26 August 2016

Company Announcements
For Immediate Release
ASX Code: AMA

APPENDIX 4E AND ANNUAL REPORT

In accordance with the Listing Rules of the Australian Securities Exchange ("ASX"), AMA Group Limited encloses for immediate release the following information:

1. Appendix 4E, the Preliminary Final Report for the Year ended 30 June 2016; and
2. The Annual Report for the Year ended 30 June 2016.

If you have a query about any matter covered by this announcement, please contact Mr Ashley Killick on ashley.killick@amagroupltd.com.

Ends.

The following information is presented in accordance with Listing Rule 4.3A of the Australian Securities Exchange ("ASX").

1. Details of the reporting period and the previous corresponding period

Current reporting period	- the year ended 30 June 2016
Previous corresponding period	- the year ended 30 June 2015

2. Results for announcement to the market

	Year ended	**30 Jun 2016**	**30 Jun 2015**	**Increase / (Decrease)**	
		$'000	**$'000**	**$'000**	**%**
2.1	Revenues from continuing operations (including joint venture profit share)	264,284	93,197	171,087	183.57
	Earnings before interest, tax depreciation, amortization and impairment from continuing operations	24,672	14,194	10,478	73.82
	Normalised earnings before interest, tax, depreciation, amortization and impairment from continuing operations	31,921	14,194	17,727	124.89
2.2	Profit before tax from continuing operations attributable to members	13,492	12,444	1,048	8.42
	Normalised profit before tax from continuing operations attributable to members	23,695	12,444	11,251	90.41
2.3	Net profit for the period attributable to members	7,219	9,090	(1,871)	(20.58)

2.4	Dividends (distributions)	**Amount per security**	**Franking amount per security**	**Conduit foreign income per security**
	2016 Final	1.70	100%	Nil

2.5 Record date for determining entitlements to the dividend

15 September 2016

2.6 Commentary on "Results for Announcement to the Market"

A brief explanation of any of the figures in 2.1 to 2.4 above, necessary to enable the figures to be understood, is contained in the attached Financial Report for the Year ended 30 June 2016.

3. Net Tangible Assets per Security

Year ended	30 Jun 2016	30 Jun 2015	Increase / (Decrease)	
	cents	cents	cents	%
Net tangible assets per security	(1.06)	(0.31)	(0.75)	(241.94)

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

- On 1 July 2015, 60% of the issued capital of Woods Auto Shops (Dandenong) Pty Ltd, the operator of the Trackright businesses, was acquired.
- On 1 October 2015, 100% of the issued capital of Gemini Accident Repair Centres Pty Ltd, the operator of the Gemini businesses, was acquired.
- On 1 November 2015, 100% of the issued capital of Ripoll Pty Ltd, the holding company for the Woods Auto Shops business, was acquired.
- On 4 February 2016, 100% of the issued capital of Micra Accident Repair Centre Pty Ltd was acquired.

During the period, control was not lost over any entity.

5. Details of individual and total dividends or distributions and dividend or distribution payments.

Type	Record Date	Payment Date	Amount per Security (cents)	Total Dividend ($)	Franked amount per security	Conduit foreign income per security
2015 Final	15 Sep 2015	30 Oct 2015	1.70	6,957,267	100%	Nil
2016 Interim	7 Mar 2016	7 Apr 2016	0.50	2,353,940	100%	Nil

6. Details of any dividend distribution reinvestment plans.

Not Applicable.

7. Details of any associates and joint venture entities

Name of entity	Ownership		Contribution to profit from ordinary activities	
	30 Jun 2016	30 Jun 2015	30 Jun 2016	30 Jun 2015
	%	%	$'000	$'000

Not Applicable

8. Foreign Entities, Accounting Standards used in compiling the report

Not Applicable.

9. Audit / Review of Accounts upon which this report is based and qualification of audit / review

The financial report has been subject to audit and is not subject to any dispute or qualification.

AMA GROUP LIMITED

ACN 113 883 560

Annual Report for the Year Ended 30 June 2016

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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.

Your Directors submit the consolidated interim financial statements of AMA Group Limited ("AMA" or the "Company") and its controlled entities (the "Group") for the year ended 30 June 2016. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

DIRECTORS AND OFFICERS

The names and particulars of the Directors and Company Secretaries of the Company in office at any time during or since the end of the period are as follows:

Mr Raymond Malone	Chairman and Executive Director
Mr Raymond Smith-Roberts	Executive Director
Mr Hugh Robertson	Non-Executive Director
Mr Andrew Hopkins	Executive Director (Appointed – 17 December 2015)
Mr Brian Austin	Non-Executive Director (Appointed – 23 December 2015)
Mr Leath Nicholson	Non-Executive Director (Appointed – 23 December 2015)
Mr Simon Doyle	Non-Executive Director (Resigned – 4 November 2015)
Mr Phillip Hains	Joint Company Secretary
Mrs Terri Bakos	Joint Company Secretary

REVIEW AND RESULTS OF OPERATIONS

Principal Activities

The principal activity of the Group is the operation and development of complementary businesses in the automotive aftercare market. It focuses on the wholesale vehicle aftercare and accessories sector, including vehicle panel repair, vehicle protection products & accessories, automotive electrical & cable accessories and automotive component remanufacturing.

Achievements

AMA has achieved a number of important operational milestones in this reporting period:

- In September 2015, the Company announced the acquisition of the Gemini Accident Repair Centres group of companies. Gemini was the largest independent accident repair group in Australia operating with sites across New South Wales, Queensland, Victoria, Australian Capital Territory and Western Australia. When added to the existing AMA repair centre network this acquisition is an excellent fit and has allowed the Group to build on its footprint to become the largest national repair group.
- In October 2015, AMA announced the further expansion of its Vehicle Panel Repair division by finalising the acquisition of the Woods Auto Shops business. AMA had been managing the business from July 2015. This acquisition was supplemented by the acquisition of a majority interest in the Trackright mechanical damage repair business.
- In January 2016, the Group also acquired additional Vehicle Panel Repair businesses being Micra Accident Repair Centre, BDS Panels and Keswick Crash Repairs;
- During the financial period, the Group also continued its reorganisation of the Automotive Electrical & Cable Accessories division. This business unit has traditionally operated numerous brands on a geographic basis which Management believed could be strengthened by merging the operation to create economies of scale and better marketing opportunities for all brands.
- The Group also undertook a reorganisation of the Vehicle Protection Products & Accessories division during the reporting period by merging the operating facilities of East Coast Bullbars and Custom Alloy. Management believe that these actions will improve marketing opportunities, operating efficiencies and customer service and should deliver an improved gross margin.

REVIEW AND RESULTS OF OPERATIONS cont..

The Directors continue to be proud of the team's achievements which emphasise the Board's strategy to expand our business, take advantage of industry consolidation whilst ensuring shareholder value and returns are given appropriate focus.

Capital Management

During this reporting period, the Group undertook a number of key capital management initiatives::

- In July 2015, the Company completed a share issue which raised $45 million by placing 75 million shares at 60 cents each with sophisticated and professional investors. This additional capital provided AMA with a strong capital base with which to continue the business acquisition programme.
- In October 2015, AMA paid the 2015 year final dividend of 1.7 cents per share fully franked at 30%. This was an increase of 6.25% over the 2014 final dividend paid in 2014.
- In April 2016, AMA paid the 2016 year interim dividend of 0.5 cents per share fully franked at 30%. The Company did not previously pay an interim dividend.

Upon finalising the annual report, the Directors are pleased to announce they have decided to declare a final dividend, fully franked at 30%, of 1.70 cents per share with a record date of 15 September 2016 and a payment date of 31 October 2016.

Operating Results

Reported earnings before interest, tax, depreciation, amortisation and impairment expense ("EBITDA") has increased from $14.194 million to $24.672 million; a 73.82% increase. This result, however, has been significantly impacted by several large non cash abnormal items. Restating this result for these abnormal items results in normalised EBITDA increasing to $31.921 million; an increase of 124.89%. Importantly, this normalised EBITDA result exceeds Management's previous guidance of $28 million to $29 million.

	$'000
Reported EBITDA	*24,672*
Costs associated with disposal of business	111
Employee equity plan expense	3,644
Business acquisition costs	916
Reorganisation of the Vehicle Protection & Products division	400
Reorganisation of the Automotive Electrical & Cable division	200
Site Integrations – Panel division	500
Site Closures – Panel division	350
Redundancies – Panel division	1,128
Normalised EBITDA	*31,921*

These abnormal items have also impacted on the Group's reported net profit before tax from continuing operations ("NPBT") which has increased to $13.774 million. This result was also impacted by the large non cash abnormal item relating to the impairment charges associated with the reorganisation of the Electrical division of $2.954 million. After adjusting this result for the impact of these abnormal items, Normalised NPBT becomes $23.977 million; an increase of 92.68%.

These large abnormal items also distort the effective tax rate. As such, the net profit after tax attributable to members has decreased by 20.58% to $7.219 million. Given the abnormal nature of these items it is expected that the future effective tax rate will return to a more normal level.

REVIEW AND RESULTS OF OPERATIONS cont..

Excluding the abnormal items, our underlying results indicate that the key business operations continue to deliver positive results:

- Vehicle Panel Repair has delivered significant revenue growth as expected with the investment in Woods and Gemini providing a major boost to the segment results. Gemini has contributed to these results for nine months (including December). The performance of the operations acquired over the past two years has been to expectation and the integration of the businesses is now well advanced and the associated synergistic benefits will provide excellent outcomes in the future.
- Vehicle Protection Products & Accessories shows moderate comparative growth in revenue but, with the reorganisation of the operations of East Coast Bullbars and Custom Alloy, the operating result for the year has been impacted. With the integration now completed we are confident that the benefits of this addition will enable us to continue to grow.
- Automotive Electrical & Cable Accessories operates in a difficult market. The restructuring of the operation resulted in some abnormal charges during the current year but will enable the merged operation to be better positioned to capitalise on this changing market. It is anticipated that the introduction of new product initiatives will also deliver alternative revenue streams in the future.
- With the disposal of Perth Brake Parts, the Automotive Component Remanufacturing division comprises the Fluiddrive operation. It has continued to grow its results from the continued application of Management's strategies.

Financial Position

The capital raising in July together with the use of shares as vendor consideration has seen the contributed equity base rise from $74.904 million to $172.149 million. The increased capital base has enabled the Group to undertake the acquisition programme which has also resulted in an increased asset base; albeit most of this growth is in intangibles reflecting the service industry businesses we have acquired.

At 30 June 2016, the cash balance was $22.888 million and subsequent to year end, the Company established a new finance facility providing the Group with substantial financial reserves to fund the future operations.

Cash Flow

AMA's operating cash flows have, as expected, grown strongly during the period (up by 370.09% to $36.761 million). The execution of major supply contracts has also seen added cash flow benefits be derived in the current period. The Investing cash flows reflect the business acquisitions and the capital expenditure programme that has been implemented to restructure and integrate the business operations. The strong operating cash flows and the capital raised have enabled us to reduce our level of borrowings and increase the level of dividends paid. As a result we have been able to improve our closing cash balance to $22.888 million.

Business Strategies and Future Prospects

In recent years, the Board and Management have described the Strategic Direction of the Group as focusing on the growth opportunities presenting themselves to our four key business divisions. It was believed that the Group could exploit these opportunities with our:

- Relatively strong financial position;
- Market leading brands;
- Strong relationships with customers and suppliers across multiple channels; and
- Industry experienced management with a commitment to operating excellence.

It was anticipated that most business segments had organic growth potential but that given the consolidation of the Vehicle Panel Repair industry there would be significant opportunities for strategic and accretive acquisitions in this industry segment. To this end, Management then embarked on the business growth programme.

REVIEW AND RESULTS OF OPERATIONS cont..

The Directors believe that the strong financial performance of AMA in the current reporting period reflects the ongoing outcomes of this strategic direction. The investments made have resulted in a significant increase in the scale and scope of our operations. Whilst challenging market conditions have persisted across most of the Group's business segments, the results are in line with the Directors' expectations, which show a substantial increase in the Group's operating revenue and EBITDA over the past two years.

The Board believes that there still exist significant growth opportunities for our businesses; especially in Vehicle Panel Repair and Vehicle Protection Products & Accessories. As such, Management are focussed on continuing the growth strategy outlined previously.

In executing this strategy, the Group has developed risk management strategies to address the various risks that it encounters.

For example, there is the downward pressure on pricing in the Vehicle Panel Repair industry that is being experienced as insurers seek to protect their margins. This risk impacts the Group's operations less than other industry participants as we have the scale and the relationships to partner with these work providers and ensure that a balanced agreement is reached. This pricing pressure will however provide us with further growth opportunities either through the acquisition or attrition of those organisations who are unable to respond to these changes.

Another example is that a significant portion of our raw material purchases are sourced from overseas. The movement in exchange rates therefore has an indirect impact on our cost structures. In response the Group has developed strategic partnerships with key suppliers or new supply chain initiatives. The Group's scale and Management's expertise in these areas enables us to mitigate potential negative price movements and still derive synergy benefits in the medium term.

Whilst the economic outlook and market conditions across some business segments are likely to remain challenging, AMA believes that its continued application of key management strategies combined with its acquisition strategy will continue to boost future earnings.

The Board believe that there are still substantial growth opportunities presenting to our key business divisions. The consolidation of the Vehicle Panel Repair industry continues and Management are actively involved in negotiating the acquisition of existing businesses and new "greenfield" sites. The acquisition of further businesses will provide further scale to our operations.

SUBSEQUENT EVENTS

On 24 August 2016, the Company entered into a new Facility Agreement with National Australia Bank Limited. This facility has a tenor of three years and will allow the Company to draw-down up to $40 million in debt, $6.5 million in finance leases, $3 million in guarantees and $0.4 million in letters of credit. It is intended that this facility will assist the Group in financing its future requirements for working capital, capital expenditure and business acquisitions.

On 26 August 2016, the Directors declared a dividend, fully franked of 1.70 cents per security which is to be paid 31 October 2016.

MEETING 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 2016, 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
Raymond Malone	8	8	-	-	-	-
Raymond Smith-Roberts	8	8	-	-	-	-
Hugh Robertson	8	8	3	3	1	1
Andrew Hopkins	3	3	-	-	-	-
Brian Austin	3	3	2	2	1	1
Leath Nicholson	3	2	2	1	1	1
Simon Doyle	5	5	1	1	-	-

DETAILS OF DIRECTORS AND OFFICERS

The name and details of the Directors and Officers 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.

Raymond Malone	**Chairman and Executive Director**
Appointed to the Board	23 January 2009
Appointed Executive Chairman	19 March 2015
Experience and expertise	With over 30 years work experience in the automotive panel repair industry, Mr Malone has progressed 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 Fully Paid Ordinary Quoted shares and 10,000,000 options
Directorships held in other listed entities	Chairman of Money3 Corporation Limited.
Special responsibilities	Chief Executive Officer - Group

Raymond Smith-Roberts	**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 Chief Operating Officer from 2009 to 2015. 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*	5,081,684 Fully Paid Ordinary Quoted shares and 2,000,000 options
Directorships held in other listed entities	Nil
Special responsibilities	Chief Executive Officer - Automotive Components and Accessories Divisions

DETAILS OF DIRECTORS AND OFFICERS cont..

Hugh Robertson	**Non-Executive Director**
Appointed to the Board	2 June 2015
Experience and expertise	Mr Robertson has worked in stockbroking for over 30 years with a variety of firms including Bell Potter, Investor First and more latterly Wilson HTM. Among his areas of interest is a concentration on small cap industrial stocks and he currently sits on the boards of several such companies.
Interest in Shares and Options*	230,000 Fully Paid Ordinary Quoted shares and Nil options
Directorships held in other listed entities	Non-Executive Director of Centrepoint Alliance Limited, Primary Opinion Limited, TasFoods Limited and Hub 24 Limited.
Special responsibilities	Member of the Audit Committee and the Remuneration Committee
Andrew Hopkins	**Executive Director**
Appointed to the Board	17 December 2015
Experience and expertise	Andrew founded the Gemini Group in Perth in 2009 and built the Gemini brand into one of the largest privately owned consolidators offering integrated claims management and repair services to the insurer, corporate and consumer markets. Andrew brings extensive management expertise to the AMA group. With over 35 years of experience in finance, acquisitions, strategy and building insurance relationships, Andrew's ability to continually innovate will broaden AMA's relationships with insurance companies both domestically and internationally.
Interest in Shares and Options*	35,239,167 Fully Paid Ordinary Quoted shares, 15,102,500 Fully Paid Ordinary Unquoted shares and Nil options
Directorships held in other listed entities	Nil
Special responsibilities	Chief Executive Officer - Vehicle Panel Repair Division
Leath Nicholson	**Non-Executive Director**
Appointed to the Board	23 December 2015
Experience and expertise	Mr Nicholson holds a Bachelor of Economics (Hons), a Bachelor of Law (Hons) and a Masters of Law (Commercial Law). He co-founded Foster Nicholson Jones in 2008. He has a breadth of experience with ASX listed entities and has particular expertise in mergers and acquisitions; IT based transactions, and corporate governance. He also has significant experience in corporate and commercial based dispute resolution.
Interest in Shares and Options*	1,673,395 Fully Paid Ordinary Quoted shares and Nil options
Directorships held in other listed entities	Non-Executive Director of Money3 Corporation Limited.
Special responsibilities	Member of the Audit Committee and the Remuneration Committee
Brian Austin	**Non-Executive Director**
Appointed to the Board	23 December 2015
Experience and expertise	With over 30 year's industry experience, Mr Austin has held senior executive positions in the insurance industry. Over that time he has been instrumental in setting the strategy of capital raising and acquisitions. He has been a Director of ASX listed entities, enabling him to develop a global network of key relationships.
Interest in Shares and Options*	112,000 Fully Paid Ordinary Quoted shares and Nil options
Directorships held in other listed entities	Chairman of PSC Insurance Group Limited
Special responsibilities	Member of the Audit Committee and the Remuneration Committee

DETAILS OF DIRECTORS AND OFFICERS cont..

Simon Doyle	**Non-Executive Director**
Appointed to the Board	14 October 2009
Retired from the Board	4 November 2015
Experience and expertise	Mr Doyle has a Bachelor of Arts and a Bachelor of Law. He 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.
Interest in Shares and Options*	Nil Fully Paid Ordinary Quoted shares and Nil options
Directorships held in other listed entities	Nil
Special responsibilities	Member of the Audit Committee and the Remuneration Committee
Phillip Hains	**Joint Company Secretary**
Appointed	9 December 2009
Experience and expertise	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 23 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.
Terri Bakos	**Joint Company Secretary**
Appointed	2 March 2010
Experience and expertise	Ms Bakos is a Chartered Secretary and holds a Bachelor of Business (Accounting) from RMIT University. She has over 20 years' experience providing accounting and compliance services to listed and unlisted public companies.

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

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

Raymond Malone	Chairman and Executive Director
Raymond Smith-Roberts	Executive Director
Hugh Robertson	Non-Executive Director
Andrew Hopkins	Executive Director (Appointed 17 December 2015)
Brian Austin	Non-Executive Director (Appointed 23 December 2015)
Leath Nicholson	Non-Executive Director (Appointed 23 December 2015)
Simon Doyle	Non-Executive Director (Resigned 4 November 2015)

Executive Management

Ashley Killick	Chief Financial Officer (Appointed 29 September 2015)

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 Executive Management.

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 Executive Management, 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 Key Management Personnel and the share price movement. Remuneration is based on 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 Executive 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 Company also 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 Equity 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 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

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 9.50% (2015: 9.50%) of wages and salaries.

Short-term incentives

The remuneration of 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 an Employee Equity Plan for the benefit of Directors, full-time and part-time staff members employed by the Company. Under this Plan there are currently options on issue.

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 Executive 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 2016 financial year has been measured against the KPI's set at the start of the year by the Board and/or Executive 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. Details of these agreements are contained in Part D of this report.

B Details of remuneration

Details of the remuneration of the Directors, the Key Management Personnel of the Group (as defined in *AASB 124: Related Party Disclosures*) are set out in the tables below:

2016	**Short-term benefits**			**Long-term benefits[1]**	**Post-employment benefits**	**Equity settled benefits[2]**	**Total**
	Salary	**Bonus**	**Other**				
	$	**$**	**$**	**$**	**$**	**$**	**$**
Non-Executive Directors							
Hugh Robertson	81,667	-	-	-	-	-	81,667
Brian Austin[3]	40,000	-	-	-	-	-	40,000
Leath Nicholson[3]	40,000	-	-	-	-	-	40,000
Simon Doyle[4]	34,429	-	-	-	3,271	-	37,700
Executive Directors							
Raymond Malone	383,250[5]	-	-	5,845	35,000	2,066,000	2,490,095
Raymond Smith-Roberts	300,000	270,416	-	21,349	30,000	410,000	1,031,765
Andrew Hopkins[6]	495,000	-	-	-	-	-	495,000
Executive Management							
Ashley Killick[7]	167,822	-	-	187	15,900	206,000	389,909
	1,542,168	270,416	-	27,381	84,171	2,682,000	4,606,136

Notes:
1 - Represents movement in the provision for long service leave for amounts accrued and not paid
2 - Represents the non-cash accounting charge to the Company's operating result relating to prior year share issues, to compensate for sign on bonuses, and options granted in the current year - refer to following sections for further details
3 - Appointed 23 December 2015
4 - Retired 4 November 2015
5 – In consideration of shareholders approving the issue of options to Mr Malone at the 27 November 2015 AGM, Mr Malone agreed not to be paid a salary in the second half of the financial year.
6 - Appointed 17 December 2015
7 - Appointed 29 September 2015

2015	**Short-term benefits**			**Long-term benefits[1]**	**Post-employment benefits**	**Equity settled benefits[2]**	**Total**
	Salary	**Bonus**	**Other**				
	$	**$**	**$**	**$**	**$**	**$**	**$**
Non-Executive Directors							
Simon Doyle	100,000	-	-	-	9,500	-	109,500
Duncan Fischer[3]	83,692	-	-	-	7,951	-	91,643
Hugh Robertson[4]	5,000	-	-	-	-	-	5,000
Executive Directors							
Raymond Malone	731,500	-	-	13,079	35,000	116,000	895,579
Raymond Smith-Roberts	144,122	410,874	20,956	1,738	30,000	20,000	627,690
	1,064,314	410,874	20,956	14,817	82,451	136,000	1,729,412

Notes
1 - Represents movement in the provision for long service leave for amounts accrued and not paid
2 - Represents the non-cash accounting charge to the Company's operating result relating to prior year share issues, to compensate for sign on bonuses - refer to following sections for further details
3 - Retired 11 March 2015
4 - Appointed 2 June 2015

At the Annual General Meeting held on 27th November 2015, shareholders approved the issue of 10,000,000 options to Mr Raymond Malone and 2,000,000 options to Mr Raymond Smith-Roberts. The Company was required under *AASB 2 Share-based Payment* to expense the notional cost of these options although the individuals received no direct cash benefit. The Company had an independent valuer assess the theoretical value of these options and expensed the resultant amount. The significant rise in the AMA share price between the time when these options were granted and when the subsequent approval by shareholders was received greatly impacted the theoretical value derived. The value of $1.950 million has been included in the 2016 remuneration report relating to the options issued to Mr Raymond Malone. The value of $0.390 million has been included in the 2016 remuneration report relating to the options issued to Mr Raymond Smith-Roberts.

On 25th April 2016, Mr Ashley Killick was issued with 2,000,000 options to acquire ordinary shares in the Company. The Company was required under *AASB 2 Share-based Payment* to expense the notional cost of these options although the individual received no direct cash benefit. The Company had an independent valuer assess the theoretical value of these options and expensed the resultant amount. The value of $0.206 million has been included in the 2016 remuneration report relating to the options issued to Mr Ashley Killick.

In a previous financial year, Mr Raymond Malone and Mr Raymond Smith-Roberts, were issued ordinary shares as consideration for them separately committing to an amendment and extension of their respective employment contracts. These shares are conditional on them remaining employed by the group over the term of the revised contracts. Under *AASB 2 Share-based Payment* the notional cost of these shares is being expensed over this term.

The value of $116,000 has been included in the 2015 and 2016 remuneration tables for Mr Raymond Malone and, assuming his continued employment, a further $116,000 will be shown in the remuneration tables for next financial year. The value of $20,000 has been included in the 2015 and 2016 remuneration tables for Mr Raymond Smith-Roberts and, assuming his continued employment, a further $20,000 will be shown in the remuneration tables for next financial year.

C Share-based compensation

Equity Holdings

Fully Paid Ordinary Quoted Shares

The number of shares in the Company held during the financial year by each director and other members of Key Management Personnel of the Group, including their related parties, is set out below:

	Opening Balance	Balance on Appointment	Balance on Retirement	Other Changes	Closing Balance
2016					
Raymond Malone	80,417,619	-	-	-	80,417,619
Raymond Smith-Roberts	8,167,746	-	-	(3,086,062)[1]	5,081,684
Hugh Robertson	230,000	-	-	-	230,000
Andrew Hopkins	-	19,524,167[2]	-	-	19,524,167
Brian Austin	-	112,000[3]	-	-	112,000
Leath Nicholson	-	1,673,395[3]	-	-	1,673,395
Simon Doyle	4,161,470	-	(4,161,470)[4]	-	-
	92,976,835	21,309,562	(4,161,470)	(3,086,062)	107,038,865
2015					
Raymond Malone	80,417,619	-	-	-	80,417,619
Raymond Smith-Roberts	8,167,746	-	-	-	8,167,746
Hugh Robertson	-	230,000[5]	-	-	230,000
Simon Doyle	4,161,470	-	-	-	4,161,470
Duncan Fischer	9,133,334	-	(9,133,334)[6]	-	-
	101,880,169	230,000	(9,133,334)	-	92,976,835

Notes:
1 – Shares sold through open market trade on 21 April 2016
2 - Appointed 17 December 2015 (Initial holdings at appointment date)
3 - Appointed 23 December 2015 (Initial holdings at appointment date)
4 - Retired 4 November 2015 (Balance at date of retirement removed from list)
5 - Appointed 2 June 2015 (Initial holdings at appointment date)
6 - Retired 11 March 2015 (Balance at date of retirement removed from list)

Subsequent to year-end, a related entity to Mr Hopkins acquired a further interest in shares in AMA Group Limited. The current interest of Mr Hopkins is 35,239,167 Fully Paid Ordinary Quoted shares.

Fully Paid Ordinary Unquoted Shares

On his appointment as an Executive Director, Mr Andrew Hopkins and his related parties, held an interest in 8,367,500 ordinary unquoted shares in the Company. At 30 June 2016, this balance was 8,367,500. Subsequent to year-end, a related entity of Mr Hopkins acquired a further interest in shares in AMA Group Limited. The current interest of Mr Hopkins is 15,102,500 Fully Paid Ordinary Unquoted shares.

Options over Fully Paid Ordinary Quoted Shares

On 14 September 2015, the Board agreed to the issue of unquoted options to Directors as part of their remuneration package. At the General Meeting held on 27th November 2015, the shareholders approved the issue of 10,000,000 options to Mr Raymond Malone and 2,000,000 options to Mr Raymond Smith-Roberts. The terms of the Options include a nil consideration price with an exercise price of $1.20 each. The Options vest 12 months from the date of Shareholder Approval (i.e. 27th November 2017). They expire 3 years from issue date. These Options are convertible into 1 fully paid ordinary Share in the Company. Upon exercise the Shares issued will be quoted and will rank equally with all other fully paid ordinary Shares.

On 25th April 2016, Mr Ashley Killick was issued with 2,000,000 options to acquire ordinary shares in the Company. The terms of the Options include a nil consideration price with an exercise price of $1.20 each. The Options vest 12 months from the date of issue (i.e. 25th April 2017). They expire 3 years from issue date. These Options are convertible into 1 fully paid ordinary Share in the Company. Upon exercise the Shares issued will be quoted and will rank equally with all other fully paid ordinary Shares.

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

D Service agreements

The Group has entered into service agreements with Key Management Personnel. It is a standard requirement of these contracts that no individual, 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.

Specific details of the service agreements for Key Management Personnel in place as at 30th June 2016 are as follows:

Name:	**Raymond Malone**
Title:	Executive Chairman and 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:	**Raymond Smith-Roberts**
Title:	Executive Director and Chief Executive Officer of Automotive Components and Accessories
Agreement commenced:	1 September 2010
Agreement extended:	1 July 2012
Term of extension:	5 Years
Term of original agreement:	No fixed term
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:

(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."

Name:	**Hugh Robertson**
Title:	Non-Executive Director
Agreement commenced:	2 June 2015
Term of agreement:	Ongoing
Termination period:	None
Termination payment:	Nil
Other terms:	None

Name:	**Andrew Hopkins**
Title:	Executive Director and Chief Executive Officer of Vehicle Panel Repair
Agreement commenced:	16 December 2015
Term of agreement:	5 Years
Termination period:	None
Termination payment:	None
Other terms:	Mr Hopkins is employed as the Key Person under a consultancy services agreement with an entity that is a related party to him.

Name:	**Brian Austin**
Title:	Non-Executive Director
Agreement commenced:	23 December 2015
Term of agreement:	Ongoing
Termination period:	None
Termination payment:	Nil
Other terms:	None

Name:	**Leath Nicholson**
Title:	Non-Executive Director
Agreement commenced:	23 December 2015
Term of agreement:	Ongoing
Termination period:	None
Termination payment:	Nil
Other terms:	None

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

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

The employment of each individual 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 individual or a consistent failure to carry out duties in a manner satisfactory to the Company.

SHARES UNDER OPTION

Unissued ordinary shares of the Company under option at the date of this report are as follows:

Date options granted	Expiry Date	Issue Price of Shares	Number under Option
27 Nov 2015	27 Nov 2018	1.20	12,000,000
25 Apr 2016	25 Apr 2019	1.20	6,875,000

No option holder has any right under the option to participate in any other share issue of the Company or any other entity.

Included in these options were options granted as remuneration to Key Management Personnel. Details of options granted to Key Management Personnel are disclosed in the audited remuneration report above.

SHARES ISSUED ON THE EXERCISE OF OPTIONS

No shares were issued on the exercise of options in the financial year ended 30 June 2016 or 30 June 2015.

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.

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 Group had no adverse environmental issues during the year.

NON-AUDIT SERVICES

No non-audit services were provided by Shine Wing Australia.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration, as required under Section 307C of the *Corporations Act*, in relation to the review for the Year ended 30 June 2016, is provided with this report.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in the Directors' report and financial report. Amounts in the Directors' report and the Year financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, unless otherwise indicated.

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

Director

26 August 2016

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Melbourne VIC 3000
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F +61 3 8102 3400
shinewing.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 2016, there have been:

a) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit, and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

ShineWing Australia

ShineWing Australia
Chartered Accountants

Nick Michael
Partner

Melbourne, 26 August 2016

	Note	30 Jun 2016 $'000	30 Jun 2015 $'000
Revenue from continuing operations	4	264,284	93,197
Raw materials and consumables used		(111,514)	(40,820)
Employment benefits expense	5	(97,985)	(27,621)
Occupancy expense	5	(17,810)	(5,548)
Travel and motor vehicle expense		(2,165)	(911)
Professional services expense		(4,010)	(1,101)
Advertising and marketing expense		(1,625)	(1,080)
Insurance expense		(757)	(302)
Research and development expense		(259)	(274)
Information technology expense		(818)	(315)
Communication expense		(687)	(262)
Other expense	5	(1,982)	(769)
Earnings before interest, tax, depreciation, amortisation and impairment (EBITDA)		**24,672**	**14,194**
Depreciation and amortisation expense	5	(6,817)	(1,306)
Impairment expense	5	(2,954)	-
Earnings before interest and tax (EBIT)		**14,901**	**12,888**
Finance costs	5	(207)	(253)
Profit from continuing operations before fair value adjustments		**14,694**	**12,635**
Fair value adjustments to financial liabilities		(920)	(191)
Profit (loss) before income tax from continuing operations		**13,774**	**12,444**
Profit (loss) before tax from discontinued operations	28	(18)	208
Profit (loss) before income tax		**13,756**	**12,652**
Income tax benefit / (expense)	6	(6,340)	(3,562)
Net profit (loss)		**7,416**	**9,090**
Profit (loss) attributable to			
Members of AMA Group Limited		7,219	9,090
Non-controlling interests	20	197	-
		7,416	**9,090**
Earnings per Share		**Cents**	**Cents**
From continuing operations			
Basic earnings per share	30	1.58	2.68
Diluted earnings per share	30	1.55	2.68
From continuing and discontinuing operations			
Basic earnings per share	30	1.58	2.72
Diluted earnings per share	30	1.55	2.72

The above consolidated income statement is to be read in conjunction with the attached notes.

	Note	30 Jun 2016 $'000	30 Jun 2015 $'000
Net profit (loss)		7,416	9,090
Other Comprehensive Income			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		11	-
Other comprehensive income, net of tax		11	-
Total comprehensive income, net of tax		7,427	9,090
Total comprehensive income attributable to:			
Members of AMA Group Limited		7,230	9,090
Non-controlling interests		197	-
		7,427	9,090

The above consolidated statement of comprehensive income is to be read in conjunction with the attached notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Note	30 Jun 2016 $'000	30 Jun 2015 $'000
Current assets			
Cash and cash equivalents	7	22,888	2,086
Trade and other receivables	8	22,781	11,293
Inventories	9	15,402	7,479
Other current assets	10	1,690	1,269
Assets classified as held for sale	28	-	1,302
Total current assets		62,761	23,429
Non-current assets			
Property, plant and equipment	11	34,963	8,074
Intangibles	12	149,531	48,046
Deferred tax assets	13	5,227	1,682
Other non-current assets	10	3,639	1,956
Total non-current assets		193,360	59,758
Total assets		256,121	83,187
Current liabilities			
Trade and other payables	14	47,694	10,462
Borrowings	15	601	8,330
Provisions	16	9,358	3,670
Income tax payable	6	1,828	949
Liabilities associated with assets held for sale	28	-	356
Total current liabilities		59,481	23,767
Non-current liabilities			
Borrowings	15	308	11
Provisions	16	4,375	246
Deferred tax liability	17	2,720	862
Other non-current liabilities	14	42,458	9,931
Total non-current liabilities		49,861	11,050
Total liabilities		109,342	34,817
Net assets		146,779	48,370
Equity			
Contributed equity	18	172,149	74,904
Reserves	19	3,059	-
Retained earnings (deficit)		(28,626)	(26,534)
Total Group interest		146,582	48,370
Non – controlling interest	20	197	-
Total equity		146,779	48,370

The above consolidated statement of financial position is to be read in conjunction with the attached notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2016

	Note	Equity $'000	Reserves $'000	Retained Earnings $'000	Total $'000	Non Control Interest $'000	Total $'000
At 1 July 2014		74,904	-	(30,276)	44,628	-	44,628
Profit for the period		-	-	9,090	9,090	-	9,090
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income for the period		-	-	9,090	9,090	-	9,090
Transactions with owners in their capacity as owners:							
Dividends recognised	21	-	-	(5,348)	(5,348)	-	(5,348)
		-	-	(5,348)	(5,348)	-	(5,348)
As at 30 June 2015		74,904	-	(26,534)	48,370	-	48,370
At 1 July 2015		74,904	-	(26,534)	48,370	-	48,370
Profit for the period		-	-	7,219	7,219	197	7,416
Other comprehensive income		-	11	-	11	-	11
Total comprehensive income for the period		-	11	7,219	7,230	197	7,427
Transactions with owners in their capacity as owners:							
Non-controlling interest on acquisition of subsidiary		-	-	-	-	96	96
Shares issued, net of costs		43,968	-	-	43,968	-	43,968
Issue of shares to employees		560	-	-	560	-	560
Issue of shares as consideration for business acquisition		52,717	-	-	52,717	-	52,717
Employee equity plan remuneration		-	3,048	-	3,048	-	3,048
Dividends recognised	21	-	-	(9,311)	(9,311)	(96)	(9,407)
		97,245	3,048	(9,311)	90,982	-	90,982
As at 30 June 2016		172,149	3,059	(28,626)	146,582	197	146,779

	Note	30 Jun 2016 $'000	30 Jun 2015 $'000
Cash flows from operating activities			
Receipts from customers		262,973	101,901
Payments to suppliers and employees		(219,119)	(89,634)
Interest received		361	4
Interest and other costs of finance paid		(207)	(253)
Income taxes paid		(7,247)	(4,198)
Net cash flows used in operating activities	29	36,761	7,820
Cash flows from investing activities			
Proceeds from sale of property plant and equipment		25	74
Proceeds from disposal of business		841	-
Payments for purchases of property plant and equipment		(8,904)	(2,336)
Payments for intangible assets		(4)	(87)
Payments for businesses acquired, net of cash acquired		(31,185)	(8,344)
Loans and other investments		1,020	-
Net cash flows (used in) / provided by investing activities		(38,207)	(10,693)
Cash flows from financing activities			
Equity raised		43,526	-
Proceeds from borrowings		2,810	39,767
Repayment of borrowings		(14,803)	(31,447)
Dividends paid to AMA shareholders	21	(9,311)	(5,348)
Dividends paid to non-controlling shareholders		(96)	-
Net cash flows (used in) / provided by financing activities		22,126	2,972
Net (decrease) / increase in cash and cash equivalents		20,680	99
Cash and cash equivalents, at beginning of year		2,197	2,098
Effects of exchange changes on the balances held in foreign currencies		11	-
Cash and cash equivalents, at the end of year	7	22,888	2,197

The above consolidated statement of cash flows is to be read in conjunction with the attached notes.

Index of Notes to the Financial Statements

Note 1 Significant Accounting Policies

Basis of preparation

Basis of accounting

This general purpose financial report, for the year ended 30 June 2016, has 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,* for AMA Group Limited ("AMA" or the "Company") and its controlled entities as a consolidated group (the "Group"). 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).

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all controlled entities in the Group as at 30 June 2016 and the results of all controlled entities for the year then ended. A list of the controlled entities is provided in Note 27 to these financial statements.

The separate financial statements of the Company have not been presented within this financial report as permitted by amendments made to the *Corporations Act 2001* effective as at 28 June 2011. Summarised financial information relating to the Company has been disclosed in Note 31 to these financial statements.

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

Intercompany transactions, balances and unrealised gains on transactions between controlled entities in the Group are eliminated in full.

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

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.

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.

Rounding amounts

The Company is of a kind referred to in ASIC Class Order Co 98/100 and in accordance with that Class Order, amounts in the financial statements have been rounded off to the nearest thousand dollars, or in certain cases, to the nearest dollar.

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 Group'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 to these financial statements.

Summary of principal 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.

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 Company'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 Group's products and services, net of returns, trade allowances and duties and taxes paid. All revenues are stated net of goods and services taxes.

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.

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

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods.
- the Group 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 Group.
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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.

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 Group 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 Group. 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 Group, 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.

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 Group 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:

- the consideration transferred;
- any non-controlling interest; and
- 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.

Customer contracts

Customer contracts are recognised at the fair value at acquisition. Customer contracts have a finite life and are carried at cost less accumulated amortisation and any impairment losses. Customer contracts are amortised over the lesser of the remainder of the contract or their estimated useful life relevant to each specific contract.

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.

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 Group has a present obligation (legal or constructive) as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate 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 an 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.

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 Group’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. the Company). 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 Company. At this date, the Company 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.

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 (i.e. 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. Quoted prices in an active market are used, where available, to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- the amount at which the financial asset or financial liability is measured at initial recognition;
- less principal repayments;
- 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
- 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 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.

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:

- contains an embedded derivative in the form of a put option; and

- 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 Revenue*.

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.

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.

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.

New accounting standards for application in future periods

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the "AASB") that are relevant to their operations and effective for annual reporting periods beginning on 1 July 2015.

The adoption of all new and revised Standards and Interpretations did not affect the amounts reported for the current or prior periods. In addition, the new and revised Accounting Standards and Interpretations have not had a material impact and not resulted in change to the Group's presentation of or disclosure in these financial statements.

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 2018)

AASB 9 will be applicable retrospectively 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.

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 15: Revenue from Contracts with Customers (applicable for annual reporting periods commencing on or after 1st January 2018)

This standard, when effective, will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers. The core principle of AASB 15 is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services.

To achieve this objective, AASB 15 provides the following five-step model:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract; and
- recognise revenue when (or as) the performance obligation is satisfied.

AASB 15 also requires enhanced disclosures regarding revenues.

This standard will require retrospective restatement and is available for early adoption.

Although the Directors anticipate that the adoption of AASB 15 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impacts.

AASB 16: Leases (applicable for annual reporting periods commencing on or after 1st January 2019)

The entity is yet to undertake a detailed assessment of the impact of AASB 16. However, based on the entity's preliminary assessment, the likely impact on the first time adoption of the Standard for the year ending 30 June 2020 includes:

- there will be a significant increase in lease assets and financial liabilities recognised on the balance sheet
- the reported equity will reduce as the carrying amount of lease assets will reduce more quickly than the carrying amount of lease liabilities
- EBIT in the statement of profit or loss and other comprehensive income will be higher as the implicit interest in lease payments for former off balance sheet leases will be presented as part of finance costs rather than being included in operating expenses
- operating cash outflows will be lower and financing cash outflows will be higher in the statement of cash flows as principal repayments on all lease liabilities will be included in financing activities rather than operating activities. Interest paid and received will also be included within financing activities.

AASB 2014-3: Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations (applicable for annual reporting periods commencing on or after 1 January 2016).

AASB 2014-3 amends *AASB 11: Joint Arrangements* to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. The amendments require the acquirer of an interest in a joint operation:

- in which the activity constitutes a business, as defined in *AASB 3 Business Combinations*, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and
- disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.

This Standard is not expected to significantly impact the Group's financial statements.

AASB 2014-4: Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation

This Standard applies to annual reporting periods beginning on or after 1 January 2016 and is meant to clarify that a revenue-based method to calculate the depreciation or amortisation of an asset is not appropriate and that the expected pattern of consumption of the future economic benefits from the asset is a more appropriate basis. However, this could be a rebuttable presumption in limited circumstances. These amendments are to be prospectively applied on transition.

This Standard is not expected to significantly impact the Group's financial statements.

AASB 2014-5: Amendments to Australian Accounting Standards arising from AASB 15

This Standard makes consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issue of AASB 15. This Standard applies to annual reporting periods beginning on or after 1st January 2017, except that the amendments to AASB 9 (December 2009) and AASB 9 (December 2010) apply to annual reporting periods beginning on or after 1st January 2018. This Standard shall be applied when AASB 15 is applied. Earlier application is permitted.

This Standard is not expected to significantly impact the Group's financial statements.

AASB 2014-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)

This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issue of AASB 9 (December 2014). More significantly, additional disclosure requirements have been added to *AASB 7 Financial Instruments: Disclosures* that includes information on credit risk exposures of the entity. It also makes various editorial corrections to Australian Accounting Standards (including an Interpretation). This Standard applies to annual reporting periods beginning on or after 1st January 2018. This Standard will be applied when AASB 9 (December 2014) is applied. Earlier application is permitted.

This Standard is not expected to significantly impact the Group's financial statements.

AASB 2014-8: Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) - Application of AASB 9 (December 2009) and AASB 9 (December 2010)

This Standard makes amendments to the earlier versions of AASB 9 (December 2014), namely AASB 9 (December 2009) and AASB 9 (December 2010) such that for annual Reporting periods beginning on or after 1st January 2015, an entity may apply AASB 9 (December 2009) or AASB 9 (December 2010) if, and only if, the entity's date of initial application (as described in the applicable Standard) is before 1 February 2015.

This Standard is not expected to significantly impact the Group's financial statements.

AASB 2014-9: Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements

This Standard amends AASB 127, and consequentially amends AASB 1 and AASB 128, to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements. It is applicable from annual reporting periods beginning on or after 1st January 2016. Earlier application is permitted. These amendments are to be prospectively applied on transition.

This Standard is not expected to significantly impact the Group's financial statements.

AASB 2014-10: Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

This Standard amends AASB 10 and AASB 128 and requires:

- a full gain or loss to be recognised when a transaction involves assets that meet the definition of 'business' as per *AASB 3 Business Combinations* (whether it is housed in a subsidiary or not); and
- a partial gain or loss to be recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

The above amendments are applicable only to transactions occurring in annual reporting periods beginning on or after 1st January 2016 with earlier application being permitted.

This Standard is not expected to significantly impact the Group's financial statements.

AASB 2015-1: Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle

This standard is applicable from annual reporting periods beginning on or after 1st January 2016 with earlier application being permitted. Significant amendments to this standard that are to be prospectively applied include the following:

- Clarifications in *AASB 5 Non-current Assets Held for Sale and Discontinued Operations* that a change of status from 'Held for Sale' to 'Held for distribution to owners or vice versa does not mean discontinuation of the original plan of proposal.
- Additional guidance in AASB 7 on assessment of 'continuing involvement' (as provided in AASB 139 or AASB 9) in servicing contracts for the purpose of disclosure requirements.
- Amendments to *AASB 119 Employee Benefits* to allow references to government bonds to be made from a currency perspective rather than from a regional perspective.
- Permitting the disclosures pursuant to AASB 134.16A to be given by cross referencing from the interim financial statements to some other statement (such as management commentary or risk report).

This Standard is not expected to significantly impact the Group's financial statements.

AASB 2015-2: Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101

This standard is applicable from annual reporting periods beginning on or after 1st January 2016 with earlier application being permitted. The amendments therein focus on clarifying the presentation and disclosure requirements in AASB 101, such that entities are able to judge appropriately as to how and/or what information is to be disclosed in their financial statements. Further, this standard also includes other editorial/consequential amendments to other AASB standards.

This Standard is not expected to significantly impact the Group's financial statements.

AASB 2015-3: Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality

This Standard completes the AASB project regarding the withdrawal of *AASB 1031 Materiality (July 2004)*, by amending *AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors* to supersede AASB 1031 (July 2004) and deletes references to AASB 1031 in the Australian Accounting Standards listed in the Appendix to this Standard. The standard is applicable from 1st July 2015 and until then, AASB 1031 (December 2013) (that was earlier re-issued in lieu of AASB 1031 (July 2004)) will continue to act as a reference standard directing financial statement preparers to apply the materiality requirements in AASB 101 and AASB 108.

This Standard is not expected to significantly impact the Group's financial statements.

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 Group and that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

When preparing the financial statements, Management undertakes various judgements, estimates and assumptions concerning the recognition and measurement of assets, liabilities, income and expenses. The resulting accounting estimates will, by definition, seldom equate with the related actual results. The following are significant judgements, estimates and assumptions made in applying the accounting policies of the Group that have the most significant effect on the financial statements.

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 Group 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.

Fair value of financial instruments

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case, Management uses the best information available.

The carrying value of the deferred vendor consideration, payable as a result of the acquisition of businesses and entities, incorporate a number of assumptions. In determining this value, Management have applied a discount factor and a probability factor on the earn-out components to determine the fair value. The interest expense and the fair value adjustment have been taken to the Statement of Comprehensive Income.

Note 3 Segment Information

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.

The Group only operates within one geographical area, Australasia, and has historically been segmented by the products it provides, being:

- Vehicle Panel Repair - Motor vehicle panel repairs.
- Vehicle Protection Products - Manufacture & distribution of motor vehicle protective bars.
- Automotive Electrical & Cable - Distribution of motor vehicle electrical & cable accessories.
- Automotive Component Remanufacturing - Motor vehicle component remanufacturing & repairs.

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.

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

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.

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.

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;
- 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.

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board and Executive Management in assessing performance and determining the allocation of resources.

	Panel $'000	Protection $'000	Electrical $'000	Component $'000	Total $'000
Year to 30 June 2016					
Revenue					
External sales	211,549	27,591	15,030	7,732	261,902
Other income	571	977	208	282	2,038
Total sales & other income	212,120	28,568	15,238	8,014	263,940
Unallocated revenue					344
Total revenue					264,284
Result					
Segment gross margin	123,730	12,579	4,393	3,203	143,905
Impairment expense			(2,954)		(2,954)
Unallocated expenses					(126,257)
Fair value adjustments					(920)
Profit from continuing operations before income tax					13,774
Net assets					
Segment assets	197,823	21,024	11,553	3,577	233,977
Unallocated assets					22,144
Total Assets					256,121
Segment liabilities	(50,566)	(3,764)	(2,464)	(1,254)	(58,048)
Unallocated liabilities					(51,294)
Total Liabilities					(109,342)
Year to 30 June 2015					
Revenue					
External sales	42,465	26,752	16,128	6,468	91,813
Other income	4	955	132	292	1,383
Total sales & other income	42,469	27,707	16,260	6,760	93,196
Unallocated revenue					1
Total revenue					93,197
Result					
Segment gross margin	26,184	12,014	5,118	2,687	46,003
Unallocated expenses					(33,368)
Fair value adjustments					(191)
Profit from continuing operations before income tax					12,444
Net assets					
Segment assets	13,795	13,542	6,497	2,912	36,746
Unallocated assets					46,441
					83,187
Segment liabilities	(7,587)	(2,922)	(1,642)	(1,496)	(13,647)
Unallocated liabilities					(21,170)
					(34,817)

Gross Margin for the Vehicle Panel Repair segment does not include direct labour or an allocation for overheads. These costs are allocated to Unallocated.

Note 4 Revenue

	30 Jun 2016 $'000	30 Jun 2015 $'000
From continuing operations		
Sales revenue		
Sale of goods	50,352	49,348
Service and hire	211,550	42,465
	261,902	91,813
Other revenue		
Interest received	361	4
Exchange rate gains / (loss)	102	(3)
Other revenue	1,919	1,383
	2,382	1,384
Total revenue from continuing operations	264,284	93,197

Note 5 Expenses

	30 Jun 2016 $'000	30 Jun 2015 $'000
Profit before income tax includes the following specific expenses:		
Rental expense relating to operating leases (minimum lease payments)	12,509	4,032
Defined contribution superannuation expense	7,386	2,207
Executive equity plan expense	3,644	-
Consulting and advisory expense	3,711	886
Bad and doubtful debts expense / (recovery)	23	11
Inventory obsolescence expense	50	20
Loss / (profit) on disposal of assets	62	25
Depreciation and amortization expense		
- Depreciation of property, plant & equipment	4,515	962
- Amortisation of intangible assets	2,302	344
Impairment expense		
- Goodwill	2,000	-
- Other	954	-
Interest and finance charges paid / payable	207	253
Fees paid or payable to Shine Wing Australia (the Company's Auditors) or its related practices:		
- Audit or review of the financial reports	298	215
- Other services	-	-
	298	215

Note 6 Income Tax Expense

	Note	30 Jun 2016 $'000	30 Jun 2015 $'000
Income tax expense			
Current tax payable		1,828	949
Businesses acquired during the year		(360)	-
Current year tax instalments paid during the year		6,400	2,218
Deferred tax		(1,491)	389
Other		-	24
(Over)/Under provision in respect of prior year		(37)	(18)
Aggregate income tax expense		6,340	3,562
Deferred tax included in income tax expense comprises:			
Decrease/(increase) in deferred tax assets		101	(127)
(Decrease)/increase in deferred tax liabilities		(1,592)	516
		(1,491)	389
Reconciliation of prima facie tax payable to income tax expense:			
Profit before income tax (expense)/benefit		13,756	12,652
Tax at the Australian tax rate of 30%		4,127	3,796
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:			
Employee equity plan		1,093	-
Impairment of intangible assets		600	-
Fair value adjustments		276	-
Non-deductible professional services fees		275	-
Recoupment of capital losses not previously brought to account		-	(398)
Other non-deductible items		6	182
(Over)/Under provision in respect of prior year		(37)	(18)
Income tax expense		6,340	3,562
Income tax expense attributable to:			
- Continuing operations		6,346	3,562
- Discontinued operations	28	(6)	-
Income tax expense		6,340	3,562
Income tax expense attributable to:			
- Members of the Company		6,255	3,562
- Non-controlling interests		85	-
Income tax expense		6,340	3,562
The applicable weighted average effective tax rates are as follows:		46.1%	28.2%

The Group is part of a tax consolidation group. See the income tax accounting policy in Note 1.

Note 7 Cash and Cash Equivalents

	30 Jun 2016 $'000	30 Jun 2015 $'000
Cash on hand	28	10
Cash at bank	22,860	2,076
	22,888	2,086

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

Balances as above	22,888	2,086
Balances attributable to discontinuing operations	-	111
Balance as per statement of cash flows	22,888	2,197

Note 8 Trade and Other Receivables

	30 Jun 2016 $'000	30 Jun 2015 $'000
Current		
Trade receivables	18,704	8,382
Less provision for impairment of receivables	(130)	(48)
	18,574	8,334
Other receivables	4,207	2,959
	22,781	11,293

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

Bad and doubtful trade receivables

The Group has recognised a provision of $130,000 (2015: $48,000) in respect of bad and doubtful trade receivables during the year ended 30 June 2016.

Impairment of receivables

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

	30 Jun 2016 $'000	30 Jun 2015 $'000
3 to 6 months	130	48
Over 6 months	-	-
	130	48

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

Opening balance	48	93
Business acquisition	69	22
Additional provisions recognised/(released)	20	(140)
Receivables written off/(back-in) during the year as uncollectible	(7)	74
Discontinuing operation	-	(1)
Closing balance	130	48

Past due but not impaired

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

	30 Jun 2016 $'000	30 Jun 2015 $'000
1 to 3 months	4,772	266
3 to 6 months	-	-
Over 6 months	-	-
Closing balance	4,772	266

Customers with balances past due but without provision for impairment at 30 June 2016 amount to $4,772,000 (2015: $266,000). Management do not consider that there is any credit risk on the aggregate balances after reviewing credit agency 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.

Note 9 Inventories

	30 Jun 2016 $'000	30 Jun 2015 $'000
Raw materials and consumables	6,019	980
Work in progress	4,143	1,062
Finished goods	5,240	5,437
	15,402	7,479

Note 10 Other Assets

	30 Jun 2016 $'000	30 Jun 2015 $'000
Current		
Prepayments	1,690	1,269
	1,690	1,269
Non-Current		
Prepayments	3,639	1,956
	3,639	1,956

Note 11 Property, Plant and Equipment

	30 Jun 2016 $'000	30 Jun 2015 $'000
Leasehold improvements - at cost	12,006	1,983
less accumulated amortisation	(3,824)	(283)
	8,182	1,700
Plant & equipment - at cost	38,926	8,846
less accumulated depreciation	(14,330)	(3,414)
Less impairment provision	(1,651)	-
	22,945	5,432
Furniture & equipment - at cost	3,451	1,112
less accumulated depreciation	(1,807)	(548)
	1,644	564
Motor vehicles - at cost	4,398	812
less accumulated depreciation	(2,206)	(434)
	2,192	378
	34,963	8,074

Movements in the fair values of Property, Plant & Equipment are set out below:

	Leasehold improvements $'000	Plant & Equipment $'000	Furniture & Fittings $'000	Motor vehicles $'000	Total $'000
Balance at 1 July 2014	531	1,894	208	144	2,777
Additions	657	1,425	238	84	2,404
Business acquisition	629	2,881	296	293	4,099
Disposals	-	(110)	(26)	(76)	(212)
Depreciation expense	(117)	(641)	(145)	(67)	(970)
Discontinued Operations	-	(17)	(7)	-	(24)
Balance at 30 June 2015	1,700	5,432	564	378	8,074
Balance at 1 July 2015	1,700	5,432	564	378	8,074
Additions	3,830	4,971	523	481	9,805
Business acquisitions	2,798	16,802	676	1,411	21,687
Disposals	(39)	(18)	(11)	(20)	(88)
Depreciation expense	(107)	(4,242)	(108)	(58)	(4,515)
Balance at 30 June 2016	8,182	22,945	1,644	2,192	34,963

Note 12 Intangible Assets

	30 Jun 2016 $'000	30 Jun 2015 $'000
Goodwill - at cost	151,897	53,780
Less impairment	(8,545)	(6,545)
	143,352	47,235
Patents & Trademarks	629	125
Less amortisation	(192)	(46)
	437	79
Customer contracts	8,331	1,048
Less amortisation	(2,589)	(316)
	5,742	732
	149,531	48,046

Movements in the carrying amounts of Intangible Assets are set out below:

	Goodwill $'000	Patents & Trademarks $'000	Customer Contracts $'000	Total $,000
Balance at 1 July 2014	**30,934**	**79**	**-**	**31,013**
Additions and adjustment	16,822	11	-	16,833
Acquired	-	21	1,048	1,069
Amortisation expense	-	(28)	(316)	(344)
Discontinuing operations	(521)	(4)	-	(525)
Balance at 30 June 2015	**47,235**	**79**	**732**	**48,046**
Additions and adjustment	1,139	4	-	1,143
Acquired	96,978	384	7,282	104,644
Impairment expense	(2,000)	-	-	(2,000)
Amortisation expense	-	(30)	(2,272)	(2,302)
Balance at 30 June 2016	**143,352**	**437**	**5,742**	**149,531**

Goodwill

Goodwill is allocated to cash-generating units (“CGU”) which are based on the Group’s operating segments:

	30 Jun 2016 $'000	30 Jun 2015 $'000
Vehicle Panel Repair	125,285	27,067
Vehicle Protection Products & Accessories	11,414	11,515
Automotive Electrical & Cable Accessories	5,349	7,349
Automotive Component Remanufacturing	1,304	1,304
	143,352	47,235

During the current financial year, Management assessed the carrying value of the intangible assets of the Automotive Electrical & Cable Accessories division following the internal restructure. Based on this assessment of the current and prospective operating results for this unit and the prevailing market conditions in which it operates, it was considered appropriate to impair this asset by $2.000 million.

The recoverable amount of the Group'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 following key assumptions:

	Vehicle Panel Repair	Vehicle Protection Products & Accessories	Automotive Electrical & Cable Accessories	Automotive Component Remanufacturing
Growth Rate %	0.00	0.00	0.00	0.00
Pre-tax discount rate %	7.50	8.00	8.80	8.80

The value in use calculations use 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 0.00%.

The pre-tax discount rates of 7.50% to 8.80% reflect Management's estimate of the time value of money and the Group's weighted average cost of capital adjusted for additional risk factors associated with each segment.

Impact of possible changes in key assumptions

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 (8.50% instead of 7.50%), the group would not be required to recognise any further impairment of goodwill in relation to this CGU.

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 (9.00% instead of 8.00%), the group would not be required to recognise any further impairment of goodwill in relation to this CGU.

Automotive Electrical & Cable 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 be not required to recognise any further impairment of goodwill (2015: $714,631) in relation to this CGU.

If the estimated pre-tax discount rate for this CGU had been 1% higher than Management's estimates (9.80% instead of 8.80%), the group would be not required to recognise any further impairment of goodwill (2015: $725,706) in relation to this CGU.

Automotive Component Remanufacturing 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 (9.80% instead of 8.80%), the group would not be required to recognise any further impairment of goodwill in relation to this CGU.

Note 13 Deferred Tax Asset

	30 Jun 2016 $'000	30 Jun 2015 $'000
The balance comprises temporary differences attributable to:		
Amounts recognised in the statement of comprehensive income:		
Employee benefits	3,102	1,315
Provisions	1,070	-
Accrued expenses	394	107
Inventory	134	130
Doubtful debts	39	15
Other	100	47
	4,839	1,614
Amounts recognised in equity:		
Transaction costs on share issue	388	68
	388	68
Deferred tax asset	5,227	1,682

At 30 June 2016, the Group has no un-recouped revenue losses (2015: $nil).

At 30 June 2016, the Group has estimated un-recouped capital losses of $3,747,900 (2015: $3,747,900) none of which have 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

	30 Jun 2016 $'000	30 Jun 2015 $'000
Current		
Trade payables	28,531	7,088
Deferred income	5,100	-
Deferred vendor consideration	1,415	323
Other payables	12,648	3,051
	47,694	10,462
Non-current		
Deferred income	14,919	-
Deferred vendor consideration	27,539	9,931
	42,458	9,931

Deferred Vendor Consideration

The Company has recorded deferred and contingent consideration to Business Vendors for $31.200 million (2015: $11.215 million) which, as per the relevant business purchase agreement includes amounts for performance based earn-outs to be paid in a mixture of shares and cash. The present value of the liability is $28.954 million (2015: $10.254 million). Refer to Note 22 for further information on how fair value has been determined for contingent consideration. An analysis of this liability by type of consideration follows:

	30 Jun 2016 $'000	30 Jun 2015 $'000
Current		
Cash Settlement	624	323
Share Settlement	791	-
	1,415	323
Non-Current:		
Cash Settlement	20,706	4,313
Share Settlement	6,833	5,618
	27,539	9,931
	28,954	10,254

Deferred Income

During the financial year, the Company has entered into an agreement with a key supplier. Under the terms of this agreement, the Group purchases product and services from the supplier over an agreed period of time and receives various preferential benefits; one of which is prepaid purchase rebates. To satisfy the requirements of this agreement the Group must continue to purchase from this supplier or otherwise repay the prepaid purchase rebate in accordance with agreed terms. The prepaid purchase rebate is being amortised as the Group purchases products and services from the supplier. At year end, an amount of $5.100 million has been classified as a current deferred income in relation to this rebate.

In previous financial years, similar agreements had been reached between other suppliers and the Group and several of its controlled entities. The execution of the current year agreement resulted in the Group terminating the agreements with these other suppliers and agreeing to repay the amounts outstanding under these agreements.

Note 15 Borrowings

	30 Jun 2016 $'000	30 Jun 2015 $'000
Current		
Bank bills commercial loan	-	7,777
Lease liability	601	553
	601	8,330
Non-current		
Bank bills commercial loan	-	-
Lease liability	308	11
	308	11
Total		
Bank bills commercial loan	-	7,777
Lease liability	909	564
	909	8,341

Financing arrangements

In January 2015, the Company renegotiated its finance facilities and extended the size and term of the Westpac Bank Bill Business Loan facility. This extension was to assist with working capital requirements and the funding of the acquisitions. The facility had a scheduled expiry of 24 November 2016 and was secured by a fixed and floating charge over all of the assets and uncalled capital of the Company and its wholly owned subsidiaries. It was subject to an annual review and included limited other reporting covenants. At year end, the Company was in compliance with these covenants.

At year end the Group had unrestricted access to the following lines of credit:

	30 Jun 2016 $'000	30 Jun 2015 $'000
Bank bills commercial loan facility	12,000	12,000
Used at balance date	-	7,777

On 24 August 2016, the Company entered into a new Facility Agreement with National Australia Bank Limited. The key terms of this agreement are:

- a $40 million facility, with a tenor of 36 months, to assist in funding acquisitions and general corporate needs;
- a $6.5 million lease facility to assist with the purchase of capital equipment;
- a $3.0 million bank guarantee facility to assist with securing property rental leases; and
- a $0.4 million letter of credit facility.

The Facility is secured by a fixed and floating charge over all of the assets of the Company and its wholly owned subsidiaries and is subject to standard covenants.

The lease liabilities are 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.

Note 16 Provisions

	30 Jun 2016 $'000	30 Jun 2015 $'000
Current		
Annual leave	6,603	2,002
Long service leave	2,604	1,549
Dividends	151	119
	9,358	3,670
Non-current		
Long service leave	1,132	246
Make good	1,865	-
Onerous lease	1,378	-
	4,375	246

Movements in provisions

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

	Dividends	Make Good	Onerous Lease	Total
Carrying amount at beginning of year	119	-	-	119
Acquired	-	1,258	2,140	3,398
Arising during the year	32	900	-	932
Utilised	-	(293)	(762)	(1,055)
Carrying amount at end of year	151	1,865	1,378	3,394

Amounts not expected to be settled within the next 12 months

The current provision for annual leave is presented as current, since the Group does not have an unconditional right to defer settlement. However, based on past experience, the Group 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 Group does not have an unconditional right to defer settlement. However, based on past experience, the Group 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 Jun 2016 $'000	30 Jun 2015 $'000
Annual leave obligation expected to be settled after 12 months	4,728	1,061
Long service leave obligation to be settled after 12 months	365	722
	5,093	1,783

Note 17 Deferred Tax Liability

	30 Jun 2016 $'000	30 Jun 2015 $'000
The balance comprises temporary differences attributable to:		
Amounts recognised in statement of comprehensive income:		
Sundry debtors	997	843
Customer contracts	1,723	-
Sundry items	-	19
Deferred tax liability	2,720	862

Note 18 Contributed Equity

	30 Jun 2016 Number	30 Jun 2015 Number	30 Jun 2016 $'000	30 Jun 2015 $'000
Fully Paid Ordinary shares				
Quoted	473,196,686	334,250,963	157,149	74,904
Unquoted	25,000,000	-	15,000	-
	498,196,686	334,250,963	172,149	74,904

Quoted Fully Paid 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.

Unquoted Fully Paid Ordinary shares entitle the holder to all the same benefits and responsibilities of holders of Quoted Fully Paid Ordinary shares with exception that they do not entitle the holder to participate in dividends or vote at general meetings of the Company. As such they are not listed for trade on the ASX. They have been issued as part consideration for the acquisition of Gemini Accident Repair Centres Pty Ltd and are subject to a restriction period of two years. In the event that the business has met its earnings target at the completion of this restriction period, the shares are then eligible to participate in dividends.

Movements in ordinary share capital

	Date	Number	Issue Price (Cents)	$'000
Quoted:				
Opening balance	**1 Jul 2014**	**334,250,963**		**74,904**
No shares were issued during the period		-		-
Opening balance	**1 Jul 2015**	**334,250,963**		**74,904**
Share issued				
Institutional placement	1 Jul 2015	75,000,000	58.6	43,968
Employee share issue	15 Oct 2015	721,796	37.4	270
Employee share issue	25 Apr 2016	106,383	94.0	100
Employee share issue	19 May 2016	374,264	37.4	140
Employee share issue	19 May 2016	53,191	94.0	50
Vendor share issue	6 Nov 2015	249,252	100.3	250
Vendor share issue	10 Dec 2015	58,333,333	60.0	35,000
Vendor share issue	4 Jan 2016	655,308	76.3	500
Vendor share issue	29 Jan 2016	1,576,905	82.4	1,300
Vendor share issue	19 May 2016	1,875,291	35.6	667
Closing balance	**30 Jun 2016**	**473,196,686**		**157,149**
Unquoted:				
Opening balance	**1 Jul 2014**	**-**		**-**
No shares were issued during the period		-		-
Opening balance	**1 Jul 2015**	**-**		**-**
Share issued				
Vendor share issue	10 Dec 2015	25,000,000	60.0	15,000
Closing balance	**30 Jun 2016**	**25,000,000**		**15,000**
Total		**498,196,686**		**172,149**

Note 19 Reserves

	30 Jun 2016 $'000	30 Jun 2015 $'000
Equity Based Remuneration Reserve	3,048	-
Foreign Exchange Translation Reserve	11	-
	3,059	-

Note 20 Non-Controlling Interests

On 1 July 2015, the Group acquired 60.0% of the issued capital of Woods Auto Shops (Dandenong) Pty Ltd; the operator of the Trackright businesses. The owners of the other 40.0% of issued capital are the management of the Trackright business.

	30 Jun 2016 $'000	30 Jun 2015 $'000
Opening Balance	-	-
Entity joins the Group	96	-
Share of result for the period	197	-
Dividends paid	(96)	-
Closing Balance	197	-

Note 21 Dividends

	30 Jun 2016 $'000	30 Jun 2015 $'000
Dividends paid or declared during the period ended were:		
Final dividend of 1.6 cents per share (fully franked), paid 3 Dec 2014	-	5,348
Final dividend of 1.7 cents per share, fully franked, paid 30 Oct 2015	6,957	-
Interim dividend of 0.5 cents per share, fully franked, paid 7 Apr 2016	2,354	-
	9,311	5,348
Franking credits available for subsequent financial years based on tax rate of 30%	4,748	1,832

On 29 August 2014, the Company declared a final dividend of 1.6 cents per share (fully franked at 30%) and $5.316 million was paid on 3 December 2014.

On 31 August 2015, the Company declared a final dividend of 1.7 cents per share (fully franked at 30%) and $6.957 million was paid on 30 October 2015.

On 26 February 2016, the Company declared an interim dividend of 0.5 cents per share (fully franked at 30%) and $2.346 million was paid on 7 April 2016.

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 22 Financial Instruments

Financial risk management

The Group's activities expose it to a variety of financial risks. These include market risk (including foreign currency risk, price risk and interest rate risk), credit risk, and liquidity risk. The Group'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 Group. The Group 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 Executive Management under policies approved by the Board. Executive Management identifies, evaluates and mitigates financial risks within the Group's operating units.

Market risk

Foreign currency risk

The Group continues to make purchases in foreign currencies and is therefore exposed to foreign currency risk through foreign exchange rate fluctuations.

The carrying amount of the Group's foreign currency denominated financial assets and financial liabilities at the end of the reporting period are set out below:

	Assets		**Liabilities**	
Consolidated	**30 Jun 2016 $'000**	**30 Jun 2015 $'000**	**30 Jun 2016 $'000**	**30 Jun 2015 $'000**
US Dollar	-	-	739	393
	-	-	739	393

The Group had liabilities denominated in US Dollars of AUD $739,000 as at 30 June 2016 (2015: A$393,000). Based on this exposure, had the Australian Dollar weakened/strengthened by 10% against the US Dollar with all other variables held constant, the Group's result for the year and equity would have been $82,000 higher/lower (2015: A$36,000).

There were no assets or liabilities denominated in any other foreign currencies, other than US Dollars as at 30 June 2016 or as at 30 June 2015.

The foreign exchange (loss)/gain for the year ended 30 June 2016 was a gain of $102,000 (2015: $3,000 loss).

The Group 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 Group and the Company are not exposed to any significant price risk.

Interest rate risk

The Group and the Company's main interest rate risk arises from short and long-term borrowings. All borrowings are issued at variable rates and this exposes the Group and the Company to interest rate risk. The Group and the Company 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. At the end of the financial year, the Group had bank bills outstanding of $Nil (2015: $7,777,000).

Credit risk

Credit risk is managed on a Group basis. Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group 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 the Notes to the Financial Statements.

As at 30 June 2016 the Group had no significant concentration of credit risk.

Liquidity risk

The Group 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 Group 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 Group'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

On 23rd December 2014, the Company extended its finance facility to allow the Group to draw-down up to $12 million (an extension of $2 million) on normal commercial terms and this facility continued to be available to help fund earnings accretive acquisitions or other working capital needs. During the 2016 financial year, the Group has met all of the obligations under the financing arrangements.

On 24 August 2016, the Company has executed a new finance Facility Agreement with the National Australia Bank. This agreement has a tenor of 3 years and will allow the Company to draw-down up to $40.0 million in debt, $6.5 million in finance leases, $3.0 million in guarantees and $0.4 million in letters of credit.

Remaining contractual maturities

The following table details the Group's remaining contractual maturity for its non-derivative 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 Group 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.

	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
2016						
Non-interest bearing						
Trade payables		28,531	-	-	-	28,531
Other payables		12,648	-	-	-	12,648
Deferred cash consideration		1,455	10,429	19,316	-	31,200
Interest bearing - variable rate						
Lease liability	5.76%	696	336	-	-	1,032
Bank bills commercial loan		-	-	-	-	-
		43,330	10,765	19,316	-	73,411
2015						
Non-interest bearing						
Trade payables		7,088	-	-	-	7,088
Other payables		3,051	-	-	-	3,051
Deferred vendor consideration		330	-	10,885	-	11,215
Interest bearing - variable rate						
Lease liability	6.76%	553	11	-	-	564
Bank bills commercial loan	4.67%	-	7,777	-	-	7,777
		11,022	7,788	10,885	-	29,695

Fair value of financial instruments

The carrying value of financial instruments as shown in the Statement of Financial Position reflects their fair value. These financial instruments 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).

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
2016				
Financial Liabilities				
Deferred Vendor Consideration	-	-	28,954	28,954
	-	-	28,954	28,954
2015				
Financial Liabilities				
Deferred Vendor Consideration	-	-	10,254	10,254
	-	-	10,254	10,254

The fair value of the financial instruments included in Level 3 of the hierarchy has been determined using valuation techniques incorporating observable direct and indirect market data relevant to the Company and an estimation of the probability on paying the full amount.

During the 2015 and 2016 financial years, the Group has acquired various operations. In undertaking these acquisitions, the Group has incurred a contingent consideration liability consisting of an obligation to provide shares in the Company and make an additional cash payment to the vendor if the average profits of the acquisition for the earn-out period exceed a pre-specified target level. The fair value of this contingent consideration is measured using a discounted cash flow methodology and determined on the basis of the possible average profits of the acquisition, weighted by the probability of each scenario. The discount rate used is based on the Group’s weighted average cost of capital.

The movement through these Level 3 items is reconciled below:

	30 Jun 2016 $'000	30 Jun 2015 $'000
Carrying amount at beginning of year	10,254	-
Arising during the year	21,057	11,539
Fair Value adjustment	(2,116)	(1,146)
Payments	(1,173)	(330)
Charge to Profit	932	191
Carrying amount at end of year	28,954	10,254

During the 2016 financial year, the Group acquired Gemini Accident Repair Centres Pty Ltd (“Gemini”) and Micra Accident Repair Centres Pty Ltd (“Micra”). In making these acquisitions the Group incurred a contingent consideration liability consisting of an obligation to provide shares in the Company and make additional cash payments to the vendors if the average profits of the acquired business exceeded a pre-specified target level. For Gemini, this contingent consideration is capped at a maximum amount payable.

The fair value of this contingent consideration liability was measured using a discounted cash flow methodology applying the Group’s cost of capital. In making this assessment, it has been assumed, that where the arrangement is subject to a cap, the business will meet the pre-specified target and the maximum will be payable. Where the arrangement is not subject to a cap, Management have determined an estimate of the likely outcome, based on the possible average profit outcomes that may be achieved, weighted by the probability of each scenario.

The following table provides quantitative information regarding the significant unobservable inputs, the ranges of those inputs and the relationships of unobservable inputs to the fair value measurement:

Significant Unobservable Inputs Used	Unobservable Inputs Used	Estimated Sensitivity of Fair Value Measurement to Changes in Unobservable Inputs
If Gemini failed to meet its earning target	Average EBITDA of $13.333 million	If the average EBITDA achieved over the period of the earn out was 10.0% lower, the fair value of the total deferred consideration would decrease by $10.000 million
The Gemini Discount rate	Discount rate of 3.3%	If discount rate was 0.1% (10 bps) higher, the fair value of the total deferred consideration would decrease by $47,000
If Micra failed to meet its earning target	Anticipated growth rate in EBIT of 5%	If growth rate was 1.0% higher / lower, the fair value of the total deferred consideration would increase / decrease by $87,000 / $86,000
The Micra Discount rate	Discount rate of 3.3%	If discount rate was 0.1% (10 bps) lower, the fair value of the total deferred consideration would increase by $12,000

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 Group's capital includes ordinary share capital, debt facilities, vendor loans and lease liabilities supported by financial assets. There are no externally imposed capital requirements.

	Note	30 Jun 2016 $'000	30 Jun 2015 $'000
Debt			
Borrowings	15	909	8,341
Deferred Vendor Consideration	14	28,954	10,254
Cash & cash equivalents	7	(22,888)	(2,086)
Net debt		6,975	16,509
Fully Paid Ordinary Shares			
Quoted (at market price)		380,923	200,551
Unquoted (at issue price)		15,000	-
		395,923	200,551
Total capital		402,898	217,160
Gearing ratio		1.73%	7.60%

Fully Paid Ordinary Shares Quoted value has been calculated using the closing share prices as at 30 June each year.

The Group 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 23 Share-Based Payments

On 14 September 2015, the Company agreed to the new AMA Group Limited Employee Equity Plan (the “Employee Equity Plan”). It was subsequently approved by shareholders at the annual general meeting held on 27th November 2015. It replaces the old Employee Share Option Plan which was last approved by Shareholders at the 2013 AGM. The Employee Equity Plan was adopted by the Board to ensure it meets the July 2015 changes to Australian Taxation laws regarding deferred taxation on employee options and performance rights and to adopt the requirements of ASIC Class Order 14/1000.

The Employee Equity Plan is for the benefit of all staff members employed by the Group, including Directors and Executive Management. Under the Employee Equity Plan an eligible participant is invited to accept a right to receive a share or option.

Shares

During the year ended 30 June 2016, the Company issued fully paid ordinary shares to employees in consideration of these employees agreeing to enter into long term contracts with the Company and accepting significant post-employment restraint provisions. The Shares were issued for non-cash consideration. 1,096,060 of these shares were issued at a deemed price of $0.374 per share while 159,574 were issued at a deemed price of $0.940 per share.

At 30 June 2015, the Company had accrued an equity bonus entitlement for employees to the value $45,656, which appeared under employee benefits expense in the statement of comprehensive income. Subsequent to 30 June 2015, the employees elected to receive this bonus entitlement in cash rather than in shares.

Options

No options were issued during the financial year ended 30 June 2015 and there were no options remaining unexercised at the end of that financial year.

During the year ended 30 June 2016, 18,875,000 options were issued and these options remained unexercised at the end of that financial year. Each option vests after 12 months, is exercisable for $1.20 each over the next 24 months and is convertible into 1 Fully Paid Ordinary Quoted Share in the Company. As detailed in the Directors’ Report, 14,000,000 of these options had been issued to Key Management Personnel. At the date of this report, 18,875,000 options remained unexercised.

The fair value of the options granted to employees is considered to represent the value of the employee services over the vesting period. The fair value of these options was determined by an independent valuer and calculated using a binomial option pricing methodology and the following assumptions:

	November 2015 Options	April 2016 Options
Fair Value		$0.10
Exercise Price	$1.20	$1.20
Current Share Price	$1.00	$0.87
Expected Life of the Option	2.6 years	2.6 years
Expected Volatility	40.0%	40.0%
Expected Dividend Yield	2.10%	2.53%
Risk Free Rate	2.09%	1.98%

In calculating the fair value of these options, the independent valuer based on the historical volatility for the Company’s shares sourced from the SIRCA data service. The binomial model used incorporates the Hull-White adjustment. The Hull-White adjustment requires an assumption to be made that the options will be exercised when the share price reaches a selected multiple of the option exercise price.

Note 24 Related Party Transactions

The Company

The ultimate holding entity is AMA Group Limited.

Controlled Entities

Investments in Controlled Entities are set out in Note 27.

Key Management Personnel

Further disclosures relating to Key Management Personnel are set out in the audited Remuneration Report contained in the Directors' Report. The Group 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.

Compensation

The aggregate compensation made to Directors and other members of Key Management Personnel of the Group is set out below:

	30 Jun 2016 $'000	30 Jun 2015 $'000
Short-term employee benefits	1,813	1,496
Long-term benefits	27	15
Post-employment benefits	84	82
Share-based payments	2,682	136
Termination benefits	-	-
Total	4,606	1,729

Payments for Other Expenses

Payments were made during the year to the following related entities of Mr Raymond Malone.

	30 Jun 2016 $'000	30 Jun 2015 $'000
Silvan Bond Pty Ltd - Rental fees	168	152
Malone Superannuation Fund - Rental fees	56	43
Mr Gloss Pty Ltd - Vendor payments & incentives	-	150
	224	345

Payments were made during the year to the following related entities of Mr Andrew Hopkins.

	30 Jun 2016 $'000	30 Jun 2015 $'000
AV Ventures Pty Ltd – Rental fees	130	-
Keyspace Developments Pty Ltd – Rental fees	308	-
	438	-

Payments were made during the year to the following related entities of Mr Raymond Smith-Roberts.

	30 Jun 2016 $'000	30 Jun 2015 $'000
SFRE Pty Ltd – Rental Fees	155	-

On 23rd June 2015, the Company engaged the services of Wilson HTM Corporate Finance Limited to act as a joint lead manager in the placement of 75,000,000 shares. Mr Hugh Robertson was, at that time, associated with this firm. The placement was completed during July 2015 and a fee of $691,875 was paid to Wilson HTM Corporate Finance Limited.

On 12th February 2016, the Company appointed PSC Insurance Brokers (Aust) Pty Ltd as its General Insurance Broker. Mr Brian Austin is associated with this firm. No fee was paid by the Group for these services during the financial year.

The Group utilises Foster, Nicholson Jones for legal and advisory services. Mr Leath Nicholson is associated with this firm. Since the time of his appointment on 23rd December 2015, the Group has paid Foster Nicholson Jones $435,264.

Trade Receivables from and Trade Payables 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

There are no loans with related parties outstanding at the end of the reporting period.

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 25 Contingent Liabilities

Unsecured guarantees, indemnities and undertakings have been given by the Company in the normal course of business in respect of financial trade arrangements entered into by its subsidiaries and a Deed of Cross Guarantee (Note 32) was entered into with its continuing subsidiaries during the financial year ended 30 June 2016. It is not practicable to ascertain or estimate the maximum amount for which the Company may become liable in respect thereof. At 30 June 2016 no subsidiary was in default in respect of any arrangement guaranteed by the Company and all amounts owed have been brought to account as liabilities in the financial statements.

	30 Jun 2016 $'000	30 Jun 2015 $'000
Bank guarantees	1,863	649
	1,863	649

Note 26 Commitments for Expenditure

	Note	30 Jun 2016 $'000	30 Jun 2015 $'000
Capital commitments - property, plant & equipment			
Committed at the end of the reporting period but not recognised as liabilities, payable:			
Within one year		1,970	-
One to five years		-	-
After more than five years		-	-
		1,970	-
Lease commitments – operating			
Committed at the end of the reporting period but not recognised as liabilities, payable:			
Within one year		12,800	4,497
One to five years		22,869	5,275
After more than five years		5,607	785
		41,276	10,557
Lease commitments – finance			
Committed at the end of the reporting period but not recognised as liabilities, payable:			
Within one year		696	553
One to five years		336	11
After more than five years		-	-
		1,032	564
less future finance charges		(123)	-
		909	564
Represented as:			
Current commitment	15	601	553
Non-current commitment	15	308	11
		909	564

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.

During the current financial year, the Group acquired businesses that had non-cancellable leases for property that were deemed by Management to be onerous contracts. In these instances a provision was raised to reflect the least net cost of exiting from the contract; which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. This provision will unwind over the remaining period of the lease terms. No operating leases had been recognised as onerous lease liabilities at 30 June 2015.

Note 27 Investments in Controlled Entities

Name of entity	Country of incorporation	Class of shares	Equity holding 2016 %	Equity holding 2015 %
A.C.N. 107 954 610 Pty Ltd (*) (a)	Australia	Ordinary	100	100
A.C.N. 122 879 814 Pty Ltd (*) (b)	Australia	Ordinary	100	100
A.C.N. 124 414 455 Pty Ltd (*)	Australia	Ordinary	100	100
AECAA Pty Ltd (c)	Australia	Ordinary	100	100
Custom Alloy Pty Ltd	Australia	Ordinary	100	100
ECB Pty Ltd	Australia	Ordinary	100	100
FluidDrive Holdings Pty Ltd	Australia	Ordinary	100	100
Mr Gloss Holdings Pty Ltd	Australia	Ordinary	100	100
Phil Munday's Panel Works Pty Ltd (d)	Australia	Ordinary	100	100
Repair Management Australia Pty Ltd (d)	Australia	Ordinary	100	100
Repair Management Australia Bayswater Pty Ltd (d)	Australia	Ordinary	100	100
Repair Management Australia Dandenong Pty Ltd (d)	Australia	Ordinary	100	100
BMB Collision Repairs Pty Ltd (e)	Australia	Ordinary	100	100
Shipstone Holdings Pty Ltd (e)	Australia	Ordinary	100	100
Woods Auto Shops (Dandenong) Pty Ltd (f)	Australia	Ordinary	60	-
Gemini Accident Repair Centres Pty Ltd (g)	Australia	Ordinary	100	-
Gemini Accident Repair Centres Limited (g)	New Zealand	Ordinary	100	-
Ripoll Pty Ltd (*) (h)	Australia	Ordinary	100	-
Woods Auto Shops (Holdings) Pty Ltd (h)	Australia	Ordinary	100	-
Rapid Accident Management Services Pty Ltd (h)	Australia	Ordinary	100	-
Woods Auto Shops (Cheltenham) Pty Ltd (*) (h)	Australia	Ordinary	100	-
Micra Accident Repair Centre Pty Ltd (i)	Australia	Ordinary	100	-

Note:
(*) Dormant
(a) Previously known as Alanco Australia Pty Ltd
(b) Previously known as Perth Brake Parts Pty Ltd. Name changed when business disposed on 1 February 2016
(c) Previously known as KT Cable Accessories Pty Ltd
(d) Acquired on 01 July 2015
(e) Registered on 12 December 2014
(f) Acquired on 01 July 2015
(g) Acquired on 01 October 2015
(h) Acquired on 1 November 2015
(i) Acquired 4 January 2016

Business Combinations

During the financial year, the Group successfully acquired:

- On 1 July 2015, 60.0% of the issued capital of Woods Auto Shops (Dandenong) Pty Ltd; the operator of the Trackright businesses;
- On 1 October 2015, 100% of the issued capital of Gemini Accident Repair Centres Pty Ltd; the operator of the Gemini businesses;
- On 1 November 2015, 100% of the issued capital of Ripoll Pty Ltd; the holding company for the Woods Auto Shops Group of businesses;
- On 4 January 2016, 100% of the issued capital of Micra Accident Repair Centre Pty Ltd; the operator of the Micra business;
- And the following businesses:
  - Auto Innovations on 1 July 2015;
  - Stanleys Body Works on 9 October 2015;
  - BDS Panels on 4 January 2016; and
  - Keswick Crash Repairs on 1 February 2016.

Trackright is a specialist repairer of vehicles and has two facilities located in South East Melbourne, both servicing Metropolitan Melbourne and regional locations. It provides specialist mechanical repairs, parts and remanufacturing services for accident damaged steering, drive train and safety components. This acquisition is expected to increase the Group's product offering and market share and reduce costs through economies of scale.

The Group acquired 60% of the issued capital for a cash payment of $750,000. The other 40% of issued capital is controlled by Trackright management.

From the date of acquisition to 30 June 2016, this entity generated revenue of $5.272 million and gross margin of $2.667 million.

Gemini's repair centres are located across Australia and in New Zealand, and when added to AMA's existing repair centre presence in Victoria and Queensland, create a strong national footprint with 70 centres across NSW, Queensland, Victoria, ACT and WA. Management believe that this deal has considerable strategic value for the Group because:

- it brings together two of the leading consolidators in the accident repair industry;
- the combined group is extremely well placed to participate in the ongoing consolidation process;
- it further cements the Group's leading position in the accident repair market; and
- it provides the Group with a step change growth opportunity.

The transaction payment was structured as follows:

- an upfront cash payment of $28.913 million (being $35.000 million less Gemini's deficiency in working capital);
- Two tranches of AMA shares will be issued at a price of 60 cents per share escrowed for 3.5 years:
  - $35.000 million of ASX quoted shares. The holders of these shares will be entitled to dividends during the escrow period;
  - $15.000 million in non-quoted shares;
- An additional cash payment at the end of the escrow period;
- The two tranches of shares and the additional cash payment will be adjusted downwards if the performance hurdle is not met during the escrow period.

From the date of acquisition to 30 June 2016, this entity generated revenue of $121.769 and gross margin of $71.520 million.

In May 2015, the Group announced that it had entered into contractual arrangements to provide all the management for the operations of Woods Auto Shops Group for six months and had secured an option to acquire Woods at the end of that period. Subsequently it was announced that the Group had exercised its option and acquired these operations.

Woods Auto Shops Group was one of the largest privately owned accident repair networks in Australia, with fourteen branches located throughout metropolitan Melbourne. Management believe that the opportunity to acquire Woods was very appealing because of the synergies that could be derived and the increased footprint it provided the Group in Victoria.

The purchase price was settled by a cash payment of $1.006 million and the issuance of $250,000 of shares.

From the date of acquisition to 30 June 2016, this entity generated revenue of $17.356 million and gross margin of $10.266 million.

Micra, (previously Longford Bodyworks), is a Vehicle Panel Repair business servicing the North Tasmania market. It began in 1980 from a backyard garage and in 2008, the business relocated to its current location, a state of the art facility specialising in large and small smash repairs, located near Launceston Airport, Tasmania. The business has built strong relationships with various insurance groups, including Suncorp with which it has a long term contract.

This acquisition was seen to be a strategic entry point into the Tasmanian Vehicle Repair market and expanding the Group's national footprint.

The total consideration for this acquisition includes initial cash consideration of $1.807 million and $500,000 of shares that will be subject to escrow. The purchase price will also include an "earn out" component.

From the date of acquisition to 30 June 2016, this entity generated revenue of $3.368 million and gross margin of $2.161 million.

During the financial year, the Group acquired various operating businesses. These acquisitions are expected to increase the Group's product offering and market share and reduce costs through economies of scale.

Auto Innovations is a Vehicle Panel Repair business operating in Braeside, Victoria. The business was acquired for a cash payment of $74,000. The value of net tangible assets acquired through this transaction was in excess of the consideration paid and therefore the Group has recorded a gain on acquisition of $84,000.

BDS Panels is a Vehicle Panel Repair operation based in Mornington, Victoria. This business operates from a two acre property, providing opportunity for expansion and is the premier site in this region. The purchase price for this business was a cash payment of $865,000.

Stanley's Body Works is a Vehicle Panel Repair business operating from two sites in the Western Suburbs of Melbourne, Victoria. It was acquired for a cash payment of $100,000 and shares of $1.300 million.

Keswick Crash Repairs is a Vehicle Panel Repair business operating in Adelaide, South Australia. It was acquired for cash consideration of $290,000.

From the date of acquisition to 30 June 2016, these acquisitions generated revenue of $8.855 million and gross margin of $5.224 million.

Details of these acquisitions are as follows:

	Gemini $'000	Woods $'000	Micra $'000	Other $'000	Total $'000
Cash and cash equivalents	2,333	(43)	288	37	2,615
Trade and other receivables	9,152	1,443	355	696	11,646
Inventories	3,393	1,776	21	114	5,304
Other current assets	1,033	78	16	13	1,140
Plant and equipment	16,208	2,909	967	1,512	21,596
Deferred tax assets	1,411	525	41	158	2,135
Other non-current assets	2,044	-	681	-	2,725
Trade payables and accruals	(25,760)	(3,855)	(659)	(391)	(30,665)
Provisions	(5,224)	(4,129)	(101)	(585)	(10,039)
Income tax payable	(143)	-	(36)	(20)	(199)
Borrowings	(3,887)	-	(417)	(254)	(4,558)
Deferred tax liabilities	(2,185)	-	-	(314)	(2,499)
Non-controlling interests	-	-	-	(96)	(96)
Net assets acquired	(1,625)	(1,296)	1,156	870	(895)
Intangible					
- Customer Contracts	7,283	-	-	-	7,283
- Goodwill	88,015	2,552	4,552	2,516	97,635
Total consideration	93,673	1,256	5,708	3,386	104,023
Representing:					
Cash paid or payable	28,913	1,006	1,807	1,986	33,712
Shares issued	50,000	250	500	1,300	52,050
Cash to be paid	16,100	-	3,216	100	19,416
Shares to be issued	-	-	600	-	600
Fair Value Adjustments	(1,340)	-	(415)	-	(1,755)
	93,673	1,256	5,708	3,386	104,023
Acquisition costs	423	183	41	21	668

Note 28 Discontinued Operations

(a) Description

On 10 December 2015, the Company announced that it had entered into a binding contract to sell the business and assets of Perth Brake Parts, a business based at 20 Bellows Street, Welshpool, Western Australia. The sale of this business was completed on 1 February 2016.

Financial Information relating to this disposal group for the respective reporting periods has been classified as a discontinued operation and is set out below.

(b) Financial Information

	1 Feb 2016 $'000	30 Jun 2015 $'000
Operating Result		
Revenue	1,437	2,602
Expenses	(1,455)	(2,394)
Profit before income tax	(18)	208
Income tax expense	6	(63)
Profit (loss) from discontinued operations	**(12)**	**145**
Financial Position		
Cash and cash equivalents	39	111
Trade receivables	131	158
Inventories	452	473
Other current assets	12	12
Plant and equipment	26	24
Intangible assets	524	524
	1,184	1,302
Trade and other payables	180	240
Provisions	96	116
	276	356
Intercompany loans	287	400
	563	756
	621	546
Cash Flow		
Net cash inflow (outflow) from ordinary activities	(513)	258
Net cash inflow (outflow) from investing activities	831	(234)
Net cash inflow (outflow) from financing activities	(429)	-
Net cash inflow (outflow)	(111)	24

Note 29 Reconciliation of Profit after Tax to Operating Cash Flows

	30 Jun 2016 $'000	30 Jun 2015 $'000
Profit after income tax	7,134	9,090
Non-controlling interest	282	-
Income tax expense	6,340	3,562
Income tax paid	(7,247)	(4,198)
Depreciation and amortisation expense	6,825	1,314
Impairment expense	2,954	-
Deferred income amortisation	(2,981)	-
Equity issued in consideration of employment obligations	3,644	-
Onerous leases	(775)	-
Fair value adjustments	920	191
Other	24	64
(Increases)/decreases in accounts receivable	305	(2,240)
(Increases)/decreases in inventories	(3,495)	(1,379)
(Increases)/decreases in prepayments	(165)	726
(Increases)/decreases in other assets	643	-
Increases/(decreases) in accounts payable	8,222	346
Increases/(decreases) in current provisions	(287)	344
Increases/(decreases) in non-current provisions	(142)	-
Increases/(decreases) in other liabilities	14,560	-
Net operating cash flows	36,761	7,820

Note 30 Earnings per Share

	30 Jun 2016 $'000	30 Jun 2015 $'000
Profit after income tax attributable to members of AMA Group Ltd		
- From continuing operations	7,242	8,945
- From discontinued operations	(12)	145
	7,230	9,090
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	457,536,805	334,250,963
Adjustments for calculation of diluted earnings per share	10,777,397	-
	468,314,202	334,250,963
	Cents	**Cents**
Continuing operations:		
- Basic earnings per share	1.58	2.68
- Diluted earnings per share	1.55	2.68
Discontinued operations:		
- Basic earnings per share	-	0.04
- Diluted earnings per share	-	0.04
Continuing and discontinued operations:		
- Basic earnings per share	1.58	2.72
- Diluted earnings per share	1.55	2.72

Note 31 Parent Information

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

	30 Jun 2016 $'000	30 Jun 2015 $'000
Assets		
Current assets	17,456	945
Total assets	**109,385**	**46,005**
Liabilities		
Current liabilities	11,819	2,600
Total liabilities	**51,139**	**69,655**
Net assets/(liabilities)	**58,246**	**(23,650)**
Equity		
Contributed equity	172,149	74,904
Reserves	3,048	-
Accumulated losses	(116,951)	(98,554)
Total equity	**58,246**	**(23,650)**
Profit/(loss) for the year	**(9,086)**	**(5,966)**
Total comprehensive income /(loss)	**(9,086)**	**(5,966)**

Guarantees and contingent liabilities

Refer to Note 25 for details of guarantees and contingent liabilities.

Contractual commitments

Refer to Note 26 for details of contractual commitments.

Note 32 Class Order Disclosures

The consolidated financial statements of the Group incorporate the assets, liabilities and results of the controlled entities detailed in Note 27 prepared in accordance with the accounting policy described in Note 1.

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

Name of entity	Country of incorporation	Equity holding 2016 %	Equity holding 2015 %
A.C.N. 124 414 455 Pty Ltd	Australia	100	100
Alanco Australia Pty Ltd	Australia	100	100
Custom Alloy Pty Ltd	Australia	100	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
BMB Collision Repairs Pty Ltd	Australia	100	-
Shipstone Holdings Pty Ltd	Australia	100	-
Repair Management Australia Pty Ltd	Australia	100	-
Phil Munday's Panel Works Pty Ltd	Australia	100	-
Repair Management Australia Bayswater Pty Ltd	Australia	100	-
Repair Management Australia Dandenong Pty Ltd	Australia	100	-
Gemini Accident Repair Centres Pty Ltd	Australia	100	-
Ripoll Pty Ltd	Australia	100	-
Woods Auto Shops (Holdings) Pty Ltd	Australia	100	-
Rapid Accident Management Services Pty Ltd	Australia	100	-
Woods Auto Shops (Cheltenham) Pty Ltd	Australia	100	-

As a condition of the Class Order, the above entities entered into a Deed of Cross Guarantee on 31 March 2016. 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 detailed above or if they do not meet their obligations under the terms of overdrafts, loans, leases or other liabilities subject to guarantee. The controlled entities detailed above 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.

The Trustee to this deed of cross guarantee is Ripoll Pty Ltd; which is a member of the consolidated group. The Alternate Trustee to this deed of cross guarantee is Woods Auto Shops (Cheltenham) Pty Ltd; which is also a member of the consolidated group. The continuing entities and only the continuing entities are included in the deed of cross 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 Company) 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 25 for further information on financial guarantees).

The Statement of Comprehensive Income of the entities that are members of the Closed Group is shown below.

	30 Jun 2016 $'000	30 Jun 2015 $'000
Revenue from continuing operations	**257,260**	**95,774**
Raw materials and consumables used	(108,146)	(41,944)
Employment benefits expense	(95,756)	(28,602)
Occupancy expense	(17,518)	(5,727)
Travel and motor vehicle expense	(2,124)	(1,106)
Professional services expense	(3,781)	(1,102)
Advertising and marketing expense	(1,607)	(926)
Insurance expense	(741)	(312)
Research and development expense	(259)	(274)
Information technology expense	(806)	(315)
Communication expense	(674)	(313)
Other expense	(1,410)	(743)
Earnings before interest, tax, depreciation and amortisation (EBITDA)	24,438	**14,410**
Depreciation and amortisation expense	(6,767)	(1,314)
Impairment expense	(2,954)	-
Earnings before interest and tax (EBIT)	14,717	**13,096**
Finance costs	(205)	(253)
Profit from continuing operations before fair value adjustments	14,512	**12,843**
Fair value adjustments to financial liabilities	(920)	(191)
Profit (loss) before income tax from continuing operations	13,592	**12,652**
Profit (loss) before tax from discontinued operations	-	-
Profit (loss) before income tax	13,592	**12,652**
Income tax benefit / (expense)	(6,128)	(3,562)
Net profit (loss)	7,464	**9,090**

The Consolidated Statement of Financial Position of the entities that are members of the Closed Group is as shown below:

Statement of Financial Position as at	30 Jun 2016 $'000	30 Jun 2015 $'000
Assets		
Current assets		
Cash and cash equivalents	22,751	1,314
Trade and other receivables	21,907	8,507
Inventories	15,209	6,026
Other	1,708	908
Total current assets	61,575	16,755
Non-current assets		
Property, plant and equipment	34,463	1,640
Deferred tax assets	5,228	1,682
Intangibles	148,938	51,117
Investment in controlled entities	605	-
Receivables from related entities	391	(5,532)
Other	3,640	1,957
Total non-current assets	193,265	50,864
Total assets	254,840	67,619
Liabilities		
Current liabilities		
Trade and other payables	47,022	6,503
Borrowings	601	-
Current tax payable	1,792	950
Provisions	9,335	2,541
Total current liabilities	58,750	9,994
Non-current liabilities		
Borrowings	308	7,777
Deferred tax Liabilities	2,715	862
Provisions	4,375	168
Other	42,458	9,931
Total non-current liabilities	49,856	18,738
Total liabilities	108,606	28,732
Net assets	146,234	38,887
Equity		
Contributed equity	172,149	74,904
Reserves	3,039	-
Accumulated losses	(28,954)	(36,017)
Total equity	146,234	38,887

Note 33 Events Occurring after the Reporting Period

As outlined in Note 22, the Company entered into a new Facility Agreement with National Australia Bank Limited on 24 August 2016. It is intended that this facility will assist the Group in financing its future requirements for working capital, capital expenditure and business acquisitions.

On 26 August 2016, the Directors declared a fully franked dividend of 1.70 cents per security, which is to be paid on 31 October 2016.

No other matters or circumstances have arisen since 30 June 2016 that have significantly affected, or may significantly affect the Group's operations in future financial years, the results of those operations in future financial years, or the Group's state of affairs in future financial years.

In the Directors' opinion:

a. the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including:

   i. complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

   ii. giving a true and fair view of the Group's financial position as at 30 June 2016 and of its performance for the financial Year ended on that date; and

b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors made pursuant to section 303(5) of the *Corporations Act 2001*.

On behalf of the Directors

Director

26 August 2016

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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 2016, 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.

ShineWing AUSTRALIA

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 2016 and of its performance for the year ended on that date; and

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

b) the 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 8 to 17 of the directors' report for the year ended 30 June 2016. 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 2016 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 2016 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 consolidated entity's website.

ShineWing Australia

ShineWing Australia
Chartered Accountants

Nick Michael
Partner

Melbourne, 26 August 2016

A review of the Company's Corporate Governance Framework was undertaken during the 2014/15 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

Principle 1: Lay solid foundations for management and oversight.

Role of the Board and Executive 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 Executive 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 Executive Management in carrying out these delegated duties. The Board's responsibilities are detailed in its Board Charter.

Board Appointments

The Company undertakes comprehensive reference checks prior to appointing a director, or putting that person forward as a candidate to ensure that person is competent, experienced, and would not be impaired in any way from undertaking the duties of director. The Company provides relevant information to shareholders for their consideration about the attributes of candidates together with whether the Board supports the appointment or re-election.

The terms of the appointment of a Non-Executive Director, Executive Directors and Senior Executives are agreed upon and set out in writing at the time of appointment.

The Company Secretary

The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board, including agendas, Board papers and minutes, advising the Board and its Committees (as applicable) on governance matters, monitoring that the Board and Committee policies and procedures are followed, communication with regulatory bodies and the ASX and statutory and other filings.

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 2016.

	Board	Executive Team	Employees
Women (Qty.) 2016	0	1	197
Women (Qty.) 2015	0	1	50

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.

Independent Advice

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.

Principle 2: Structure the Board to add value.

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 pages 5 to 7 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 number of the Directors being independent as defined in the ASX Corporate Governance Guidelines; and
- Some major Shareholders being represented on the Board.

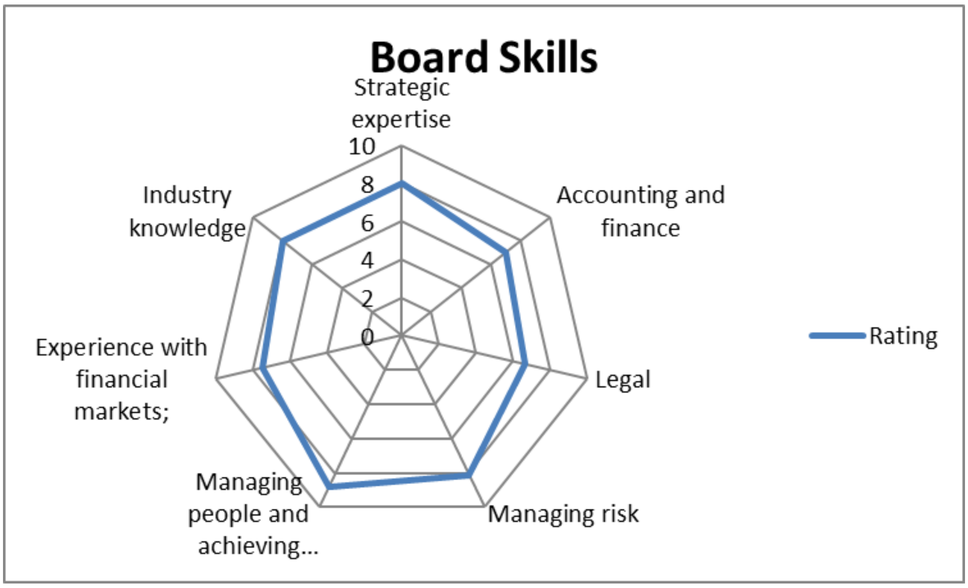
Where any Director has a material personal interest in a matter, the Director will not be permitted to be present during discussion or to vote on the matter. The enforcement of this requirement is in accordance with the Corporations Act and aims to ensure that the interests of Shareholders, as a whole,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

The Board consists of six Directors of whom three Directors, Hugh Robertson, Leath Nicholson and Brian Austin, are considered to be independent. The Board believes the existence of three independent directors on the Board provides sufficient independent judgement to the Board at this time.

The Board is chaired by Raymond Malone who is also the Company's Chief Executive Officer. The Board believes that although Mr Malone is not considered independent, he is the appropriate person to lead the Company. The Board has delegated certain responsibilities from the Chairman to independent directors to minimize any conflict that may arise from the Chairman and Chief Executive Officer roles being exercised by the same individual.

The Company currently has no Nomination Committee as it believes that due to the size of the Board and the Company and the nature of the Company's current activities, this function is best served by the full Board. The Board is responsible for considering board succession issues and reviewing Board composition to assist in ensuring the Board has the appropriate balance of skills, knowledge, experience and independence to enable it to discharge its duties and responsibilities effectively.

The Board has a skills matrix covering the competencies and experience of each member. When the need for a new director is identified, the required experience and competencies of the new director are defined in the context of this matrix and any gaps that may exist.



Induction of New Directors and Ongoing Development

Any new Directors will be issued with a formal Letter of Appointment that sets out the key terms and conditions of their appointment, including Director's duties, rights and responsibilities, the time commitment envisaged, and the Board's expectations regarding involvement with any Committee work.

A new director induction program is in place and Directors are encouraged to engage in professional development activities to develop and maintain the skills and knowledge needed to perform their role as Directors effectively.

Principle 3: Act ethically and responsibly

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.

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.

Principle 4: Safeguard integrity in corporate reporting.

Audit Committee

The Company has a duly constituted Audit Committee currently consisting of three 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 pages 5 to 7.

The Committee holds a minimum of two meetings a year. Details of attendance of the members of the Audit Committee are contained on page 5.

The Company's external auditor attends each annual general meeting and is available to answer any questions with regard to the conduct of the audit and their report.

Chief Executive Officer and Chief Financial Officer Declarations

The Chief Executive Officer and Chief Financial Officer have provided the Board with a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Principle 5: Making timely and balanced disclosure.

The Company has procedures in place to ensure that the Company's Continuous Disclosure obligations under ASX Listing Rules and Corporations Act are met and that the market is properly informed of matters which may have a material impact on the price at which securities are traded.

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.

Principle 6: Respect the rights of shareholders.

The Company is committed to providing current and relevant information to its 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

Shareholders may elect to, and are encouraged to, receive communications from the Company and its securities registry electronically.

The Company maintains information in relation to its corporate governance documents, Directors and Senior Executives, Board and Committee charters and annual reports on the Company's website.

Principle 7: Recognise and managing risk.

The Board is committed to the identification, assessment and management of risk throughout the Company's business activities.

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

The Company's Risk Management Policy recognises that risk management is an essential element of good corporate governance and fundamental in achieving its strategic and operational objectives. Risk management improves decision making, defines opportunities and mitigates material events that may impact security holder value.

The Board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound. A review of the Company's risk management framework was conducted during the 2016 financial year.

Executive Management reports risks identified to the Board through regular operations reports, and via direct and timely communication to the Board where and when applicable. During the reporting period, Executive Management has reported to the Board as to the effectiveness of the Company's management of its material business risks. The Company does not have an internal audit function.

The Company faces risks inherent to its business, including economic risks, which may materially impact the Company's ability to create or preserve value for security holders over the short, medium or long term. The Company has in place policies and procedures, including a risk management framework (as described in the Company's Risk Management Policy), which is developed and updated to help manage these risks. The Board does not consider that the Company currently has any material exposure to environmental or social sustainability risks.

The Chief Executive Officer and the Chief Financial Officer 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.

Principle 8: Remunerate fairly and responsibly

Profiles of the members and details of meetings of the Remuneration Committee are detailed on pages 5 to 7 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.

Current remuneration is disclosed in the Remuneration Report and in Note 24: Related Party Transactions.

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.

In accordance with the Company's share trading policy, participants in any equity based incentive scheme are prohibited from entering into any transaction that would have the effect of hedging or otherwise transferring the risk of any fluctuation in the value of any unvested entitlement in the Company's securities to any other person.

In accordance with the ASX Listing Rules the following information, as at 18 August 2016, is provided:

Substantial holders

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

Greencape Capital Pty Ltd (Notice dated 12 Feb 2016)	28,340,907	6.02%

Number of holders of equity securities

473,196,686 Fully Paid Ordinary Quoted shares are held by 2,709 individual holders.

25,000,000 Fully Paid Ordinary Unquoted shares are held by 11 individual holders; with all holders having in excess of 100,000 units.

12,000,000 unquoted options over Fully Paid Ordinary Quoted shares exercisable at $1.20 each before 27 November 2018 held by 2 holders; with all holders having in excess of 100,000 units.

6,875,000 unquoted options over Fully Paid Ordinary Quoted shares exercisable at $1.20 each before 25 April 2019 held by 9 holders; with all holders having in excess of 100,000 units.

Voting rights

The voting rights attached to Fully Paid Ordinary shares are set out below:

Fully Paid Ordinary Quoted 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.

Fully Paid Ordinary Unquoted shares

No voting rights

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:	**Holders**	**Ordinary Shares**
1 to 1,000	225	111,766
1,001 to 5,000	1,154	6,154,535
5,001 to 10,000	1,067	35,769,718
10,001 to 100,000	214	64,014,888
100,001 and over	49	367,145,779
Total	2,709	473,196,686
Holding less than a marketable parcel	105	9,720

Equity security holders

Twenty largest quoted equity security holders

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

Shareholder	Number Held	% of Total Shares Held
Mr Gloss Pty Limited	67,961,015	14.36
J P Morgan Nominees Australia Limited	39,924,738	8.44
HSBC Custody Nominees (Australia) Limited	35,814,066	7.57
Cedarfield Holdings Pty Ltd <The Cedarfield A/C>	35,239,167	7.45
National Nominees Limited	24,639,369	5.21
UBS Nominees Pty Ltd	23,924,677	5.06
RBC Investor Services Australia Nominees Pty Ltd <PI Pooled A/c>	10,606,433	2.24
Citicorp Nominees Pty Ltd	10,390,723	2.20
Mr Raymond Malone & Mrs Leona Malone <The Malone Super Fund A/c>	8,490,335	1.79
Mirrabooka Investments Limited	7,015,136	1.48
Citicorp Nominees Pty Ltd <Colonial First State Inv A/c>	6,904,000	1.46
Sherdley Investments Pty Ltd <Walsh Family A/C>	6,189,167	1.31
Mr Richard John Calver	5,990,256	1.27
Birdlake Holdings Pty Ltd <Timothy Simon Hopkins A/C>	4,958,333	1.05
Yerrus Holdings Pty Ltd <Surrey Panels Pension A/c>	4,947,404	1.05
BNP Paribas Nominees Pty Ltd <Agency DRP A/C>	4,635,049	0.98
Amcil Limited	4,271,838	0.90
Magnacon Pty Ltd <P&J Bubeck Family A/C>	4,013,334	0.85
Jese Pty Ltd <The Leadbetter Family A/c>	3,674,669	0.78
Mr Ian Charles Lindeman + Mrs Margaret Lindman	3,590,001	0.76
	313,179,710	66.18%

Unquoted equity shareholders

The names of security holders who hold 20% or more of the unquoted equity share class are as follows:

Cedarfield Holdings Pty Ltd <The Cedarfield A/C>	15,102,500	60.41%

Securities subject to escrow

Class of Security	Number	Date Escrow period ends
Fully Paid Ordinary Quoted	774,337	16 Oct 2016
Fully Paid Ordinary Quoted	249,252	5 Nov 2016
Fully Paid Ordinary Quoted	309,735	16 Jul 2017
Fully Paid Ordinary Quoted	507,614	21 Sep 2017
Fully Paid Ordinary Quoted	2,000,000	19 Dec 2017
Fully Paid Ordinary Quoted	267,332	1 Jan 2019
Fully Paid Ordinary Quoted	106,383	25 Apr 2019
Fully Paid Ordinary Quoted	58,333,333	9 Jun 2019
Fully Paid Ordinary Quoted	577,067	30 Jun 2019
Fully Paid Ordinary Quoted	1,576,905	28 Jul 2019
Fully Paid Ordinary Quoted	655,308	3 Jan 2020
Fully Paid Ordinary Unquoted	25,000,000	9 Jun 2019

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

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

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.

Directors
Mr Raymond Malone (Chairman and Executive Director)
Mr Brian Austin (Non-Executive Director)
Mr Leath Nicholson (Non-Executive Director)
Mr Hugh Robertson (Non-Executive Director)
Mr Andrew Hopkins (Executive Director)
Mr Raymond Smith-Roberts (Executive Director)

Executive Management
Mr Raymond Malone (Chief Executive Officer)
Mr Andrew Hopkins (Chief Executive Officer – Vehicle Panel Repair Division)
Mr Raymond Smith-Roberts (Chief Executive Officer - Automotive Components & Accessories Divisions)
Mr Ashley Killick (Chief Financial Officer)

Company Secretaries
Mr Phillip Hains
Mrs Terri Bakos

Registered Office
C/o The CFO Solution (ABN 30 128 557 068)
Suite 1, 1233 High Street, ARMADALE, VICTORIA, 3143, AUSTRALIA
PO Box 8694, ARMADALE, VICTORIA, 3143, AUSTRALIA
Telephone: +61 3 9824 5254
Facsimile: +61 3 9822 7735

Principal Place of Business
29 Snook Street, CLONTARF, QUEENSLAND, 4019, AUSTRALIA
P.O. Box 122, MARGATE, QUEENSLAND, 4019, AUSTRALIA
Telephone: +61 7 3897 5743
Facsimile: +61 7 3283 5743
Web: www.amagroupltd.com

Share Registry
Computershare Investor Services Pty Limited
Yarra Falls, 452 Johnston Street, ABBOTSFORD, VICTORIA AUSTRALIA
GPO Box 2975, MELBOURNE VICTORIA 3001 AUSTRALIA
Telephone: +61 3 9415 4000
Telephone: 1300 787 272 (Within Australia)
Facsimile: +61 3 9473 2500

Auditor
Shine Wing
Level 10, 530 Collins Street, MELBOURNE VICTORIA 3000 AUSTRALIA

Solicitors
Foster Nicholson Jones
Level 7, 420 Collins Street, MELBOURNE VICTORIA 3000 AUSTRALIA

Bankers
National Australia Bank
Westpac Banking Group

Stock Exchange Listing
AMA Group Limited shares are listed on the Australian Securities Exchange, code AMA.