



Operating Specialised Automotive Aftercare and Accessory Companies

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

## Appendix 4D For the Half Year Ended 31 December 2013

### 1. Company Information

|                                |                                  |
|--------------------------------|----------------------------------|
| Name of entity:                | <b>AMA Group Limited</b>         |
| ABN:                           | 50 113 883 560                   |
| Reporting Period:              | Half year ended 31 December 2013 |
| Previous Corresponding Period: | Half year ended 31 December 2012 |

This report is to be read in conjunction with the 30 June 2013 Annual Report and is given in compliance with Listing Rule 4.2A.

### 2. Results for announcement to the market

|   |      |       |    |              |
|---|------|-------|----|--------------|
| Revenues from ordinary activities                                   | down | 6.8%  | to | \$30,823,978 |
| Profit before tax from continuing operations                        | down | 11.0% | to | \$4,019,164  |
| Profit after tax attributable to members from continuing operations | down | 30.9% | to | \$2,628,599  |
| Net profit for the period attributable to members                   | down | 30.8% | to | \$2,556,745  |

#### Comments

Your attention is drawn to the Review of Operations included in the Directors' Report.

AMA's net profit after tax decreased by 30.8% on prior period to \$2.557 million due to the effective tax rate increasing from 17.8% to 36.0%. This difference is principally due to one-off tax timing differences in each half that decreased and increased the effective tax rate respectively, mainly due to the company achieving a further discount from our final negotiations to close out our bank debt. It is expected that the go forward effective tax rate will be approximately 30%.

#### Dividends

A Dividend (95% Franked at 30%) of 1.6 cents per security was declared on 17 September 2013 and paid on 7 November 2013. The record date for determining entitlements to the dividend was 8 October 2013.

In the corresponding period a Dividend (Fully Franked at 30%) of 1.6 cent per security was declared on 28 September 2012 and paid on 15 November 2012. The record date for determining entitlements to the dividend was 15 October 2012.

**3. Net Tangible Assets per Security**

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

|                        |              |
|------------------------|--------------|
| As at 31 December 2013 | 2.54 cents   |
| As at 31 December 2012 | (1.26) cents |

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

On 29 November 2013 100% of the issued share capital of Custom Alloy Pty Ltd (A.C.N. 073 318 519) was acquired.

**5. Details of individual and total dividends**

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

|                   |             |
|-------------------|-------------|
| Dividend Declared | \$5,315,803 |
|-------------------|-------------|

**6. Dividend reinvestment plan.**

Not applicable.

**7. Details of associates and joint venture entities**

Not applicable.

**8. Foreign entities**

Not applicable.

**9. Audit qualification or review**

These accounts were subject to a review by the auditors and the review report is attached as part of the Interim Financial Report.

**10. Attachments**

Interim Financial Report for the half year ended 31 December 2013 for AMA Group Limited

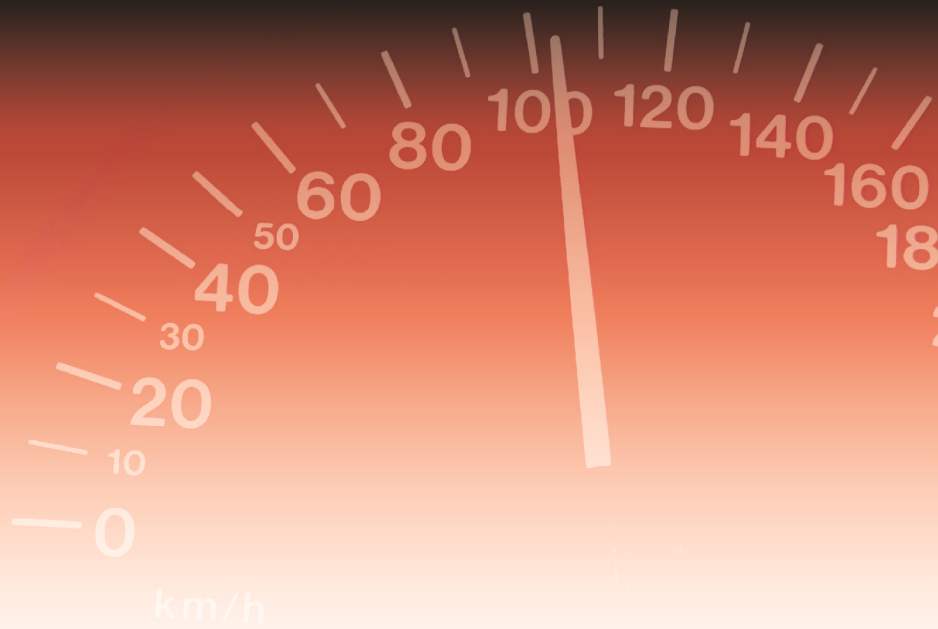
**11. Signed**



Duncan Fischer  
Chairman  
AMA Group Limited

Dated: This 26<sup>th</sup> Day of February 2014.

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Operating Specialised Automotive Aftercare and Accessory Companies

# AMA GROUP LIMITED

ABN: 50 113 883 560

## INTERIM FINANCIAL REPORT 31 DECEMBER 2013



## INTERIM FINANCIAL REPORT For the Half Year Ended 31 December 2013

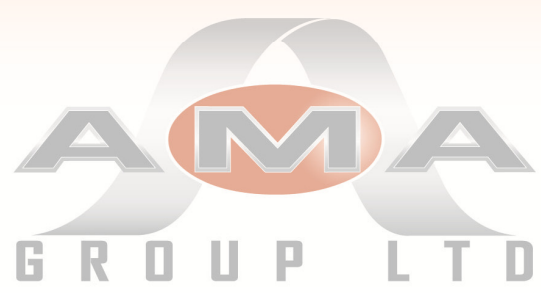
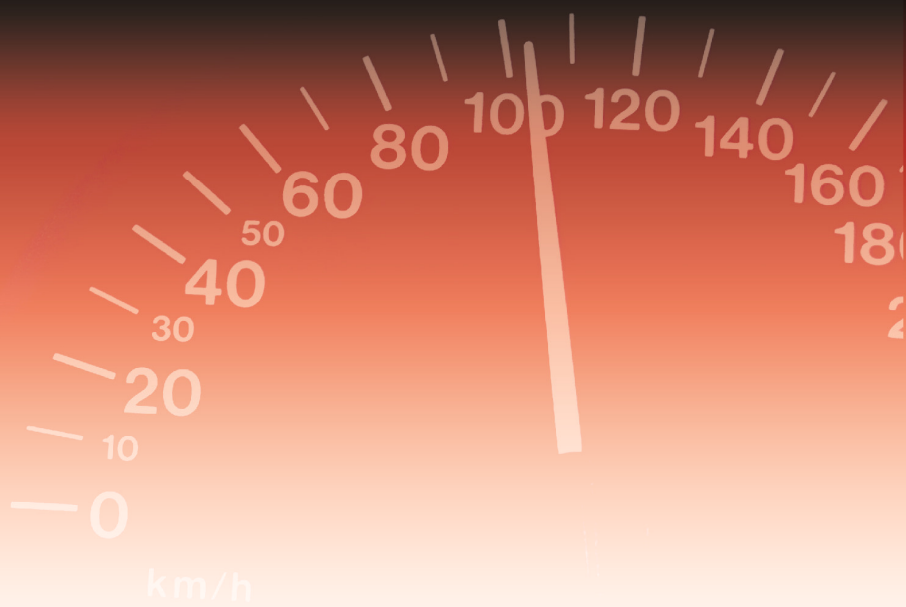
(Previous corresponding period: Half Year Ended 31 December 2012)

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To be read in conjunction with the 30 June 2013 Annual Report  
In compliance with Listing Rule 4.2A

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Operating Specialised Automotive Aftercare and Accessory Companies

# DIRECTORS' REPORT 31 DECEMBER 2013



## DIRECTORS' REPORT (Continued...)

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Your directors present their report on the consolidated entity consisting of AMA Group Limited and the entities it controlled at the end of, or during, the half year ended 31 December 2013.

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

|                |                         |
|----------------|-------------------------|
| Duncan Fischer | Non-Executive Chairman  |
| Ray Malone     | Chief Executive Officer |
| Simon Doyle    | Non-Executive Director  |

### Principal Activities

The consolidated entity's principal activity 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 protection bullbars, smash repair shops, automotive and electrical components and other servicing workshops for transmissions and brakes.

### Review of Operations

#### Achievements

AMA has achieved a number of important milestones in the first half:

- In August AMA repaid the 2009 legacy Westpac debts in full and entered into a normal commercial banking relationship with Westpac.
- In November AMA paid a full year dividend of 1.6 cents per security.
- In November AMA completed its first major acquisition by acquiring 100% of Custom Alloy Pty Ltd – a business that principally manufactures alloy bullbars specifically for the medium commercial vehicle market. Custom Alloy is an excellent fit for our bullbar division and we are delighted with the purchase.
- In December the remaining legacy onerous equipment leases were closed out.

The directors are proud of these achievements which establish a clean operating platform for AMA to achieve commercial business growth in the future.

#### Financial Results

The financial performance of AMA in the first half has been somewhat disappointing, albeit achieved in challenging market conditions across all of AMA's business segments, with a decrease in profit before tax from continuing operations of 11%.

Key business units continued to deliver positive results:

- ECB has maintained market share and revenue and is well positioned for growth with the results of the Custom Alloy acquisition to flow into the second half.
- Mr Gloss (Panel) delivered revenue growth of 7.7%.
- KT Cables performed well with new product initiatives and delivered revenue growth of 2.4%.
- Perth Brake Parts revenue was down 8.0% against the prior period – this business segment historically contributes <5% of AMA revenue.
- FluidDrive suffered a fall in revenue of c18.5% against a record prior period – again this business segment is a small contributor at <10% of AMA revenue.
- Alanco followed its prior period trend and was materially down.

The fall in revenue flowed into earnings and was the main contributor to the overall fall in profit before tax from continuing operations of 11%.

AMA has been quick to respond to this performance by:

- Implementing management strategies to maintain customer service levels.
- Reducing expenditure and tightening cost control.

We believe we have seen the worst and recent revenue numbers are trending up. AMA expects that both business segments performance will improve in the second half.

## DIRECTORS' REPORT (Continued...)

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AMA's net profit after tax decreased by 30.8% on prior period to \$2.557 million due to the effective tax rate increasing from 17.8% to 36.0%. This difference is principally due to one-off tax timing differences in each half that decreased and increased the effective tax rate respectively, mainly due to the company achieving a further discount from our final negotiations to close out our bank debt. It is expected that the go forward effective tax rate will be approximately 30%.

### The Future

Whilst market conditions will remain challenging across some business segments, AMA believes that remedial action implemented to date will soften future impacts on earnings from particular business segments and provide a platform for growing revenue in key businesses such as ECB and Mr Gloss (Panel).

We continue to explore other acquisition opportunities with our measure twice, cut once disciplined approach in the currently depressed market.

### Rounding of amounts

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

### Auditors' Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 8.

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

For And On Behalf Of the Board



Duncan Fischer  
Chairman  
AMA Group Limited

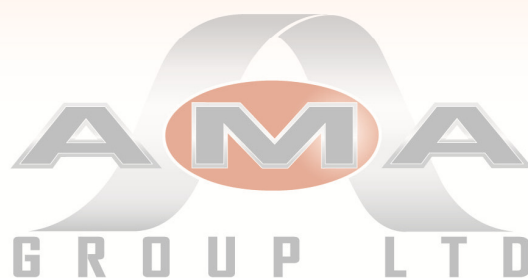
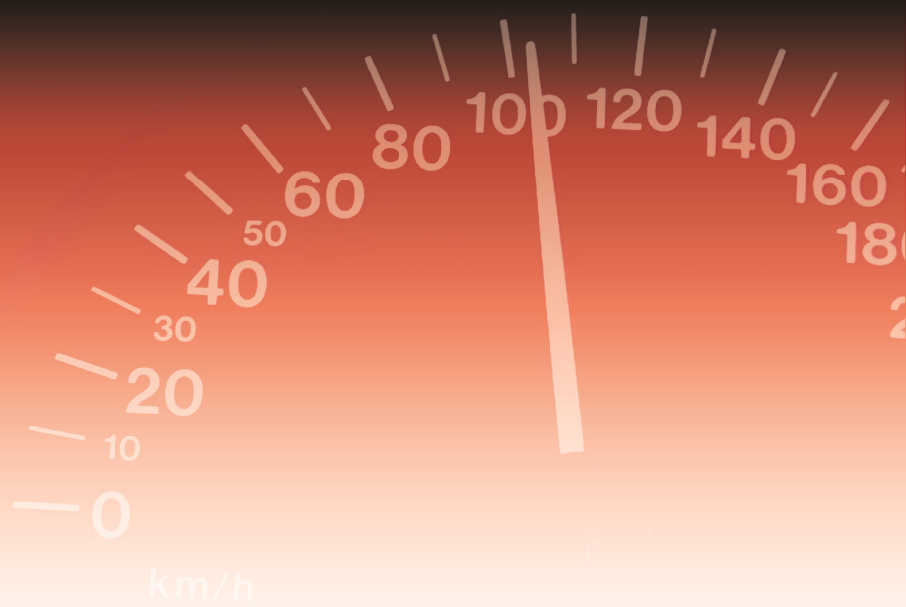
Dated: This 26<sup>th</sup> Day of February 2014.

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Operating Specialised Automotive Aftercare and Accessory Companies

# AUDITORS' INDEPENDENCE DECLARATION 31 DECEMBER 2013



# AUDITORS' INDEPENDENCE DECLARATION

**MOORE STEPHENS**  
ACCOUNTANTS & ADVISORS

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Melbourne VIC 3000

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## 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 half-year ended 31 December 2013 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.



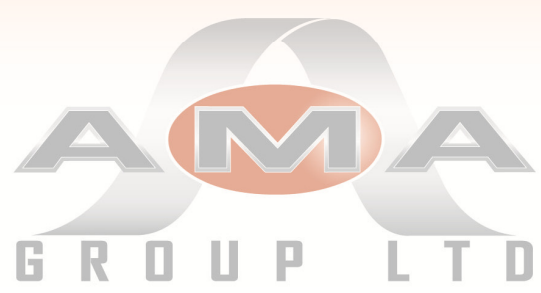
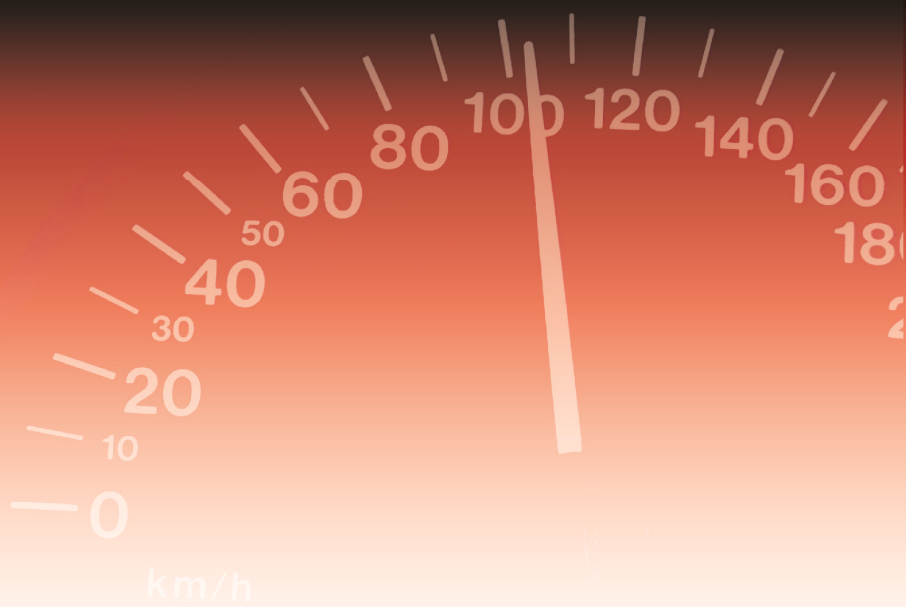
MOORE STEPHENS  
Chartered Accountants



Rami Eltchelebi  
Partner

Melbourne, 26 February 2014

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Operating Specialised Automotive Aftercare and Accessory Companies

# FINANCIAL STATEMENTS 31 DECEMBER 2013



# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

## For the half year ended 31 December 2013

|  | Notes | 31-Dec-13<br>\$'000 | 31-Dec-12<br>\$'000 |
|--|-------|---------------------|---------------------|
| <b>Revenue from continuing operations</b>  | 4     | 30,824              | 33,083              |
| Raw materials and consumables used   |       | (14,173)            | (16,302)            |
| Employee benefits expense  |       | (9,104)             | (8,617)             |
| Depreciation and amortisation expense  |       | (178)               | (189)               |
| Advertising and marketing  |       | (361)               | (344)               |
| Insurance  |       | (178)               | (162)               |
| Travel and motor vehicle   |       | (471)               | (388)               |
| Occupancy expenses   |       | (1,557)             | (1,317)             |
| Professional services  |       | (226)               | (455)               |
| Research and development   |       | (70)                | (73)                |
| Communication expenses   |       | (79)                | (83)                |
| Bad and doubtful debts expense   |       | (38)                | (29)                |
| Other expenses   |       | (318)               | (299)               |
| <b>Earnings before interest and tax (EBIT)</b>   |       | 4,071               | 4,825               |
| Finance costs  |       | (29)                | (261)               |
| <b>Profit from continuing operations before impairment, fair value adjustments and vendor payments</b> |       | 4,042               | 4,564               |
| Fair Value adjustments to loan note & vendor loans   |       | (23)                | (50)                |
| <b>Profit before tax from continuing operations</b>  |       | 4,019               | 4,514               |
| Income tax (expense) / benefit   |       | (1,390)             | (707)               |
| <b>Profit after tax from continuing operations</b>   |       | 2,629               | 3,807               |
| (Loss) / Profit after tax from discontinued operations   | 5     | (72)                | (113)               |
| <b>Profit after tax</b>  |       | 2,557               | 3,694               |
| <b>Total comprehensive income for the period</b>   |       | <b>2,557</b>        | <b>3,694</b>        |
| Profit attributable to members of AMA Group Limited  |       | 2,557               | 3,694               |
| Total comprehensive income attributable to members of AMA Group Limited                                |       | 2,557               | 3,694               |
| <b>Earnings per share</b>  |       | <b>Cents</b>        | <b>Cents</b>        |
| <b>From Continuing operations</b>  |       |                     |                     |
| Basic earnings per share   |       | 0.79                | 1.34                |
| Diluted earnings per share   |       | 0.79                | 1.34                |
| <b>From continuing and discontinued operations</b>   |       |                     |                     |
| Basic earnings per share   |       | 0.77                | 1.30                |
| Diluted earnings per share   |       | 0.77                | 1.30                |

The accompanying notes form part of these financial statements.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## as at 31 December 2013

|                                      | Notes | 31-Dec-13<br>\$'000 | 30-Jun-13<br>\$'000 |
|--------------------------------------|-------|---------------------|---------------------|
| <b>Assets</b>                        |       |                     |                     |
| <b>Current assets</b>                |       |                     |                     |
| Cash and cash equivalents            |       | 1,376               | 19,125              |
| Trade and other receivables          |       | 8,183               | 9,035               |
| Inventories                          |       | 7,254               | 5,741               |
| Other                                |       | 1,125               | 543                 |
| <b>Total current assets</b>          |       | <b>17,938</b>       | <b>34,444</b>       |
| <b>Non-current assets</b>            |       |                     |                     |
| Property, plant and equipment        |       | 1,707               | 1,561               |
| Intangibles                          |       | 32,145              | 27,271              |
| Deferred tax assets                  |       | 1,291               | 3,700               |
| Other                                |       | 2,785               | 441                 |
| <b>Total non-current assets</b>      |       | <b>37,928</b>       | <b>32,973</b>       |
| <b>Total assets</b>                  |       | <b>55,866</b>       | <b>67,417</b>       |
| <b>Liabilities</b>                   |       |                     |                     |
| <b>Current liabilities</b>           |       |                     |                     |
| Trade and other payables             |       | 6,982               | 7,495               |
| Borrowings                           | 6     | 3,553               | 5,448               |
| Income tax payable                   |       | 893                 | 981                 |
| Provisions                           |       | 2,307               | 1,812               |
| <b>Total current liabilities</b>     |       | <b>13,735</b>       | <b>15,736</b>       |
| <b>Non-current liabilities</b>       |       |                     |                     |
| Borrowings                           | 6     | -                   | 5,436               |
| Deferred tax liabilities             |       | 384                 | 2,438               |
| Provisions                           |       | 217                 | 257                 |
| Other                                | 7     | -                   | 194                 |
| <b>Total non-current liabilities</b> |       | <b>601</b>          | <b>8,325</b>        |
| <b>Total liabilities</b>             |       | <b>14,336</b>       | <b>24,061</b>       |
| <b>Net assets</b>                    |       | <b>41,530</b>       | <b>43,356</b>       |
| <b>Equity</b>                        |       |                     |                     |
| Contributed equity                   | 8     | 74,904              | 73,971              |
| Reserves                             |       | -                   | -                   |
| Accumulated losses                   |       | (33,374)            | (30,615)            |
| <b>Total equity</b>                  |       | <b>41,530</b>       | <b>43,356</b>       |

The accompanying notes form part of these financial statements.

# STATEMENT OF CHANGES IN EQUITY

## For the half year ended 31 December 2013

|  | Notes | Contributed<br>Equity<br>\$'000 | Option<br>Reserve<br>\$'000 | Accumulated<br>Losses<br>\$'000 | Total<br>\$'000 |
|--|-------|---------------------------------|-----------------------------|---------------------------------|-----------------|
| <b>Balance at 1 July, 2012</b>                         |       | <b>57,816</b>                   | <b>47</b>                   | <b>(33,281)</b>                 | <b>24,582</b>   |
| Shares issued net of costs                             |       | 1,282                           | -                           | -                               | 1,282           |
| Dividends recognised for the period                    |       | -                               | -                           | (4,571)                         | (4,571)         |
| Profit attributable to members of AMA<br>Group Limited |       | -                               | -                           | 3,694                           | 3,694           |
| <b>Balance at 31 December 2012</b>                     |       | <b>59,098</b>                   | <b>47</b>                   | <b>(34,158)</b>                 | <b>24,987</b>   |
| <b>Balance at 1 July, 2013</b>                         |       | <b>73,971</b>                   | <b>-</b>                    | <b>(30,615)</b>                 | <b>43,356</b>   |
| Shares issued net of costs                             | 8     | 933                             | -                           | -                               | 933             |
| Dividends recognised for the period                    | 10    | -                               | -                           | (5,316)                         | (5,316)         |
| Profit attributable to members of AMA<br>Group Limited |       | -                               | -                           | 2,557                           | 2,557           |
| <b>Balance at 31 December 2013</b>                     |       | <b>74,904</b>                   | <b>-</b>                    | <b>(33,374)</b>                 | <b>41,530</b>   |

The accompanying notes form part of these financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

## For the half year ended 31 December 2013

|   | Notes | 31-Dec-13<br>\$'000 | 31-Dec-12<br>\$'000 |
|---|-------|---------------------|---------------------|
| <i>CASH FLOWS RELATED TO OPERATING ACTIVITIES</i>                 |       |                     |                     |
| Receipts from customers   |       | 35,349              | 39,333              |
| Payments to suppliers and employees                               |       | (34,438)            | (32,366)            |
| Interest received   |       | 155                 | 64                  |
| Interest and other costs of finance paid                          |       | (29)                | (261)               |
| Income taxes paid   |       | (1,115)             | -                   |
| <b>NET OPERATING CASH FLOWS</b>                                   |       | <b>922</b>          | <b>6,770</b>        |
| <i>CASH FLOWS RELATED TO INVESTING ACTIVITIES</i>                 |       |                     |                     |
| Proceeds from sales of plant and equipment                        |       | 22                  | 8                   |
| Payment for purchases of plant and equipment                      |       | (157)               | 10                  |
| Payments for intangible assets                                    |       | -                   | (12)                |
| Payment for purchases of equity investments, net of cash acquired |       | (5,711)             | (393)               |
| <b>NET INVESTING CASH FLOWS</b>                                   |       | <b>(5,846)</b>      | <b>(387)</b>        |
| <i>CASH FLOWS RELATED TO FINANCING ACTIVITIES</i>                 |       |                     |                     |
| Proceeds from borrowings  |       | 4,520               | -                   |
| Repayment of borrowings   |       | (12,029)            | (2,890)             |
| Dividends paid  | 10    | (5,316)             | (4,571)             |
| <b>NET FINANCING CASH FLOWS</b>                                   |       | <b>(12,825)</b>     | <b>(7,461)</b>      |
| <b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>                  |       | <b>(17,749)</b>     | <b>(1,078)</b>      |
| Cash and cash equivalents at the beginning of the period          |       | 19,125              | 3,777               |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>         |       | <b>1,376</b>        | <b>2,699</b>        |

The accompanying notes form part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

For the Half Year Ended 31 December 2013

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# NOTES TO THE FINANCIAL STATEMENTS

For the Half Year Ended 31 December 2013 *(Continued...)*

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## **Note 1: Summary of Significant Accounting Policies**

### **Basis of Preparation**

These general purpose financial statements for the interim half year reporting period ended 31 December 2013 have been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. The group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of AMA Group Limited and its controlled entities (the "Group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2013, together with any public announcements made during the half-year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

### **Rounding of amounts**

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

### **New and Revised Accounting Requirements Applicable to the Current Half-year Reporting Period**

The Group has adopted the following new and revised Australian Accounting Standards from 1 July 2013 together with consequential amendments to other Standards:

- AASB 10: *Consolidated Financial Statements*;
- AASB 127: *Separate Financial Statements* (August 2011);
- AASB 11: *Joint Arrangements*;
- AASB 128: *Investments in Associates and Joint Ventures* (August 2011);
- AASB 12: *Disclosure of Interests in Other Entities*;
- AASB 2011-7: *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards*; and
- AASB 2012-10: *Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments*.

These Standards became mandatorily applicable from 1 January 2013 and became applicable to the Group for the first time in the current half-year reporting period 1 July 2013 to 31 December 2013. The Group has applied these Accounting Standards retrospectively in accordance with AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors* and the specific transition requirements in AASB 10 and AASB 11.

# NOTES TO THE FINANCIAL STATEMENTS

For the Half Year Ended 31 December 2013 (Continued...)

## Note 2: Business Combination

On 29 November 2013 ECB Pty Ltd, a subsidiary of AMA Group Limited, acquired 100% of the ordinary shares of Custom Alloy Pty Ltd for the total consideration of \$5,900,000. Custom Alloy is a bullbar manufacturing business based in Narangba, Queensland and operates in the Motor Vehicle Protection Products segment of the consolidated entity. Its target market is complementary to ECB's target market as it focuses on the medium to heavy commercial vehicle market sector and was acquired to broaden the groups' market penetration in the medium to heavy commercial vehicle category. We expect to obtain synergies with our existing bullbar manufacturing operations at ECB and apply our experienced management strategies and superior production and control systems to increase customer satisfaction levels, productivity and efficiency, and ultimately boost profitability. Due to the proximity of the acquisition completion to the reporting date, we have not been able to finalise all aspects of the acquisition fair value assessments and as such, we have prepared this report using provisional amounts as permitted by AASB3 Business Combinations.

We will be conducting a full assessment of the fair values of all tangible and intangible assets acquired before completion of the 2014 Annual Report. Given our extensive knowledge and experience in the bullbar manufacturing industry we anticipate that the Goodwill will be significantly lower than the figure currently shown in the table below once the fair value adjustments are applied.

Details of the acquisition are as follows:-

|   | <b>\$'000</b> |
|---|---------------|
| Cash and cash equivalents                                     | 479           |
| Trade receivables   | 799           |
| Prepayments   | 1             |
| Inventories and work in progress                              | 1,000         |
| Plant and equipment   | 171           |
| Trade payables  | (524)         |
| Employee benefits   | (245)         |
| Other payroll related liabilities                             | (92)          |
| Accrued expenses  | (77)          |
| Other current liabilities                                     | (345)         |
| Net assets acquired   | 1,166         |
| Goodwill  | 4,734         |
| Acquisition-date value of the total consideration transferred | <u>5,900</u>  |
| Representing:   |               |
| Cash paid or payable to vendor                                | <u>5,900</u>  |
| Acquisition costs   | <u>143</u>    |

Cash used to acquire business, net of cash acquired:

|   | <b>\$'000</b> |
|---|---------------|
| Acquisition-date value of the total consideration transferred | 5,900         |
| Less: cash and cash equivalents                               | (479)         |
|   | <u>5,421</u>  |

# NOTES TO THE FINANCIAL STATEMENTS

For the Half Year Ended 31 December 2013 (Continued...)

## Note 3: Segment Information

| 31 December 2013  | Motor Vehicle Accessory Distribution | Motor Vehicle Protection Products | Panel Repair | Cable & Accessory Distribution | Motor Vehicle Transmission Repair | All Other Segments | Total         |
|---|--------------------------------------|-----------------------------------|--------------|--------------------------------|-----------------------------------|--------------------|---------------|
|   | \$'000                               | \$'000                            | \$'000       | \$'000                         | \$'000                            | \$'000             | \$'000        |
| <b>Revenue</b>  |                                      |                                   |              |                                |                                   |                    |               |
| External Sales  | 4,670                                | 10,454                            | 7,481        | 4,304                          | 2,289                             | 1,275              | 30,473        |
| Other Income  | 34                                   | 464                               | 31           | 71                             | 129                               | 31                 | 760           |
| <b>Total Sales &amp; Other Income</b>   | <b>4,704</b>                         | <b>10,918</b>                     | <b>7,512</b> | <b>4,375</b>                   | <b>2,418</b>                      | <b>1,306</b>       | <b>31,233</b> |
| Unallocated Revenue   |                                      |                                   |              |                                |                                   |                    | (409)         |
| <b>Total Revenue</b>  |                                      |                                   |              |                                |                                   |                    | <b>30,824</b> |
| <b>Result</b>   |                                      |                                   |              |                                |                                   |                    |               |
| <b>Segment Gross Margin</b>   | <b>1,466</b>                         | <b>5,338</b>                      | <b>4,464</b> | <b>1,876</b>                   | <b>917</b>                        | <b>333</b>         | <b>14,394</b> |
| Unallocated Expenses  |                                      |                                   |              |                                |                                   |                    | (10,352)      |
| Profit from continuing operations before impairments and fair value adjustments |                                      |                                   |              |                                |                                   |                    | 4,042         |
| Fair Value Adjustments  |                                      |                                   |              |                                |                                   |                    | (23)          |
| <b>Profit before income tax expense from continuing operations</b>              |                                      |                                   |              |                                |                                   |                    | <b>4,019</b>  |
| <b>Other</b>  |                                      |                                   |              |                                |                                   |                    |               |
| Acquisition of Segment Non-Current Assets                                       | -                                    | 10                                | 81           | 63                             | 3                                 | -                  | 157           |
| Depreciation and Amortisation of Segment Assets                                 | 18                                   | 39                                | 43           | 33                             | 38                                | 5                  | 176           |

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

Custom Alloy Pty Ltd, acquired 29 November 2013 is included within the Motor Vehicle Protection Products segment.

# NOTES TO THE FINANCIAL STATEMENTS

For the Half Year Ended 31 December 2013 (Continued...)

## Note 3: Segment Information (continued...)

| 31 December 2012  | Motor Vehicle Accessory Distribution | Motor Vehicle Protection Products | Panel Repair | Cable & Accessory Distribution | Motor Vehicle Transmission Repair | All Other Segments | Total         |
|---|--------------------------------------|-----------------------------------|--------------|--------------------------------|-----------------------------------|--------------------|---------------|
|   | \$'000                               | \$'000                            | \$'000       | \$'000                         | \$'000                            | \$'000             | \$'000        |
| <b>Revenue</b>  |                                      |                                   |              |                                |                                   |                    |               |
| External Sales  | 7,272                                | 10,135                            | 6,955        | 4,226                          | 2,782                             | 1,389              | 32,759        |
| Other Income  | 28                                   | 357                               | 22           | 46                             | 185                               | 31                 | 669           |
| <b>Total Sales &amp; Other Income</b>   | <b>7,300</b>                         | <b>10,492</b>                     | <b>6,977</b> | <b>4,272</b>                   | <b>2,967</b>                      | <b>1,420</b>       | <b>33,428</b> |
| Unallocated Revenue   |                                      |                                   |              |                                |                                   |                    | (345)         |
| <b>Total Revenue</b>  |                                      |                                   |              |                                |                                   |                    | <b>33,083</b> |
| <b>Result</b>   |                                      |                                   |              |                                |                                   |                    |               |
| <b>Segment Gross Margin</b>   | <b>2,363</b>                         | <b>4,953</b>                      | <b>4,114</b> | <b>1,756</b>                   | <b>1,128</b>                      | <b>441</b>         | <b>14,755</b> |
| Unallocated Expenses  |                                      |                                   |              |                                |                                   |                    | (10,191)      |
| Profit from continuing operations before impairments and fair value adjustments |                                      |                                   |              |                                |                                   |                    | 4,564         |
| Fair Value Adjustments  |                                      |                                   |              |                                |                                   |                    | (50)          |
| <b>Profit before income tax expense from continuing operations</b>              |                                      |                                   |              |                                |                                   |                    | <b>4,514</b>  |
| <b>Other</b>  |                                      |                                   |              |                                |                                   |                    |               |
| Acquisition of Segment Non-Current Assets                                       | -                                    | (29)                              | 12           | 1                              | -                                 | 8                  | (8)           |
| Depreciation and Amortisation of Segment Assets                                 | 16                                   | 45                                | 45           | 32                             | 40                                | 7                  | 185           |

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

# NOTES TO THE FINANCIAL STATEMENTS

For the Half Year Ended 31 December 2013 (Continued...)

## Note 3: Segment Information (continued...)

| 31 December 2013         | Motor Vehicle Accessory Distribution | Motor Vehicle Protection Products | Panel Repair | Cable & Accessory Distribution | Motor Vehicle Transmission Repair | All Other Segments | Total         |
|--------------------------|--------------------------------------|-----------------------------------|--------------|--------------------------------|-----------------------------------|--------------------|---------------|
|                          | \$'000                               | \$'000                            | \$'000       | \$'000                         | \$'000                            | \$'000             | \$'000        |
| <b>Assets</b>            |                                      |                                   |              |                                |                                   |                    |               |
| Segment Assets           | 2,953                                | 13,053                            | 2,957        | 3,583                          | 1,637                             | 843                | 25,026        |
| Unallocated Assets       |                                      |                                   |              |                                |                                   |                    | 30,840        |
| <b>Total Assets</b>      |                                      |                                   |              |                                |                                   |                    | <b>55,866</b> |
| <b>Liabilities</b>       |                                      |                                   |              |                                |                                   |                    |               |
| Segment Liabilities      | 859                                  | 3,158                             | 2,050        | 805                            | 755                               | 372                | 7,999         |
| Unallocated Liabilities  |                                      |                                   |              |                                |                                   |                    | 6,337         |
| <b>Total Liabilities</b> |                                      |                                   |              |                                |                                   |                    | <b>14,336</b> |

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

### Geographical regions

The Group operates in one geographical location, Australia.

# NOTES TO THE FINANCIAL STATEMENTS

For the Half Year Ended 31 December 2013 (Continued...)

## Note 4: Revenue

|   | 31-Dec-13<br>\$'000 | 31-Dec-12<br>\$'000 |
|---|---------------------|---------------------|
| <b>From Continuing Operations</b>                 |                     |                     |
| <i>Sales Revenue</i>                              |                     |                     |
| Sale of goods                                     | 22,506              | 25,456              |
| Service and hire                                  | 7,481               | 6,954               |
|   | <u>29,987</u>       | <u>32,410</u>       |
| <i>Other Revenue</i>                              |                     |                     |
| Interest Received                                 | 155                 | 64                  |
| Other Revenue                                     | 682                 | 609                 |
|   | <u>837</u>          | <u>673</u>          |
| <b>Total Revenue from Continuing Operations</b>   | <b>30,824</b>       | <b>33,083</b>       |
| <b>Total Revenue from Discontinued Operations</b> | <b>-</b>            | <b>0</b>            |

## Note 5: Discontinued Operations

|   | 31-Dec-13<br>\$'000 | 31-Dec-12<br>\$'000 |
|---|---------------------|---------------------|
| <b>The (loss) / profit for the period from discontinued operations is analysed as follows:</b>  |                     |                     |
| (Loss) from discontinued operations for the financial period                                    | (26)                | (20)                |
| Income tax expense  | (46)                | (93)                |
| (Loss) after tax from discontinued operations for the financial period                          | <b>(72)</b>         | <b>(113)</b>        |
| <b>The following were the results for the discontinued operations for the financial period:</b> |                     |                     |
| Direct costs and overheads  | (26)                | (20)                |
| Loss before tax   | (26)                | (20)                |
| Income tax expense  | (46)                | (93)                |
| <b>Loss after tax</b>   | <b>(72)</b>         | <b>(113)</b>        |

The onerous leases have now ceased, the equipment has been returned and we anticipate that the remaining discontinued operations entities will be de-registered in the near future.

# NOTES TO THE FINANCIAL STATEMENTS

For the Half Year Ended 31 December 2013 (Continued...)

## Note 6: Borrowings

|                    | 31-Dec-13<br>\$'000 | 30-Jun-13<br>\$'000 |
|--------------------|---------------------|---------------------|
| <b>Current</b>     |                     |                     |
| Bank business loan | 3,530               | -                   |
| Bank bills         | -                   | 5,448               |
| Lease liability    | 23                  | -                   |
|                    | <b>3,553</b>        | <b>5,448</b>        |

|                    |   |              |
|--------------------|---|--------------|
| <b>Non-current</b> |   |              |
| Bank loan note     | - | 5,436        |
|                    | - | <b>5,436</b> |

### Total secured liabilities

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

|                          |              |               |
|--------------------------|--------------|---------------|
| Bank business loan       | 3,530        | -             |
| Bank bills and loan note | -            | 10,884        |
| Lease liability          | 23           | -             |
|                          | <b>3,553</b> | <b>10,884</b> |

### Assets pledged as security

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

The lease liabilities 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.

### Financing arrangements

On 6 August 2013 the Company fully repaid the 2009 legacy bank debt by paying Westpac \$10.884m and negotiated a new facility under normal commercial terms that allows flexible borrowing up to \$6m to assist with funding of earnings accretive acquisitions and other working capital requirements. This facility is not subject to a pre-defined repayment structure and can be utilised on an interest only basis through until August 2016 should it be required.

Some minor reporting covenants exist for the provision of quarterly management reports and an annual review is to be conducted following the publication of the Company's Annual Report.

As at the date of this report this reporting requirement had been met.

### Finance Facilities

|                    | 31-Dec-13<br>\$'000 | 30-Jun-13<br>\$'000 |
|--------------------|---------------------|---------------------|
| Bank business loan | 3,530               | -                   |
| Bank bills         | -                   | 5,448               |
| Loan note *        | -                   | 12,000              |
|                    | <b>3,530</b>        | <b>17,448</b>       |

The \$12 million loan note was part of the 2009 legacy bank facility and was fully discharged along with the bank bills on 6 August 2013.

\* The fair value of the loan note as disclosed in the financial statements is NIL (30 June 2013: \$5.436 million).

# NOTES TO THE FINANCIAL STATEMENTS

For the Half Year Ended 31 December 2013 (Continued...)

## Note 7: Non-Current Liabilities – Other

|   | 31-Dec-13<br>\$'000 | 30-Jun-13<br>\$'000 |
|---|---------------------|---------------------|
| <b>Non-current</b>                        |                     |                     |
| Deferred cash consideration - key vendors | -                   | 194                 |
|   | -                   | <b>194</b>          |

At 31 December 2013 only 3 quarterly instalments remained outstanding and all of these are included as current liabilities.

## Note 8: Contributed Equity

|                              | 31-Dec-13<br>Shares | 30-Jun-13<br>Shares | 31-Dec-13<br>\$'000 | 30-Jun-13<br>\$'000 |
|------------------------------|---------------------|---------------------|---------------------|---------------------|
| Ordinary Shares - fully paid | 334,250,963         | 331,438,776         | 74,904              | 73,971              |
| <b>Total Issued Capital</b>  | <b>334,250,963</b>  | <b>331,438,776</b>  | <b>74,904</b>       | <b>73,971</b>       |

During the half year ended 31 December 2013 the following movements in equity occurred:

| Details                               | Date       | Qty of Shares      | Issue price | \$'000        |
|---------------------------------------|------------|--------------------|-------------|---------------|
| Balance as at 1 July 2013             |            | 331,438,776        |             | 73,971        |
| Shares issued to employees            | 23/08/2013 | 798,910            | \$0.3142    | 251           |
| Shares issued to employees            | 16/10/2013 | 2,013,277          | \$0.3390    | 682           |
| <b>Balance as at 31 December 2013</b> |            | <b>334,250,963</b> |             | <b>74,904</b> |

## Note 9: Contingent Liabilities

Unsecured guarantees, indemnities and undertakings have been given by the parent entity in the normal course of business in respect of financial trade arrangements entered into by its subsidiaries and a Deed of Cross Guarantee was entered into with its continuing subsidiaries during the financial year ended 30 June 2009. As part of the new banking facility entered into in August 2013 this Deed was amended. It is not practicable to ascertain or estimate the maximum amount for which the parent entity may become liable in respect thereof. At 31 December 2013 no subsidiary was in default in respect of any arrangement guaranteed by the parent entity and all amounts owed have been brought to account as liabilities in the financial statements. The \$1.55m bank guarantee relating to security on the onerous lease expired without issue on 31 July 2013.

|                 | 31-Dec-13<br>\$'000 | 30-Jun-13<br>\$'000 |
|-----------------|---------------------|---------------------|
| Bank guarantees | 326                 | 1,858               |
|                 | <b>326</b>          | <b>1,858</b>        |



# NOTES TO THE FINANCIAL STATEMENTS

For the Half Year Ended 31 December 2013 *(Continued...)*

## Note 10: Dividends

On 17 September 2013 the company declared a 95% franked dividend and \$5.316 million was paid on 7 November 2013.

|   | 31-Dec-13<br>\$'000 | 30-Jun-13<br>\$'000 |
|---|---------------------|---------------------|
| 95% franked at 30% cash dividend for the year ended 30 June 2013<br>of 1.6 cents per share paid on 7 <sup>th</sup> November 2013    | 5,316               | -                   |
| Fully franked at 30% cash dividend for the year ended 30 June 2012<br>of 1.6 cents per share paid on 15 <sup>th</sup> November 2012 | -                   | 4,571               |
|   | <b>5,316</b>        | <b>4,571</b>        |

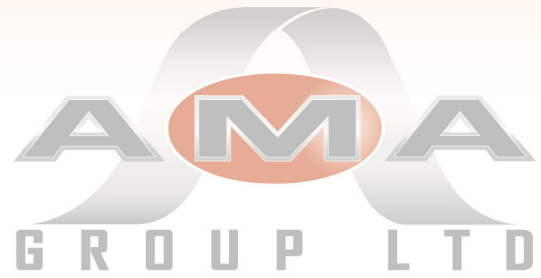
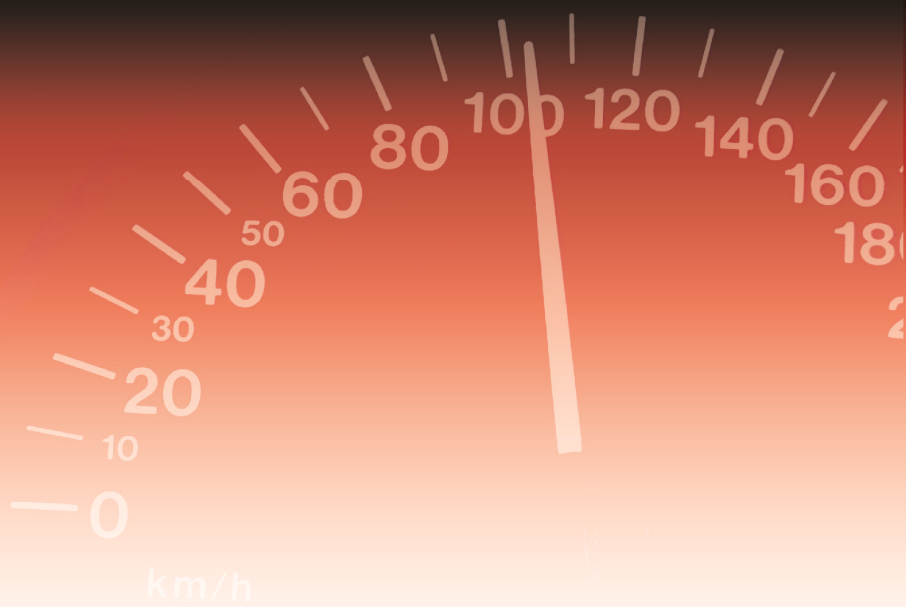
## Note 11: Events Subsequent to Reporting Date

There are no matters or circumstances that have arisen since the end of the reporting period, not otherwise disclosed in this report, which significantly affected or may significantly affect the operations of the consolidated entity, the result of those operations or the state of affairs of the consolidated entity in subsequent financial periods.

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Operating Specialised Automotive Aftercare and Accessory Companies

# DIRECTORS' DECLARATION 31 DECEMBER 2013



# DIRECTORS' DECLARATION

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The Directors of the Company declare that;

1. The financial statements and notes, as set out on pages 10 to 23 are in accordance with the Corporations Act 2001, including:
  - a. Comply with Accounting Standard AASB 134: Interim Financial Reporting and
  - b. Give a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

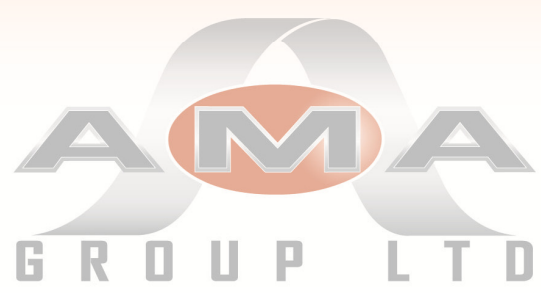
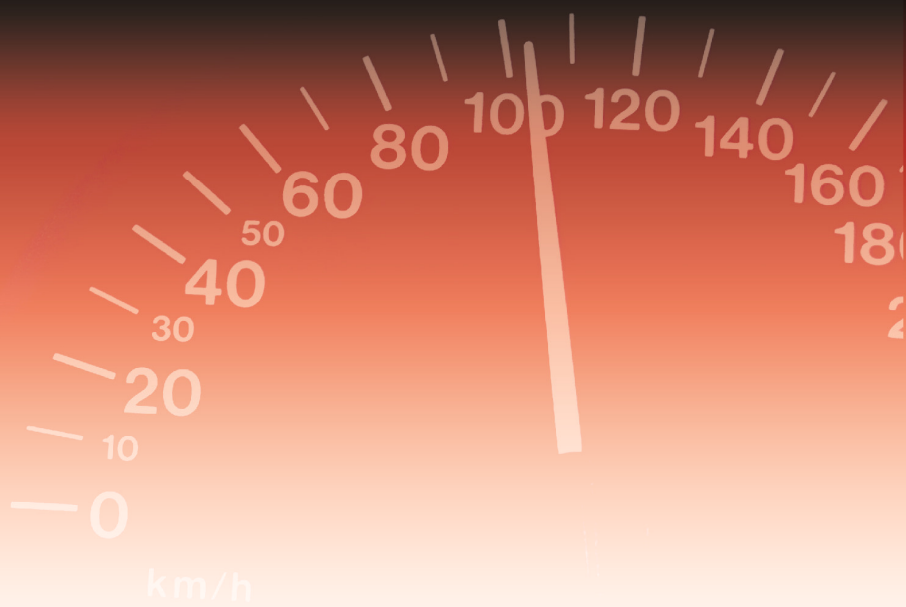
This declaration is made in accordance with a resolution of the Board of Directors.



Duncan Fischer  
Chairman  
AMA Group Limited

Dated: This 26<sup>th</sup> Day of February 2014.

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Operating Specialised Automotive Aftercare and Accessory Companies

# INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS OF AMA GROUP LIMITED 31 DECEMBER 2013



# INDEPENDENT AUDITORS' REVIEW REPORT to the Members of AMA Group Limited

**MOORE STEPHENS**  
ACCOUNTANTS & ADVISORS

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## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF AMA GROUP LIMITED

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of AMA Group Limited and controlled entities (the "consolidated entity") which comprises the consolidated statement of financial position as at 31 December 2013, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the half-year ended on that date, notes comprising a summary of significant accounting policies and explanatory information and the directors' declaration.

#### *Directors' Responsibility for the Half-Year Financial Report*

The directors of AMA Group Limited ("the company") are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*, and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard ASRE 2410: *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not prepared, in all material aspects, in accordance with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*. As the auditor of AMA Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year 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.

# INDEPENDENT AUDITORS' REVIEW REPORT to the Members of AMA Group Limited *(Continued...)*

**MOORE STEPHENS**  
ACCOUNTANTS & ADVISORS

## *Independence*

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

## *Conclusion*

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of AMA Group Limited and controlled entities is not in accordance with the *Corporations Act 2001* including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- (ii) complying with AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

## *Matters Relating to the Electronic Publication of the Financial Report*

This auditor's review report relates to the financial report of AMA Group Limited and controlled entities for the period ended 31 December 2013 included on AMA Group Limited's website. The company's directors are responsible for the integrity of AMA Group Limited's website. We have not been engaged to report on the integrity of the AMA Group Limited's website. The auditor's review report refers only to the subject matter described above. It does not conclude on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.



MOORE STEPHENS  
Chartered Accountants



Rami Eltchelebi  
Partner

Melbourne, 26 February 2014

# AMA

## GROUP LTD

Operating Specialised Automotive Aftercare and Accessory Companies

Focused on the wholesale vehicle aftercare and accessories market, including smash repair shops, automotive and electrical components, vehicle protection bullbars and servicing workshops for brakes and transmissions, AMA Group Ltd (ASX:AMA) was listed on the Australian Stock Exchange on 31 August, 2006.

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

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



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www.alanco.com.au



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