with the ASX. In accordance with ASX Listing Rules, the Company immediately notifies the ASX of information concerning the Company:

- 1 That a reasonable person would or may expect to have a material effect on the price or value of the Company's securities; and
- 2 That would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

## Rights of Shareholders

The Company respects the rights of its Shareholders, and to facilitate the effective exercise of the rights, the Company is committed to:

- 1 Communicating effectively with Shareholders through ongoing releases to the market via ASX information and General Meetings of the Company;
- 2 Giving Shareholders ready access to balanced and understandable information about the Company and Corporate Proposals;
- 3 Making it easy for Shareholders to participate in General Meetings of the Company; and
- 4 Requesting the External Auditor to attend the Annual General Meeting and be available to answer Shareholder's questions about the conduct of the audit, and the preparation and content of the Auditor's Report.

Any Shareholder wishing to make inquiries of the Company is advised to contact the registered office. All public announcements made by the Company can be obtained from the ASX's website [www.asx.com.au](http://www.asx.com.au)

## Recognise and Manage Risk

The Audit Committee operates pursuant to a charter which provides for risk oversight and management within the Company. This is periodically reviewed and updated. Management reports risks identified to the Committee on a periodic basis.

The Chief Executive Officer and Group Accountant have given a statement to the Board that the integrity of the financial statements is founded on a sound system of risk management and internal compliance and controls based on the Company's Risk Management policies.

## Encourage Enhanced Performance

The performance of the Board, individual Directors and Executive Officers of the Company is monitored and evaluated by the Board. The Board is responsible for conducting evaluations on a regular basis in line with these policy guidelines.

A formal performance evaluation was conducted by the Board during the year. The evaluation has provided the board with valuable feedback for future development.

During the year, all Directors have full access to all Company records and receive Financial and Operational Reports at each Board Meeting.

All new Directors undergo an induction program.

## Remunerate Fairly and Responsibly

Profiles of the members and details of meetings of the Remuneration Committee are detailed on pages 10 to 12 within the Director's Report. The Committee's responsibilities are detailed in the Remuneration Committee Charter.

The Company is committed to remunerating its Senior Executives in a manner that is market-competitive and consistent with "Best Practice" as well as supporting the interests of Shareholders. Senior Executives may receive a remuneration package based on fixed and variable components, determined by their position and experience. Shares and/or Options may also be granted based on an individual's performance, with those granted to Directors subject to Shareholder approval.

Non-Executive Directors are paid their fees out of the maximum aggregate amount approved by Shareholders for the remuneration of Non-Executive Directors. Non-Executive Directors do not receive performance based bonuses and do not participate in Equity Schemes of the Company without prior Shareholder approval.

# CORPORATE GOVERNANCE STATEMENT

Current remuneration is disclosed in the Remuneration Report and in Note 22: Key Management Personnel Disclosures.

The Company currently has no Nomination Committee as it believes that due to the size of the Company and its current activities, this function is best served by the full Board.

Key Management Personnel or closely related parties of Key Management Personnel are prohibited from entering into hedge arrangements that would have the effect of limiting the risk exposure relating to their remuneration.

## Diversity

The Company is committed to increasing diversity amongst its employees, not just gender diversity. Our workforce is employed based on the right person for the right job regardless of their gender, age, nationality, race, religious beliefs, cultural background, sexuality or physical ability.

Executive and board positions are filled by the best candidates available without discrimination. The Company is committed to increasing gender diversity within these positions when appropriate appointments become available. It is also committed to identifying suitable persons within the organisation and where appropriate opportunities exist, advance diversity and to support promotion of talented employees into management positions.

The Company has not set any gender specific diversity objectives as it believes that all categories of diversity are equally as important within its organisation.

The following table demonstrates the Company's gender diversity amongst employees and contractors as at 30 June 2014.

	<b>Board</b>	<b>Executive Team</b>	<b>Employees</b>
Women (Qty.)	0	1	28

## Legitimate Interests of Stakeholders

As a good Corporate Citizen, the Company encourages compliance with and commitment to appropriate corporate practices that are fair and ethical, via its Code of Conduct.





Operating Specialised Automotive Aftercare and Accessory Companies

# DIRECTORS' REPORT 2014



Vehicle Protection Products  
& Accessories



Vehicle Panel Repair



Mr. Gloss  
Victoria's Leading Prestige Smash Repairer



Automotive Electrical  
& Cable Accessories



Automotive Component  
Remanufacturing

# DIRECTORS' REPORT

Your directors present their report on the consolidated entity (referred to hereafter as the 'Company', 'consolidated entity' or 'Group') consisting of AMA Group Limited and the entities it controlled for the year ended 30 June 2014.

## Directors

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

Duncan Fischer	Non-Executive Chairman
Ray Malone	Chief Executive Officer and Executive Director
Simon Doyle	Non-Executive Director
Ray Smith-Roberts	Chief Operating Officer and Executive Director (Appointed 28 February 2014)

## Principal Activities

The consolidated entity's principal activity and purpose is the operation and development of complementary businesses in the automotive aftercare market sector. It focuses on vehicle protection products and accessories, vehicle panel repair, automotive electrical and cable accessories and automotive component re-manufacturing.

During the financial year the Company focused on building existing businesses. It also identified and acquired an earnings accretive company operating in the vehicle protection products and accessories segment. It investigated various other opportunities for growth through acquisition and, late in the year, was able to reach agreement to acquire a group of companies operating in the vehicle panel repair segment which it subsequently completed on 1 July 2014. The Company continues to focus on excellence in customer service, identifying and maximising growth opportunities and developing shareholder wealth.

## Dividends – AMA Group Limited

A dividend, 95% franked at 30%, of 1.6 cent per security (2013: 1.6 cent per security fully franked) was declared on 17 September 2013 with a payment date of 7 November 2013.

Dividend Declared	\$5,315,803
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## Corporate Structure

AMA Group Limited is a company limited by shares that is incorporated and domiciled in Australia.

## Review of Operations, Likely Developments & Expected Results of Operations

### Key Achievements

AMA has achieved a number of important milestones throughout this financial year and continues into FY2015:

- In August 2013 AMA repaid the 2009 legacy Westpac debts in full and entered into a normal commercial banking relationship with Westpac.
- In November 2013 AMA completed its first major acquisition by acquiring 100% of Custom Alloy Pty Ltd – a business based in Brisbane that principally manufactures alloy bullbars specifically for the medium commercial vehicle market. Custom Alloy is an excellent fit for our vehicle protection products division and we are delighted with the purchase.
- In December 2013 the remaining legacy onerous equipment leases were closed out.
- In June 2014 we announced the acquisition of Repair Management Australia (RMA) group of companies – a business based in Melbourne that principally operates two traditional panel repair workshops and two rapid repair workshops. On 1 July 2014 we completed the acquisition of RMA group and hit the ground running. The integration has been seamless with all of our HQ requirements now in place and production numbers increasing.
- On 31 July 2014 we discharged the final instalments of the deferred Vendor Loans.

All legacy issues are now totally gone.

### Financial Results

The table on the following page highlights an improved second half and, in particular, a return to historic free cash levels during the second half.

# DIRECTORS' REPORT

	31 Dec 2013 (Half Yr.)	% Var. to 31 Dec 2012	30 Jun 2014 (Full Yr.)	% Var. to 30 Jun 2013
	<b>\$'000</b>		<b>\$'000</b>	
Revenue from Continuing Operations	30,824	-6.8%	64,259	-1.0%
EBITDA from Continuing Operations	4,249	-15.3%	9,317	-3.0%
EBIT from Continuing Operations	4,071	-15.6%	8,838	-4.0%
Profit before tax from Continuing Operations	4,019	-11.0%	8,706	-5.9%
Net Profit After Tax	2,557	-30.8%	5,655	-21.4%
Net Operating Cash Flows	922	-86.4%	6,033	-45.1%
	<b>Cents</b>		<b>Cents</b>	
Earnings per Security	0.77	-40.9%	1.70	-28.2%

It should be noted that 2013 included a fair value adjustment benefit associated with the additional discount achieved on the early settlement of the Westpac \$12m Loan Note. A number of large non-cash Tax adjustments affecting the tax expense reported within both 2013 and 2014 resulted in a significant fluctuation in "the applicable weighted average effective tax rates" 2014: 33.7% 2013: 21.8%. This in turn impacted adversely on Earnings Per Security. We anticipate that the applicable tax rate will be less volatile now that the legacy issues are all gone and we expect this to level off just below the standard corporate tax rate going forward.

## Vehicle Protection Products & Accessories – Revenues achieved \$24.7m (2013: \$21.1m)

ECB maintained market share and second half revenue improved slightly against first half. The results of the Custom Alloy acquisition flowed into the second half as expected. The division is still well positioned for growth and we are confident that FY2015 will bring earnings benefits and growth opportunities.

## Vehicle Panel Repair – Revenues achieved \$14.5m (2013: \$14.3m)

4 years ago there were about 6000 shops, today that number is closer to 3700. By this Christmas there will be about 3500 and by next Christmas approximately 2200. The rate of change is severe and building momentum. We believe this number will eventually come down to about 500 with up to 6 large players nationally. The significant acquisition of the RMA group will more than double our segment revenues and puts us in a great position to participate in industry consolidation.

## Automotive Electrical and Cable Accessories – Revenues achieved \$18.0m (2013: \$21.5m)

KT Cables performed well with new product initiatives providing good revenue growth opportunities and we have a number of key new product releases planned for early in FY2015.

Alanco's poor first half performance has stabilised in the second half and we believe will not deteriorate further.

## Automotive Component Remanufacturing – Revenues achieved \$7.8m (2013: \$8.4m)

FluidDrive performed well in the second half and is tracking to our expectations. The FY2013 comparative period was a record result which had a number of one-off opportunities.

Perth Brake Parts' revenue was 8.3% down against the full prior year although its overall EBIT has improved.

We anticipate that all of our business segments will continue to improve performance throughout FY2015 and we are looking forward to an exciting year ahead.

**The Future – Refer to our Strategy Update Presentation being released along with this report.**

## Significant Changes in the State of Affairs

On 6 August 2013 the legacy Westpac Bank Bills facility and the \$12m Loan Note were fully repaid. These debts were valued in this report at the amounts actually paid in full and final settlement being \$5,448,157.42 and \$5,435,879.00 respectively. Following completion of the legacy debt repayment, the Company negotiated a new facility to allow the Company to draw-down up to \$6m on normal commercial terms which can be used to help fund earnings accretive acquisitions or other working capital needs.

On 29 November 2013 the Company acquired 100% of the shares of Custom Alloy Pty Ltd A.C.N. 073 318 519

On 13 June 2014 after negotiation with Westpac, the Company extended the bank facility to allow the Company to draw-down up to \$8m (an extension of \$2m) on normal commercial terms and this funding continues to be available to help fund earnings accretive acquisitions or other working capital needs.

# DIRECTORS' REPORT

There have been no other significant changes in the state of affairs during the financial year.

## Matters Subsequent to the End of the Financial Year

On 1 July 2014 the Company acquired 100% of the shares of 4 entities (Phil Munday's Panel Works Pty Ltd A.C.N. 062 535 951; Repair Management Australia Pty Ltd A.C.N. 158 201 444; Repair Management Australia Bayswater Pty Ltd A.C.N. 162 337 724; and Repair Management Australia Dandenong Pty Ltd A.C.N. 162 337 715) collectively known as RMA Group.

On 31 July 2014 the Company paid the final instalment repayments of the key vendor loans and the related PPSR charges held in connection with the sub-ordinated cross guarantee deed have been fully discharged.

No other matters or circumstances have arisen since 30 June 2014 that have significantly affected, or may significantly affect the consolidated entity's operations in future financial years, the results of those operations in future financial years, or the consolidated entity's state of affairs in future financial years.

## Environmental Regulation

Management continues to work with local regulatory authorities to achieve, where practical, best practice environmental management so as to minimise risk to the environment, reduce waste and ensure compliance with regulatory requirements.

The consolidated entity had no adverse environmental issues during the year.

## Information on Directors

### Duncan Fischer

— Non-Executive Chairman

Appointed to the Board

— 14 October 2009

Qualifications

— FCA, FAICD

Experience and expertise

— Mr Fischer has many years professional, business and board experience in Australia and overseas.

He practiced as a Chartered Accountant in Australia from 1977 to 1992 retiring from the profession and joining Tattersall's where he went on to become Managing Director and Chief Executive Officer, a position he retired from in 2006.

His experience covers all aspects of management, strategy, mergers, new business start-ups and leading a major listing and IPO process and has held a number of board positions. He is a past member of the Australia Day Committee (Victoria) and has held a number of committee and not for profit board roles, including Committee for Melbourne and the Arts Angels Council.

Interest in Shares and Options\*

— 9,133,334 shares and Nil options

Directorships held in other listed entities

— Nil

Special responsibilities

— Member of the Audit Committee and  
Member of the Remuneration Committee

### Simon Doyle

— Non-Executive Director

Appointed to the Board

— 14 October 2009

Qualifications

— BA, LLB

Experience and expertise

— Mr Doyle has many years of experience in Australia and overseas in commercial law, company executive roles and non-executive director roles with an emphasis on strategic direction, governance and compliance.

# DIRECTORS' REPORT

Previous executive roles include responsibility for legal functions, compliance, corporate affairs, human resources and company secretarial as well as specific leadership roles in mergers, acquisitions, corporate restructures, due diligence and initial public offering.

Previous non-executive roles include board positions in start-ups, mature businesses, businesses in transition and Board member and Chairman in the not for profit sector.

Interest in Shares and Options*	—	4,161,470 shares and Nil options
Directorships held in other listed entities	—	Nil
Special responsibilities	—	Chairman of the Audit Committee and Chairman of the Remuneration Committee
<b>Ray Malone</b>	—	Chief Executive Officer and Executive Director
Appointed to the Board	—	23 January 2009
Experience and expertise	—	Mr Malone has over 30 years work experience in the automotive panel repair industry, progressing his career from a spray painter through to business ownership and senior executive positions. He has developed many strong relationships with key customers focussing on excellent customer service. He has developed extensive business skills which he has consistently applied to AMA's development since 2009.
Interest in Shares and Options*	—	80,417,619 shares and Nil options
Directorships held in other listed entities	—	Nil
Special responsibilities	—	Nil
<b>Ray Smith-Roberts</b>	—	Chief Operating Officer and Executive Director
Appointed to the Board	—	28 February 2014
Experience and expertise	—	Mr Smith-Roberts has over 25 years work experience in the automotive industry. He joined ECB many years ago progressing to general manager and then became managing director when the Company became part of AMA and played the lead role in making the business a significantly stronger business. Over the years he has attained valuable operational knowledge and experience having been the Group COO since 2009. He is well positioned to assist the board in developing strategy for the next phase of the Company's growth and development.
Interest in Shares and Options*	—	8,167,746 shares and Nil options
Directorships held in other listed entities	—	Nil
Special responsibilities	—	Nil

\*The relevant interest of each Director in the shares or options over shares issued by the companies within the economic entity and other related body corporate as notified by the Directors to the Australian Securities Exchange in accordance with s 205G(1) of the Corporations Act 2001, as at the date of this report.

## Company Secretarial

The name and details of the Company Secretaries in office during the financial year and until the date of this report are as follows. Secretaries were in office for the entire period unless otherwise stated.

<b>Phillip Hains</b>	—	Joint Company Secretary
Appointed	—	9 December 2009

# DIRECTORS' REPORT

Experience	—	Mr Hains is a Chartered Accountant and specialist in the public company environment. He has served the needs of a number of public company boards of directors and related committees. He has over 22 years' experience in providing accounting, administration, compliance and general management services. He holds a Masters of Business Administration from RMIT and a Public Practice Certificate from the Institute of Chartered Accountants.
<b>Terri Bakos</b>	—	Joint Company Secretary
Appointed	—	2 March 2010
Experience	—	Ms Bakos is a Chartered Secretary and holds a B.Bus (Accounting) from RMIT University. She has over 19 years' experience providing accounting and compliance services to listed and unlisted public companies.

## Meetings of Directors

The number of meetings of the Company's board of directors and of each board committee held during the year ended 30 June 2014, and the numbers of meetings attended by each director were:

	Board Meetings		Committee Meetings			
			Audit Committee		Remuneration Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Duncan Fischer	10	10	3	3	1	1
Simon Doyle	10	10	3	3	1	1
Ray Malone	10	10	NA	NA	NA	NA
Ray Smith-Roberts	5	5	NA	NA	NA	NA

## Remuneration Report

The remuneration report is set out under the following main headings:

- A Principles used to determine the nature and amount of remuneration
- B Details of remuneration
- C Share-based compensation
- D Service agreements

This remuneration report has been prepared by the Directors of AMA Group Limited to comply with the Corporations Act 2001 and the Key Management Personnel (KMP) disclosures required under AASB 124 Related Party Disclosures.

### A Principles used to determine the nature and amount of remuneration

#### Key Management Personnel

The following were Key Management Personnel of the entity at any time during the reporting period and unless otherwise indicated were Key Management Personnel for the entire period:

#### Directors

- Duncan Fischer - Chairman and Non-executive Director
- Simon Doyle - Non-executive Director
- Ray Malone - Chief Executive Officer and Executive Director
- Ray Smith-Roberts - Chief Operating Officer and Executive Director (appointed 28 February 2014)\*

\*Prior to his appointment to the board, Ray Smith-Roberts was already the Chief Operating Officer of AMA Group Limited

### Remuneration policies

The Board is responsible for reviewing the remuneration policies and practices of the Company, including the compensation arrangements of Executive Directors, Non-Executive Directors and Senior Executives.



# DIRECTORS' REPORT

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The objective of these policies is to:

- Make AMA Group Limited and its subsidiaries an employer of choice.
- Attract and retain the highest calibre personnel.
- Encourage a culture of reward for effort and contribution.
- Set incentives that reward short and medium term performance for the Company as a whole.
- Encourage professional and personal development.

In the case of senior executives, any recommendation for compensation review will be made by the Chief Executive Officer to the Remuneration Committee.

There is no direct link between remuneration of Executive Directors and other Key Management Personnel and the share price movement. Remuneration is based on management key performance indicators, targets and other benchmarks as determined by the Board or the Chief Executive Officer.

## *Non-executive Directors*

The Board determines the Non-executive Directors' remuneration based on independent market data for comparative companies.

The remuneration payable from time to time to Non-executive Directors shall be in an amount not exceeding in aggregate a maximum sum that is from time to time approved by resolution of the Company, currently \$400,000 per annum.

Non-executive Directors' retirement payments are limited to compulsory employer superannuation.

## *Executive Directors and Senior Management remuneration*

The Company's remuneration policy directs that the remuneration packages appropriately reflect the executives' duties and responsibilities and that remuneration levels attract and retain high calibre executives with the skills necessary to successfully manage the Company's operations and achieve its strategic and financial objectives.

The total remuneration packages of Executive Directors and Senior Management is comprised of a base salary and may include short term and long term incentives. The Company has a policy of rewarding extraordinary contribution to the growth of the Company with the grant of an annual discretionary cash bonus, shares or options under the Company's Employee Share Option Plan.

Executives are also entitled to be reimbursed for their reasonable travel, accommodation and other expenses incurred in the execution of their duties.

Remuneration packages for Executive Directors and Senior Executives can generally consist of three components:

- Fixed remuneration which is made up of cash salary, salary sacrifice components and superannuation
- Short term incentives which include the issue of shares or options or a cash bonus; and
- Long term incentives which include issuing options.

## *Fixed remuneration*

Senior Executives who possess a high level of skill and experience are offered a competitive base salary. The performance of each executive will be reviewed annually. Following the review, the Board may in its sole discretion increase the salary based on that executive's performance, productivity and such other matters as it considers relevant.

Superannuation contributions by the Company are limited to the statutory level of 9.25% (FY2013: 9.00% & FY2015: 9.50%) of wages and salaries.

## *Short-term incentives*

The remuneration of AMA Group Ltd Senior Executives includes short-term incentive bonuses, payable as cash or equity, as part of their employment conditions based on achieving specific measured objectives. The Board may however approve discretionary bonuses to executives in relation to certain milestones being achieved.

## *Long-term incentives*

The Company has adopted a Share Option Plan for the benefit of Executive Directors, full-time and part-time staff members employed by the Company.

# DIRECTORS' REPORT

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In accordance with the Plan, the exercise price is based on a minimum of 100% of the average ASX closing price for the 5 days prior to the offer/acceptance of the options. Each option is issued for a maximum period of 5 years. Subject to shareholder approval where necessary, the Board, at its discretion, may approve the issue of options under the Employee Share Option Plan to Directors and Senior Executives. The vesting of options issued may be conditional upon the achievement of performance hurdles determined by the Board from time to time.

Independent data from applicable sources may be requested by the Board to assess if the performance hurdles have been met.

## *Performance based remuneration*

Performance based remuneration is issued to reward individual performance in line with Group objectives. Consequently, performance based remuneration is paid to an individual where the individual's performance clearly contributes to a successful outcome for the Group. This is regularly measured in respect of performance against key performance indicators (KPI's) and incentive bonuses are paid monthly, quarterly and yearly to reflect this. KPI's used to measure performance include, but are not limited to:

- Completion of set milestones.
- EBIT target achievements.
- Sales target achievements.

KPI's are set in advance in conjunction with Group targets and in consultation with Executives & employees. The KPI's chosen reflect the Group's goals for the year and endeavour to increase shareholder wealth.

Assessment of KPI's is undertaken by the Board and Management based on management accounts and year end audited financial results.

All Executives and employees are eligible to receive incentives whether through employment contracts or by recommendation of the Chief Executive Officer or Board. Performance based incentive payments are based on a set monetary value or number of shares or options. There is no fixed portion between incentive and base remuneration.

## *Remuneration policy versus Group Performance*

The Group's remuneration policy is based on industry practice. Executive performance based remuneration issued during the 2014 financial year has been measured against the KPI's set at the start of the year by the Board and/or management to reflect the Group's objectives for the year. The Board believes that the performance based remuneration issued to executives during the year reflects the contribution that they have made to the Group's performance over the past 12 months.

## *Service agreements*

The Group has entered into service agreements with Key Management Personnel.

No Executive during the term of their employment agreement shall perform work for any other person, corporation or business without the prior written consent of the Company.

## *Termination of other Executives*

Generally, the Company or the executive may terminate employment at any time by giving the other party appropriate contractual notice in writing.

If either the Company or the Executive gives notice of termination, the Company may, at its discretion, choose to terminate the Executive's employment immediately or at any time during the notice period and pay the executive an amount equal to the salary due for the residual period of notice at the time of termination.

The employment of each executive may be terminated immediately without notice or payment in lieu in the event of any serious or persistent breach of the agreement, any serious misconduct or wilful neglect of duties, in the event of bankruptcy or any arrangement or compensation being made with creditors, on conviction of a criminal offence, permanent incapacity of the executive or a consistent failure to carry out duties in a manner satisfactory to the Company.

## **B Details of remuneration**

Details of the remuneration of the Directors, the Key Management Personnel of the consolidated entity (as defined in AASB 124 Related Party Disclosures) are set out in the tables on the following page:

# DIRECTORS' REPORT

2014	Short-term employee benefits			Long-term employee benefits	Post-employment benefits	Equity Settled Share based payments	Total
	Salary \$	Bonus \$	Other \$	Long service leave <sup>1</sup> \$	Superannuation \$	Shares <sup>2</sup> \$	
<b>Non-Executive Directors</b>							
Duncan Fischer	131,100	-	-	-	-	-	131,100
Simon Doyle	100,000	-	-	-	9,250	-	109,250
<b>Executive Directors</b>							
Ray Malone	739,746	-	-	13,401	25,000	116,000	894,147
Ray Smith-Roberts*	110,421	341,261	20,956	3,470	25,000	20,000	521,108
	1,081,267	341,261	20,956	16,871	59,250	136,000	1,655,605

<sup>1</sup> Represents movement in the provision for long service leave for amounts accrued and not paid

<sup>2</sup> Includes sign-on bonuses vested in current period – refer to section C and D (below & page 16)

\* Appointed 28 February 2014

2013	Short-term employee benefits			Long-term employee benefits	Post-employment benefits	Equity Settled Share based payments	Total
	Salary \$	Bonus \$	Other \$	Long service leave <sup>1</sup> \$	Superannuation \$	Shares <sup>2</sup> \$	
<b>Non-Executive Directors</b>							
Duncan Fischer	130,800	-	-	-	-	-	130,800
Simon Doyle	100,000	-	-	-	9,000	-	109,000
<b>Executive Directors</b>							
Ray Malone	743,254	-	-	13,985	19,750	116,000	892,989
<b>Other Key Management</b>							
Ray Smith-Roberts	89,378	234,648	-	1,537	18,566	207,122	551,251
	1,063,432	234,648	-	15,522	47,316	323,122	1,684,040

<sup>1</sup> Represents movement in the provision for long service leave for amounts accrued and not paid

<sup>2</sup> Sign-on bonus vested in current period – refer to section C and D (below & page 16)

## C Share-based compensation

### Ordinary shares

Ray Malone, one of AMA's Key Management Personnel, was issued 2,000,000 ordinary shares as consideration for him committing to an amendment and extension of his employment contract. As these shares are conditional to him remaining employed and are being expensed over the 5 year term, the value of \$116,000 has been included in the 2013 and 2014 remuneration tables and a further \$116,000 will be shown in each of the remuneration tables for 2015-2017. These shares were issued in December 2012.

Ray Smith-Roberts, one of AMA's Key Management Personnel, was issued 507,614 ordinary shares as consideration for him committing to an extension of his employment contract. As these shares are conditional to him remaining employed and are being expensed over the 5 year term, the value of \$20,000 has been included in the 2013 and 2014 remuneration tables and a further \$20,000 will be shown in each of the remuneration tables for 2015-2017. These shares were issued in September 2012.

### Options

There were no options issued to Key Management Personnel during the year or the previous year as part of their compensation.

# DIRECTORS' REPORT

## **D Service agreements**

The following Key Management Personnel have formalised service agreements in place as at 30<sup>th</sup> June 2014:

Name: Ray Malone  
Title: Chief Executive Officer  
Agreement commenced: 4 July 2010  
Agreement extended: 1 July 2012  
Term of original agreement: 5 Years  
Term of extension: 5 Years to 30 June 2017  
Termination period and payout: Mr Malone agreed not to resign within the first 2 years of the term. After 4 July 2012 Mr Malone may terminate the agreement with 6 months' notice.  
Where the Company terminates the agreement prior to the expiration of the term on grounds other than serious misconduct, it must give notice of the balance of the term or make payment in lieu of notice equal to the total fixed remuneration plus superannuation and existing bonus that accrues over that period.  
Other terms: As part of the employment agreement variation, the clause in Mr Malone's employment agreement, dated 4 July 2010, allowing him the option from 4 July 2012 to transition to the role of Strategic Executive Director with a base remuneration of not less than 50% of his remuneration at the date of transition, has been deleted.  
As part of Mr Malone's contract extension, he was granted 2,000,000 shares that were issued following shareholder approval at the AGM held on 27 November 2012. There is a claw-back clause in relation to these shares, which reads...  
"In the event that the Employee resigns from his employment prior to the end of the Extended Term (which does not include where the Employee dies or becomes incapacitated) or the Company terminates this Agreement because of breach on the part of the Employee prior to the end of the Extended Term, the Employee shall (at his election) either:  
(i) Consent to the redemption or cancellation of the following number of shares (in the event only that the Share Issue has taken place) : Number of full years remaining in the Extended Term at the Termination Date / 5 x 2,000,000; or  
(ii) Pay to the Company the following amount in cash : Share Issue Value x number of full years remaining in the Extended Term at the Termination Date / 5."

Name: Ray Smith-Roberts  
Title: Chief Operations Officer  
Agreement commenced: 1 September 2010  
Agreement extended: 1 July 2012  
Term of original agreement: No fixed term  
Term of extension: 5 Years  
Termination Period: 6 months' notice period  
Termination payout: 6 months' base salary  
Other terms: As part of Mr Smith-Roberts' contract extension, he was granted \$100,000 in shares that were issued in September 2012 and this issue was subsequently ratified by the shareholders at the AGM held on 27 November 2012. There is a claw-back clause in relation to these shares, which reads...  
"In the event that the Employee resigns from his employment prior to the end of the Extended Term (which does not include where the Employee dies or becomes incapacitated) or the Company terminates this Agreement because of breach on the part of the Employee prior to the end of the Extended Term, the Employee shall (at his election) either:

# DIRECTORS' REPORT

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- (i) Consent to the redemption or cancellation of the following number of shares : Number of full years remaining in the Extended Term at the Termination Date / 5 x no of shares issued pursuant to the Share Issue; or
- (ii) Pay to the Company the \$100,000 x number of full years remaining in the Extended Term at the Termination Date / 5."

## Shares Under Option

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

## Shares Issued on the Exercise of Options

No shares were issued on the exercise of options in the financial year ended 30 June 2014 or 30 June 2013.

## Insurance of Officers

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

## Proceedings on Behalf of the Company

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

## Non-Audit Services

No non-audit services were provided by Moore Stephens.

## Rounding of Amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding-off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

## Auditors' Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 19.

## Auditor

Moore Stephens continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of the board of directors.

For And On Behalf Of The Board



Duncan Fischer  
Chairman  
AMA Group Limited  
Dated this 27<sup>th</sup> day of August 2014

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Operating Specialised Automotive Aftercare and Accessory Companies

# AUDITOR'S INDEPENDENCE DECLARATION 2014



Vehicle Protection Products  
& Accessories



Mr. Gloss  
Victoria's Leading Prestige Smash Repairer

Vehicle Panel Repair



Connecting Through Innovation



Automotive Electrical  
& Cable Accessories



Automotive Component  
Remanufacturing

# AUDITOR'S INDEPENDENCE DECLARATION

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**MOORE STEPHENS**  
ACCOUNTANTS & ADVISORS

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F +61 (0)3 8102 3400

[www.moorestephens.com.au](http://www.moorestephens.com.au)

## **Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the directors of AMA Group Limited**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2014, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit, and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



MOORE STEPHENS  
Chartered Accountants



**Rami Eltchelebi**

Partner

Melbourne, 27 August 2014



Operating Specialised Automotive Aftercare and Accessory Companies

# FINANCIAL STATEMENTS 2014



Vehicle Protection Products  
& Accessories



Vehicle Panel Repair



Mr. Gloss  
Victoria's Leading Prestige Smash Repairer



Connecting Through Innovation



Automotive Electrical  
& Cable Accessories



Automotive Component  
Remanufacturing

# FINANCIAL REPORT

## for the year ended 30 June 2014

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#### General Information

These financial statements cover the consolidated entity consisting of AMA Group Limited and its controlled entities. The financial statements are presented in Australian currency.

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

Suite 1  
1233 High Street  
Armadale VIC 3143

A description of the nature of the consolidated entity's operations and its principal activities is included in the Directors' Report, which is not part of the financial statements.

The financial statements were authorised for issue by the Directors on 27 August 2014.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2014

		30 June 2014	30 June 2013
	Note	\$'000	\$'000
<b>Revenue from continuing operations</b>	4	64,259	64,909
Raw materials and consumables used		(29,441)	(31,186)
Employee benefits expense		(18,741)	(17,615)
Occupancy expenses		(3,279)	(2,701)
Travel and motor vehicle		(917)	(802)
Advertising and marketing		(709)	(789)
Professional services		(455)	(761)
Insurance		(318)	(342)
Research and development		(177)	(152)
Communication expenses		(159)	(162)
Bad and doubtful debts expense		(48)	(32)
Other expenses		(698)	(762)
<b>Earnings before interest, tax and depreciation and amortisation (EBITDA)</b>		9,317	9,605
Depreciation and amortisation expense		(479)	(397)
<b>Earnings before interest and tax (EBIT)</b>		8,838	9,208
Finance costs		(94)	(431)
<b>Profit from continuing operations before impairment, fair value adjustments and vendor payments</b>		8,744	8,777
Fair Value adjustments to loan note and vendor loans		(38)	471
<b>Profit before tax from continuing operations</b>		<b>8,706</b>	<b>9,248</b>
Income tax (expense)	6	(2,830)	(1,833)
<b>Profit after tax from continuing operations</b>		5,876	7,415
(Loss) after tax from discontinued operations	33(b)	(221)	(225)
<b>Profit after tax</b>		5,655	7,190
<b>Total comprehensive income for the Year</b>		<b>5,655</b>	<b>7,190</b>
Profit attributable to members of AMA Group Limited		5,655	7,190
Total comprehensive income attributable to members of AMA Group Limited		5,655	7,190
<b>Earnings per share</b>		<b>Cents</b>	<b>Cents</b>
<b>From continuing operations</b>			
Basic earnings per share		1.76	2.44
Diluted earnings per share		1.76	2.44
<b>From continuing and discontinued operations</b>			
Basic earnings per share		1.70	2.36
Diluted earnings per share		1.70	2.36

The accompanying notes form part of these financial statements

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2014

		30 June 2014	30 June 2013
	Note	\$'000	\$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	2,098	19,125
Trade and other receivables	8	8,572	9,035
Inventories	9	6,595	5,741
Other	10	1,121	543
<b>Total current assets</b>		<b>18,386</b>	<b>34,444</b>
<b>Non-current assets</b>			
Property, plant and equipment	11	2,777	1,561
Intangibles	12	31,013	27,271
Deferred tax assets	13	1,363	3,700
Other	10	2,509	441
<b>Total non-current assets</b>		<b>37,662</b>	<b>32,973</b>
<b>Total assets</b>		<b>56,048</b>	<b>67,417</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	14	6,506	7,495
Borrowings	15	5	5,448
Income tax payable	6	1,830	981
Provisions	16	2,482	1,812
<b>Total current liabilities</b>		<b>10,823</b>	<b>15,736</b>
<b>Non-current liabilities</b>			
Borrowings	15	16	5,436
Deferred tax liabilities	17	346	2,438
Provisions	16	235	257
Other	14	-	194
<b>Total non-current liabilities</b>		<b>597</b>	<b>8,325</b>
<b>Total liabilities</b>		<b>11,420</b>	<b>24,061</b>
<b>Net assets</b>		<b>44,628</b>	<b>43,356</b>
<b>Equity</b>			
Contributed equity	18	74,904	73,971
Accumulated losses		(30,276)	(30,615)
<b>Total equity</b>		<b>44,628</b>	<b>43,356</b>

The accompanying notes form part of these financial statements



# STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2014

	Contributed Equity \$'000	Option Reserve \$'000	Accumulated Losses \$'000	Total \$'000
Balance at 1 July 2012	57,816	47	(33,281)	24,582
Shares issued net of costs	16,155	-	-	16,155
Dividends recognised for the period	-	-	(4,571)	(4,571)
Option reserve transferred back to retained earnings	-	(47)	47	-
Profit attributable to members of AMA Group Limited	-	-	7,190	7,190
<b>Balance at 30 June 2013</b>	<b>73,971</b>	<b>-</b>	<b>(30,615)</b>	<b>43,356</b>
Shares issued net of costs	933	-	-	933
Dividends recognised for the period	-	-	(5,316)	(5,316)
Profit attributable to members of AMA Group Limited	-	-	5,655	5,655
<b>Balance at 30 June 2014</b>	<b>74,904</b>	<b>-</b>	<b>(30,276)</b>	<b>44,628</b>

The accompanying notes form part of these financial statements

# CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2014

	Note	30 June 2014 \$'000	30 June 2013 \$'000
<b>CASH FLOWS RELATED TO OPERATING ACTIVITIES</b>			
Receipts from customers		72,531	73,665
Payments to suppliers and employees		(64,775)	(62,561)
Interest received		164	322
Interest and other costs of finance paid		(93)	(431)
Income taxes paid		(1,794)	-
<b>NET OPERATING CASH FLOWS</b>	<b>29</b>	<b>6,033</b>	<b>10,995</b>
<b>CASH FLOWS RELATED TO INVESTING ACTIVITIES</b>			
Proceeds from sales of plant and equipment		30	14
Payment for purchases of plant and equipment		(325)	(100)
Payment for purchases of equity investments, net of cash acquired		(6,356)	(785)
Payments for intangible assets		(75)	(18)
<b>NET INVESTING CASH FLOWS</b>		<b>(6,726)</b>	<b>(889)</b>
<b>CASH FLOWS RELATED TO FINANCING ACTIVITIES</b>			
Proceeds from issue of shares	18	-	15,085
Costs relating to issue of shares		-	(567)
Proceeds from borrowings		8,032	-
Repayment of borrowings		(19,050)	(4,705)
Dividends paid	20	(5,316)	(4,571)
<b>NET FINANCING CASH FLOWS</b>		<b>(16,334)</b>	<b>5,242</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(17,027)</b>	<b>15,348</b>
Cash and cash equivalents at the beginning of the Financial year		19,125	3,777
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>7</b>	<b>2,098</b>	<b>19,125</b>

The accompanying notes form part of these financial statements

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

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# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

## Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### Basis of accounting

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements comply with International Financial Reporting Standards (IFRSs).

### Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified where applicable by the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss and certain classes of property, plant and equipment.

### Critical accounting estimates

The preparation of these financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

### New accounting standards for application in future periods

Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

- AASB 9: *Financial Instruments* and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2017).

The Standard will be applicable retrospectively (subject to the comment on hedge accounting below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and de-recognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes made to the Standard that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of AASB 9, the application of such accounting would be largely prospective.

Although the directors anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments, including hedging activity, it is impracticable at this stage to provide a reasonable estimate of such impact.

- AASB 2012-3: *Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities* (applicable for annual reporting periods commencing on or after 1 January 2014).

This Standard provides clarifying guidance relating to the offsetting of financial instruments, which is not expected to impact the Group's financial statements.

- Interpretation 21: *Levies* (applicable for annual reporting periods commencing on or after 1 January 2014).

Interpretation 21 clarifies the circumstances under which a liability to pay a levy imposed by a government should be recognised, and whether that liability should be recognised in full at a specific date or progressively over a period of time. This Interpretation is not expected to significantly impact the Group's financial statements.

- AASB 2013-3: *Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets* (applicable for annual reporting periods commencing on or after 1 January 2014).

This Standard amends the disclosure requirements in AASB 136: *Impairment of Assets* pertaining to the use of fair value in impairment assessment and is not expected to significantly impact the Group's financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

- AASB 2013-4: *Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting* (applicable for annual reporting periods commencing on or after 1 January 2014).  
AASB 2013-4 makes amendments to AASB 139: *Financial Instruments: Recognition and Measurement* to permit the continuation of hedge accounting in circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations. This Standard is not expected to significantly impact the Group's financial statements.
- AASB 2013-5: *Amendments to Australian Accounting Standards – Investment Entities* (applicable for annual reporting periods commencing on or after 1 January 2014).  
AASB 2013-5 amends AASB 10: *Consolidated Financial Statements* to define an "investment entity" and requires, with limited exceptions, that the subsidiaries of such entities be accounted for at fair value through profit or loss in accordance with AASB 9 and not be consolidated. Additional disclosures are also required. As neither the parent nor its subsidiaries meet the definition of an investment entity, this Standard is not expected to significantly impact the Group's financial statements.

## Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of AMA Group Limited ('Company' or 'Parent Entity') as at 30 June 2014 and the results of all subsidiaries for the year then ended. AMA Group Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity' or 'group'. A list of the subsidiaries is provided in note 27.

The separate financial statements of the parent entity, AMA Group Limited, have not been presented within this financial report as permitted by amendments made to the Corporations Act 2001 effective as at 28 June 2011. Parent information has been disclosed in note 32 to the financial statements

Subsidiaries are all those entities over which the consolidated entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between companies in the consolidated entity are eliminated in full.

Investments in subsidiaries are accounted for at cost less impairment, in the separate financial statements of the parent entity.

## Foreign currency transactions and balances

### *Functional and presentation currency*

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, which is the parent entity's functional and presentation currency.

### *Transactions and balances*

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of comprehensive income.

## Revenue recognition

Sales revenue represents revenue earned from the sale of the consolidated entity's products and services, net of returns, trade allowances and duties and taxes paid.

In the majority of cases the simple process of delivery of goods or service to a customer, where the risks and rewards of ownership pass to the customer, give rise to the recognition of income.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

The revenue recognition policy follows AASB 118 and revenue is recognised when all of the following criteria are met:

- the consolidated entity has transferred to the buyer the significant risks and rewards of ownership of the goods.
- the consolidated entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- the amount of revenue can be measured reliably.
- it is probable that the economic benefits associated with the transaction will flow to the consolidated entity.
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

All revenues are stated net of goods and services taxes.

Interest revenue is recognised using the effective interest method. It includes amortisation of any discount or premium.

Other revenue is recognised when it is received or when the right to receive payment is established.

Grants and subsidies are recognised as income over the period to which they relate.

## Income tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

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## *Tax consolidation*

AMA Group Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under tax consolidation legislation. Each entity in the Group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the 'stand-alone taxpayer' approach to allocation. Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity. The Group notified the Australian Taxation Office that it had formed an income tax consolidated group to apply from 1 September 2006.

## **Cash and cash equivalents**

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

## **Trade receivables**

All trade receivables are recognised at the amounts receivable as they are due for settlement by no more than 90 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment of receivables is raised when some doubt as to collection exists.

## **Inventories**

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

## **Investments and other financial assets**

Investments and other financial assets are stated at the lower of their carrying amount and fair value less costs to sell. The fair values of quoted investments are based on current bid prices. For unlisted investments, the consolidated entity establishes fair value by using valuation techniques. These include the use of recent arms-length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models.

## **Property, plant and equipment**

Each class of property, plant and equipment is carried at cost or fair value less any accumulated depreciation. The carrying amount of plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amount from these assets.

Depreciation is calculated on either a straight line or diminishing value basis (class or asset must have either a straight line or diminishing value not both) as considered appropriate to write off the net cost or re-valued amount of each item of plant and equipment over its expected useful life to the consolidated entity. The expected useful lives are as follows:-

### *Leasehold improvements*

The cost of improvements to or on leasehold properties is amortised over the unexpired life of the lease or the estimated useful life of the improvement to the consolidated entity, whichever is the shorter. The diminishing value method of depreciation was used.

### *Plant and equipment*

The expected useful life of purchased plant and equipment is two to fifteen years. Where items of plant and equipment have separately identifiable components which are subject to regular replacement, those components are assigned useful lives distinct from the item of plant and equipment to which they now relate. The diminishing value method of depreciation was used.

### *Furniture and equipment*

The cost of furniture and equipment is carried at cost or fair value less any accumulated depreciation. The expected useful life of furniture and equipment is two to ten years. The diminishing value method of depreciation was used.

### *Motor vehicles*

The cost of motor vehicles is carried at cost or fair value less any accumulated depreciation. The expected useful life of motor vehicles is four to eight years. The diminishing value method of depreciation was used.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

## Leases

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

Finance leases are capitalised. A lease asset and liability are established at the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs.

The leased asset is depreciated on a straight line basis over the term of the lease, or where it is likely that the consolidated entity will obtain ownership of the asset, the life of the asset. Leased assets held at the reporting date are being amortised over periods ranging from three to five years.

Other operating lease payments are charged to the statement of comprehensive income in the period in which they are incurred, as this represents the pattern of benefits derived from the leased assets.

## Intangible assets

### Goodwill

Goodwill is carried at cost less accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

- (i) the consideration transferred;
- (ii) any non-controlling interest; and
- (iii) the acquisition date fair value of any previously held equity interest,

over the acquisition date fair value of net identifiable assets acquired.

The value of goodwill recognised on acquisition of each subsidiary in which the Group holds less than a 100% interest will depend on the method adopted in measuring the aforementioned non-controlling interest. The Group can elect to initially measure the non-controlling interest in the acquiree either at fair value (*full goodwill method*) or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets (*proportionate interest method*). The Group determines which method to adopt for each acquisition based on the entitlement of non-controlling interest to a proportionate share of the subsidiary net assets.

Under the *full goodwill method*, the fair values of the non-controlling interests are determined using valuation techniques which make the maximum use of market information where available. Under this method, goodwill attributable to the non-controlling interests is recognised in the consolidated financial statements.

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to the Group's cash generating units or groups of cash generating units, which represent the lowest level at which goodwill is monitored but where such level is not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold.

Changes in the ownership interests in a subsidiary are accounted for as equity transactions and do not affect the carrying values of goodwill.

### Research and Development

Expenditure on research activities, undertaken with the prospect of obtaining new or scientific or technical knowledge and understanding, is recognised in the Statement of Comprehensive Income as an expense when it is incurred.

Expenditure on development activities, being the application of research findings or other knowledge to a plan or design for the production of new or substantially improved products or services before the start of commercial product or use, is capitalised only when technical feasibility studies identify that the product or service will deliver future economic benefits and these benefits can be measured reliably. Expenditure on development activities have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful economic life of the product or service.

### Patents and trademarks

Patents and trademarks are recognised at the cost of acquisition. Patents and trademarks have a finite life and are carried at cost less accumulated amortisation and any impairment losses. Patents and trademarks are amortised over their estimated useful life of 5 years.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

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## Impairment of assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

## Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30-45 days of recognition. Other payables not due within a year are measured less cumulative amortisation calculated using the effective interest method.

## Onerous leases

Represents contracts entered into in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The excess of the lease obligations over the expected economic benefits is expensed in the period that the contract becomes onerous. The liability represents the present value of the minimum lease payments and is held on the statement of financial position until it is extinguished.

## Borrowings

Loans are carried at their principal amounts which represent the present value of future cash flows associated with servicing debt. Interest is accrued over the period it becomes due and unpaid interest is recorded as part of current payables.

Interest free loans are recorded at their fair value. Discounted cash flow models are used to determine the fair values of the loans. Refer to note 15 for further information regarding the interest free loans held by the Company.

## Finance costs

Finance costs are recognised as expenses in the period in which they are incurred. Finance costs include interest on:

- Short term and long term borrowings
- Finance leases

## Provisions

Provisions are recognised when the consolidated entity has a present obligation (legal or constructive) as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

## Employee benefits

### *Wages and salaries and annual leave*

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the end of the reporting period are recognised in other payables and provisions in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

### *Long service leave*

The liability for long service leave is recognised in provisions and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date at present value. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

### *Share-based payments*

Equity-settled share-based payments are measured at fair value at the date of grant. Fair value is measured by use of the Black Scholes option pricing model. The expected value used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, other risk factors and behavioural considerations.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the consolidated entity's estimate of shares that will eventually vest.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at the end of the reporting period.

## Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

## Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the financial year but not distributed at the end of the reporting period.

## Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination one of the combining entities must be identified as the acquirer (i.e. parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent recognises, in the consolidated accounts, and subject to certain limited exceptions, the acquisition date fair value of the identifiable assets acquired and liabilities assumed. In addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and its fair value can be reliably measured.

The acquisition may result in the recognition of goodwill or a gain from a bargain purchase. The method adopted for the measurement of goodwill will impact on the measurement of any non-controlling interest to be recognised in the acquiree where less than 100% ownership interest is held in the acquiree.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements. Consideration may comprise the sum of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer.

Fair value uplifts in the value of pre-existing equity holdings are taken to the statement of comprehensive income. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

Included in the measurement of consideration transferred is any asset or liability resulting from a contingent consideration arrangement. Any obligation incurred relating to contingent consideration is classified as either a financial liability or equity instrument, depending upon the nature of the arrangement. Rights to refunds of consideration previously paid are recognised as a receivable. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a liability is remeasured each reporting period to fair value through the statement of comprehensive income unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of comprehensive income.

## Earnings per share

### *Basic earnings per share*

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

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

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## *Diluted earnings per share*

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

## **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included in other receivables or other payables in the Statement of Financial Position.

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

## **Financial instruments**

### *Recognition and initial measurement*

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

### *Classification and subsequent measurement*

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

*Amortised cost* is calculated as:

- a. the amount at which the financial asset or financial liability is measured at initial recognition;
- b. less principal repayments;
- c. plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and
- d. less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

### *i. Financial assets at fair value through profit or loss*

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

### *ii. Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after reporting date. (All other loans and receivables are classified as non-current assets.)

## *iii. Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those that are expected to mature within 12 months after reporting date, which are classified as current assets.

If during the period the Group sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

## *iv. Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those that are expected to be disposed of within 12 months after reporting date, which are classified as current assets.

## *v. Financial liabilities*

All non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost except for the interest free loan, which was designated as a financial liability at fair value through profit or loss. This is because the interest free loan:

- (a) contains an embedded derivative in the form of a put option; and
- (b) the embedded derivative has the potential to significantly modify the cash flows that otherwise would be required by the loan contract by permitting the entity to put the loan back to the lender at a significant discount to the original loan amount.

## *Fair value*

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted financial instruments, including recent arm's length transactions, reference to similar instruments and option pricing models.

## *Impairment*

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

## *Financial guarantees*

Where material, financial guarantees issued, which require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as a financial liability at fair value on initial recognition.

The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the entity gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

The fair value of financial guarantee contracts has been assessed using a probability weighted discounted cash flow approach. The probability has been based on:

- the likelihood of the guaranteed party defaulting in a year period;
- the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
- the maximum loss exposed if the guaranteed party were to default.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

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## *De-recognition*

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

## **Comparative figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

When the Group applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period will be disclosed.

## **Non-current assets held for sale and discontinued operations**

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specially exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the Statement of Comprehensive Income.

## **Rounding of amounts**

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding-off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

## **Note 2. Critical accounting estimates and judgements**

Estimates 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 consolidated entity and that are believed to be reasonable under the circumstances.

### *Critical accounting estimates and assumptions*

The consolidated entity makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equate with the related actual results. The estimates and assumptions that



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

## *Impairment of Goodwill*

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the consolidated entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Refer to note 12 for details of key assumptions used to calculate the recoverable amount of goodwill.

## *Critical judgements in applying the consolidated entity's accounting policies*

At 30 June 2014 the vendor payables value was stated at the actual amount, being the final instalments, paid in July 2014 and the \$12m loan note no longer existed having been fully repaid earlier in the year.

Previously, the Group had applied a discount factor on the vendor payables to determine the amortised cost and we had stated the value of the interest free loan note at the value repaid on 6 August 2013. The interest expense and the fair value adjustments were taken to the Statement of Comprehensive Income. Refer to note 15 for further details.

## **Note 3. Segment information**

### ***Identification of reportable segments***

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Chief Executive Officer (chief operating decision maker) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of product category and service offerings since the diversifications of the Group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics with respect to the products sold and/or services provided by the segment.

### ***Services Provided by Segments***

- Vehicle Protection Products & Accessories – Manufacture & distribution of motor vehicle protective bars.
- Vehicle Panel Repair – Motor vehicle panel repairs.
- Automotive Electrical & Cable Accessories – Distribution of motor vehicle electrical & cable accessories.
  - Motor Vehicle Accessory Distribution – Distribution of motor vehicle accessories.
  - Cable & Accessory Distribution – Distribution of motor vehicle accessories.
- Automotive Component Remanufacturing – Motor vehicle component remanufacturing & repairs.
  - Motor Vehicle Transmission Repair – Motor vehicle transmission repairs.
  - Other Segments – Motor vehicle parts repairs.

### ***Basis of accounting for purposes of reporting by operating segments***

#### *Accounting policies adopted*

Unless stated otherwise, all amounts reported to the Chief Executive Officer as the chief decision maker with respect to operating segments are determined in accordance with the Group's accounting policies.

The gross margin of the panel repair segment, as presented to the Chief Executive Officer, does not include direct labour costs or an allocation of overheads.

#### *Inter-segment transactions*

All inter-segment transactions are eliminated on consolidation for the Group's financial statements.

#### *Segment assets*

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

#### *Segment liabilities*

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

#### *Unallocated items*

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

The following items of revenue, expense, assets and liabilities are not allocated to operating segments, other than for direct labour for panel segment, as they are not considered part of the core operations of any segment:

- derivatives;
- impairment of assets and other non-recurring items of revenue or expense;
- income tax expense;
- deferred tax assets and liabilities;
- other financial liabilities;
- fixed manufacturing & service costs and other cost of sales adjustments;
- finance costs;
- dividend payments;
- intangible assets; and
- discontinued operations.

## Business segments

30 June 2014	Vehicle Protection Products & Accessories	Vehicle Panel Repair	Automotive Electrical & Cable Accessories		Automotive Component Remanufacturing		Total
	\$'000	\$'000	Motor Vehicle Accessory Distribution	Cable & Accessory Distribution	Motor Vehicle Transmission Repair	All Other Segments	\$'000
<b>Revenue</b>							
External Sales	23,808	14,467	9,302	8,423	4,963	2,514	63,477
Other Income	923	31	52	178	246	60	1,490
Total Sales & Other Income	24,731	14,498	9,354	8,601	5,209	2,574	64,967
Unallocated Revenue							(708)
Total Revenue							64,259
<b>Result</b>							
Segment Gross Margin	12,875	8,469	3,066	3,559	2,061	642	30,672
Unallocated Expenses							(21,928)
Profit from continuing operations before impairment, fair value adjustments and vendor payments							8,744
Fair Value Adjustments							(38)
<b>Profit from continuing operations before income tax expense</b>							<b>8,706</b>
<b>Other</b>							
Acquisition of Non-Current Segment Assets	16	6	-	203	175	-	400
Unallocated							-
							400
Depreciation and Amortisation of Segment Assets	184	89	25	91	77	10	476
Unallocated							3
							479
Other Non-Cash Segment Expenses	-	-	-	-	-	-	-

Note: Panel Repair Gross Margin does not include direct labour or an allocation for overheads. These costs are allocated to unallocated expenses.

30 June 2014	Vehicle Protection Products & Accessories	Vehicle Panel Repair	Automotive Electrical & Cable Accessories		Automotive Component Remanufacturing		Total
	\$'000	\$'000	Motor Vehicle Accessory Distribution	Cable & Accessory Distribution	Motor Vehicle Transmission Repair	All Other Segments	\$'000
<b>Assets</b>							
Segment Assets	14,833	2,937	2,981	3,255	1,631	782	26,419
Unallocated Assets							29,629
<b>Total Assets</b>							<b>56,048</b>
<b>Liabilities</b>							
Segment Liabilities	3,220	2,084	884	753	778	344	8,063
Unallocated Liabilities							3,357
<b>Total Liabilities</b>							<b>11,420</b>

## Geographical segments:

The group only operates within one geographical area, Australia.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

30 June 2013	Vehicle Protection Products & Accessories	Vehicle Panel Repair	Automotive Electrical & Cable Accessories		Automotive Component Remanufacturing		Total
	\$'000	\$'000	Motor Vehicle Accessory Distribution	Cable & Accessory Distribution	Motor Vehicle Transmission Repair	All Other Segments	\$'000
<u>Revenue</u>							
External Sales	20,348	14,291	12,961	8,413	5,250	2,758	64,021
Other Income	744	42	52	63	329	49	1,279
Total Sales & Other Income	21,092	14,333	13,013	8,476	5,579	2,807	65,300
Unallocated Revenue							(391)
Total Revenue							64,909
<u>Result</u>							
Segment Gross Margin	10,103	8,584	4,184	3,512	2,076	792	29,251
Unallocated Expenses							(20,474)
Profit from continuing operations before impairment, fair value adjustments and vendor payments							8,777
Fair Value Adjustments							471
<b>Profit from continuing operations before income tax expense</b>							<b>9,248</b>
<u>Other</u>							
Acquisition of Non-Current Segment Assets	(20)	-	-	39	20	15	54
Unallocated							-
							54
Depreciation and Amortisation of Segment Assets	98	91	32	73	78	16	388
Unallocated							9
							397
Other Non-Cash Segment Expenses	-	-	-	-	-	-	-

Note: Panel Repair Gross Margin does not include direct labour or an allocation for overheads. These costs are allocated to unallocated expenses.

30 June 2013	Vehicle Protection Products & Accessories	Vehicle Panel Repair	Automotive Electrical & Cable Accessories		Automotive Component Remanufacturing		Total
	\$'000	\$'000	Motor Vehicle Accessory Distribution	Cable & Accessory Distribution	Motor Vehicle Transmission Repair	All Other Segments	\$'000
<u>Assets</u>							
Segment Assets	5,151	3,481	3,642	3,283	1,806	895	18,258
Unallocated Assets							49,159
<b>Total Assets</b>							<b>67,417</b>
<u>Liabilities</u>							
Segment Liabilities	2,255	2,161	1,149	951	723	388	7,627
Unallocated Liabilities							16,434
<b>Total Liabilities</b>							<b>24,061</b>

Geographical segments:

The group only operates within one geographical area, Australia.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

## Note 4. Revenue

	Note	30 June 2014 \$'000	30 June 2013 \$'000
<b>From Continuing Operations</b>			
<i>Sales Revenue</i>			
Sale of goods		48,224	49,112
Service and hire		14,467	14,291
		62,691	63,403
<i>Other Revenue</i>			
Interest Received		164	322
Other Revenue		1,404	1,184
		1,568	1,506
<b>Revenue from Continuing Operations excluding fair value adjustments</b>		<b>64,259</b>	<b>64,909</b>
Revenue from Discontinuing Operations	33c	-	-

## Note 5. Expenses from continuing operations

	30 June 2014 \$'000	30 June 2013 \$'000
Profit/(Loss) before income tax includes the following specific expenses:		
Raw materials and consumables used	29,441	31,186
Finance costs		
Interest and finance charges paid/payable	94	431
Rental expense relating to operating leases		
Minimum lease payments	2,319	1,948
Defined contribution superannuation expense	1,354	1,168
Bad debts expense/(recovery)	48	32
Stock obsolescence expense/(recovery)	212	(59)
(Profit)/Loss on disposal of assets/investments	(14)	(8)

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

## Note 6. Income tax expense

	Note	30 June 2014 \$'000	30 June 2013 \$'000
<i>Income tax expense</i>			
Deferred tax		245	868
Deferred tax recognised directly to equity		-	170
Current year tax instalments paid during the year		932	-
Other		11	-
(Over)/Under provision in respect of prior year		(142)	-
Current tax payable		1,830	981
<b>Aggregate income tax expense</b>		<b>2,876</b>	<b>2,019</b>
Deferred income tax expense included in income tax expense comprises:			
Decrease/(increase) in deferred tax assets	13	2,337	587
(Decrease)/increase in deferred tax liabilities	17	(2,092)	281
		245	868
Numerical reconciliation of income tax expense to prima facie tax payable:			
Profit/(Loss) before income tax (expense)/benefit		8,531	9,208
Tax at the Australian tax rate of 30%		2,559	2,762
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:			
Other non-deductible items		94	177
Income assessed as capital gains		11	(141)
Adjustment to losses on debt forgiveness		354	-
Recognition of prior year losses not previously brought to account		-	(562)
(Over)/Under provision in respect of prior year		(142)	(217)
<b>Income tax expense</b>		<b>2,876</b>	<b>2,019</b>
Income tax expense attributable to continuing operations		2,830	1,833
Income tax expense attributable to discontinued operations	33c	46	186
<b>Income tax expense</b>		<b>2,876</b>	<b>2,019</b>

The applicable weighted average effective tax rates are as follows: 33.7% 21.8%

The consolidated entity is part of a tax consolidation group.  
See the income tax accounting policy in note 1.

	Note	30 June 2014 \$'000	30 June 2013 \$'000
Amounts charged/(credited) directly to equity			
Deferred tax assets	13	-	(170)
Deferred tax liabilities	17	-	-
		-	<b>(170)</b>

During 2013 the Company lodged income tax amendment requests for the years ended 30 June 2008, 2009, 2010, and 2011 as a result of an internal tax review. Those amendment requests were processed by the Australian Taxation Office and that resulted in an increase in the carried forward tax losses by \$1,873,687 (tax effect of \$562,106). Accordingly, the additional tax losses were recognised in the accounts for the year ended 30 June 2013 and as a result the income tax expense was significantly reduced. This combined with the utilisation of brought forward revenue tax losses resulted in the applicable weighted average tax rate being well below the prevailing tax rate of 30%.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

## Note 7. Cash and cash equivalents

	30 June 2014 \$'000	30 June 2013 \$'000
Cash on hand	8	4
Cash at bank	2,090	19,121
	<b>2,098</b>	<b>19,125</b>

Cash at the end of the period as shown in the Statement of Cash Flows is reconciled to the Statement of Financial Position as follows:

	30 June 2014 \$'000	30 June 2013 \$'000
Balances as above	2,098	19,125
Balance as per statement of cash flows	2,098	19,125

## Note 8. Trade and other receivables

	30 June 2014 \$'000	30 June 2013 \$'000
<b>Current</b>		
Trade receivables	7,508	7,415
Less provision for impairment of receivables	(93)	(53)
	7,415	7,362
Other receivables	1,157	1,673
	<b>8,572</b>	<b>9,035</b>

There were no non-current trade or other receivables in either reported year.

### Bad and doubtful trade receivables

The consolidated entity has recognised a provision of \$93,000 (2013: \$53,000) in respect of bad and doubtful trade receivables during the year ended 30 June 2014.

### Impairment of receivables

The ageing of the provision for impairment of trade receivables recognised above is as follows:

	30 June 2014 \$'000	30 June 2013 \$'000
3 to 6 months	93	53
Over 6 months	-	-
	<b>93</b>	<b>53</b>

Movements in the provision for impairment of trade receivables are as follows:

	30 June 2014 \$'000	30 June 2013 \$'000
Opening balance	53	25
Additional provisions recognised	32	32
Receivables written off/(back-in) during the year as uncollectible	8	(4)
Closing balance	<b>93</b>	<b>53</b>

### Past due but not impaired

Customers with balances past due but without provision for doubtful debts amount to \$334,000 at 30 June 2014 (2013: \$421,000). Management did not consider a credit risk on the aggregate balances after reviewing agency credit information and recognising a tacit extension to the recorded credit terms of customers based on recent collection practices.

The balances of receivables that remain within initial trade terms (as detailed in table) are considered to be of high credit quality.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

The ageing of the past due but not impaired receivables shown below:

	30 June 2014 \$'000	30 June 2013 \$'000
1 to 3 months	334	410
3 to 6 months	-	11
Over 6 months	-	-
Closing balance	<b>334</b>	<b>421</b>

## Note 9. Inventories

	30 June 2014 \$'000	30 June 2013 \$'000
Raw materials	672	614
Work in progress	402	379
Finished goods	5,521	4,748
	<b>6,595</b>	<b>5,741</b>

All amounts are shown at the lower of cost or net realisable value

## Note 10. Other assets

	30 June 2014 \$'000	30 June 2013 \$'000
<b>Current</b>		
Prepayments	1,121	543
	<b>1,121</b>	<b>543</b>
<b>Non-Current</b>		
Prepayments	2,509	441
	<b>2,509</b>	<b>441</b>

## Note 11. Property, plant and equipment

	30 June 2014 \$'000	30 June 2013 \$'000
Leasehold improvements - at cost	639	257
less accumulated amortisation	(108)	(72)
	531	185
Plant & equipment - at cost	4,300	3,207
less accumulated depreciation	(2,406)	(2,070)
	1,894	1,137
Furniture & equipment - at cost	849	775
less accumulated depreciation	(641)	(596)
	208	179
Motor vehicles - at cost	453	429
less accumulated depreciation	(309)	(369)
	144	60
	<b>2,777</b>	<b>1,561</b>

### Reconciliations

Reconciliations of the fair values at the beginning and end of the current and previous financial year are set out on the next page:

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

	Leasehold improvements \$'000	Plant & Equipment \$'000	Plant under lease \$'000	Furniture & Equipment \$'000	Motor vehicles \$'000	Total \$'000
<b>Balance at 1 July 2012</b>	<b>199</b>	<b>1,404</b>	<b>17</b>	<b>212</b>	<b>94</b>	<b>1,926</b>
Additions	-	24	-	3	8	35
Reclassification	-	17	(17)	-	-	-
Disposals	-	(6)	-	-	(1)	(7)
Depreciation expense	(14)	(302)	-	(36)	(41)	(393)
<b>Balance at 30 June 2013</b>	<b>185</b>	<b>1,137</b>	<b>-</b>	<b>179</b>	<b>60</b>	<b>1,561</b>
<b>Balance at 1 July 2013</b>	<b>185</b>	<b>1,137</b>	<b>-</b>	<b>179</b>	<b>60</b>	<b>1,561</b>
Additions	63	238	-	11	13	325
Business acquisition	319	872	-	46	133	1,370
Disposals	-	(1)	-	-	(16)	(17)
Depreciation expense	(36)	(352)	-	(28)	(46)	(462)
<b>Balance at 30 June 2014</b>	<b>531</b>	<b>1,894</b>	<b>-</b>	<b>208</b>	<b>144</b>	<b>2,777</b>

## Note 12. Intangible assets

	30 June 2014 \$'000	30 June 2013 \$'000
Goodwill - at cost	54,762	51,078
Less impairment	(23,828)	(23,828)
	<b>30,934</b>	<b>27,250</b>
Patents & Trademarks	99	24
Less amortisation	(20)	(3)
	<b>79</b>	<b>21</b>
	<b>31,013</b>	<b>27,271</b>

### Reconciliations

Reconciliations of the carrying amounts at the beginning and end of the current and previous financial year are set out below:

	Goodwill \$'000
Balance at 1 July 2012	27,250
Additions	-
Balance at 30 June 2013	27,250
Additions	3,684
Balance at 30 June 2014	<b>30,934</b>

Goodwill is allocated to cash-generating units (CGU) which are based on the consolidated entity's operating segments as follows:

	30 June 2014 \$'000	30 June 2013 \$'000
Vehicle Protection Products & Accessories	11,563	7,879
Vehicle Panel Repair	10,196	10,196
Automotive Electrical & Cable Accessories		
- Motor Vehicle Accessory Distribution	7,319	7,319
- Cable & Accessory Distribution	30	30
Automotive Component Remanufacturing		
- Motor Vehicle Transmission Repair	1,305	1,305
- All Other Segments	521	521
	<b>30,934</b>	<b>27,250</b>

The recoverable amount of the consolidated entity's goodwill has been determined by a value-in-use calculation using a discounted cash flow model, based on 5-year cash projection budgets approved by the Board, using the key assumptions detailed below:



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

	Automotive Electrical & Cable Accessories		Automotive Component Remanufacturing		All Other Segments	
	Vehicle Protection Products & Accessories	Vehicle Panel Repair	Motor Vehicle Accessory Distribution	Cable & Accessory Distribution	Motor Vehicle Transmission Repair	
Growth Rate %	0	0	0	0	0	0
Pre-tax discount rate %	9.33	9.83	10.08	10.83	10.83	12.83

The value in use calculations use historical weighted average growth rates to project revenue & costs and management's best estimates of what it believes will occur in future years. Due to the current effects of the economic environment on the automotive industry, the Company has adopted a conservative approach and used growth rates of 0%.

The discount rates of 9.33% to 12.83% pre-tax reflect management's estimate of the time value of money and the consolidated entity's weighted average cost of capital adjusted for additional risk factors associated with each segment.

## *Impact of possible changes in key assumptions*

### *Vehicle Protection Products & Accessories Segment*

If the base EBIT used in the value-in-use calculation for this CGU had decreased by 10% and then remained constant with no further growth applied, the group would not be required to recognise any further impairment of goodwill in relation to this CGU.

If the estimated pre-tax discount rate for this CGU had been 1% higher than management's estimates (10.33% instead of 9.33%), the group would not be required to recognise any further impairment of goodwill in relation to this CGU.

### *Vehicle Panel Repair Segment*

If the base EBIT used in the value-in-use calculation for this CGU had decreased by 10% and then remained constant with no further growth applied, the group would not be required to recognise any further impairment of goodwill in relation to this CGU.

If the estimated pre-tax discount rate for this CGU had been 1% higher than management's estimates (10.83% instead of 9.83%), the group would not be required to recognise any further impairment of goodwill in relation to this CGU.

### *Automotive Electrical & Cable Accessories Segment – Motor Vehicle Accessory Distribution*

If the base EBIT used in the value-in-use calculation for this CGU had decreased by 10% and then remained constant with no further growth applied, the group would be required to recognise an impairment of goodwill of \$112,770 (2013: \$Nil) in relation to this CGU.

If the estimated pre-tax discount rate for this CGU had been 1% higher than management's estimates (11.08% instead of 10.08%), the group would be required to recognise an impairment of goodwill of \$27,272 (2013: \$Nil) in relation to this CGU.

### *Automotive Electrical & Cable Accessories Segment – Cable & Accessory Distribution*

If the base EBIT used in the value-in-use calculation for this CGU had decreased by 10% and then remained constant with no further growth applied, the group would not be required to recognise an impairment of goodwill in relation to this CGU.

If the estimated pre-tax discount rate for this CGU had been 1% higher than management's estimates (11.83% instead of 10.83%), the group would be required to recognise an impairment of goodwill of \$Nil (2013: \$Nil) in relation to this CGU.

### *Automotive Component Remanufacturing Segment – Motor Vehicle Transmission Repair*

If the base EBIT used in the value-in-use calculation for this CGU had decreased by 10% and then remained constant with no further growth applied, the group would not be required to recognise any further impairment of goodwill in relation to this CGU.

If the estimated pre-tax discount rate for this CGU had been 1% higher than management's estimates (11.83% instead of 10.83%), the group would not be required to recognise any further impairment of goodwill in relation to this CGU.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

## Automotive Component Remanufacturing Segment – All Other Segments

If the base EBIT used in the value-in-use calculation for this CGU had decreased by 10% and then remained constant with no further growth applied, the group would not be required to recognise any further impairment of goodwill in relation to this CGU.

If the estimated pre-tax discount rate for this CGU had been 1% higher than management's estimates (13.83% instead of 12.83%), the group would not be required to recognise any further impairment of goodwill in relation to this CGU.

## Note 13. Deferred tax asset

	30 June 2014 \$'000	30 June 2013 \$'000
<i>The balance comprises temporary differences attributable to:</i>		
Amounts recognised in the statement of comprehensive income:		
Doubtful debts	28	16
Employee benefits	879	693
Accrued expenses	129	222
Inventory	138	97
Sundry items	-	59
Other (S40-880)	16	22
Legal fees	3	4
Onerous lease	-	47
Revenue losses	-	401
Capital losses	-	1,969
	1,193	3,530
Amounts recognised in equity:		
Transaction costs on share issue	170	170
	170	170
Deferred tax asset	<b>1,363</b>	<b>3,700</b>

At 30 June 2014 the consolidated entity has now fully utilised previously un-recouped revenue losses. (2013: \$1,336,438 which were previously brought to account as a deferred tax asset).

At 30 June 2014, the consolidated entity has estimated un-recouped capital losses of \$5,072,900 (2013: \$10,458,444) none of which have been brought to account as a deferred tax asset (2013: \$6,564,121 had been brought to account as a deferred tax asset).

The benefit of these losses will only be obtained if:

- The companies derive future assessable income of a nature and an amount sufficient to enable the benefits from the deductions for the losses to be realised.
- The companies continue to comply with the conditions for deductibility imposed by the law.
- No changes in tax legislation adversely affect the companies in realising the benefit from the deductions for the losses.

## Note 14. Trade and other payables

	Note	30 June 2014 \$'000	30 June 2013 \$'000
<b>Current</b>			
Trade payables		4,304	4,600
Deferred cash consideration - key vendors	14a	196	749
Onerous lease		-	155
Other payables		2,006	1,991
		<b>6,506</b>	<b>7,495</b>
<b>Non-current</b>			
Deferred cash consideration - key vendors	14a	-	194
		-	<b>194</b>

- a) The Company has a deferred cash consideration to Key Vendors for \$196,250 (2013: \$981,250) to be repaid quarterly over 5 years interest free. The present value of the liability is \$196,250 (2013: \$943,143). These loans are subordinated to the Group's banking facilities (refer note 15) and are secured by a registered

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

second ranking fixed and floating charge over the assets of AMA Group Limited and its subsidiaries. The final instalments were paid on 31 July 2014 which fully discharged all Key Vendor debts.

## Note 15. Borrowings

	30 June 2014 \$'000	30 June 2013 \$'000
<b>Current</b>		
Bank bills	-	5,448
Lease liability	5	-
	<b>5</b>	<b>5,448</b>
<b>Non-current</b>		
Lease liability	16	-
Bank loan note	-	5,436
	<b>16</b>	<b>5,436</b>

On 19 August 2013 the Company completed negotiations for a normal commercial banking facility. This new facility allows the company to draw-down up to \$6m on an interest only basis for up to 3 years from the date of the first draw-down. On 13 June 2014 the facility was extended to allow the Company to draw-down up to \$8m for the remainder of the original term to 24 November 2016.

(2013: On 30 June 2009 the Company completed negotiations for a revised banking facility. This facility defers the due date on the bank bills until 30 June 2014 and the debt repayment is now considered as a current liability. The facility also required 35% of the Company's EBIT and, should the gearing ratio (as defined under the agreement) be greater than a specified value, 75% of free cash flow annually (as defined under the agreement) to be paid towards the principal of the bills.)

The new commercial facility includes the following covenants:-

- provide copies of quarterly management financial reports
- achievement of interest cover ratio targets
- achievement of equity ratio targets

As at the date of this report all the above covenants have been met.

### Total secured liabilities

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

	30 June 2014 \$'000	30 June 2013 \$'000
Bank bills and loan note	-	10,884
Lease liability	21	-
	<b>21</b>	<b>10,884</b>

### Assets pledged as security

The bank bills are secured by a fixed and floating charge over all of the assets and uncalled capital of AMA Group Limited and all of its subsidiaries.

The lease liabilities were effectively secured as the rights to the leased assets recognised in the Statement of Financial Position revert to the lessor in the event of default.

### Financing arrangements

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

	30 June 2014 \$'000	30 June 2013 \$'000
2013 Bank bills commercial loan (\$8m facility)	-	-
2009 Bank bills	-	5,448
Loan notes	-	12,000
Used at balance date	-	<b>17,448</b>

The \$12 million loan note above was part of the revised bank facility negotiated during the 2009 year. This \$12 million was recapitalised as interest free payable over 9 years and 9 months with an option to forego \$6 million in debt at any time by paying down the debt by \$6 million prior to maturity date.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

On 6 August 2013 the Company repaid the Westpac loan note and it is therefore removed from the balance sheet. (2013: The current fair value of the loan note was \$5.436million and was valued based on the actual settlement value repaid to Westpac on 6 August 2013).

## Note 16. Provisions

	30 June 2014 \$'000	30 June 2013 \$'000
<b>Current</b>		
Annual leave	1,439	1,120
Long service leave	974	649
Dividends	69	43
	<b>2,482</b>	<b>1,812</b>
<b>Non-current</b>		
Long service leave	235	257
	<b>235</b>	<b>257</b>

### Movements in provisions

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

	Dividends	Total
Carrying amount at beginning of year	43	43
Arising during the year	26	26
Utilised	-	-
Carrying amount at end of year	<b>69</b>	<b>69</b>

### Amounts not expected to be settled within the next 12 months

The current provision for annual leave is presented as current, since the consolidated entity does not have an unconditional right to defer settlement. However, based on past experience, the consolidated entity does not expect all employees to take the full amount of accrued leave within the next 12 months.

The current provision for long service leave includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the consolidated entity does not have an unconditional right to defer settlement. However, based on past experience, the consolidated entity does not expect all employees to take the full amount of accrued long service leave or require payment within the next 12 months.

The following amounts reflect leave that is classified as a current liability but is not expected to be taken within the next 12 months:

	30 June 2014 \$'000	30 June 2013 \$'000
<b>Note</b>		
Annual leave obligation expected to be settled after 12 months	529	415
Long service leave obligation to be settled after 12 months	554	380
	<b>1,083</b>	<b>795</b>

## Note 17. Deferred tax liability

	30 June 2014 \$'000	30 June 2013 \$'000
<i>The balance comprises temporary differences attributable to:</i>		
Amounts recognised in statement of comprehensive income:		
Sundry debtors	330	462
Sundry items	16	7
Loan note	-	1,969
Deferred tax liability	<b>346</b>	<b>2,438</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

## Note 18. Equity - issued capital & to be issued

	Note	30 June 2014 Shares	30 June 2013 Shares	30 June 2014 \$'000	30 June 2013 \$'000
Ordinary Shares - fully paid	18a	334,250,963	331,438,776	74,904	73,971
		<b>334,250,963</b>	<b>331,438,776</b>	<b>74,904</b>	<b>73,971</b>

### 18a) Movements in ordinary share capital

Details	Date	Qty of Shares	Issue price	\$'000
Opening Balance 1 July 2012		282,181,291		57,816
Shares issued to employees	20/09/2012	1,507,938	\$0.2000	302
Shares issued to employees	21/09/2012	1,044,774	\$0.2010	210
Shares issued to employees	21/09/2012	450,000	\$0.2000	90
Shares issued to employees	21/09/2012	507,614	\$0.1970	100
Shares issued to employees	19/12/2012	2,000,000	\$0.2900	580
Shares issued for Capital Raising	25/01/2013	43,100,000	\$0.3500	15,085
Cost of Capital Raising				(567)
Share issue expenses (DTA)				170
Shares issued to employees	14/05/2013	490,909	\$0.2750	135
Shares issued to employees	14/05/2013	156,250	\$0.3200	50
Closing Balance at 30 June 2013		<b>331,438,776</b>		<b>73,971</b>
Shares issued to employees	23/08/2013	798,910	\$0.3142	251
Shares issued to employees	16/10/2013	2,013,277	\$0.3390	682
Closing Balance at 30 June 2014		<b>334,250,963</b>		<b>74,904</b>

### Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote and, upon a poll, each share is entitled to one vote.

## Note 19. Equity - reserves

	30 June 2014 \$'000	30 June 2013 \$'000
Option Reserve	-	47
Transferred to retained earnings	-	(47)
	-	-

### Option reserve

The option reserve is used to record the fair value of equity benefits provided to employees and directors as part of their compensation. The remaining options lapsed during the year ended 30 June 2013, therefore the reserve was transferred back to retained earnings.

## Note 20. Equity - dividends

On 17 September 2013 the Company declared a dividend (95% franked at 30%) and \$5.316 million was paid on 7 November 2013. (2013: On 28 September 2012 the Company declared a dividend (fully franked at 30%) and \$4.571 million was paid on 15 November 2012)

	30 June 2014 \$'000	30 June 2013 \$'000
Franking credits available for subsequent financial years based on tax rate of 30%	93	(78)

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

The aforementioned amounts represent the balance of the franking account as at the end of the reporting period, adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax
- franking credits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

## Note 21. Financial instruments

### *Financial risk management objectives*

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk, and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate risk and ageing analysis for credit risk.

Risk management is carried out by senior management under policies approved by the board of directors. Management identifies, evaluates and mitigates financial risks within the consolidated entity's operating units.

### *Market risk*

#### *Foreign currency risk*

The consolidated entity continues to make purchases in US Dollars and therefore is exposed to foreign currency risk through foreign exchange rate fluctuations.

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the end of the reporting period were as follows:

Consolidated	Assets		Liabilities	
	30 June 2014 \$'000	30 June 2013 \$'000	30 June 2014 \$'000	30 June 2013 \$'000
US Dollar	-	-	209	74
	-	-	<b>209</b>	<b>74</b>

The consolidated entity had no assets denominated in US Dollars as at 30 June 2014 (2013: AUD \$NIL). Based on this exposure, had the Australian Dollar weakened/strengthened by 10% against the US Dollar with all other variables held constant, the consolidated entity's result for the year and equity would have been unchanged.

The consolidated entity had liabilities denominated in US Dollars of AUD \$209,000 as at 30 June 2014 (2013: AUD \$74,000). Based on this exposure, had the Australian Dollar weakened/strengthened by 10% against the US Dollar with all other variables held constant, the consolidated entity's result for the year and equity would have been \$19,000 higher/lower.

There were no assets or liabilities denominated in any other foreign currencies, other than US Dollars as at 30 June 2014 or as at 30 June 2013.

The foreign exchange gain for the year ended 30 June 2014 was \$76,000 (2013: \$ 6,000).

The consolidated entity does not employ foreign currency hedges and has no official foreign currency policy. If the transactional value, net asset position and overall exposure were to increase it is likely that a policy will be adopted to mitigate risk.

#### *Price risk*

The consolidated entity and parent entity are not exposed to any significant price risk.

#### *Interest rate risk*

The consolidated entity and parent entity's main interest rate risk arises from short and long-term borrowings. All borrowings are issued at variable rates and this exposes the consolidated entity and parent entity to interest rate risk. The consolidated entity and parent entity attempt to mitigate this interest rate risk exposure by maintaining an adequate interest cover ratio and gearing ratio that ensures financing costs are not significant costs.

The consolidated entity had no bank bills outstanding as at 30 June 2014 (2013: \$5,448,157). The consolidated entity has a commercial loan facility, now being interest only bank bills up to \$8m. The consolidated entity aims to minimise the finance costs by minimising the outstanding balance at all times.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

## Credit risk

Credit risk is managed on a consolidated entity basis. Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit and obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk, excluding the value of any collateral or other security, at the end of the reporting period to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Statement of Financial Position and notes to the financial statements.

As at 30 June 2014 the consolidated entity had no significant concentration of credit risk.

## Liquidity risk

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

The consolidated entity has a process of monitoring overall cash balances on a strategic long term basis and at an operational level on a weekly basis. This is to ensure ongoing liquidity, prompt decision making and allow proactive communication with its funders.

The consolidated entity's current focus is to ensure it meets debt covenants, reduces debt, reduces costs and focuses on its current operations in the automotive aftercare market.

## Financing arrangements

In June 2009, the consolidated entity successfully negotiated a new bank bill facility of \$21,921,000 for 5 years and loan note of \$12,000,000 to expire on 31 March 2019. On 6 August 2013 the consolidated entity repaid in full all remaining balances on the aforementioned facilities and entered into a normal commercial banking arrangement with Westpac. The consolidated entity successfully negotiated a new bank bill commercial loan facility with Westpac on 20 August 2013, which allowed the Company to draw-down up to \$6,000,000. This facility was extended in June 2014 to allow the Company to draw-down up to \$8,000,000. During the 2014 financial year, the consolidated entity has met all of the obligations under the financing arrangements.

## Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instruments. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the consolidated entity can be required to pay. The tables include both interest and principal cash flows, disclosed as remaining contractual maturities and these totals differ from their carrying amount in the statement of financial position for interest-bearing liabilities due to the interest component.

2014	Weighted average interest rate %	1 year or less \$'000	Over 1 to 2 years \$'000	Over 2 to 5 years \$'000	Over 5 years \$'000	Total contractual maturities \$'000
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables		4,304	-	-	-	4,304
Other payables		2,006	-	-	-	2,006
Deferred cash consideration		196	-	-	-	196
Lease liability		5	5	11	-	21
<i>Interest bearing - variable rate</i>						
Bank bills commercial loan		-	-	-	-	-
<b>Total non-derivatives</b>		<b>6,511</b>	<b>5</b>	<b>11</b>	<b>-</b>	<b>6,527</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

2013	Weighted average interest rate %	1 year or less \$'000	Over 1 to 2 years \$'000	Over 2 to 5 years \$'000	Over 5 years \$'000	Total contractual maturities \$'000
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables		4,619	-	-	-	4,619
Other payables		1,981	-	-	-	1,981
Deferred cash consideration		785	196	-	-	981
Loan note		-	-	-	12,000	12,000
<i>Interest bearing - variable rate</i>						
Bank bills	5.34	5,448	-	-	-	5,448
<i>Interest bearing - fixed rate</i>						
Lease liability	8.76	155	-	-	-	155
<b>Total non-derivatives</b>		<b>12,988</b>	<b>196</b>	<b>-</b>	<b>12,000</b>	<b>25,184</b>

## Fair value of financial instruments

The carrying amounts of financial instruments reflect their fair value.

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

- quoted prices in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

2014	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial Liabilities</b>				
Vendor loan	-	196	-	196
	-	<b>196</b>	-	<b>196</b>
<hr/>				
2013	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial Liabilities</b>				
Interest free loan	-	-	5,436	5,436
Vendor loan	-	943	-	943
	-	<b>943</b>	<b>5,436</b>	<b>6,379</b>

The fair value of the vendor loans included in Level 2 of the hierarchy has been determined using valuation techniques incorporating observable direct and indirect market data relevant to the Company.

The fair value of the interest free loan included in Level 3 of the hierarchy has previously been determined using valuation techniques incorporating observable direct and indirect market data relevant to the Company and an estimation of the probability on repaying the full amount of the loan. This has now been valued based on actual settlement value repaid to Westpac on 6 August 2013.

Level 3 interest free loans are reconciled below

	30 June 2014 \$'000	30 June 2013 \$'000
Carrying amount at beginning of year	5,436	6,000
Fair Value adjustment	-	(564)
Repaid 6 August 2013	(5,436)	-
<b>Carrying amount at end of year</b>	<b>-</b>	<b>5,436</b>



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

## Capital risk management

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

The consolidated entity's capital includes ordinary share capital, bank bills and loan note, vendor loans and lease liabilities supported by financial assets. There are no externally imposed capital requirements.

	Note	30 June 2014 \$'000	30 June 2013 \$'000
Borrowings	15	21	10,884
Interest free vendor loans	14a	196	943
Less: Cash & cash equivalents	7	(2,098)	(19,125)
Net (cash) / debt		(1,881)	(7,298)
Ordinary Shares (market price)		95,262	92,803
Total capital		<b>93,381</b>	<b>85,505</b>
Gearing ratio		-	-

Ordinary share value calculated using closing share prices as at 30 June each year.

The consolidated entity may issue new shares or sell assets to either reduce debt or to invest in income producing assets. This is decided on the basis of maximising shareholder returns over the long term.

## Note 22. Key management personnel disclosures

### Directors

The following persons were directors of AMA Group Limited during the financial year:

Duncan Fischer	Non-Executive Chairman
Simon Doyle	Non-Executive Director
Ray Malone	Chief Executive Officer and Executive Director
Ray Smith-Roberts	Chief Operating Officer and Executive Director (appointed 28 February 2014)*

\*Prior to his appointment to the board, Ray Smith-Roberts was already the Chief Operating Officer of AMA Group Limited

### Other key management personnel

There are no other persons who also had authority and responsibility for planning, directing and controlling the activities of the consolidated entity, directly or indirectly, during the financial year:

### Compensation

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

	Short-term benefits \$'000	Long-term benefits \$'000	Post employment benefits \$'000	Share based payments \$'000	Total \$'000
2014 Aggregate	1,444	17	59	136	1,656
2013 Aggregate	1,298	16	47	323	1,684

### Shareholdings

The number of shares in the parent entity held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out over the page:

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

2014	Balance as at 1 July 2013	Received as remuneration	Received during the year on the exercise of options	Other changes	Balance as at 30 June 2014
Duncan Fischer	9,133,334	-	-	-	9,133,334
Simon Doyle	4,062,899	-	-	98,571	4,161,470
Ray Malone	79,417,619	-	-	1,000,000	80,417,619
Ray Smith-Roberts	7,687,415	586,062	-	(105,731)	8,167,746
	<b>100,301,267</b>	<b>586,062</b>	<b>-</b>	<b>992,840</b>	<b>101,880,169</b>

2013	Balance as at 1 July 2012	Received as remuneration	Received during the year on the exercise of options	Other changes	Balance as at 30 June 2013
Duncan Fischer	9,133,334	-	-	-	9,133,334
Simon Doyle	4,062,899	-	-	-	4,062,899
Ray Malone	93,097,619	2,000,000	-	(15,680,000)	79,417,619
Ray Smith-Roberts	7,703,931	1,631,684	-	(1,648,200)	7,687,415
	<b>113,997,783</b>	<b>3,631,684</b>	<b>-</b>	<b>(17,328,200)</b>	<b>100,301,267</b>

## Options holding

None of the directors or other members of Key Management Personnel of the consolidated entity, including their personally related parties, held any options over ordinary shares in the parent entity.

## Further disclosures

The consolidated entity has applied the relief outlined in AASB 2008-4, by disclosing the full key management personnel disclosures in the directors' report only, thus not duplicating that information in the financial report. These transferred disclosures have been audited.

## Note 23. Remuneration of auditors

During the year the following fees were paid or payable for services provided by the Company's auditors or its related practices:

	30 June 2014 \$'000	30 June 2013 \$'000
Audit or review of the financial reports - Moore Stephens	190	204
	<b>190</b>	<b>204</b>

## Note 24. Contingent liabilities

Unsecured guarantees, indemnities and undertakings have been given by the parent entity in the normal course of business in respect of financial trade arrangements entered into by its discontinuing subsidiaries and a Deed of Cross Guarantee (note 35) was entered into with its continuing subsidiaries during the financial year ended 30 June 2009. It is not practicable to ascertain or estimate the maximum amount for which the parent entity may become liable in respect thereof. At 30 June 2014 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. On 31 July 2013 the \$1.55m bank guarantee relating to the onerous leases expired.

	30 June 2014 \$'000	30 June 2013 \$'000
Bank guarantees	326	1,858
	<b>326</b>	<b>1,858</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

## Note 25. Commitments for expenditure

	Note	30 June 2014 \$'000	30 June 2013 \$'000
<i>Capital commitments - property, plant &amp; equipment</i>			
Committed at the end of the reporting period but not recognised as liabilities, payable:			
Within one year		-	-
		-	-
<i>Lease commitments - operating</i>			
Committed at the end of the reporting period but not recognised as liabilities, payable:			
Within one year		2,484	1,899
One to five years		3,220	3,960
After more than five years		1,016	23
		<b>6,721</b>	<b>5,882</b>
<i>Lease commitments - finance</i>			
Committed at the end of the reporting period but not recognised as liabilities, payable:			
Within one year		5	-
One to five years		16	-
		21	-
less future finance charges		-	-
		<b>21</b>	<b>-</b>
Represented as:			
Current commitment	15	5	-
Non-current commitment	15	16	-
		<b>21</b>	<b>-</b>

Property leases periods 1 to 5 years (shown as operating leases) are non-cancellable with rent payable monthly in advance. Contingent rental provisions within lease agreements generally require minimum lease payments be increased by CPI or a percentage factor. Certain agreements have option arrangements to renew the lease for an additional term and an option to purchase the premises at the market price at time of option exercise.

No operating leases have been recognised as onerous lease liabilities at 30 June 2014 (2013: \$154,637).

## Note 26. Related party transactions

### Parent entity

The parent and ultimate holding entity is AMA Group Limited.

### Subsidiaries

Interests in subsidiaries are set out in note 27.

### Key management personnel

Disclosures relating to key management personnel are set out in note 22 and the directors' report.

### Transactions with related parties

The following transactions occurred with related parties:

	30 June 2014 \$'000	30 June 2013 \$'000
<i>Payment for other expenses:</i>		
Payments were made during the year to the following director		
Silvan Bond Pty Ltd - Rental fees	141	141
Malone Superannuation Fund - Rental fees	33	33
Shildplex Pty Ltd - Rental fees	-	10
Mr Gloss Pty Ltd - Vendor payments & incentives*	530	656
	<b>704</b>	<b>840</b>

\*\$Nil (2013: \$Nil) was paid and \$Nil (2013: \$70,100) was payable at the reporting date to a director related entity of Ray Malone for employee incentive payments for Mr Gloss Holdings Pty Ltd (excluding any Key Management

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

Personnel), a wholly owned subsidiary of AMA Group Limited. During the year the amount of \$70,100 previously reported as payable at 30 June 2013 was reversed as an agreed adjustment. \$600,000 was paid to Mr Gloss Pty Ltd during the year in satisfaction of the outstanding vendor loan liability.

## Trade Receivable from and trade payable to related parties

There are no trade receivables from or trade payables to related parties at the end of the reporting period.

## Loans to/from related parties

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

	30 June 2014 \$'000	30 June 2013 \$'000
<i>Loans from related parties:</i>		
Loan from Mr Gloss Pty Ltd	(150)	(750)
	(150)	(750)

The loan from Mr Gloss Pty Ltd, a related entity to Mr Ray Malone, is the total value of outstanding vendor payments payable to Mr Gloss Pty Ltd for the acquisition of the Mr Gloss panel beating business. Security for the vendor loan is outlined at note 14a. The final repayment instalment of this loan was paid on 31 July 2014.

## Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates, except for loans to subsidiaries which are non-interest bearing.

## Note 27. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name of entity	Country of incorporation	Note	Equity holding	
			2014 %	2013 %
<i>Continuing Operations</i>				
Alanco Australia Pty Ltd	Australia		100	100
Custom Alloy Pty Ltd	Australia	(a)	100	-
ECB Pty Ltd	Australia		100	100
FluidDrive Holdings Pty Ltd	Australia		100	100
KT Cable Accessories Pty Ltd	Australia		100	100
Mr Gloss Holdings Pty Ltd	Australia		100	100
Perth Brake Parts Pty Ltd	Australia		100	100
<i>Dis-continued Operations</i>				
Diesel Test Pty Ltd	Australia	(b)	100	100
Emission Services Pty Ltd	Australia	(b)	100	100

(a) Acquired 29/11/2013

(b) De-registered 23/07/2014

On 29 November 2013 ECB Pty Ltd, a subsidiary of AMA Group Limited, acquired 100% of the ordinary shares of Custom Alloy Pty Ltd for the total consideration of \$5,900,000. Custom Alloy is a bullbar manufacturing business based in Narangba, Queensland and operates in the Motor Vehicle Protection Products segment of the consolidated entity. Its target market is complementary to ECB's target market as it focuses on the medium to heavy commercial vehicle market sector and was acquired to broaden the groups' market penetration in the medium to heavy commercial vehicle category. Synergies are being attained with our existing bullbar manufacturing operations at ECB from the application of our experienced management strategies and superior production and control systems which have increased customer satisfaction levels, productivity and efficiency, and ultimately this will boost profitability. We have now finalised all aspects of the acquisition fair value assessments and, as such, we have prepared this report including the finalised acquisition accounting position.

Details of the acquisition are shown on the following page:-

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

	<b>\$'000</b>
Cash and cash equivalents	479
Trade receivables	799
Prepayments	1
Inventories and work in progress	1,000
Plant and equipment	1,370
Trade payables	(524)
Employee benefits	(245)
Other payroll related liabilities	(92)
Accrued expenses	(77)
Other current liabilities	(345)
Net assets acquired	2,366
Goodwill	3,684
Acquisition-date value of the total cost	6,050
Representing:	
Cash paid to vendor	5,900
Acquisition costs	150

## Note 28. Events occurring after the reporting period

On 26 May 2014 previously discontinued operations entities that were not trading, Emission Services Pty Ltd A.C.N. 104 778 798 and Diesel Test Pty Ltd A.C.N. 077 044 083 applied to be voluntarily de-registered and these entities were officially de-registered on 23 July 2014.

On 1 July 2014 the Company acquired 100% of the issued capital of RMA Group, a group of four companies operating in the vehicle panel repair industry in East Victoria. The four companies that comprise RMA Group are:-

- o Repair Management Australia Pty Ltd A.C.N. 158 201 444
- o Repair Management Australia Bayswater Pty Ltd A.C.N. 162 337 724
- o Repair Management Australia Dandenong Pty Ltd A.C.N. 162 337 715
- o Phil Munday's Panel Works Pty Ltd A.C.N. 062 535 951

The purchase price for RMA was \$6.99 million, of which \$6.0m was paid on completion, and the balance is payable by way of three instalments of \$330,000 each year over 3 years. The transaction also provides for an additional earn-out incentive of up to \$6.0m of AMA shares (calculated at 90 day VWAP prior to completion) and up to \$500,000 cash, both to be calculated on the average EBIT achievement of RMA over the 3 years following completion. It has been agreed that the shares will be issued to the vendor after the 3 year earn-out period is assessed. The multiple varies according to the earn-out performance and ranges from 4.15 times (at maximum achievement of earn-out) to 4.5 times (based on expected FY14 EBIT).

We expect to obtain synergies with our existing vehicle panel repair operations at Mr Gloss and ultimately boost profitability. Due to the proximity of the acquisition completion to the reporting date, we have not been able to finalise all aspects of the acquisition fair value assessments and the year-end reporting was incomplete at the date we have prepared this report.

We will be conducting a full assessment of the fair values of all tangible and intangible assets acquired before completion of the 2015 Interim Financial Report.

No other matters or circumstances have arisen since 30 June 2014 that have significantly affected, or may significantly affect the consolidated entity's operations in future financial years, the results of those operations in future financial years, or the consolidated entity's state of affairs in future financial years.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

## Note 29. Reconciliation of profit after income tax to net operating cash flows

	30 June 2014 \$'000	30 June 2013 \$'000
Profit after income tax	5,655	7,190
Depreciation expense	479	397
Net loss/(profit) on sale of non-current assets	(14)	(8)
Equity issued in consideration of employment obligations	933	1,467
Doubtful debts	40	28
Stock Obsolescence	(212)	59
Fair value adjustments	38	(471)
(Increases)/Decreases in Accounts receivable	1,221	1,980
(Increases)/Decreases in inventories	358	(930)
(Increases)/Decreases in deferred tax assets	2,337	587
(Increases)/Decreases in prepayments	(2,644)	(538)
(Increases)/Decreases in other assets	-	-
Increases/(Decreases) in Accounts payable	(804)	(581)
Increases/(Decreases) in provision for income tax	849	981
Increases/(Decreases) in deferred tax liabilities	(2,092)	281
Increases/(Decreases) in employee benefits	376	298
Increases/(Decreases) in other provisions	(143)	20
Increases/(Decreases) in other liabilities	(344)	235
Net operating cash flows	<b>6,033</b>	<b>10,995</b>

## Note 30. Earnings per share

	30 June 2014 \$'000	30 June 2013 \$'000
Profit after income tax attributable to members of AMA Group Ltd	5,655	7,190
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	333,537,059	304,459,199
Adjustments for calculation of diluted earnings per share	-	-
	<b>333,537,059</b>	<b>304,459,199</b>
Earnings from consolidated operations:	Cents	Cents
Basic earnings per share	1.70	2.36
Diluted earnings per share	1.70	2.36
Discontinued operations:	Cents	Cents
Basic earnings per share	(0.06)	(0.07)
Diluted earnings per share	(0.06)	(0.07)

## Note 31. Share-based payments

### Options

The Company has adopted an Employee Share Option Plan for the benefit of executive and non-executive Directors and full-time or part-time staff members employed by the Company. At the date of this report options had been issued pursuant to the Employee Share Option Plan. Each option was issued for a period of 3 years and vest over 3 years or quarterly in arrears over 3 years.

The exercise price is based on a minimum of 100% of the average ASX closing price for the 5 days prior to offer/acceptance of the options.

No options were issued under the plan during the financial year ended 30 June 2014 and 30 June 2013 and there were no options remaining at the end of either year reported.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

## Shares

At 30 June 2014, the Company had accrued a bonus entitlement for employees to the value of \$62,134, which appeared under employee benefits expense in the statement of comprehensive income. Subsequent to 30 June 2014, the employees elected to receive this bonus entitlement in ordinary shares, which were not issued until after the date of this report.

At 30 June 2013, the Company had accrued a bonus entitlement for employees to the value of \$253,992, which appeared under employee benefits expense in the statement of comprehensive income. Subsequent to 30 June 2013, the employees elected to receive this bonus entitlement in ordinary shares, which were issued on 23 August 2013. The quantity of shares to be issued, 798,910 was based on a ten day weighted average market price of the Company's shares up to 21 August 2013.

## Note 32. Parent Information

The following information has been extracted from the books and records of the parent and has been prepared in accordance with accounting standards.

	30 June 2014 \$'000	30 June 2013 \$'000
<b>Assets</b>		
Current assets	794	17,743
Total assets	<b>25,306</b>	<b>43,386</b>
<b>Liabilities</b>		
Current liabilities	3,011	8,041
Total liabilities	<b>37,643</b>	<b>46,133</b>
<b>Equity</b>		
Equity attributable to equity holders of the parent		
Contributed equity	74,904	73,971
Reserves	-	-
Accumulated losses	(87,241)	(76,718)
Total equity	<b>(12,337)</b>	<b>(2,747)</b>
	<b>30 June 2014 \$'000</b>	<b>30 June 2013 \$'000</b>
Profit/(loss) for the year	<b>(5,207)</b>	<b>(3,477)</b>
Total comprehensive income /(loss)	<b>(5,207)</b>	<b>(3,477)</b>

## Guarantees and contingent liabilities

Refer to note 24 for details of guarantees and contingent liabilities.

## Contractual commitments

Refer to note 25 for details of contractual commitments.

## Note 33. Discontinued Operations

(a) The following entities were classified as discontinued operations for the years ended 30 June 2014 and 2013:

Diesel Test Pty Ltd - De-registered 23/07/2014  
Emission Services Pty Ltd - De-registered 23/07/2014  
ACN 003 178 327 Pty Ltd (formerly Autolac Pty Ltd) - De-registered 07/11/2012  
Dyno Dynamics Pty Ltd (administration) - De-registered 20/01/2013

(b) The loss for the year from discontinued operations is analysed as per the schedule below:

	30 June 2014 \$'000	30 June 2013 \$'000
Loss after tax from discontinued operations for the financial year (c)	221	225
	<b>221</b>	<b>225</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

(c) The following were the results for the discontinued operations for the financial year:

	30 June 2014 \$'000	30 June 2013 \$'000
Revenue	-	-
Direct costs and overheads	175	39
Depreciation and impairment expense	-	-
Loss before tax	175	39
Income tax expense	46	186
Loss after tax from discontinued operations for the financial year	<b>221</b>	<b>225</b>

The net cash flows of the discontinued operations which have been incorporated into the statement of cash flows are as follows:

	30 June 2014 \$'000	30 June 2013 \$'000
Net cash inflow/(outflow) from operating activities	(175)	(39)
Net cash inflow/(outflow) from investing activities	330	659
Net cash inflow/(outflow) from financing activities	(155)	(620)
Net cash increase/(decrease) in cash generated by the discontinued division	<b>(0)</b>	<b>(0)</b>

## Note 34. Class order disclosures

### Closed group class order disclosures

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name of entity	Country of incorporation	Equity holding	
		2014 %	2013 %
Alanco Australia Pty Ltd	Australia	100.0	100.0
ECB Pty Ltd	Australia	100.0	100.0
FluidDrive Holdings Pty Ltd	Australia	100.0	100.0
KT Cable Accessories Pty Ltd	Australia	100.0	100.0
Mr Gloss Holdings Pty Ltd	Australia	100.0	100.0
Perth Brake Parts Pty Ltd	Australia	100.0	100.0

The trustee to this deed of cross guarantee is AMA 1 Pty Ltd which is not a member of the consolidated group.

#### Entities subject to class order relief

Pursuant to Class Order 98/1418, relief has been granted to the above entities from the Corporations Act 2001 requirements for preparation, audit and lodgement of their financial reports.

As a condition of the Class Order the above entities entered into a Deed of Cross Guarantee on 16 March 2009. The effect of the deed is that AMA Group Limited has guaranteed to pay any deficiency in the event of winding up of a controlled entity or if they do not meet their obligations under the terms of overdrafts, loans, leases or other liabilities subject to guarantee. The controlled entities have also given a similar guarantee in the event that AMA Group Limited is wound up or if it does not meet its obligations under the terms of overdrafts, loans, leases, or other liabilities subject to the guarantee.

If the Deed of Cross Guarantee and the subsequent closed group disclosures were contained in the accounts of AMA Group Limited, then an assessment would need to be made as to the fair value of the Deed of Cross Guarantee (as a financial guarantee to the Parent) and the details of the valuation and significant assumptions, estimate and judgements used within that valuation would need to be disclosed. Please refer to the disclosure surrounding financial guarantees in the financial statements of AMA Group Limited (see note 24) for further information on financial guarantees.

The continuing entities and only the continuing entities are included in the deed of cross guarantee. The Statement of Comprehensive Income of the entities that are members of the Closed Group is reflected in the continuing entities Statement of Comprehensive Income. The consolidated statement of financial position of the entities that are members of the Closed Group is as shown on the next page:



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2014

## Statement of Financial Position

As at 30 June 2014

	Closed group	
	30 June 2014	30 June 2013
	\$'000	\$'000
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	1,484	19,125
Trade and other receivables	7,680	9,035
Inventories	5,654	5,741
Other	983	543
Total current assets	15,801	34,444
<b>Non-current assets</b>		
Receivables from related entities	(302)	2,135
Property, plant and equipment	1,509	1,561
Deferred tax assets	1,363	3,700
Intangibles	31,013	27,271
Other	2,509	441
Total non-current assets	36,092	35,108
Total assets	51,893	69,552
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	5,775	7,169
Borrowings	-	5,448
Current tax payable	1,818	981
Provisions	2,314	1,812
Total current liabilities	9,907	15,410
<b>Non-current liabilities</b>		
Borrowings	-	5,436
Deferred tax Liabilities	346	2,438
Provisions	203	257
Other	-	194
Total non-current liabilities	549	8,325
Total liabilities	10,455	23,735
<b>Net assets</b>	<b>41,437</b>	<b>45,817</b>
<b>Equity</b>		
Contributed equity	74,904	73,971
Accumulated losses	(33,467)	(28,154)
<b>Total equity</b>	<b>41,437</b>	<b>45,817</b>



Operating Specialised Automotive Aftercare and Accessory Companies

# DIRECTORS' DECLARATION 2014



Vehicle Protection Products  
& Accessories



Vehicle Panel Repair



Mr. Gloss  
Victoria's Leading Prestige Smash Repairer



Automotive Electrical  
& Cable Accessories



Automotive Component  
Remanufacturing

# DIRECTORS' DECLARATION

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The Directors of the Company declare that:

1. the financial statements and notes, as set out on pages 21 to 62 are in accordance with the Corporations Act 2001 and:
  - (a) comply with Accounting Standards, which as stated in accounting policy note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
  - (b) give a true and fair view of the financial position as at 30 June 2014 and of the performance for the year ended on that date of the consolidated entity;
2. the Chief Executive Officer and Group Accountant have each declared that:
  - (a) the financial records of the consolidated entity for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
  - (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
  - (c) the financial statements and notes for the financial year give a true and fair view.
3. in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Company and a number of its subsidiaries have entered into a deed of cross guarantee under which the Company and those subsidiaries guarantee the debts of each other. At the date of this declaration, there are reasonable grounds to believe that the parties to this deed of cross guarantee will be able to meet any obligations or liabilities to which they are or may become, subject to by virtue of the deed.

This declaration is made in accordance with a resolution of the Board of Directors.



Duncan Fischer  
Chairman

Dated this 27<sup>th</sup> day of August 2014  
Melbourne



Operating Specialised Automotive Aftercare and Accessory Companies

# INDEPENDENT AUDITOR'S REPORT 2014



Vehicle Protection Products  
& Accessories



Vehicle Panel Repair



Victoria's Leading Prestige Smash Repairer



Automotive Electrical  
& Cable Accessories



Automotive Component  
Remanufacturing

# INDEPENDENT AUDITOR'S REPORT

**MOORE STEPHENS**  
ACCOUNTANTS & ADVISORS

Level 10, 530 Collins Street  
Melbourne VIC 3000

T +61 (0)3 8635 1800

F +61 (0)3 8102 3400

[www.moorestephens.com.au](http://www.moorestephens.com.au)

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF AMA GROUP LIMITED AND CONTROLLED ENTITIES

#### Report on the Financial Report

We have audited the accompanying financial report of AMA Group Limited and Controlled Entities (the "consolidated entity"), which comprises the statement of financial position as at 30 June 2014, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company AMA Group Limited and the entities it controlled at the year's end or from time to time during the financial period.

#### *Directors' Responsibility for the Financial Report*

The directors of AMA Group Limited are responsible for the preparation and fair presentation 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 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 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 entity's preparation and fair presentation of the financial report 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 entity'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.

#### *Independence*

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Moore Stephens ABN 59 535 589 551. Liability limited by a scheme approved under Professional Standards Legislation. An independent member of Moore Stephens International Limited – members in principal cities throughout the world. The Melbourne Moore Stephens firm is not a partner or agent of any other Moore Stephens firm. And is a separate partnership in Victoria.

# INDEPENDENT AUDITOR'S REPORT

MOORE STEPHENS  
ACCOUNTANTS & ADVISORS

## *Opinion*

In our opinion:

- a) the financial report of AMA Group Limited and Controlled Entities 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 2014 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 financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

## *Report on the Remuneration Report*

We have audited the Remuneration Report included in pages 12 to 17 of the directors' report for the year ended 30 June 2014. The directors of AMA Group Limited 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.

## *Auditor's Opinion*

In our opinion the remuneration report of AMA Group Limited for the year ended 30 June 2014 complies with section 300A of the Corporations Act 2001.

## *Matters relating to the Electronic Presentation of Audited Financial Report*

The audit report relates to the financial report of the consolidated entity for the year ended 30 June 2014 included on the website of AMA Group Limited. The directors of AMA Group Limited are responsible for the integrity of the website and we have not been engaged to report on its integrity.

This audit report refers only to the financial report identified above and its does not provide an opinion on any other information which may have been hyperlinked to or from the financial report. If users of this financial report are concerned about the inherent risks arising from the electronic data communications, they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on the consolidate entity's website.



MOORE STEPHENS  
Chartered Accountants



**Rami Eltchelebi**  
Partner

Melbourne, 27 August 2014

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Operating Specialised Automotive Aftercare and Accessory Companies

# SHAREHOLDER INFORMATION 2014



Vehicle Protection Products  
& Accessories



Mr. Gloss  
Victoria's Leading Prestige Smash Repairer

Vehicle Panel Repair



Connecting Through Innovation



Automotive Electrical  
& Cable Accessories



Automotive Component  
Remanufacturing



# SHAREHOLDER INFORMATION as at 21 August 2014

## Number of holders of equity securities

334,250,963 fully paid ordinary shares are held by 1,347 individual holders.  
There are no unquoted options over ordinary shares held.

## Distribution of equitable securities

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

	Holders	Ordinary Shares
1 to 1,000	60	17,197
1,001 to 5,000	217	721,111
5,001 to 10,000	188	1,559,266
10,001 to 100,000	662	25,617,684
100,001 and over	220	306,335,705
<b>Total</b>	<b>1,347</b>	<b>334,250,963</b>
Holding less than a marketable parcel	93	64,483

## Equity security holders

### Twenty largest quoted equity security holders

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

Ordinary Shareholder	Number held	% of total shares held
Mr Gloss Pty Limited	67,961,015	20.33%
RBC Investor Services Australia Nominees Pty Ltd <PI Pooled A/c>	22,421,464	6.71%
UBS Nominees Pty Ltd	20,987,503	6.28%
National Nominees Limited	15,630,453	4.68%
Mr Raymond Malone & Mrs Leona Malone <The Malone Super Fund A/c>	8,490,335	2.54%
Jorgen Pty Ltd <Fischer Super Fund A/c>	7,333,334	2.19%
Mr Stephen Matthew Shostak	7,181,991	2.15%
Mr Richard John Calver	6,983,000	2.09%
J P Morgan Nominees Australia Limited	6,827,733	2.04%
SRFE Pty Ltd <SRFE Family A/c>	6,086,062	1.82%
Sandhurst Trustees Ltd <Endeavour Asset Mgmt MDA A/c>	6,033,855	1.81%
Yerrus Holdings Pty Ltd <Surrey Panels Pension A/c>	4,947,404	1.48%
Citicorp Nominees Pty Ltd	4,587,613	1.37%
Altas Capital Pty Ltd <Doyle Superannuation A/c>	4,161,470	1.25%
HSBC Custody Nominees (Australia) Limited	4,144,749	1.24%
BNP Paribas Noms Pty Ltd <DRP>	3,820,751	1.14%
Mr Lachlan Alexandar McGillivray	3,720,388	1.11%
Jese Pty Ltd <The Leadbetter Family A/c>	3,674,669	1.10%
Mr Ian Lindeman & Mrs Margaret Lindeman <IC & M Lindeman Super A/c>	3,600,001	1.08%
Mr Craig Graeme Chapman <Nampac Discretionary A/c>	3,000,000	0.90%
	211,593,790	63.30%

## Substantial holders

The Company hold current substantial holder notifications in accordance with section 671B of the Corporations Act for the following:

Thorney Opportunities Limited	20,987,503	6.28%
Perpetual Limited and subsidiaries	19,339,564	5.79%

## Voting rights

The voting rights attached to ordinary shares are set out below:

### Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

# **SHAREHOLDER INFORMATION** as at 21 August 2014

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## **Listing rule 14.10.19**

The entity used the cash and assets in a form readily convertible to cash that it had at the time of admission consistently with its business objectives.

## **Shareholder enquiries**

Shareholders with enquiries about their shareholdings should contact the share registry:

Computershare Investor Services Pty Ltd  
Yarra Falls, 452 Johnston Street,  
Abbotsford, Victoria 3067  
Phone: +61 3 9415 4000  
Fax: +61 3 9473 2500  
Email: [essential.registry@computershare.com.au](mailto:essential.registry@computershare.com.au)

## **Change of address, change of name, consolidation of shareholdings**

Shareholders should contact the Share Registry to obtain details of the procedure required for any of these changes.

## **Annual report**

Shareholders do not automatically receive a hard copy of the Company's Annual Report unless they notify the Share Registry in writing. An electronic copy of the Annual Report can be viewed on the Company's website [www.amagroupltd.com](http://www.amagroupltd.com)

## **Tax file numbers**

It is important that Australian resident shareholders, including children and corporate entities, have their tax file number, ABN or exemption details noted by the Share Registry.

## **CHESS (Clearing House Electronic Sub-register System)**

Shareholders wishing to move to uncertified holdings under the Australian Stock Exchange CHESS system should contact their stockbroker.

## **Uncertified share register**

Shareholding statements are issued at the end of each month that there is a transaction that alters the balance of an individual/company's holding.

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Operating Specialised Automotive Aftercare and Accessory Companies

# CORPORATE DIRECTORY 2014



Vehicle Protection Products  
& Accessories



Vehicle Panel Repair



Mr. Gloss  
Victoria's Leading Prestige Smash Repairer



Connecting Through Innovation



Automotive Electrical  
& Cable Accessories



Automotive Component  
Remanufacturing

# CORPORATE DIRECTORY

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## Directors

Duncan Fischer  
Ray Malone  
Simon Doyle  
Ray Smith-Roberts

Non-Executive Chairman  
Executive Director and Chief Executive Officer  
Non-Executive Director  
Executive Director and Chief Operating Officer

## Company Secretarial

Phillip Hains  
Terri Bakos

## Registered Office

Suite 1,  
1233 High Street,  
Armadale, Victoria, 3143

## Solicitors

Foster Nicholson Jones Lawyers  
Level 6, 406 Collins Street,  
Melbourne, Victoria, 3000

## Auditors

Moore Stephens  
Level 10, 530 Collins Street,  
Melbourne, Victoria, 3000

## Share Register

Computershare Investor Services Pty Ltd  
Yarra Falls, 452 Johnston Street,  
Abbotsford, Victoria, 3067  
P: +61 3 9415 4000  
F: +61 3 9473 2500  
W: [www.computershare.com.au](http://www.computershare.com.au)

## Bankers

Westpac Banking Corporation  
GPO Box 4045,  
Sydney, New South Wales, 2001

## Quoted Securities

Ordinary Shares – ASX Code: AMA

## Website and Email

W: [www.amagroupltd.com](http://www.amagroupltd.com)  
E: [info@amagroupltd.com](mailto:info@amagroupltd.com)

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ASX : AMA



Operating Specialised Automotive Aftercare and Accessory Companies

## Vehicle Protection Products & Accessories



**WORLD'S BEST  
ALLOY BULLBARS**

ECB Pty Ltd  
29 Snook Street  
Clontarf, QLD 4019  
07 3897 5700  
www.ecb.com.au



Custom Alloy Pty Ltd  
25 Business Drive  
Narangba, QLD 4504  
07 3204 1266  
www.customalloy.com.au



Repair Management Australia Pty Ltd  
Admin  
428 Mt. Dandenong Road  
Kilsyth, VIC 3137  
03 9725 1788  
www.rmanational.com



**Mr. Gloss**  
Victoria's Leading Prestige Smash Repairer

Mr Gloss Holdings Pty Ltd  
Admin  
8-14 Kilpa Road  
Moorabbin, VIC 3189  
03 9555 8997

## Automotive Electrical & Cable Accessories



*Connecting Through Innovation*

KT Cable Accessories Pty Ltd  
34 Notar Drive  
Ormeau, QLD 4208  
07 5540 7877  
www.ktcables.com.au



Alanco Australia Pty Ltd  
83-85 Welshpool Road,  
Welshpool, WA 6106  
08 9358 7000  
www.alanco.com.au



FluidDrive Holdings Pty Ltd  
70 Raglan Street  
Preston, VIC 3072  
03 9480 0988  
www.fluiddrive.com.au



Perth Brake Parts Pty Ltd  
20 Bellows Street  
Welshpool, WA 6106  
08 9451 9455  
www.perthbrakeparts.com.au

## Automotive Component Remanufacturing

AMA Group Ltd (ASX:AMA) was first listed on the Australian Stock Exchange 31/08/2006.

Focused on the wholesale vehicle aftercare and accessories market, including vehicle protection products & accessories, multiple vehicle panel repair shops, automotive electrical & cable accessories and automotive component remanufacturing.

The Company is a leader in this sector, Operating Specialised Automotive Aftercare and Accessory Companies, each with a commitment to excellence in customer service, cost effective operations, and sector leading brands.

The Company is intensely focused on investing in its people and customers, delivering growth, and maintaining a focus on shareholder value.