INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

AMA GROUP LIMITED | ABN 50 113 883 560

AMAGROUP

SHAREHOLDERS INFORMATION

AMA GROUP LIMITED

ABN 50 113 883 560

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BUNDALL, QUEENSLAND, 4217
AUSTRALIA

Telephone: +61 5628 3272

Website: amagroupltd.com

Email: info@amagroupltd.com

Shareholder information and enquiries

All enquiries and correspondence regarding shareholdings should be directed to AMA Group's share registry provider:

Computershare Investor Services Pty Limited

GPO Box 2975
MELBOURNE, VICTORIA, 3001
AUSTRALIA

Telephone: +61 3 9415 4000

Telephone: 1300 787 272
(Within Australia)

Website: computershare.com.au

Email: web.queries@computershare.com.au

Stock Exchange Listing

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

INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

CONTENTS

This Interim Financial Report does not include all the notes of the type normally included in an Annual Financial Report. Accordingly, this report should be read in conjunction with the Annual Report for the year ended 30 June 2020 and any public announcements made by AMA Group Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

AMA Group Limited is a Company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:
Level 4, 130 Bundall Road, Bundall QLD 4217

DIRECTORS' REPORT

INTRODUCTION

Your Directors present their report on the consolidated entity (referred to hereafter as the "Group") consisting of AMA Group Limited ("AMA" or the "Company") and its controlled entities for the half-year ended 31 December 2020.

This Directors' Report has been prepared in accordance with the requirements of the *Corporations Act 2001.*

BOARD OF DIRECTORS

The following persons were Directors of AMA Group Limited during the whole of the half-year and up to the date of this report:

Name	Position
Anthony Day	Chair of the Board and Non-Executive Director
Leath Nicholson	Non-Executive Director
Simon Moore	Non-Executive Director
Nicole Cook	Non-Executive Director
Carl Bizon	Non-Executive Director until 1 February 2021 Executive Director from 1 February 2021

Andrew Hopkins was an Executive Director from the beginning of the financial year until his resignation on 1 February 2021.

PRINCIPAL ACTIVITIES

The principal activity of the Group is the operation and development of complementary businesses in the automotive aftercare market. The Group is Australia's largest vehicle accident repairer and a leader in the automotive parts market.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the Group during the financial period were as follows:

- On 19 November 2020, following a strategic review of the Group's business operations, and a commitment to place greater focus on the Group's key competencies being the Vehicle Panel Repair segment, the Group announced the sale of the ACAD and Fully Equipped businesses (excluding ACM Parts and FluidDrive), to GUD Holdings Limited which was completed on 31 December 2020. For details of the sale see note E1. The net cash received from the transaction was principally used to repay borrowings (see note D3).

- The COVID-19 pandemic and the restrictions imposed by the Government continued to impact the trading performance of the Group for the period ended 31 December 2020. These restrictions affected one of the key external drivers of our business, kilometres travelled resulting in challenging operating conditions. A number of entities within the Group qualified for the Australian Federal Government's JobKeeper Assistance Program (JobKeeper) and the New Zealand Wage Subsidy. Participation in these programs assisted the Group in supporting our workforce through this difficult trading period, retaining key skills within the business and enabled the Group to make a faster recovery when the economic environment improved (see note B3(B)).

DIVIDENDS

As a result of the continuing impact and uncertainties of the COVID-19 pandemic on the financial performance and the Group's capital structure, an interim dividend for the half-year has not been declared. This will be reassessed in future periods.

OPERATING RESULTS

The Group started the financial year with challenging market conditions as Government restrictions relating to the COVID-19 pandemic remained in place in certain Australian states and New Zealand. Although Victoria remained in lockdown for most of the first quarter of this financial year, the overall business performed well.

The Group's performance in Q1 FY21 continued into Q2 FY21 with all states fully operational at the date of this report. Post the lockdown restrictions, the Group benefited from the preference to use private transport over public transport and the shift to domestic driving holidays as opposed to international travel. As at 31 December 2020, the Group has 182 sites which is an increase of one since 30 June 2020.

From 1 July 2020, the AMA Panel network secured price and repair volume increases with all major insurance customers to ensure sustained and improved revenue generation. In addition, AMA Panel acquired the operating assets and business of Western Trucks, our second Heavy Motor repair facility in Victoria.

As noted above, during the half-year ended 31 December 2020, the Group successfully divested of the ACAD and Fully Equipped businesses. These divested businesses are strongly aligned to the GUD Group, and although well performing businesses, the divestment provides the opportunity for AMA to focus on the Vehicle Panel Repair sector. This focus will provide greater opportunities for investment, and growth for our shareholders.

The Group also focused on realising the benefits of ACM Parts, an important part of the supply chain in the Vehicle Panel Repair segment. During the period, ACM Parts acquired Perth Brake Parts, a strategic investment to expand the geographic presence of the parts business.

Set out over the page is a summarised Consolidated Statement of Profit or Loss. The Directors highlight that comparative information in the Condensed Consolidated Statement of Profit or Loss has been re-presented in accordance with accounting standards. The comparative results of discontinued operations have been re-presented to profit / (loss) from discontinued operations.

Summarised Consolidated Statement of Profit or Loss	31 Dec 2020 $'000	31 Dec 2019 $'000
Revenue and other income from continuing operations	**435,099**	**364,085**
Raw materials and consumables used	(200,556)	(163,663)
Employee benefits expense	(142,911)	(145,301)
Occupancy expense	(11,311)	(10,822)
Supplier termination fee	(9,437)	–
Professional services expense	(3,310)	(10,026)
Other expense	(11,853)	(8,386)
Fair value adjustments on contingent vendor consideration	(5,398)	(708)
Depreciation and amortisation expense	(41,275)	(26,792)
Impairment expense	(1,950)	–
Operating profit / (loss) before interest and tax	**7,098**	**(1,613)**
Finance costs	(15,783)	(10,799)
Income tax (expense) / benefit	(932)	2,324
Profit / (loss) from discontinued operations	14,234	(2,184)
Profit / (loss) for the period	**4,617**	**(12,272)**

Revenue and other income from continuing operations has increased from $364,085,000 in H1 FY20 to $435,099,000 in H1 FY21. Operating profit before interest and tax has increased from a loss of $1,613,000 in H1 FY20 to a profit of $7,098,000 in H1 FY21. The increases are largely due to the benefit of a full six months trading for acquisitions such as Capital Smart and ACM Parts.

Several large non-recurring and abnormal items, and the adoption of AASB 16 *Leases* have impacted the Group's result. The following tables and reconciliations enable the Group's stakeholders to compare the 'Normalised EBITDAI' of the Group. Normalised EBITDAI is used by the Group to define the underlying results, adjusted for abnormal and non-recurring costs which are determined as not in the ordinary course of business. The presentation of the non-IFRS financial information provides stakeholders with the ability to compare against prior periods in a consistent manner.

AASB 16 *Leases* Impact on Consolidated Statement of Profit or Loss Unaudited, non-IFRS Financial Information	31 Dec 2020 Statutory $'000	AASB 16 Adjustment $'000	31 Dec 2020 Pre-AASB 16 $'000
Revenue and other income from continuing operations	**435,099**	**(871)**	**434,228**
Raw materials and consumables used	(200,556)	–	(200,556)
Employment benefits expense	(142,911)	–	(142,911)
Occupancy expense	(11,311)	(25,182)	(36,493)
Supplier termination fee	(9,437)	–	(9,437)
Professional services expense	(3,310)	–	(3,310)
Other expense	(11,853)	–	(11,853)
Fair value adjustments on contingent vendor consideration	(5,398)	–	(5,398)
Depreciation and amortisation expense	(41,275)	20,659	(20,616)
Impairment expense	(1,950)	–	(1,950)
Operating profit before interest and tax	**7,098**	**(5,394)**	**1,704**
Finance costs	(15,783)	9,781	(6,002)
Loss before income tax from continuing operations	**(8,685)**	**4,387**	**(4,298)**

As set out above, AASB 16 *Leases* has impacted the loss before income tax from continuing operations by $4,387,000. AASB 16 *Leases* was adopted from 1 July 2019 and therefore the statutory results are on a comparative basis.

Reconciliation to Normalised EBITDAI Unaudited, non-IFRS Financial Information	**31 Dec 2020 $'000**	**31 Dec 2019 $'000**
Operating profit / (loss) before interest and tax	**7,098**	**(1,613)**
Adjustments:		
Depreciation, amortisation and impairment expense	43,225	26,792
Fair value adjustments on contingent vendor consideration	5,398	708
Occupancy costs and other income impacted by AASB 16 *Leases*	(26,053)	(18,446)
ACAD and Fully Equipped businesses sold on 31 December 2020	6,971	3,291
Pre-AASB 16 Earnings before interest, tax, depreciation, amortisation, impairment and fair value adjustments ("Pre-AASB 16 EBITDAI", *unaudited, non-IFRS term*)	36,639	10,732
Normalisations:		
Supplier termination fee	9,437	–
Acquisition costs	–	8,508
Restructuring and reorganisation costs	–	1,999
Integration costs	–	321
Other costs	–	188
Total Normalisations	**9,437**	**11,016**
Normalised EBITDAI *(unaudited, non-IFRS term)*	**46,076**	**21,748**

Normalised EBITDAI for H1 FY21 has increased by $24,328,000 or 112%. The significant increase can be attributed to:

- A full six months trading for acquisitions such as Capital Smart and ACM Parts.
- Although H1 FY21 was impacted by the COVID-19 pandemic, the Group qualified for the Australian Federal Government's JobKeeper Assistance Program (JobKeeper) and the New Zealand Wage Subsidy, which contributed $30,736,000 to the result.
- The financial performance of the Group in the prior comparative period was impacted by challenging market conditions with decline in repair volumes and pressure on pricing.

Normalisations for the period were $9,437,000 which represent the PPG paint supplier termination fee. The supplier termination fee was incurred as a result of Capital Smart's paint transition, which is substantially complete. Normalised EBITDAI includes the contribution from the disposed businesses (ACAD and Fully Equipped), but does not include the accounting gain on disposal. Normalisations have been significantly reduced and only relate to the acquisition of Capital Smart. There are no normalisations for the impact of the COVID-19 pandemic.

FINANCIAL POSITION AND CASHFLOW

The financial position of the Group is strong with net assets of $357,484,000. The Group has performed better in cash generation and use (inclusive of the effects of Government assistance such as JobKeeper) than management expected at the outset of the COVID-19 pandemic.

As at 31 December 2020, the net debt (inclusive of 50% of the contingent vendor consideration) was $171,597,000. The Company de-levered during H1 FY21 using sale proceeds from the ACAD and Fully Equipped divestment. Set out below is the net debt calculation, which is presented in accordance with the calculation requirements of the Group's Syndicated Facility Agreement.

Net debt	31 Dec 2020 $'000	30 Jun 2020 $'000	31 Dec 2019 $'000
Financial liabilities – drawn cash facilities	237,500	340,000	290,000
Contingent vendor consideration – 50%	20,494	24,731	22,085
Cash and cash equivalents	(86,397)	(112,916)	(48,510)
Net debt used in convenant calculations	**171,597**	**251,815**	**263,575**

In response to COVID-19, the Group's financiers agreed to waive covenant testing until 31 December 2020 and provide a more favourable covenant testing regime for the balance of FY21. As a result of the ACAD and Fully Equipped divestment (and consequential debt reduction), the Group's financiers also agreed to decrease the fixed charge cover ratio for the 31 December 2020 compliance test.

The Group's liquidity remains strong and is well-funded to support the business with a further $55,223,000 of undrawn debt facilities as at 31 December 2020.

Cash flow for the period was in line with expectations. Key points to note:

- During the period, the Group received sale proceeds from the disposal of businesses of $63,128,000. The Group repaid $102,500,000 of borrowings, using those sale proceeds and excess cash.
- The Group purchased new businesses and paid earn-outs in respect of existing acquisitions, totalling $6,543,000.
- During the period, the Group generated $43,095,000 of operating cashflows.

EVENTS OCCURRING AFTER THE REPORTING PERIOD

In late September 2020, the Board received a protected disclosure from an individual employed by the Company. On receipt of these allegations, the Company engaged McGrath Nicol to undertake an independent forensic investigation into the conduct of the Group's Chief Executive Officer and Executive Director, Andrew Hopkins, at that time. A report was received in respect of the independent forensic investigation in January 2021 and Mr Hopkins' resignation was received on 31 January 2021, effective on that date.

Subsequent to Mr Hopkins' resignation, the Group has formally commenced a process to recover funds of approximately $1,000,000. At the date of this report, the Group has not yet received any reimbursement. The Directors' note that the matter is ongoing and the $1,000,000 is an estimate based on information at the date of this report.

In addition to the above reimbursement, the Group has formally commenced a process to recover Mr Hopkins' employee loan of $1,375,000. As noted in the FY20 Annual Report, the employee loan dated back to FY16 and was acquired as part of the Gemini Accident Repair Centres Pty Ltd acquisition. It was previously agreed to be extinguished against future short-term and long-term incentives but under the agreement, it is immediately due and payable in the event that Mr Hopkins' is no longer employed.

As detailed in the FY20 Annual Report and Notice of Meeting in November 2020, Mr Hopkins had been granted 4,875,004 performance rights under the Group's Performance Rights Program (PRP). The vesting requirements of the performance rights are subject to service conditions. As the service conditions have not been met, the performance rights lapsed on 31 January 2021. The Group expects to write back the non-cash amount of $871,000 to the share option reserve in H2 FY21.

On 1 February 2021, the Group appointed Carl Bizon as Chief Executive Officer. Mr Bizon has been a Non-Executive Director of the Company since February 2020 and is a proven senior executive with extensive leadership skills and experience to successfully lead the business to its full potential.

On 5 February 2021, the Group acquired the business and operating assets of National Central. The acquisition aligns with the Group's strategic direction of expanding into the heavy vehicle collision repair industry.

Other than the above, there have not been any other matter or circumstance occurring since 31 December 2020, in the reasonable opinion of the Directors, that may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

AUDITORS' INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 11.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, relating to the 'rounding off' of amounts in the Directors' Report and Interim Financial Report. Amounts in the Directors' Report and Interim Financial Report have been rounded off to the nearest thousand dollars in accordance with the instrument.

This Directors' Report is signed in accordance with a resolution of the Board of Directors.

Carl Bizon
Director

Gold Coast
23 February 2021

KPMG

Lead 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, in relation to the review of AMA Group Limited for the half-year ended 31 December 2020 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Adam Twemlow
Partner

Gold Coast
23 February 2021

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Notes	31 Dec 2020 $'000	31 Dec 2019 [1] $'000
Revenue and other income from continuing operations	B2	**435,099**	364,085
Raw materials and consumables used		**(200,556)**	(163,663)
Employee benefits expense	B3(B)	**(142,911)**	(145,301)
Occupancy expense		**(11,311)**	(10,822)
Supplier termination fee		**(9,437)**	-
Professional services expense		**(3,310)**	(10,026)
Other expense		**(11,853)**	(8,386)
Fair value adjustments on contingent vendor consideration	D3(B)	**(5,398)**	(708)
Depreciation and amortisation expense		**(41,275)**	(26,792)
Impairment expense	C2(A)	**(1,950)**	-
Operating profit / (loss) before interest and tax		**7,098**	(1,613)
Finance costs	B3(A)	**(15,783)**	(10,799)
Loss before income tax from continuing operations		**(8,685)**	(12,412)
Income tax (expense) / benefit		**(932)**	2,324
Loss after income tax from continuing operations		**(9,617)**	(10,088)
Profit / (loss) from discontinued operations	E1(B)	**14,234**	(2,184)
Profit / (loss) for the period		**4,617**	(12,272)
Profit / (loss) is attributable to:			
Members of AMA Group Limited		**5,827**	(11,602)
Non-controlling interests		**(1,210)**	(670)
		4,617	(12,272)

Earnings per share		31 Dec 2020 Cents	31 Dec 2019 [1] Cents
From continuing operations			
Basic earnings per share	D1	**(1.15)**	(1.36)
Diluted earnings per share	D1	**(1.15)**	(1.36)
From continuing and discontinued operations			
Basic earnings per share	D1	**0.79**	(1.68)
Diluted earnings per share	D1	**0.79**	(1.68)

1 Comparative information has been re-presented in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* - refer note E1

The above Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	31 Dec 2020 $'000	31 Dec 2019 $'000
Net profit / (loss)	**4,617**	(12,272)
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	**461**	111
Changes in fair value of cash flow hedges	**(459)**	-
Other comprehensive income, net of tax	**2**	111
Total comprehensive income / (loss), net of tax	**4,619**	(12,161)
Total comprehensive income / (loss) is attributable to:		
Members of AMA Group Limited	**5,825**	(11,491)
Non-controlling interests	**(1,206)**	(670)
	4,619	(12,161)

The above Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Notes	31 Dec 2020 $'000	30 Jun 2020 $'000
ASSETS			
Current assets			
Cash and cash equivalents		**86,397**	112,916
Receivables and contract assets		**46,047**	72,099
Inventories		**34,813**	38,744
Current tax receivable		**-**	3,338
Other assets		**7,000**	10,295
Other financial assets		**2,879**	-
Total current assets		**177,136**	237,392
Non-current assets			
Property, plant and equipment	C1	**82,966**	93,090
Right-of-use assets	C3	**326,825**	345,409
Intangible assets	C2	**650,863**	694,087
Other assets		**-**	605
Other financial assets		**1,919**	1,878
Deferred tax assets		**15,510**	15,160
Total non-current assets		**1,078,083**	1,150,229
Total assets		**1,255,219**	1,387,621
LIABILITIES			
Current liabilities			
Trade and other payables		**108,007**	117,596
Financial liabilities	D3	**15,505**	22,015
Lease liabilities	C3	**32,093**	35,207
Provisions		**31,423**	33,466
Other liabilities	C4	**14,562**	15,613
Current tax payable		**1,757**	-
Total current liabilities		**203,347**	223,897
Non-current liabilities			
Financial liabilities	D3	**260,535**	363,685
Lease liabilities	C3	**308,835**	320,305
Provisions		**12,417**	13,116
Other liabilities	C4	**57,388**	63,131
Deferred tax liabilities		**55,213**	60,467
Total non-current liabilities		**694,388**	820,704
Total liabilities		**897,735**	1,044,601
Net assets		**357,484**	343,020
EQUITY			
Contributed equity	D2	**425,404**	417,117
Other reserves		**2,436**	880
Retained deficit		**(85,491)**	(91,318)
Total Group interest		**342,349**	326,679
Non-controlling interest		**15,135**	16,341
Total equity		**357,484**	343,020

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

		Attributable to owners of AMA Group Limited					
	Notes	Share capital $'000	Other reserves $'000	Retained deficit $'000	Total $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2019		200,263	46	(8,128)	192,181	292	192,473
Loss for the period		-	-	(11,602)	(11,602)	(670)	(12,272)
Other comprehensive income		-	111	-	111	-	111
Total comprehensive income / (expense) for the period		**-**	**111**	**(11,602)**	**(11,491)**	**(670)**	**(12,161)**
Transactions with owners in their capacity as owners:							
Shares issued, net of transaction costs	D2	215,854	-	-	215,854	-	215,854
Employee equity plan		-	968	-	968	-	968
Dividends provided for or paid		-	-	(12,215)	(12,215)	(169)	(12,384)
Purchase of shares from non-controlling interest		-	-	(710)	(710)	(123)	(833)
Non-controlling interest on acquisition of subsidiary		-	-	-	-	17,517	17,517
		215,854	968	(12,925)	203,897	17,225	221,122
Balance at 31 December 2019		**416,117**	**1,125**	**(32,655)**	**384,587**	**16,847**	**401,434**

		Attributable to owners of AMA Group Limited					
	Notes	Share capital $'000	Other reserves $'000	Retained deficit $'000	Total $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2020		417,117	880	(91,318)	326,679	16,341	343,020
Profit / (loss) for the period		-	-	5,827	5,827	(1,210)	4,617
Other comprehensive income / (expense)		-	(2)	-	(2)	4	2
Total comprehensive income / (expense) for the period		**-**	**(2)**	**5,827**	**5,825**	**(1,206)**	**4,619**
Transactions with owners in their capacity as owners:							
Shares issued, net of transaction costs	D2	8,287	-	-	8,287	-	8,287
Employee equity plan		-	1,558	-	1,558	-	1,558
		8,287	1,558	-	9,845	-	9,845
Balance at 31 December 2020		**425,404**	**2,436**	**(85,491)**	**342,349**	**15,135**	**357,484**

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Notes	31 Dec 2020 $'000	31 Dec 2019 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**530,867**	450,623
Payments to suppliers and employees (inclusive of GST)		**(471,321)**	(426,797)
Market incentive received (inclusive of GST)	C4(A)	**-**	59,510
Interest received		**209**	169
Interest and other costs of finance paid		**(13,179)**	(11,558)
Income taxes paid		**(3,481)**	(8,687)
Net cash inflow provided by operating activities		**43,095**	63,260
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**259**	-
Proceeds from disposal of business (net of costs and cash disposed)		**63,128**	-
Payments for purchases of property, plant and equipment		**(7,641)**	(5,142)
Payments for intangible assets		**(191)**	(53)
Payments for businesses acquired (including earn-outs)		**(6,543)**	(432,849)
Cash acquired through business combinations		**-**	19,170
Net cash inflow / (outflow) used in investing activities		**49,012**	(418,874)
Cash flows from financing activities			
Proceeds from borrowings		**-**	326,000
Repayment of borrowings		**(102,500)**	(116,568)
Principal elements of lease payments		**(16,241)**	(11,962)
Payment of new borrowings transaction costs		**-**	(4,817)
Equity raised (net of transaction costs)		**-**	208,711
Dividends paid to AMA shareholders		**-**	(9,310)
Dividends paid to non-controlling shareholders		**-**	(169)
Net cash (outflow) / inflow provided by financing activities		**(118,741)**	391,885
Net (decrease) / increase in cash and cash equivalents		**(26,634)**	36,271
Cash and cash equivalents, at the beginning of the period		**112,916**	12,096
Effects of exchange changes on the balances held in foreign currencies		**115**	143
Cash and cash equivalents, at the end of the period		**86,397**	48,510

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

CONTENTS OF THE NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONTENTS

A BASIS OF PREPARATION

This section includes other information that must be disclosed to comply with the accounting standards and other pronouncements, but is not immediately related to individual line items in the financial statements.

A1 BASIS OF PREPARATION

This Condensed Consolidated Interim Financial Report for the half-year ended 31 December 2020 was authorised for issue in accordance with a resolution of Directors on 23 February 2021.

This Condensed Consolidated Interim Financial Report is a general-purpose financial report which has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001.*

The Condensed Consolidated Financial Statements have been prepared on the historical cost basis except for derivative financial instruments and contingent vendor consideration payable and receivable which have been measured at fair value.

Where necessary, comparative information has been re-presented to achieve consistency in disclosure with the current financial year presentation.

In accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*, the following statements and notes have been re-presented so that the disclosures relate to all operations classified as discontinued in the current reporting period:

- Condensed Consolidated Statement of Profit or Loss
- Note B1 - Segment information
- Note B2 - Revenue and other income
- Note D1 - Earnings per share
- Note E1 - Discontinued operations

This report should be read in conjunction with the Group's last Annual Report as at and for the year ended 30 June 2020. This report does not include all of the information required for a complete set of financial statements prepared in accordance with accounting standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

The Condensed Consolidated Financial Statements are presented in Australian dollars and amounts have been rounded to the nearest thousand dollars unless otherwise stated, in accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.*

(A) GOING CONCERN

This general-purpose Condensed Consolidated Interim Financial Report has been prepared on a going concern basis, which assumes that the Group will be able to meet its debts as and when they become due and payable.

As at 31 December 2020, the Group has current liabilities exceeding current assets by $26,211,000. This is impacted by the non-cash market incentive in other current liabilities (refer note C4(A)). In addition, the implementation of AASB 16 *Leases* (refer note C3) impacts net current assets as the right-of-use asset is disclosed in non-current assets, but future lease payments are split between current and non-current. Management expects any working capital deficiency will be met out of operating cash flows or from long term finance facilities.

A1 BASIS OF PREPARATION (CONT.)

(A) GOING CONCERN (CONT.)

Management have prepared cash flow forecasts for the next twelve months that support the ability of the Group to continue as a going concern. The cash flow forecasts assume that the Group is not significantly impacted by the COVID-19 pandemic and trading volumes return to normal run-rates.

The Group's liquidity remains strong, with a net debt position as at 31 December 2020 of $151,103,000, and a further $55,223,000 of undrawn debt facilities. The Group used sale proceeds from the ACAD divestment to deleverage during the period.

In response to COVID-19, the Group's financiers agreed to waive covenant testing until 31 December 2020 and provide a more favourable covenant testing regime for the balance of FY21. As a result of the ACAD divestment (and consequential debt reduction), the Group's financiers also agreed to decrease the fixed charge cover ratio for the 31 December 2020 compliance test.

Whilst the Group have forecasted compliance with debt covenants for the next twelve months, the fixed charge cover ratio is sensitive to achieving forecasted EBITDA, including ongoing earnings accretion from synergies associated with acquisitions. In the event that the business is unable to achieve the forecast, the Group may undertake mitigating actions such as request a covenant waiver or a decrease to the fixed charge cover ratio. The Group may also undertake other alternative actions such as raising additional equity or refinancing. The outcomes of these mitigating actions are unclear at the date of the approval of this Condensed Consolidated Interim Financial Report.

The Directors remain focused on the Group's liquidity and expect to manage business operations in the forecast period. The Directors consider that the cash flow forecasts and potential financing alternatives available support the Group's ability to continue as a going concern, including ongoing compliance with requirements of the Group's finance facilities.

(B) NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

The accounting policies applied in these Condensed Consolidated Financial Statements are the same as those applied in the Group's Consolidated Financial Statements for the year ended 30 June 2020. A number of new standards are effective from 1 July 2020 but they do not have a material effect on the Group's Financial Statements.

A2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing the Condensed Consolidated Financial Statements, the Directors have made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses.

The significant judgements made by the Directors in applying the Group's accounting policies and key sources of estimation uncertainty are the same as those described in the Group's Consolidated Financial Statements for the year ended 30 June 2020. The estimates, judgements, and assumptions are based on historical experience, adjusted for current market conditions, and other factors that are believed to be reasonable under the circumstances, and are reviewed on a regular basis. Actual results may differ from these estimates.

B PERFORMANCE FOR THE HALF-YEAR

This section provides information that is most relevant to explaining the Group's performance during the half-year and where relevant, the accounting policies that have been applied and significant estimates and judgements made.

B1 SEGMENT INFORMATION

(A) DESCRIPTION OF SEGMENTS

The Group determines and presents its operating segments based on the internal reports that are reviewed and used by the Chief Operating Decision Makers (CODM). The Board and executive management, identified as the CODM, assess the performance of the Group and determine the allocation of resources.

The Group operates in two geographic locations, being Australia and New Zealand.

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 has identified the following reportable segments:
- Vehicle Panel Repairs
- Automotive Parts and Accessories

Unless stated otherwise, all amounts reported are determined in accordance with the Group's accounting policies. All inter-segment transactions are eliminated on consolidation for the Condensed Consolidated Financial Statements.

Comparative information has been re-presented to exclude all operations that have been discontinued by the end of the current reporting period.

(B) ADJUSTED EBITDAI FROM REPORTABLE SEGMENTS

In addition to using profit as a measure of the Group, the Board and CODM use adjusted EBITDAI as a measure to assess the performance of the segments.

Adjusted EBITDAI excludes discontinued operations and the effects of significant items which may have an impact on the quality of earnings such as depreciation, amortisation, finance costs, fair value adjustments on contingent vendor consideration and impairment.

A reconciliation of adjusted EBITDAI to loss before income tax from continuing operations is set out on the following page.

B1 SEGMENT INFORMATION (CONT.)

(B) ADJUSTED EBITDAI FROM REPORTABLE SEGMENTS (CONT.)

For the half-year ended 31 December	Vehicle Panel Repairs 2020 $'000	Vehicle Panel Repairs 2019 $'000	Automotive Parts and Accessories 2020 $'000	Automotive Parts and Accessories 2019 $'000	Total 2020 $'000	Total 2019 $'000
Revenue and other income						
Revenue from external customers	**403,895**	351,670	**40,036**	14,128	**443,931**	365,798
Inter-segment revenue	**-**	-	**(10,848)**	(2,272)	**(10,848)**	(2,272)
Other income	**1,837**	435	**71**	51	**1,908**	486
Total segment revenue from external customers and other income	**405,732**	352,105	**29,259**	11,907	**434,991**	364,012
Unallocated revenue and other income					**108**	73
Total Group revenue from external customers and other income					**435,099**	364,085
EBITDAI	**56,609**	37,894	**3,366**	(142)	**59,975**	37,752
AASB 16 *Leases* impact to occupancy costs and other income	**(24,273)**	(17,898)	**(1,780)**	(548)	**(26,053)**	(18,446)
Adjusted segment EBITDAI (excluding impact of AASB 16 *Leases*)	**32,336**	19,996	**1,586**	(690)	**33,922**	19,306
AASB 16 *Leases* impact to occupancy costs and other income					**26,053**	18,446
Unallocated expenses					**(4,254)**	(11,865)
Depreciation, amortisation and impairment expense					**(43,225)**	(26,792)
Finance costs					**(15,783)**	(10,799)
Fair value adjustments on contingent vendor consideration					**(5,398)**	(708)
Loss before income tax from continuing operations					**(8,685)**	(12,412)

(C) SEGMENT ASSETS AND LIABILITIES

Segment assets and liabilities are not directly reported to the CODM when assessing the performance of the operating segments and are therefore not relevant to the disclosure.

(D) GEOGRAPHICAL INFORMATION

The Group operates in Australia and New Zealand. The table below provides information on the geographical location of revenue from external customers which is allocated to a geography based on the location of the operation it was derived.

For the half-year ended 31 December	Australia 2020 $'000	Australia 2019 $'000	New Zealand 2020 $'000	New Zealand 2019 $'000	Total 2020 $'000	Total 2019 $'000
Revenue from external customers	**422,719**	358,662	**10,364**	4,864	**433,083**	363,526
Other income	**2,012**	558	**4**	1	**2,016**	559
Total Group revenue from external customers and other income					**435,099**	364,085

B2 REVENUE AND OTHER INCOME

The Group is Australia's largest vehicle accident repairer and generates revenue primarily from its vehicle panel repair services. Other income is derived from the sale of automotive parts and accessories.

Set out below is the disaggregation of the Group's revenue from external customers and other income. The Group derives revenue from the transfer of goods and services over time and at a point in time.

Comparative information has been re-presented into continuing or discontinued operations consistent to the end of the current reporting period.

From continuing operations	Vehicle Panel Repairs		Automotive Parts and Accessories		Unallocated		Total	
For the half-year ended 31 December	**2020 $'000**	2019 $'000	**2020 $'000**	2019 $'000	**2020 $'000**	2019 $'000	**2020 $'000**	2019 $'000
Revenue from external customers								
Vehicle panel repair services	**403,895**	351,670	**-**	-	**-**	-	**403,895**	351,670
Sale of goods	**-**	-	**29,017**	11,717	**-**	-	**29,017**	11,717
Other services	**-**	-	**171**	139	**-**	-	**171**	139
Total revenue from external customers	**403,895**	351,670	**29,188**	11,856	**-**	-	**433,083**	363,526
Other income								
Interest income	**123**	92	**5**	4	**108**	73	**236**	169
Other income	**1,714**	343	**66**	47	**-**	-	**1,780**	390
Total other income	**1,837**	435	**71**	51	**108**	73	**2,016**	559
Revenue from external customers and other income	**405,732**	352,105	**29,259**	11,907	**108**	73	**435,099**	364,085
Timing of revenue recognition								
Over time	**403,895**	351,670	**171**	139	**-**	-	**404,066**	351,809
At a point in time	**-**	-	**29,017**	11,717	**-**	-	**29,017**	11,717
Revenue from external customers	**403,895**	351,670	**29,188**	11,856	**-**	-	**433,083**	363,526
Geographical markets								
Australia	**393,531**	346,806	**29,188**	11,856	**-**	-	**422,719**	358,662
New Zealand	**10,364**	4,864	**-**	-	**-**	-	**10,364**	4,864
Revenue from external customers	**403,895**	351,670	**29,188**	11,856	**-**	-	**433,083**	363,526
Total revenue and other income from discontinued operations	**-**	-	**40,537**	33,495	**-**	-	**40,537**	33,495

B3 OTHER EXPENSE ITEMS

(A) FINANCE COSTS

	31 Dec 2020 $'000	31 Dec 2019 $'000
Interest and finance charges	5,347	3,203
Interest expense on lease liabilities	9,781	7,380
Amortisation of borrowing costs	655	216
Total finance costs	15,783	10,799

(B) GOVERNMENT GRANTS

The Group is eligible for the Australian Federal Government's JobKeeper Assistance Program and the New Zealand Wage Subsidy as a result of the economic impact from COVID-19.

The temporary wage subsidies are recognised as government grants. The Group recognises the amount received from the respective governments as an offset to employee benefits expense.

The Group recognised the following government grants during the period:

	31 Dec 2020 $'000	31 Dec 2019 $'000
Balance at 1 July	13,155	-
Movement:		
Received in cash during the period	(43,891)	-
Recognised in the Statement of Profit or Loss (employee benefits expense)	28,350	-
Recognised in the Statement of Profit or Loss (discontinued operations)	2,386	-
Balance at 31 December	-	-

A reconciliation of the net employee benefits expense recognised in the Condensed Consolidated Statement of Profit or Loss is provided below:

	31 Dec 2020 $'000	31 Dec 2019 $'000
Employee benefits expense - gross	171,261	145,301
Government grants offset against employee benefits expense	(28,350)	-
Employee benefits expense - net	142,911	145,301

C ASSETS AND LIABILITIES

This section provides information about the Group's major balance sheet items where the movement in the half-year is significant to an understanding of the changes in the Group's financial position.

C1 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment represents the investment by the Group in tangible assets such as leasehold improvements, plant and equipment, furniture and fittings, and motor vehicles.

The net book amounts and movements in property, plant and equipment for the half-year ended 31 December 2020 are set out below.

	Leasehold improvements $'000	Plant and equipment $'000	Furniture and fittings $'000	Motor vehicles $'000	Total $'000
At 1 July 2020					
Cost	34,903	155,949	8,421	9,197	208,470
Accumulated depreciation	(20,134)	(85,541)	(4,857)	(4,848)	(115,380)
Net book amount	**14,769**	**70,408**	**3,564**	**4,349**	**93,090**
Movement:					
Additions	1,164	4,717	322	818	7,021
Acquired through business combinations	-	433	-	44	477
Disposals	(2)	(102)	-	(134)	(238)
Disposals - discontinued operations	(1,153)	(3,795)	(339)	(373)	(5,660)
Depreciation	(2,087)	(8,088)	(637)	(881)	(11,693)
Effect of foreign exchange	2	7	-	-	9
Asset reclassification	(2)	(683)	(14)	699	-
Reclass to intangible assets	-	20	(55)	(5)	(40)
Closing net book amount	**12,691**	**62,917**	**2,841**	**4,517**	**82,966**
At 31 December 2020					
Cost	34,004	150,849	7,138	10,002	201,993
Accumulated depreciation	(21,313)	(87,932)	(4,297)	(5,485)	(119,027)
Net book amount	**12,691**	**62,917**	**2,841**	**4,517**	**82,966**

C2 INTANGIBLE ASSETS

Intangible assets represent goodwill, customer contracts, other intangibles and software. Goodwill arises when the Group acquires a business where consideration exceeds the fair value of net assets acquired and represents the future benefits expected to arise from the purchase.

The net book amounts and movements in intangible assets for the half-year ended 31 December 2020 are set out below.

	Goodwill $'000	Customer contracts $'000	Other intangibles $'000	Software $'000	Total $'000
At 1 July 2020					
Cost	537,260	240,043	2,517	7,721	787,541
Accumulated amortisation and impairment	(63,398)	(24,736)	(275)	(5,045)	(93,454)
Net book amount	**473,862**	**215,307**	**2,242**	**2,676**	**694,087**
Movement:					
Additions and adjustments	(608)	-	-	-	(608)
Acquired through business combinations	5,334	-	-	-	5,334
Disposals - discontinued operations	(37,042)	-	(8)	(20)	(37,070)
Amortisation	-	(8,353)	(121)	(543)	(9,017)
Impairment	(1,950)	-	-	-	(1,950)
Effect of foreign exchange	47	-	-	-	47
Reclass from property, plant and equipment	-	-	-	40	40
Closing net book amount	**439,643**	**206,954**	**2,113**	**2,153**	**650,863**
At 31 December 2020					
Cost	496,057	240,044	2,400	7,723	746,224
Accumulated amortisation and impairment	(56,414)	(33,090)	(287)	(5,570)	(95,361)
Net book amount	**439,643**	**206,954**	**2,113**	**2,153**	**650,863**

(A) IMPAIRMENT EXPENSE

The Group performs its impairment tests on an annual basis, or more frequently when circumstances indicate that the carrying value may be impaired. The Directors and management have also considered any indicators for impairment at period end. As there were no indicators for impairment, management has not updated its impairment tests.

The Group completes a number of acquisitions every period. In most instances, the consideration is made up of an upfront amount and a deferred amount based on profitability over a period. The deferred consideration is generally contingent on profit measures such as EBITDA or EBIT. For any acquisition (business, share, individual site or group of sites) where contingent vendor consideration is still outstanding, the measurement of that liability is an indication that management monitors the goodwill at the acquisition level. The Group have considered the recoverability of goodwill in conjunction with revaluing the contingent vendor consideration. Within the AMA Panel division, one acquisition didn't perform to original expectations anticipated at the date of the acquisition and as a result, the Group has recognised an impairment charge of $1,950,000 to the profit or loss. The Group highlights that this impairment charge offsets the gain in the profit or loss recorded within fair value adjustments and decreases the value of goodwill in respect of this particular acquisition.

No other impairment charges of goodwill or other intangible assets have been recognised for the half-year ended 31 December 2020.

C3 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group leases various offices, warehouses, site premises, equipment and vehicles. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group.

(A) RIGHT-OF-USE ASSETS

The net book amounts and movements in right-of-use assets for the half-year ended 31 December 2020 are set out below.

	Leased properties $'000	Leased equipment $'000	Leased motor vehicles $'000	Total $'000
At 1 July 2020				
Cost	390,719	510	123	391,352
Accumulated depreciation and impairment	(45,776)	(141)	(26)	(45,943)
Net book amount	**344,943**	**369**	**97**	**345,409**
Movement:				
Acquired through business combinations	6,785	-	-	6,785
Additions	12,781	-	-	12,781
Disposals	(8,131)	-	-	(8,131)
Disposals - discontinued operations	(20,603)	-	-	(20,603)
Depreciation	(20,425)	(115)	(25)	(20,565)
Modification to lease terms	10,319	-	-	10,319
Variable lease payments reassessment	793	-	(8)	785
Effect of foreign exchange	45	-	-	45
Closing net book amount	**326,507**	**254**	**64**	**326,825**
At 31 December 2020				
Cost	385,336	497	120	385,953
Accumulated depreciation and impairment	(58,829)	(243)	(56)	(59,128)
Net book amount	**326,507**	**254**	**64**	**326,825**

(B) LEASE LIABILITIES

	31 Dec 2020 $'000	30 Jun 2020 $'000
Current	**32,093**	35,207
Non-current	**308,835**	320,305
Total lease liabilities	**340,928**	355,512

C4 OTHER LIABILITIES

	31 Dec 2020 $'000	30 Jun 2020 $'000
Current		
Market incentive	**13,000**	12,100
Deferred revenue	**1,562**	3,513
Total current	**14,562**	15,613
Non-current		
Market incentive	**55,618**	62,331
Deferred revenue	**1,770**	800
Total non-current	**57,388**	63,131
Total other liabilities	**71,950**	78,744

(A) MARKET INCENTIVE

In a previous financial year, the Group entered into an agreement with a key supplier to purchase the supplier's products on an exclusive basis over an agreed period of time. In exchange for this exclusive arrangement, and subject to certain conditions, the Group receives preferential benefits including the upfront payment of the market incentive and the ongoing competitive price of the products.

The incentive is being amortised based on a percentage of the purchased product. Termination of the arrangement by the Company, or the occurrence of an event of default requires the Company to repay all unamortised balances.

At 31 December 2020, an amount of $13,000,000 (30 June 2020: $12,100,000) has been classified as current representing the anticipated reduction in this incentive over the next twelve months.

A reconciliation of the movement of the market incentive liability is set out below.

	31 Dec 2020 $'000	31 Dec 2019 $'000
Balance at 1 July	**74,431**	28,561
Movement:		
Market incentive received (excluding GST)	**-**	54,100
Offset against inventory	**120**	-
Charged to profit or loss - raw materials and consumables used	**(5,933)**	(4,003)
Balance at 31 December	**68,618**	78,658

D CAPITAL STRUCTURE, FINANCING AND FAIR VALUE MEASUREMENT

This section provides information about the capital management practices of the Group, shareholder returns and the valuation techniques the Group uses to fair value its financial instruments.

D1 EARNINGS PER SHARE

Earnings per share (EPS) presents the amount of profit or loss generated for the reporting period attributable to shareholders divided by the weighted average number of shares on issue. The potential for any share rights issued by the Group to dilute existing shareholders' ownership when the share rights are exercised are also presented.

Comparative information has been re-presented to exclude all operations that have been discontinued by the end of the current reporting period.

(A) RECONCILIATION OF EARNINGS USED IN CALCULATING EARNINGS PER SHARE

	31 Dec 2020 $'000	31 Dec 2019 $'000
Profit / (loss) attributable to the ordinary equity holders of the Company:		
Continuing operations	**(8,407)**	(9,418)
Discontinued operations	**14,234**	(2,184)
	5,827	(11,602)

(B) WEIGHTED AVERAGE NUMBER OF SHARES USED AS DENOMINATOR

	31 Dec 2020 Shares	31 Dec 2019 Shares
Weighted average number of shares used as denominator in calculating both basic and diluted earnings per share	**733,879,378**	691,791,093

D1 EARNINGS PER SHARE (CONT.)

(C) BASIC EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

	31 Dec 2020 Cents	31 Dec 2019 Cents
Continuing operations	**(1.15)**	(1.36)
Discontinued operations	**1.94**	(0.32)
Basic earnings per share	**0.79**	(1.68)

(D) DILUTED EARNINGS PER SHARE

Diluted EPS adjusts the basic EPS for the effects of any instruments that could potentially be converted into ordinary shares. Potential ordinary shares shall be treated as dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share or increase loss per share from continuing operations. The average market value of the Company's shares for the purpose of calculating the dilutive effect of share options and performance rights is based on quoted market prices for the period that the options and performance rights were outstanding.

	31 Dec 2020 Cents	31 Dec 2019 Cents
Continuing operations	**(1.15)**	(1.36)
Discontinued operations	**1.94**	(0.32)
Diluted earnings per share	**0.79**	(1.68)

At 31 December 2020, 49,352,456 potential ordinary shares (31 December 2019: 41,198,929) were excluded from the diluted weighted-average number of ordinary shares calculation because their effect is anti-dilutive.

D2 CONTRIBUTED EQUITY

Contributed equity represents the number of ordinary shares on issue. A reconciliation of the movement in ordinary shares on issue is set out below.

(A) ORDINARY SHARE CAPITAL

	31 Dec 2020		30 Jun 2020	
Fully paid ordinary shares	**Shares**	**$'000**	Shares	$'000
Quoted	**742,024,298**	**418,404**	733,903,518	410,117
Unquoted	**7,179,430**	**7,000**	7,179,430	7,000
Total share capital	**749,203,728**	**425,404**	741,082,948	417,117

(B) MOVEMENT IN ORDINARY SHARES

	31 Dec 2020		31 Dec 2019	
	Shares	**$'000**	Shares	$'000
Quoted				
Opening balance	**733,903,518**	**410,117**	539,166,324	192,163
Placement and rights issue	**-**	**-**	187,490,773	215,614
Vendor share issue	**8,711,730**	**8,537**	1,861,234	2,175
Convert from unquoted shares	**-**	**-**	1,176,471	1,100
Dividend reinvestment plan	**-**	**-**	2,156,921	2,905
Share buy-back	**(590,950)**	**(250)**	-	-
Transaction costs, net of tax	**-**	**-**	-	(4,840)
Total quoted	**742,024,298**	**418,404**	731,851,723	409,117
Unquoted				
Opening balance	**7,179,430**	**7,000**	8,355,901	8,100
Convert to quoted shares	**-**	**-**	(1,176,471)	(1,100)
Total unquoted	**7,179,430**	**7,000**	7,179,430	7,000
Total share capital	**749,203,728**	**425,404**	739,031,153	416,117

D3 BORROWINGS AND OTHER FINANCIAL LIABILITIES

	31 Dec 2020 $'000	30 Jun 2020 $'000
Current		
Derivatives	**356**	231
Contingent vendor consideration	**15,149**	21,784
Total current	**15,505**	22,015
Non-current		
Derivatives	**599**	65
Contingent vendor consideration	**25,840**	27,678
Bank loan, net of capitalised borrowing costs	**234,096**	335,942
Total non-current	**260,535**	363,685
Total borrowings and other financial liabilities	**276,040**	385,700

(A) BORROWINGS

For the half-year ended 31 December 2020, the Group's Syndicated Facility Agreement decreased to $305,000,000 (30 June 2020: $375,000,000).

During the period, the Group repaid $102,500,000 of borrowings, using sale proceeds from discontinued operations and excess cash.

As at 31 December 2020, Facility A has been permanently reduced by $70,000,000 to an amount of $72,500,000 (30 June 2020: $142,500,000). As at 31 December 2020, Facility C has been fully repaid but has the option to be redrawn for future acquisitions and general corporate purposes.

As at 31 December 2020, the Syndicated Facility was drawn exclusive of bank guarantees at $237,500,000 (30 June 2020: $340,000,000).

Facility	Limit $'000	Cash drawn $'000	Guarantees Drawn [1] $'000	Available $'000	Maturity
Facility A	72,500	72,500	-	-	Oct 2022
Facility B	147,500	147,500	-	-	Oct 2024
Facility C	50,000	-	-	50,000	Oct 2022
Facility D	35,000	17,500	12,277	5,223	Oct 2024
Total	**305,000**	**237,500**	**12,277**	**55,223**	

1 The bank guarantee amount of $12,277,000 (30 June 2020: $12,414,000) is not included in the Condensed Consolidated Statement of Financial Position.

The Syndicated Facility Agreement contains an additional $50,000,000 Accordion Facility (not included in the above table), with a tenure no earlier than October 2024.

The Group is required to make interest payments on the drawn debt. The repayment of principal is at the maturity date. The Syndicated Facility Agreement is secured by a fixed and floating charge over all the assets of the Company and its wholly owned subsidiaries.

The Group is required to comply with financial covenants under the terms of the borrowing facilities including a net leverage ratio and a fixed charge cover ratio.

D3 BORROWINGS AND OTHER FINANCIAL LIABILITIES (CONT.)

(A) BORROWINGS (CONT.)

In response to COVID-19, the Group's financiers agreed to waive covenant testing until 31 December 2020 and provide a more favourable covenant testing regime for the balance of FY21. In addition, and as a result of the ACAD divestment (and consequential debt reduction), the Group's financiers agreed to decrease the fixed charge cover ratio for the 31 December 2020 compliance test.

No restrictions have been imposed by the financiers during the reporting period and in respect of the Group's first compliance test (31 December 2020), all financial covenants were met.

The Group continues to closely monitor its forecast compliance with debt covenants, and in the event that the COVID-19 economic recovery is prolonged beyond management's forecasts, the Group may be required to renegotiate debt covenants in relation to its finance facilities.

(B) CONTINGENT VENDOR CONSIDERATION

The Group has recorded contingent vendor consideration to business vendors in accordance with relevant business and share purchase agreements. The amounts are performance based and can be paid in a mixture of shares and/or cash, depending on the agreement.

The carrying value of the Group's contingent vendor consideration is set out in the table below.

	31 Dec 2020 $'000	30 Jun 2020 $'000
Current	**15,149**	21,784
Non-current	**25,840**	27,678
Total contingent vendor consideration	**40,989**	49,462

A reconciliation of the fair value of the contingent vendor consideration is provided below. Refer to note D3(D) for information on how the fair value has been determined.

	31 Dec 2020 $'000	31 Dec 2019 $'000
Balance at 1 July	**49,462**	50,695
Movement:		
From continuing operations		
Arising during the year	**3,863**	-
Cash settlements	**(1,158)**	(5,072)
Share settlements	**(8,537)**	(2,175)
Offset against other assets	**(5,000)**	-
Charged to profit or loss - fair value adjustments	**5,398**	708
Total from continuing operations	**(5,434)**	(6,539)
From discontinued operations		
Cash settlements	**(2,674)**	-
Charged to profit or loss - fair value adjustment and realised foreign exchange	**(365)**	13
Total from discontinued operations	**(3,039)**	13
Balance at 31 December	**40,989**	44,169

D3 BORROWINGS AND OTHER FINANCIAL LIABILITIES (CONT.)

(C) DERIVATIVES

The Group uses derivative financial instruments to hedge its exposure to fluctuations in interest rates by using floating to fixed interest rate swaps.

The Group entered into an interest rate swap contract in June 2020 to fix the interest rate at 0.43% on $193,500,000 of borrowings. Interest is payable based on a margin over bank bill swap rate. The swap contract matures on 30 October 2024. Interest payments are net settled every 6 months. The interest rate swap contract is designated as a cash flow hedge.

At balance date the interest rate swap was recognised as a financial liability with a fair value of $955,000 (30 June 2020: $296,000). For information about the methods and assumptions used in determining the fair value of derivatives refer to note (D) below.

(D) FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The Group measures certain financial instruments at fair value at each reporting date using a hierarchy based on the lowest level of input that is significant to the fair value measurement.

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 / liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- inputs for the asset / liability that are not based on observable market data (unobservable inputs) (Level 3).

There were no transfers between levels during the period.

(i) Fair value of borrowings

The Group's borrowings are non-current and their fair value is estimated by discounting the future contractual cash flows at the current market interest rates that are available to the Group for similar financial instruments. The carrying amount of the Group's borrowings approximates their fair value, as commercial rates of interest are paid, and the impact of discounting is not significant.

D3 BORROWINGS AND OTHER FINANCIAL LIABILITIES (CONT.)

(D) FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONT.)

(ii) Fair value of contingent vendor consideration

The carrying value of the contingent vendor consideration reflects its fair value and is classified as Level 3 of the fair value hierarchy. The fair value has been determined using calculation techniques incorporating observable direct and indirect market data relevant to the Group.

The expected payment is determined separately in respect of each individual earn-out agreement taking into consideration the expected level of profitability of each acquisition.

The significant unobservable inputs are:

- pre-specified earnings target, such as EBIT or EBITDA; and
- discount rate in the range of 1.8% to 3.6% depending on the circumstances specific to each contingent vendor consideration being measured.

Significant estimates are used in the calculation of contingent vendor consideration. The impact of possible changes in key assumptions is set out below.

The estimated fair value would increase / (decrease) if:

- the earnings (EBITDA or EBIT) growth was 10% higher, the gross value of the contingent vendor consideration would increase by $2,140,000.
- the earnings (EBITDA or EBIT) growth was 10% lower, the gross value of the contingent vendor consideration would decrease by ($2,175,000).
- the discount rate was 1% higher, the present value of the contingent vendor consideration would decrease by ($496,000).
- the discount rate was 1% lower, the present value of the contingent vendor consideration would increase by $507,000.

(iii) Fair value of derivatives

The fair value of the interest rate swap is the estimated amount that the Company would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates, forward interest yield curves and the current creditworthiness of the swap counterparties. The fair value of the interest rate swap is calculated as the present value of the estimated future cash flows and is classified as Level 2 under the fair value hierarchy.

E GROUP STRUCTURE

Group structure provides information about significant changes during the period as a result of business combinations or discontinued operations.

E1 DISCONTINUED OPERATIONS

(A) DISCONTINUED OPERATIONS DURING THE HALF-YEAR

On 19 November 2020, following a strategic review of the Group's business operations, and a commitment to place greater focus on the Group's key competencies being the Vehicle Panel Repairs segment, the Group publicly announced the Director's decision to sell the ACAD and Fully Equipped businesses.

The sale of the ACAD and Fully Equipped businesses (excluding ACM Parts and FluidDrive), to GUD Holdings Limited was completed on 31 December 2020, for a gross enterprise value of $70,000,000.

The ACAD and Fully Equipped businesses were not previously classified as held-for-sale or as discontinued operations. The comparative Condensed Consolidated Statement of Profit or Loss has been re-presented to show the discontinued operations separately from continuing operations.

(B) FINANCIAL PERFORMANCE

Financial information relating to the discontinued operations for the period to the date of disposal is set out below.

	31 Dec 2020 $'000	31 Dec 2019 $'000
Revenue and other income	**40,537**	33,495
Expenses	**(36,262)**	(35,643)
Elimination of expenses related to corporate management fees	**1,600**	-
Fair value adjustments on contingent vendor consideration	**375**	(14)
Total external expenses	**(34,287)**	(35,657)
Results from operating activities	**6,250**	(2,162)
Income tax expense	**(1,496)**	(22)
Results from operating activities, net of tax	**4,754**	(2,184)
Gain on sale of discontinued operations, net of tax	**9,480**	-
Profit / (loss) from discontinued operations	**14,234**	(2,184)
Exchange differences on translation of discontinued operations	**(34)**	-
Other comprehensive income from discontinued operations	**(34)**	-

E1 DISCONTINUED OPERATIONS (CONT.)

(C) CASH FLOW INFORMATION

Cash flow information relating to the discontinued operations for the period to the date of disposal is set out below.

	31 Dec 2020 $'000	31 Dec 2019 $'000
Movement in cash flows:		
Net cash inflow provided by operating activities	**2,463**	2,690
Net cash outflow used in investing activities	**(3,563)**	(81)
Net cash outflow used in financing activities	**(3,423)**	(3,800)
Net decrease in cash and cash equivalents	**(4,523)**	(1,191)

(D) DETAILS OF THE SALE OF THE DIVISION

	31 Dec 2020 $'000
Consideration received or receivable:	
Cash received or receivable	**68,269**
Fair value of contingent consideration	**2,110**
Total disposal consideration	**70,379**
Carrying amount of net assets sold	**(59,254)**
Transaction costs	**(1,240)**
Gain on sale before income tax and reclassification of foreign currency translation reserve	**9,885**
Reclassification of foreign currency translation reserve	**(405)**
Income tax expense on gain	**-**
Gain on sale of discontinued operations, net of tax	**9,480**

There was nil tax expense on the sale of discontinued operations, predominantly due to the accounting impairment of goodwill recognised in prior periods. The disposal has resulted in carried forward capital losses for which no deferred tax asset has been recognised.

In the event the discontinued operations achieve certain performance criteria during the period 1 July 2020 to 30 June 2021, as specified in an earn-out clause in the sale agreement, additional cash consideration of up to $4,220,000 will be receivable. As at 31 December 2020, the fair value of the contingent consideration was determined to be $2,110,000 and was recognised as a financial asset at fair value through profit or loss. There has been no change in fair value relating to the remeasurement of the earn-out recorded in the profit or loss.

E1 DISCONTINUED OPERATIONS (CONT.)

(D) DETAILS OF THE SALE OF THE DIVISION (CONT.)

The carrying amounts of assets and liabilities as at the date of sale are set out below.

	31 Dec 2020 $'000
Cash and cash equivalents	3,872
Receivables and contract assets	8,230
Inventories	10,719
Property, plant and equipment	6,081
Right-of-use assets	20,133
Intangible assets	37,262
Deferred tax assets	688
Other assets	2,415
Total assets	89,400
Trade and other payables	6,448
Lease liabilities	20,379
Provisions	3,319
Total liabilities	30,146
Net assets	59,254

E2 BUSINESS COMBINATIONS

(A) BUSINESS ACQUISITIONS DURING THE HALF-YEAR

During the half-year ended 31 December 2020, the Group acquired the operating assets of the following businesses:

- Western Trucks
- Perth Brake Parts

These acquisitions are expected to increase the Group's market share, product offering and reduce costs through economies of scale. The goodwill is attributable to the future profitability of the acquired businesses.

(B) FINANCIAL INFORMATION FOR CURRENT PERIOD ACQUISITIONS

Details of the purchase consideration, net assets acquired, and goodwill of each business acquired by the Group during the half-year ended 31 December 2020 are presented in the following table.

	Western Trucks $'000	Perth Brake Parts $'000	Total $'000
Consideration:			
Cash paid	1,387	821	**2,208**
Contingent vendor consideration	3,863	-	**3,863**
Total consideration	5,250	821	**6,071**
Net assets acquired:			
Receivables and contract assets	91	-	**91**
Inventories	-	360	**360**
Property, plant and equipment	425	52	**477**
Right-of-use assets	5,501	1,284	**6,785**
Lease liabilities	(5,501)	(1,284)	**(6,785)**
Provisions	(244)	(29)	**(273)**
Net deferred tax assets	73	9	**82**
Total net assets acquired	345	392	**737**
Goodwill	4,905	429	**5,334**

E2 BUSINESS COMBINATIONS (CONT.)

(C) PROVISIONAL ASSESSMENT OF FAIR VALUE

(i) Current period acquisitions

The net assets for the businesses acquired during the half-year ended 31 December 2020 are incomplete and are presented on a provisional basis. The Group will seek an independent valuation of tangible assets (namely property, plant and equipment).

If new information obtained within one year of the date of acquisition about facts and circumstances that existed as at the date of acquisition identifies adjustments to the above amounts, then the accounting for the acquisitions will be revised.

(ii) Prior year acquisitions

During the half-year ended 31 December 2020, the Group has finalised the acquisition accounting for the following prior year acquisitions:

- BF Panels (acquired 31 December 2019)
- Fully Equipped (acquired 31 January 2020)
- Luxury BodyShop (acquired 24 February 2020)
- Graeme Hull Smash Repairs (acquired 6 March 2020)

The net assets of the above acquisitions were recognised in the Group's Consolidated Financial Statements for the year ended 30 June 2020 and were based on a provisional assessment of the fair value of each business acquired while the Group sought independent valuation for tangible assets (namely property, plant and equipment).

The valuations were completed during the half-year ended 31 December 2020, and resulted in the following changes to the acquisition accounting:

- Net increase to net identifiable assets acquired of $608,000;
- Net decrease to goodwill of $608,000; and
- Nil movement to contingent vendor consideration.

F OTHER INFORMATION

This section of the notes includes other information that must be disclosed to comply with the accounting standards and other pronouncements, but that is not immediately related to individual line items in the financial statements.

F1 SHARE-BASED PAYMENTS

F2 RELATED PARTY TRANSACTIONS

F3 CONTINGENCIES

F4 EVENTS OCCURRING AFTER THE REPORTING PERIOD

F1 SHARE-BASED PAYMENTS

During the period, 11,737,277 performance rights were granted to Senior Executives under the Performance Rights Program (PRP) (in accordance with the Employee Equity Plan).

Under the PRP, each performance right enables the participant to acquire a share in the Company, at a future date, subject to agreed vesting conditions.

Vesting of the performance rights is subject to continued employment with the Group and achievement of performance hurdles which are based on the Group's TSR (20%) and EPS (80%) performance over a three-year period.

Performance rights are measured at fair value at the grant date. The total share-based payment expense recognised in the half-year ended 31 December 2020 was $1,558,000. An amount of $914,000 is in relation to the FY21 grant and is subject to the completion of an external valuation.

The impact of the revision of the estimate upon valuation will be recognised over the vesting period in the Consolidated Statement of Profit or Loss as part of employee benefit expense, with a corresponding adjustment to equity.

F2 RELATED PARTY TRANSACTIONS

Subsequent to 31 December 2020, there has been a change to an existing related party relationship (as set out in note F4). Excluding the transactions described in note F4, there are no other significant changes in the nature of transactions with related parties since the end of the last annual reporting period, and therefore further disclosure isn't necessary for an understanding of the interim period.

F3 CONTINGENCIES

During the period, a business vendor issued a Notice of Dispute against the Group in relation to their earn-out calculation. The parties agreed to mediate which at the date of this report is still ongoing. Management considers the claims brought to be unjustified, and the probability that the settlement will exceed the amount already provisioned for, to be remote. The Directors are of the view that no material losses will arise in respect of the legal claim at the date of these financial statements. Further information on this contingency is omitted so as not to prejudice the Group's position in the related dispute.

F4 EVENTS OCCURRING AFTER THE REPORTING PERIOD

In late September 2020, the Board received a protected disclosure from an individual employed by the Company. On receipt of these allegations, the Company engaged McGrath Nicol to undertake an independent forensic investigation into the conduct of the Group's Chief Executive Officer and Executive Director, Andrew Hopkins, at that time. A report was received in respect of the independent forensic investigation in January 2021 and Mr Hopkins' resignation was received on 31 January 2021, effective on that date.

Subsequent to Mr Hopkins' resignation, the Group has formally commenced a process to recover funds of approximately $1,000,000. At the date of this report, the Group has not yet received any reimbursement. The Directors' note that the matter is ongoing and the $1,000,000 is an estimate based on information at the date of this report.

In addition to the above reimbursement, the Group has formally commenced a process to recover Mr Hopkins' employee loan of $1,375,000. As noted in the FY20 Annual Report, the employee loan dated back to FY16 and was acquired as part of the Gemini Accident Repair Centres Pty Ltd acquisition. It was previously agreed to be extinguished against future short-term and long-term incentives but under the agreement, it is immediately due and payable in the event that Mr Hopkins' is no longer employed.

As detailed in the FY20 Annual Report and Notice of Meeting in November 2020, Mr Hopkins had been granted 4,875,004 performance rights under the Group's PRP. The vesting requirements of the performance rights are subject to service conditions. As the service conditions have not been met, the performance rights lapsed on 31 January 2021. The Group expects to write back the non-cash amount of $871,000 to the share option reserve in H2 FY21.

On 1 February 2021, the Group appointed Carl Bizon as Chief Executive Officer. Mr Bizon has been a Non-Executive Director of the Company since February 2020 and is a proven senior executive with extensive leadership skills and experience to successfully lead the business to its full potential.

On 5 February 2021, the Group acquired the business and operating assets of National Central. The acquisition aligns with the Group's strategic direction of expanding into the heavy vehicle collision repair industry.

Other than the above, there have not been any other matter or circumstance occurring since 31 December 2020, in the reasonable opinion of the Directors, that may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

DIRECTORS' DECLARATION

In the opinion of the Directors of AMA Group Limited (the Company):

(a) the Condensed Consolidated Financial Statements and notes set out on pages 12 to 41 are in accordance with the *Corporations Act 2001*, including:

   (i) complying with Australian Accounting Standard 134 *Interim Financial Reporting*, 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 31 December 2020 and of its performance for the half-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*.

Carl Bizon
Director

Gold Coast
23 February 2021

Independent Auditor's Review Report

To the shareholders of AMA Group Limited

Report on the Interim Financial Report

Conclusion

We have reviewed the accompanying ***Interim Financial Report*** of AMA Group Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of AMA Group Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group's*** financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The ***Interim Financial Report*** comprises:

- Condensed consolidated statement of financial position as at 31 December 2020
- Condensed consolidated statement of profit or loss, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date
- Notes A1 to F4 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The ***Group*** comprises AMA Group Limited (the Company) and the entities it controlled at the end of the half-year or from time to time during the half-year.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

For personal use only

Responsibilities of the Directors for the Interim Financial Report

The Directors of the Group are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of an Interim Period Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG

KPMG

Adam Twemlow
Partner

Gold Coast
23 February 2021

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Automotive Solutions

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