

28 September 2017

**Company Announcements**

**For Immediate Release**

**ASX Code: AMA**

**ANNUAL REPORT FOR AMA GROUP LIMITED**

In accordance with the Listing Rules of the Australian Securities Exchange ("ASX"), AMA Group Limited encloses for immediate release the Annual Report for the Year ended 30 June 2017.

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

**Ends.**



Operating Specialist Automotive Aftercare and Accessory Companies

**AMA GROUP LIMITED**

**ACN 113 883 560**

**Annual Report for the Year Ended  
30 June 2017**

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

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

Your Directors submit the consolidated financial statements of AMA Group Limited ("AMA" or the "Company") and its controlled entities (the "Group") for the year ended 30 June 2017. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

## **DIRECTORS AND OFFICERS**

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

Mr Raymond Malone	Chairman and Executive Director
Mr Brian Austin	Non-Executive Director
Mr Leath Nicholson	Non-Executive Director
Mr Hugh Robertson	Non-Executive Director
Mr Raymond Smith-Roberts	Executive Director
Mr Andrew Hopkins	Executive Director
Mr Phillip Hains	Company Secretary
Mrs Terri Bakos	Company Secretary

## **REVIEW AND RESULTS OF OPERATIONS**

### ***Principal Activities***

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

### ***Significant Changes in the State of Affairs***

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

- The Vehicle Panel Repair division increased the number of shops it operates to 86 at 30 June 2017; and
- Subsequent to year end it acquired a further 4 shops and commenced establishment of an additional 3 greenfields sites.

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

- The Automotive Component Remanufacturing division reported turnover in excess of \$10 million;
- The Group also performed well in the 2017 Australian Auto Aftermarket Association Excellence Awards:
  - FluidDrive won the silver award for 'Excellence in Manufacturing under \$10 million turnover';
  - East Coast Bullbars won the bronze award for 'Excellence in Manufacturing over \$10 million turnover';
  - AECOA Pty Ltd won the 'Most innovative new aftermarket electrical product' award; and
  - AECOA Pty Ltd won the 'Most innovative employee engagement program' award.
- In May 2017, AMA Group also announced a bid to acquire Automotive Solutions Group Ltd ("ASG"). At the close of the bid on 7 July 2017 AMA controlled 31.3% of the issued capital of ASG.

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

## Operating Results

Reported earnings before interest, tax, depreciation, amortisation and impairment expense ("EBITDA") has increased from \$24.672 million to \$37.205 million; a 50.80% increase. This result, however, has been significantly impacted by several large non-cash abnormal items. Restating this result for these abnormal items results in normalised EBITDA increasing to \$41.072 million from the prior year comparative of \$31.921 million; an increase of 28.66%. Importantly, this normalised EBITDA result exceeds the Company's previous market guidance of being "in excess of \$40.0 million".

	30 June 2017 \$'000	30 June 2016 \$'000
<i>Reported EBITDA</i>	37,205	24,672
Greenfield openings	1,250	-
Business acquisition costs	677	916
Site integrations	500	500
Employee equity plan expense	403	3,644
Redundancies	379	1,128
Litigation settlement	350	-
Borrowing costs	133	-
Restructuring costs	125	600
Site closures	50	350
Discontinued operations	-	111
<i>Normalised EBITDA</i>	41,072	31,921

These abnormal items have also impacted on the Group's reported net profit before tax from continuing operations attributable to members of AMA ("NPBT") which has increased to \$25.12 million from a prior year comparative of \$13.17 million; an increase of 90.79%. After adjusting this result for the impact of these abnormal items and the impairment losses, Normalised NPBT becomes \$29.29 million; an increase of 25.32% over the prior year comparative of \$23.37 million.

As outlined in the previous year, the abnormal items distorted the effective tax rate. Given the nature of these items, it was expected at that time that the future effective tax rate will return to a more normal level. This has occurred to some degree in the current year with the effective tax rate being 31.5% (2016: 46.5%).

With this and the strong underlying improvement in operating result the reported net profit after tax from continuing activities attributable to members has increased by 145.77% to \$17.21 million. After adjusting this result for the impact of the abnormal items, Normalised NPAT becomes \$20.58 million; an increase of 27.73% over the prior year comparative of \$16.11 million.

Even excluding these abnormal items, the underlying results indicate that the key business operations continue to deliver positive results:

- Vehicle Panel Repair increased its revenue by 53.1% and its Gross Margin increased by 49.9%. A major contributor to this growth was the full year impact of the acquisitions completed in FY16 and the part year impact of the current year's acquisitions. Even so the business was able to increase the FY17 revenue of the existing portfolio of repair facilities by 4.7% over the FY16 reported revenue. This growth excludes the additional revenue from Exclusive / Greenfields.
- Vehicle Protection Products & Accessories was impacted by sales declining in some channels. Revenue decreased by 6.6% but with the operating efficiencies stemming from the reorganisation of the operations of East Coast Bull Bars and Custom Alloy this division was able to improve its Gross Margin by 2.1%.
- Automotive Electrical & Cable Accessories operates in a difficult market. Its revenue decreased by 3.3% but the benefits following the restructuring of the operation in FY16 improved its Gross Margin by 6.8%.
- Automotive Component Remanufacturing continued to grow its results with revenue increasing by 33.7% and Gross Margin increasing by 26.9%. With the majority of this growth being organic, there was some contribution from the ASNU acquisition in the last quarter.

## **Cash Flow**

Although underlying cash flow generated from earnings has been strong this is not obvious from the reported result for Net cash flows used in operating activities. Below is a table that reconciles between the two results.

	30 June 2017 \$'000	30 June 2016 \$'000
<i>Reported EBITDA</i>	37,205	24,672
Discontinued operations	-	(10)
Interest paid	(170)	(207)
Deferred income amortisation	(5,487)	(2,981)
Equity issued as employment condition	403	3,644
Other non-cash items	(910)	(750)
<i>Pre Tax Cash Earnings</i>	31,041	24,368
Income tax paid	(9,724)	(7,247)
Market investment incentive receipt	-	23,000
Repayment of paint rebate	(5,433)	-
Normalisation of working capital for acquisitions	(1,981)	-
Other working capital movement	(916)	(3,360)
<i>Net cash flows used in operating activities</i>	12,987	36,761

Adjusting the pre-tax Cash Earnings of \$31.04 million for the non-cash normalisation adjustments this measure increases to \$34.51 million; up 23.35% over the prior comparative period.

As expected AMA's operating cash flows have been impacted as a result of the receipt in FY16 of the Market investment incentive, increased corporate tax payments and the repayment of supplier prebates and the adoption of normal purchasing terms for businesses acquired in FY16 and FY17.

The large cash outflows in FY16 related to the acquisition of businesses (including Gemini) significantly influenced the prior year Investing cash flows. The current year's measure reflects the business acquisitions undertaken during the current period and the capital expenditure relating to the increased investment in "greenfield" operations as well as the ongoing needs of the business. The on market bid for ASG resulted in the increased outflow in Other investments.

The timing of the ASG bid around financial year end and the associated ASX settlement terms required the Company to draw down on its debt facilities to ensure it had sufficient cash reserves to fund this bid. As such the Group had a cash balance of \$14.72 million at year end.

## **Financial Position**

The Current Ratio has declined from 1.06 times to 0.81 times. The reduction in the net cash balance has been a major factor in this. This ratio is also impacted by the significant non-cash items in other current liabilities; namely the deferred income and the scrip component of deferred vendor consideration. Reflecting this ratio for these items, the Current Ratio adjusted for non-cash items has declined from 1.18 times to 0.96 times.

The gearing ratio has risen slightly from 1.73% at June 2016 to 5.47%. While the Company's market capitalisation and the amount owing on deferred vendor consideration has increased, the major contributor to this increased gearing ratio has been the reduction of the net cash balances held by the group. Even so, the Directors believe that the Group is conservatively geared and that the Group has sufficient capital resources, including the debt facility, which had \$27 million undrawn at balance date.

This capital base has enabled the Group to continue to undertake the acquisition programme which has resulted in an increased asset base; albeit most of this growth is in intangibles reflecting the service industry businesses we have acquired. The profit retention in the current year has improved the Net Tangible Assets per share from negative 1.06 cents per share to positive 0.01 cents per share.

### ***Capital Management***

In October 2016, AMA paid the 2016 year final dividend of 1.70 cents per share fully franked at 30%. This bought the total payout related to that year's result to be 2.20 cents per share fully franked at 30%.

In April 2017, the Company paid the 2017 year interim dividend of 0.5 cents per share fully franked at 30%.

Upon finalising the preliminary final report, the Directors are pleased to announce they have decided to declare a final dividend, fully franked at 30%, of 2.0 cents per share with a record date of 15 September 2017 and a payment date of 31 October 2017.

On payment of this dividend, shareholders will have received a total payout related to the current reporting period of 2.5 cents per share; an increase over the previous period of 0.3 cents per share or 13.6%.

Basic earnings per share from continuing operations has increased from 1.53 cents to 3.32 cents; an increase of 116.67%

The closing price for an AMA Share on the ASX has also increased through the year from 80.50 cents at 30 June 2016 to 97.00 cents at 30 June 2017; an increase of 20.50%.

### ***Business Strategies and Future Prospects***

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

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

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

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

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

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

## SUBSEQUENT EVENTS

The on market offer to acquire all of the issued capital of Automotive Solutions Group Limited referred to in Note 14 closed on 7 July 2017. At that time the Group had increased its ownership interest to 31.3% from the holding at 30 June 2017 of 24.9%.

On 31 August 2017, the Directors declared a dividend, fully franked of 2.0 cents per security which is to be paid 31 October 2017.

## MEETING OF DIRECTORS

The number of meetings of the Company's Board of Directors and of each board committee held during the year ended 30 June 2017, and the numbers of meetings attended by each director were:

	Board Meetings		Committee Meetings			
	Number eligible to attend	Number attended	Audit Committee Number eligible to attend	Remuneration Committee Number eligible to attend	Audit Committee Number attended	Remuneration Committee Number attended
Raymond Malone	8	8	0	0	0	0
Raymond Smith-Roberts	8	8	0	0	0	0
Andrew Hopkins	8	6	0	0	0	0
Hugh Robertson	8	6	3	3	1	1
Leath Nicholson	8	8	3	3	1	1
Brian Austin	8	6	3	3	1	1

## DETAILS OF DIRECTORS AND OFFICERS

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

### Raymond Malone

### Chairman and Executive Director

Appointed to the Board  
Appointed Executive Chairman  
Experience and expertise

23 January 2009  
19 March 2015  
With over 30 years work experience in the automotive panel repair industry, Mr Malone has progressed from a spray painter through to business ownership and senior executive positions. He has developed many strong relationships with key customers focusing on excellent customer service. He has developed extensive business skills which he has consistently applied to AMA's development since 2009.

Interest in Shares and Options\*

80,417,619 Fully Paid Ordinary Quoted shares and 10,000,000 options

Directorships held in other listed entities  
Special responsibilities

Chairman of Money3 Corporation Limited.  
Chief Executive Officer - Group



## **Hugh Robertson**

Appointed to the Board  
Experience and expertise

Interest in Shares and Options\*  
Directorships held in other listed entities

Special responsibilities

## **Non-Executive Director**

2 June 2015

Mr Robertson has worked in stockbroking for over 30 years with a variety of firms including Wilson HTM, Investor First and more lately Bell Potter. Among his areas of interest is a concentration on small cap industrial stocks and he currently sits on the boards of several such companies.

280,000 Fully Paid Ordinary Quoted shares and Nil options

Non-Executive Director of Centrepont Alliance Limited and Primary Opinion Limited.

Member of the Audit Committee and the Remuneration Committee

## **Leath Nicholson**

Appointed to the Board  
Experience and expertise

Interest in Shares and Options\*  
Directorships held in other listed entities  
Special responsibilities

## **Non-Executive Director**

23 December 2015

Mr Nicholson holds a Bachelor of Economics (Hons), a Bachelor of Law (Hons) and a Masters of Law (Commercial Law). He co-founded Foster Nicholson Lawyers. He has a breadth of experience with ASX listed entities and has particular expertise in mergers and acquisitions; IT based transactions, and corporate governance. He also has significant experience in corporate and commercial based dispute resolution.

1,673,395 Fully Paid Ordinary Quoted shares and Nil options

Non-Executive Director of Money3 Corporation Limited.

Member of the Audit Committee and the Remuneration Committee

## **Brian Austin**

Appointed to the Board  
Experience and expertise

Interest in Shares and Options\*  
Directorships held in other listed entities  
Special responsibilities

## **Non-Executive Director**

23 December 2015

With over 30 year's industry experience, Mr Austin has held senior executive positions in the insurance industry. Over that time he has been instrumental in setting the strategy of capital raising and acquisitions. He has been a Director of ASX listed entities, enabling him to develop a global network of key relationships.

112,000 Fully Paid Ordinary Quoted shares and Nil options

Chairman of PSC Insurance Group Limited

Member of the Audit Committee and the Remuneration Committee

## **Raymond Smith-Roberts**

Appointed to the Board  
Experience and expertise

Interest in Shares and Options\*

Directorships held in other listed entities  
Special responsibilities

## **Executive Director**

28 February 2014

Mr Smith-Roberts has over 25 years work experience in the automotive industry. He joined ECB many years ago progressing to general manager and then became managing director when the Company became part of AMA and played the lead role in making the business a significantly stronger business. Over the years he has attained valuable operational knowledge and experience having been the Group Chief Operating Officer from 2009 to 2016. He is well positioned to assist the board in developing strategy for the next phase of the Company's growth and development.

5,081,684 Fully Paid Ordinary Quoted shares and 2,000,000 options

Nil

Chief Executive Officer - Automotive Components and Accessories Divisions

## **Andrew Hopkins**

Appointed to the Board  
Experience and expertise

Interest in Shares and Options\*

Directorships held in other listed entities  
Special responsibilities

## **Phillip Hains**

Appointed to the Board  
Resigned from the Board  
Experience and expertise

## **Terri Bakos**

Appointed  
Experience and expertise

## **Executive Director**

17 December 2015

Andrew founded the Gemini Group in Perth in 2009 and built the Gemini brand into one of the largest privately owned consolidators offering integrated claims management and repair services to the insurer, corporate and consumer markets. Andrew brings extensive management expertise to the AMA group. With over 35 years of experience in finance, acquisitions, strategy and building insurance relationships, Andrew's ability to continually innovate will broaden AMA's relationships with insurance companies both domestically and internationally.

35,239,167 Fully Paid Ordinary Quoted shares, 15,102,500 Fully Paid Ordinary Unquoted shares and Nil options

Nil

Chief Executive Officer - Vehicle Panel Repair Division

## **Joint Company Secretary**

9 December 2009

23 June 2017

Mr Hains is a Chartered Accountant and specialist in the public company environment. He has served the needs of a number of public company boards of directors and related committees. He has over 23 years' experience in providing accounting, administration, compliance and general management services. He holds a Masters of Business Administration from RMIT and a Public Practice Certificate from the Institute of Chartered Accountants.

## **Joint Company Secretary**

2 March 2010

Ms Bakos is a Chartered Secretary and holds a Bachelor of Business (Accounting) from RMIT University. She has over 20 years' experience providing accounting and compliance services to listed and unlisted public companies.

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

## REMUNERATION REPORT

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

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

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

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

#### **Key Management Personnel**

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

##### *Directors*

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

##### *Executive Management*

Ashley Killick	Chief Financial Officer
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#### **Remuneration policies**

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

The objective of these policies is to:

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

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

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

##### *Non-Executive Directors*

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

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

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

#### *Executive Directors and Executive Management remuneration*

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

The Company also has a policy of rewarding extraordinary contribution to the growth of the Company with the grant of an annual discretionary cash bonus, shares or options under the Company's Employee Equity Plan.

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

Remuneration packages for Executives can generally consist of three components:

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

#### *Fixed remuneration*

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

Superannuation contributions by the Company are limited to the statutory level of 9.50% (2016: 9.50%) of wages and salaries.

#### *Short-term incentives*

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

#### *Long-term incentives*

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

#### *Performance based remuneration*

Performance based remuneration is issued to reward individual performance in line with Group objectives. Consequently, performance based remuneration is paid to an individual where the individual's performance clearly contributes to a successful outcome for the Group. This is regularly measured in respect of performance against key performance indicators ("KPI's") and incentive bonuses are paid monthly, quarterly and yearly to reflect this.

KPI's used to measure performance include, but are not limited to:

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

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

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

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

#### *Remuneration policy versus Group Performance*

The Group's remuneration policy is based on industry practice. Executive performance based remuneration issued during the 2017 financial year has been measured against the KPI's set at the start of the year by the Board and/or Executive Management to reflect the Group's objectives for the year. The Board believes that the performance based remuneration issued to executives during the year reflects the contribution that they have made to the Group's performance over the past 12 months.

#### **Service agreements**

The Group has entered into service agreements with Key Management Personnel. Details of these agreements are contained in Part D of this report.

### **B Details of remuneration**

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

#### **2017**

	Short-term benefits			Long-term benefits <sup>2</sup>	Post-employment benefits <sup>3</sup>	Equity settled benefits <sup>4</sup>	Total
	Salary	Bonus <sup>1</sup>	Other				
	\$	\$	\$	\$	\$	\$	\$
<b>Non-Executive Directors</b>							
Hugh Robertson	80,000	-	-	-	-	-	80,000
Brian Austin	80,000	-	-	-	-	-	80,000
Leath Nicholson	80,000	-	-	-	-	-	80,000
<b>Executive Directors</b>							
Raymond Malone	731,500	250,000	-	11,655	35,000	116,000	1,144,155
Raymond Smith-Roberts	299,401	404,994	-	4,249	30,000	20,000	758,644
Andrew Hopkins	660,000	250,000	-	-	-	-	910,000
<b>Executive Management</b>							
Ashley Killick	359,135	250,000	-	929	38,868	-	648,932
	2,290,036	1,154,994	-	16,833	103,868	136,000	3,701,731

#### Notes:

1 - Represents short term incentives paid or accrued

2 - Represents movement in the provision for long service leave for amounts accrued and not paid

3 - Represents amounts paid for pension and superannuation benefits

4 - Represents the non-cash accounting charge to the Company's operating result relating to prior year share issues, to compensate for sign on bonuses, and options granted in the current year - refer to following sections for further details

**2016**

	Short-term benefits			Long-term benefits <sup>2</sup>	Post-employment benefits <sup>3</sup>	Equity settled benefits <sup>4</sup>	Total
	Salary	Bonus <sup>1</sup>	Other				
	\$	\$	\$	\$	\$	\$	\$
<b>Non-Executive Directors</b>							
Hugh Robertson	81,667	-	-	-	-	-	81,667
Brian Austin <sup>5</sup>	40,000	-	-	-	-	-	40,000
Leath Nicholson <sup>5</sup>	40,000	-	-	-	-	-	40,000
Simon Doyle <sup>6</sup>	34,429	-	-	-	3,271	-	37,700
<b>Executive Directors</b>							
Raymond Malone	383,250 <sup>7</sup>	-	-	5,845	35,000	2,066,000	2,490,095
Raymond Smith-Roberts	300,000	270,416	-	21,349	30,000	410,000	1,031,765
Andrew Hopkins <sup>8</sup>	495,000	-	-	-	-	-	495,000
<b>Executive Management</b>							
Ashley Killick <sup>9</sup>	167,822	-	-	187	15,900	206,000	389,909
	<b>1,542,168</b>	<b>270,416</b>	<b>-</b>	<b>27,381</b>	<b>84,171</b>	<b>2,682,000</b>	<b>4,606,136</b>

**Notes**

1 – Represents short term incentives paid or accrued

2 - Represents movement in the provision for long service leave for amounts accrued and not paid

3 - Represents amounts paid for pension and superannuation benefits

4 - Represents the non-cash accounting charge to the Company's operating result relating to prior year share issues, to compensate for sign on bonuses, and options granted in that year - refer to following sections for further details

5 - Appointed 23 December 2015

6 - Retired 4 November 2015

7 – In consideration of shareholders approving the issue of options to Mr Malone at the 27 November 2015 AGM, Mr Malone agreed not to be paid a salary in the second half of the financial year.

8 - Appointed 17 December 2015

9 - Appointed 29 September 2015

At the Annual General Meeting held on 27 November 2015, shareholders approved the issue of 10,000,000 options to Mr Raymond Malone and 2,000,000 options to Mr Raymond Smith-Roberts. On 25 April 2016, Mr Ashley Killick was issued with 2,000,000 options to acquire ordinary shares in the Company. The Company was required under *AASB 2 Share-based Payment* to expense the notional cost of these options although the individuals received no direct cash benefit. The Company had an independent valuer assess the theoretical value of these options and expensed the resultant amount. The theoretical value of these options has been included in the 2016 remuneration table as remuneration relating to the options issued to:

- Mr Raymond Malone of \$1.950 million;
- Mr Raymond Smith-Roberts of \$0.390 million; and
- Mr Ashley Killick of \$0.206 million.

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

The value of \$116,000 has been included in the 2016 and 2017 remuneration tables for Mr Raymond Malone and the value of \$20,000 has been included in the 2016 and 2017 remuneration tables for Mr Raymond Smith-Roberts.



## **C Share-based compensation**

### **Equity Holdings**

#### **Fully Paid Ordinary Quoted Shares**

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

	<b>Opening Balance</b>	<b>Balance on Appointment</b>	<b>Balance on Retirement</b>	<b>Other Changes</b>	<b>Closing Balance</b>
<b>2017</b>					
Raymond Malone	80,417,619	-	-	-	80,417,619
Raymond Smith-Roberts	5,081,684	-	-	-	5,081,684
Hugh Robertson	230,000	-	-	50,000 <sup>1</sup>	280,000
Andrew Hopkins	19,524,167	-	-	15,715,000 <sup>2</sup>	35,239,167
Brian Austin	112,000	-	-	-	112,000
Leath Nicholson	1,673,395	-	-	-	1,673,395
	<b>107,038,865</b>	<b>-</b>	<b>-</b>	<b>15,765,000</b>	<b>122,803,865</b>
<b>2016</b>					
Raymond Malone	80,417,619	-	-	-	80,417,619
Raymond Smith-Roberts	8,167,746	-	-	(3,086,062) <sup>3</sup>	5,081,684
Hugh Robertson	230,000	-	-	-	230,000
Andrew Hopkins	-	19,524,167 <sup>4</sup>	-	-	19,524,167
Brian Austin	-	112,000 <sup>5</sup>	-	-	112,000
Leath Nicholson	-	1,673,395 <sup>5</sup>	-	-	1,673,395
Simon Doyle	4,161,470	-	(4,161,470) <sup>6</sup>	-	-
	<b>92,976,835</b>	<b>21,309,562</b>	<b>(4,161,470)</b>	<b>(3,086,062)</b>	<b>107,038,865</b>

#### **Notes:**

- 1 - Shares acquired through open market trade on 21 June 2017
- 2 - Shares acquired through off market trade on 19 August 2016
- 3 - Shares sold through open market trade on 21 April 2016
- 4 - Appointed 17 December 2015 (Initial holdings at appointment date)
- 5 - Appointed 23 December 2015 (Initial holdings at appointment date)
- 6 - Retired 4 November 2015 (Balance at date of retirement removed from list)

#### **Fully Paid Ordinary Unquoted Shares**

On his appointment as an Executive Director, on 17 December 2015, Mr Andrew Hopkins and his related parties, held an interest in 8,367,500 ordinary unquoted shares in the Company. On 19 August 2016, a related entity of Mr Hopkins acquired a further interest in this class of shares in AMA Group Limited. The current interest of Mr Hopkins is 15,102,500 Fully Paid Ordinary Unquoted shares.

#### **Options over Fully Paid Ordinary Quoted Shares**

On 14 September 2015, the Board agreed to the issue of unquoted options to Directors as part of their remuneration package. At the General Meeting of AMA shareholders held on 27 November 2015, the shareholders approved the issue of 10,000,000 options to Mr Raymond Malone and 2,000,000 options to Mr Raymond Smith-Roberts. The terms of the Options include a nil consideration price with an exercise price of \$1.20 each. The Options vest 12 months from the date of Shareholder Approval (i.e. 27 November 2016). They expire 3 years from issue date. These Options are convertible into 1 fully paid ordinary Share in the Company. Upon exercise the Shares issued will be quoted and will rank equally with all other fully paid ordinary Shares.

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

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

#### **D Service agreements**

The Group has entered into service agreements with Key Management Personnel. It is a standard requirement of these contracts that no individual, during the term of their employment agreement, shall perform work for any other person, corporation or business without the prior written consent of the Company.

Specific details of the service agreements for Key Management Personnel in place as at 30 June 2017 are:

**Name:** **Raymond Malone**

Title: Executive Chairman and Chief Executive Officer  
Agreement commenced: 4 July 2010  
Agreement extended: 1 July 2012  
Term of original agreement: 5 Years  
Term of extension: 5 Years  
Other terms: On 28 September 2017, the Company and Mr Malone agreed to continue his employment on an ongoing basis with the following variations:  
(i) The base remuneration was increased to \$950,000 per annum; and  
(ii) The arrangement may be terminated by either party after giving twelve months written notice.

**Name:** **Brian Austin**

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

**Name:** **Leath Nicholson**

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

**Name:** **Hugh Robertson**

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



**Name:** **Raymond Smith-Roberts**

**Title:** Executive Director and Chief Executive Officer of Automotive Components and Accessories  
**Agreement commenced:** 1 September 2010  
**Agreement extended:** 1 July 2012  
**Term of extension:** 5 Years  
**Term of original agreement:** No fixed term  
**Other terms:** On 28 September 2017, the Company and Mr Smith-Roberts agreed to continue his employment on an ongoing basis with the following variations:  
(i) The remuneration package remained the same subject to the short term incentive entitlement being subject to adjustment if additional responsibilities were added in the future; and  
(ii) The arrangement may be terminated by either party after giving twelve months written notice.

**Name:** **Andrew Hopkins**

**Title:** Executive Director and Chief Executive Officer of Vehicle Panel Repair  
**Agreement commenced:** 16 December 2015  
**Term of agreement:** 5 Years  
**Termination period:** None  
**Termination payment:** None  
**Other terms:** Mr Hopkins is employed as the Key Person under a consultancy services agreement with an entity that is a related party to him.  
On 28 September 2017, the Company and the related party agreed to increase the base consultancy fee to \$900,000 plus GST per annum.

**Name:** **Ashley Killick**

**Title:** Chief Financial Officer  
**Agreement commenced:** 27 February 2017  
**Term of agreement:** Ongoing  
**Termination period:** 6 Months' notice period  
**Termination payment:** Nil  
**Other terms:** None

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

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

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

## **SHARES UNDER OPTION**

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

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

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

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

#### **SHARES ISSUED ON THE EXERCISE OF OPTIONS**

No shares were issued on the exercise of options in the financial year ended 30 June 2017 or 30 June 2016.

#### **INSURANCE OF OFFICERS**

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

#### **PROCEEDINGS ON BEHALF OF THE COMPANY**

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

#### **ENVIRONMENTAL REGULATION**

Management continues to work with local regulatory authorities to achieve, where practical, best practice environmental management so as to minimise risk to the environment, reduce waste and ensure compliance with regulatory requirements. The Group had no adverse environmental issues during the year.

#### **NON-AUDIT SERVICES**

No non-audit services were provided by ShineWing Australia.


#### **AUDITOR'S INDEPENDENCE DECLARATION**

A copy of the auditor's independence declaration, as required under Section 307C of the *Corporations Act*, in relation to the review for the Year ended 30 June 2017, is provided with this report.

#### **ROUNDING OF AMOUNTS**

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

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



Director

28 September 2017

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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2017 there have been:

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

*ShineWing Australia*

**ShineWing Australia**  
Chartered Accountants



Nick Michael  
Partner

Melbourne, 28 September 2017

**AMA GROUP LIMITED**  
(ACN 113 883 560)  
**CONSOLIDATED INCOME STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2017**



	Note	30 Jun 2017 \$'000	30 Jun 2016 Restated \$'000
<b>Revenue from continuing operations</b>	4	382,165	264,284
Raw materials and consumables used		(164,200)	(111,514)
Employment benefits expense	5	(140,851)	(97,985)
Occupancy expense	5	(25,480)	(17,810)
Professional services expense		(3,999)	(4,010)
Travel and motor vehicle expense		(2,946)	(2,165)
Advertising and marketing expense		(1,787)	(1,625)
Information technology expense		(1,559)	(818)
Communication expense		(896)	(687)
Insurance expense		(653)	(757)
Other expense	5	(2,589)	(2,241)
<b>Earnings before interest, tax, depreciation, amortisation and impairment (EBITDA)</b>		<b>37,205</b>	<b>24,672</b>
Depreciation and amortisation expense	5	(10,612)	(7,144)
Impairment expense	5	(300)	(2,954)
<b>Earnings before interest and tax (EBIT)</b>		<b>26,293</b>	<b>14,574</b>
Finance costs	5	(170)	(207)
<b>Profit from continuing operations before fair value adjustments</b>		<b>26,123</b>	<b>14,367</b>
Fair value adjustments to financial liabilities		(1,218)	(920)
Fair value adjustments to contingent consideration		500	-
<b>Profit (loss) before income tax from continuing operations</b>		<b>25,405</b>	<b>13,447</b>
Profit (loss) before tax from discontinued operations	30	-	(18)
<b>Profit (loss) before income tax</b>		<b>25,405</b>	<b>13,429</b>
Income tax benefit / (expense)	6	(7,994)	(6,242)
<b>Net profit (loss)</b>		<b>17,411</b>	<b>7,187</b>
<b>Profit (loss) attributable to</b>			
Members of AMA Group Limited		17,210	6,990
Non-controlling interests	22	201	197
		<b>17,411</b>	<b>7,187</b>
<b>Earnings per Share</b>		<b>Cents</b>	<b>Cents</b>
<b>From continuing operations</b>			
Basic earnings per share	32	3.32	1.53
Diluted earnings per share	32	3.20	1.50
<b>From continuing and discontinuing operations</b>			
Basic earnings per share	32	3.32	1.53
Diluted earnings per share	32	3.20	1.49

The above consolidated income statement is to be read in conjunction with the attached notes. Certain amounts shown here do not correspond to the 2016 financial statements and reflect adjustments made, refer to Note 1.

	Note	30 Jun 2017 \$'000	30 Jun 2016 Restated \$'000
<b>Net profit (loss)</b>		17,411	7,187
<b>Other Comprehensive Income</b>			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		(6)	11
<b>Other comprehensive income, net of tax</b>		(6)	11
<b>Total comprehensive income, net of tax</b>		17,405	7,198
<b>Total comprehensive income attributable to:</b>			
Members of AMA Group Limited		17,204	7,001
Non-controlling interests	22	201	197
		17,405	7,198

The above consolidated statement of comprehensive income is to be read in conjunction with the attached notes. Certain amounts shown here do not correspond to the 2016 financial statements and reflect adjustments made, refer to Note 1.

**AMA GROUP LIMITED**  
(ACN 113 883 560)  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2017**



	Note	30 Jun 2017 \$'000	30 Jun 2016 Restated \$'000
<b>Current assets</b>			
Cash and cash equivalents	7	14,723	22,888
Trade and other receivables	8	34,965	22,781
Inventories	9	19,213	15,402
Other current assets	10	3,701	1,690
Total current assets		72,602	62,761
<b>Non-current assets</b>			
Property, plant and equipment	11	45,944	34,963
Intangibles	12	159,103	149,204
Deferred tax assets	13	7,205	5,227
Investments	14	3,932	-
Other non-current assets	10	3,610	3,639
Total non-current assets		219,794	193,033
Total assets		292,396	255,794
<b>Current liabilities</b>			
Trade and other payables	15	49,662	41,179
Borrowings	16	13,597	601
Income tax payable	6	458	1,828
Provisions	17	11,590	9,358
Other current liabilities	18	13,933	6,515
Total current liabilities		89,240	59,481
<b>Non-current liabilities</b>			
Borrowings	16	100	308
Provisions	17	6,469	4,375
Other non-current liabilities	18	30,223	42,458
Deferred tax liability	19	3,509	2,622
Total non-current liabilities		40,301	49,763
Total liabilities		129,541	109,244
Net assets		162,855	146,550
<b>Equity</b>			
Contributed equity	20	181,691	172,149
Reserves	21	3,054	3,059
Retained earnings (deficit)		(22,122)	(28,855)
Total Group interest		162,623	146,353
Non – controlling interest	22	232	197
Total equity		162,855	146,550

The above consolidated statement of financial position is to be read in conjunction with the attached notes. Certain amounts shown here do not correspond to the 2016 financial statements and reflect adjustments made, refer to Note 1.

**AMA GROUP LIMITED**  
(ACN 113 883 560)  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2017**



	Note	Equity \$'000	Reserves \$'000	Retained Earnings \$'000	Total \$'000	Non Control Interest \$'000	Total \$'000
<b>At 1 July 2015</b>		74,904	-	(26,534)	48,370	-	48,370
Profit for the period (Restated)		-	-	6,990	6,990	197	7,187
Other comprehensive income		-	11	-	11	-	11
Total comprehensive income for the period		-	11	6,990	7,001	197	7,198
<b>Transactions with owners in their capacity as owners:</b>							
Non-controlling interest on acquisition of subsidiary		-	-	-	-	96	96
Shares issued, net of costs		97,245	-	-	97,245	-	97,245
Employee equity plan		-	3,048	-	3,048	-	3,048
Dividends recognised	23	-	-	(9,311)	(9,311)	(96)	(9,407)
		97,245	3,048	(9,311)	90,982	-	90,982
<b>As at 30 June 2016</b>		172,149	3,059	(28,855)	146,353	197	146,550
<b>At 1 July 2016</b>		172,149	3,059	(28,855)	146,353	197	146,550
Profit for the period		-	-	17,210	17,210	201	17,411
Other comprehensive income		-	(5)	-	(5)	-	(5)
Total comprehensive income for the period		-	(5)	17,210	17,205	201	17,406
<b>Transactions with owners in their capacity as owners:</b>							
Non-controlling interest on acquisition of subsidiary		-	-	-	-	30	30
Shares issued, net of costs		9,149	-	-	9,149	-	9,149
Employee equity plan		393	-	-	393	-	393
Dividends recognised	23	-	-	(10,477)	(10,477)	(196)	(10,673)
		9,542	-	(10,477)	(935)	(166)	(1,101)
<b>As at 30 June 2017</b>		181,691	3,054	(22,122)	162,623	232	162,855

The above consolidated statement of changes in equity is to be read in conjunction with the attached notes. Certain amounts shown here do not correspond to the 2016 financial statements and reflect adjustments made, refer to Note 1.

**AMA GROUP LIMITED**  
(ACN 113 883 560)  
**CONSOLIDATED STATEMENT OF CASHFLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2017**



	Note	30 Jun 2017 \$'000	30 Jun 2016 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		362,877	262,973
Payments to suppliers and employees		(340,094)	(219,119)
Interest received		98	361
Interest and other costs of finance paid		(170)	(207)
Income taxes paid		(9,724)	(7,247)
Net cash flows used in operating activities	31	12,987	36,761
<b>Cash flows from investing activities</b>			
Proceeds from sale of property plant and equipment		52	25
Proceeds from disposal of business		-	841
Payments for purchases of property plant and equipment		(11,986)	(8,904)
Payments for intangible assets		-	(4)
Payments for businesses acquired, net of cash acquired		(6,851)	(31,185)
Loans and other investments		(3,902)	1,020
Net cash flows (used in) / provided by investing activities		(22,687)	(38,207)
<b>Cash flows from financing activities</b>			
Equity raised		-	43,526
Proceeds from borrowings		13,000	2,810
Repayment of borrowings		(782)	(14,803)
Dividends paid to AMA shareholders	23	(10,477)	(9,311)
Dividends paid to non-controlling shareholders		(196)	(96)
Net cash flows (used in) / provided by financing activities		1,545	22,126
Net (decrease) / increase in cash and cash equivalents		(8,155)	20,680
Cash and cash equivalents, at beginning of year		22,888	2,197
Effects of exchange changes on the balances held in foreign currencies		(10)	11
Cash and cash equivalents, at the end of year	7	14,723	22,888

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



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## **Note 1 Significant Accounting Policies**

### **Basis of preparation**

#### ***Basis of accounting***

This general purpose financial report, for the year ended 30 June 2017, has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*, for AMA Group Limited ("AMA" or the "Company") and its controlled entities as a consolidated group (the "Group"). The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements comply with International Financial Reporting Standards (IFRSs).

#### ***Principles of consolidation***

The consolidated financial statements incorporate the assets and liabilities of all controlled entities in the Group as at 30 June 2017 and the results of all controlled entities for the year then ended. A list of the controlled entities is provided in Note 29 to these financial statements.

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

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

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

#### ***Historical cost convention***

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

#### ***Comparative figures***

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

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

#### ***Final Acquisition Accounting***

Accounting for Customer Contracts acquired as part of the Gemini acquisition was finalised in the current reporting period. As a result, amortisation charges in respect of these contracts have been calculated and comparative period balances re-stated to reflect charges which relate to those prior reporting periods.

	Consolidated 30 June 2016		
	Reported \$'000	Adjust \$'000	Restated \$'000
<b>Statement of profit or loss and other comprehensive income</b>			
Revenue	264,284	-	264,284
Expenses	(250,528)	(327)	(250,855)
Profit before income tax expense	13,756	(327)	13,429
Income tax expense	(6,340)	98	(6,242)
Profit after income tax expense	7,416	(229)	7,187
Non-controlling interests, net of tax	(197)	-	(197)
Profit after income tax expense attributable to the owners of AMA	7,219	(229)	6,990
Other comprehensive income, net of tax	11	-	11
Total comprehensive income attributable to the owners of AMA	7,230	(229)	7,001
<b>Earnings per share from continuing operations</b>			
	<b>Cents</b>	<b>Cents</b>	<b>Cents</b>
Basic	1.58	(0.05)	1.53
Diluted	1.55	(0.05)	1.50
<b>Statement of financial position</b>			
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Intangible assets	149,531	(327)	149,204
Other assets	106,590	-	106,590
	256,121	(327)	255,794
Deferred tax liabilities	2,720	(98)	2,622
Other liabilities	106,622	-	106,622
	109,342	(98)	109,244
	146,779	(229)	146,550
Retained earnings	(28,626)	(229)	(28,855)
Other equity	175,405	-	175,405
	146,779	(229)	146,550

**Rounding amounts**

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors Reports) Instrument 2016/191 and in accordance with that Instrument, amounts in the financial statements have been rounded off to the nearest thousand dollars, or in certain cases, to the nearest dollar.

## Critical Accounting Estimates

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

## Summary of principal accounting policies

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

### Foreign currency transactions and balances

#### *Functional and presentation currency*

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

#### *Transactions and balances*

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

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge. Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity; otherwise the exchange difference is recognised in the statement of comprehensive income.

### Revenue recognition

Sales revenue represents revenue earned from the sale of the Group's products and services, net of returns, trade allowances and duties and taxes paid. All revenues are stated net of goods and services taxes.

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

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

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

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

Other revenue is recognised when it is received or when the right to receive payment is established. Grants and subsidies are recognised as income over the period to which they relate.

### ***Income tax***

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

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

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

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

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

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

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

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

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

### ***Tax consolidation***

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

### ***Cash and cash equivalents***

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

### ***Inventories***

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

### ***Investments and other financial assets***

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

### ***Property, plant and equipment***

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

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

#### ***Leasehold improvements***

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

#### ***Plant and equipment***

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

#### ***Furniture and equipment***

The expected useful life of furniture and equipment is two to ten years. The diminishing value method of depreciation was used.

#### ***Motor vehicles***

The expected useful life of motor vehicles is four to eight years. The diminishing value method of depreciation was used.

## **Leases**

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

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

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

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

## **Intangible assets**

### *Goodwill*

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

- the consideration transferred;
- any non-controlling interest; and
- the acquisition date fair value of any previously held equity interest, over the acquisition date fair value of net identifiable assets acquired.

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

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

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

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

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

### *Research and Development*

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



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

#### *Patents and trademarks*

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

#### *Customer contracts*

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

#### *Impairment of non-financial assets*

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

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

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

#### *Trade and other payables*

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

#### *Onerous leases*

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

#### *Finance costs*

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

- Short term and long term borrowings
- Finance leases



### ***Provisions***

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

### ***Employee benefits***

#### ***Wages and salaries and annual leave***

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

#### ***Long service leave***

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

#### ***Share-based payments***

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

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

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

### ***Contributed equity***

Ordinary shares are classified as equity.

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

### ***Dividends***

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

### ***Business combinations***

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

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

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

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

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

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

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

### **Earnings per share**

#### ***Basic earnings per share***

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

#### ***Diluted earnings per share***

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

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

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

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

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

### **Financial instruments**

#### *Recognition and initial measurement*

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

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

#### *Classification and subsequent measurement*

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

Amortised cost is calculated as:

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

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

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

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

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

ii. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after reporting date. (All other loans and receivables are classified as non-current assets.)

All trade receivables are recognised at the amounts receivable as they are due for settlement by no more than 90 days. Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment of receivables is raised when some doubt as to collection exists.

iii. Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Held-to-maturity investments are included in non-current assets, except for those that are expected to mature within 12 months after reporting date, which are classified as current assets.

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

iv. Available-for-sale financial assets

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

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

v. Financial liabilities

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

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

Interest free loans are recorded at their fair value. Discounted cash flow models are used to determine the fair values of the loans.

All non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost

*Fair value*

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

### *Impairment*

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

### *Financial guarantees*

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

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

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

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

### *De-recognition*

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

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

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

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

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

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

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

#### **New accounting standards for application in future periods**

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the "AASB") that are relevant to their operations and effective for annual reporting periods beginning on 1 July 2016.

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

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

*AASB 9: Financial Instruments and associated amending standards (applicable for annual reporting periods commencing on or after 1 January 2018)*

AASB 9 will be applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, revised recognition and de-recognition requirements for financial instruments and simplified requirements for hedge accounting. The key changes made to the Standard that may affect the Group on initial application include certain simplifications to the classification of financial assets.

Although the Directors anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments, including hedging activity, based on the preliminary assessment performed to date, the effects are not expected to be material.

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

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

Although the Directors anticipate that the adoption of AASB 15 may have an impact on the Group's financial statements, based on the preliminary assessment performed to date, the effects are not expected to be material.



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

AASB 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. AASB 16 will supersede the current lease guidance including AASB 117 Leases and the related interpretations when it becomes effective. AASB 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees (i.e. all on balance sheet) except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others.

The classification of cash flows will also be affected as operating lease payments under AASB 117 are presented as operating cash flows; whereas under the AASB 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively. Furthermore, extensive disclosures are required by AASB 16.

The Group had as at 30 June 2017, non-cancellable operating lease commitments of \$54.57 million (30 June 2016: \$41.3 million). AASB 117 does not require the recognition of any right-of-use asset or liability for future payments for these leases; instead, certain information is disclosed as operating lease commitments in Note 28. A preliminary assessment indicates that these arrangements will meet the definition of a lease under AASB 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of AASB 16. The new requirement to recognise a right-of-use asset and a related lease liability is expected to have a significant impact on the amounts recognised in the Group's consolidated financial statements. It is not practicable to provide a reasonable estimate of the financial effect until a full assessment of the potential impact is completed by the Group.

*AASB 2016-1: Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses*

This standard is applicable from annual reporting periods beginning on or after 1 January 2017 with earlier application being permitted. This standard amends AASB 112 Income Taxes to clarify how to account for deferred tax assets related to debt instruments measured at fair value, particularly where changes in the market interest rate decrease the fair value of a debt instrument below cost.

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

*AASB 2016-2: Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107*

This standard is applicable from annual reporting periods beginning on or after 1 January 2017 with earlier application being permitted. This standard amends AASB 107 *Statement of Cash Flows* to require entities preparing financial statements in accordance with Tier 1 reporting requirements to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

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

*AASB 2016-5: Amendments to Australian Accounting Standards - Classification and Measurement of Share based Payment Transactions*

This Standard is applicable from 1 January 2018 with earlier application being permitted. The Standard amends AASB 2 *Share-based Payment* to address:

- a) The accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
- b) The classification of share-based payment transactions with a net settlement feature for withholding tax obligations; and
- c) The accounting for a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

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

**Note 2 Critical Accounting Estimates and Judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

**Critical accounting estimates and assumptions**

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

**Impairment of Goodwill**

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

**Fair value of financial instruments**

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

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



### **Note 3     Segment Information**

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

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

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

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

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

Unless stated otherwise, all amounts reported to the Chief Executive Officer as the chief decision maker with respect to operating segments are determined in accordance with the Group's accounting policies. The gross margin of the panel repair segment, as presented to the Chief Executive Officer, does not include direct labour costs or an allocation of overheads.

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

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

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

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

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

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

	Panel \$'000	Protection \$'000	Electrical \$'000	Component \$'000	Total \$'000
<b>Year to 30 June 2017</b>					
<i>Revenue</i>					
External sales	323,769	25,685	14,864	10,340	374,658
Other income	742	791	77	224	1,834
Total sales & other income	324,511	26,476	14,941	10,564	376,492
Unallocated revenue					5,673
Total revenue					382,165
<i>Result</i>					
Segment gross margin	185,459	12,622	4,514	4,067	206,662
Impairment expense					-
Unallocated expenses					(180,539)
Fair value adjustments					(718)
Profit from continuing operations before income tax					25,405
<i>Net assets</i>					
Segment assets	107,826	55,468	12,098	9,789	185,181
Unallocated assets					107,215
Total Assets					292,396
Segment liabilities	(62,681)	(3,231)	(2,090)	(1,752)	(69,754)
Unallocated liabilities					(59,787)
Total Liabilities					(129,541)
<b>Year to 30 June 2016</b>					
<i>Revenue</i>					
External sales	211,549	27,591	15,030	7,732	261,902
Other income	571	977	208	282	2,038
Total sales & other income	212,120	28,568	15,238	8,014	263,940
Unallocated revenue					344
Total revenue					264,284
<i>Result</i>					
Segment gross margin	123,730	12,579	4,393	3,203	143,905
Impairment expense			(2,954)		(2,954)
Unallocated expenses					(126,584)
Fair value adjustments					(920)
Profit from continuing operations before income tax					13,447
<i>Net assets</i>					
Segment assets	197,437	21,024	11,553	3,577	233,591
Unallocated assets					22,203
					255,794
Segment liabilities	(50,719)	(3,765)	(2,464)	(1,255)	(58,203)
Unallocated liabilities					(51,041)
					(109,244)

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

**Note 4 Revenue**

	30 Jun 2017 \$'000	30 Jun 2016 \$'000
<b>From continuing operations</b>		
<b>Sales revenue</b>		
Sale of goods	50,839	50,352
Service and hire	323,819	211,550
	<u>374,658</u>	<u>261,902</u>
<b>Other revenue</b>		
Interest received	98	361
Exchange rate gains	-	102
Other revenue	7,409	1,919
	<u>7,507</u>	<u>2,382</u>
<b>Total revenue from continuing operations</b>	<u>382,165</u>	<u>264,284</u>

**Note 5 Expenses**

	30 Jun 2017 \$'000	30 Jun 2016 \$'000
<b>Profit before income tax includes the following specific expenses:</b>		
Rental expense relating to operating leases (minimum lease payments)	16,165	12,509
Defined contribution superannuation expense	10,197	7,386
Executive equity plan expense	403	3,644
Consulting and advisory expense	3,684	3,711
Bad and doubtful debts expense / (recovery)	(32)	23
Inventory obsolescence expense	12	50
Loss / (profit) on disposal of assets	(15)	62
Depreciation and amortization expense		
- Depreciation of property, plant & equipment	7,168	4,515
- Amortisation of intangible assets	3,444	2,629
Impairment expense		
- Goodwill	-	2,000
- Other	300	954
Interest and finance charges paid / payable	170	207
<b>Fees paid or payable to Shine Wing Australia (the Company's Auditors) or its related practices:</b>		
- Audit or review of the financial reports	316	298
- Other services	-	-
	<u>316</u>	<u>298</u>

**Note 6 Income Tax Expense**

	Notes	30 Jun 2017 \$'000	30 Jun 2016 \$'000
<b>Income tax expense</b>			
Current tax payable		457	1,828
Businesses acquired during the year		-	(360)
Current year tax instalments paid during the year		8,267	6,400
Deferred tax		(450)	(1,491)
Other		-	-
(Over)/Under provision in respect of prior year		(279)	(37)
Aggregate income tax expense		<u>7,995</u>	<u>6,340</u>
<b>Deferred tax included in income tax expense comprises:</b>			
Decrease/(increase) in deferred tax assets		(236)	101
(Decrease)/increase in deferred tax liabilities		(214)	(1,592)
		<u>(450)</u>	<u>(1,491)</u>
<b>Reconciliation of prima facie tax payable to income tax expense:</b>			
Profit before income tax (expense)/benefit		<u>25,405</u>	<u>13,429</u>
Tax at the Australian tax rate of 30%		7,622	4,029
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:			
Employee equity plan		121	1,093
Impairment		90	600
Fair value adjustments		215	276
Non-deductible professional services fees		226	275
Other non-deductible items		-	6
(Over)/Under provision in respect of prior year		(279)	(37)
Income tax expense		<u>7,995</u>	<u>6,242</u>
Income tax expense attributable to:			
- Continuing operations		7,995	6,248
- Discontinued operations	30	-	(6)
Income tax expense		<u>7,995</u>	<u>6,242</u>
Income tax expense attributable to:			
- Members of the Company		7,909	6,157
- Non-controlling interests		86	85
Income tax expense		<u>7,995</u>	<u>6,242</u>
The applicable weighted average effective tax rates are as follows:		<u>31.5%</u>	<u>46.5%</u>

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

**Note 7 Cash and Cash Equivalents**

	30 Jun 2017 \$'000	30 Jun 2016 \$'000
Cash on hand	65	28
Cash at bank	14,658	22,860
	<u>14,723</u>	<u>22,888</u>

**Note 8 Trade and Other Receivables**

	30 Jun 2017 \$'000	30 Jun 2016 \$'000
<b>Current</b>		
Trade receivables	28,711	18,704
Less provision for impairment of receivables	(269)	(130)
	<u>28,442</u>	<u>18,574</u>
Other receivables	6,523	4,207
	<u>34,965</u>	<u>22,781</u>

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

**Bad and doubtful trade receivables**

The Group has recognised a provision of \$269,000 (2016: \$130,000) in respect of bad and doubtful trade receivables during the year ended 30 June 2017.

**Impairment of receivables**

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

	30 Jun 2017 \$'000	30 Jun 2016 \$'000
3 to 6 months	269	130
Over 6 months	-	-
	<u>269</u>	<u>130</u>

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

Opening balance	130	48
Business acquisition	20	69
Additional provisions recognised/(released)	127	20
Receivables written off/(back-in) during the year as uncollectible	(8)	(7)
Discontinuing operation	-	-
Closing balance	<u>269</u>	<u>130</u>

### ***Past due but not impaired***

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

	30 Jun 2017 \$'000	30 Jun 2016 \$'000
1 to 3 months	4,899	4,772
3 to 6 months	-	-
Over 6 months	-	-
Closing balance	4,899	4,772

Customers with balances past due but without provision for impairment at 30 June 2017 amount to \$4,899,000 (2016: \$4,772,000). Management do not consider that there is any credit risk on the aggregate balances after reviewing credit agency information and recognising a tacit extension to the recorded credit terms of customers based on recent collection practices.

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

### **Note 9 Inventories**

	30 Jun 2017 \$'000	30 Jun 2016 \$'000
Raw materials and consumables	8,212	6,019
Work in progress	5,844	4,143
Finished goods	5,157	5,240
	19,213	15,402

### **Note 10 Other Assets**

	30 Jun 2017 \$'000	30 Jun 2016 \$'000
<b>Current</b>		
Deferred Employee Equity Plan	170	265
Prepayments	3,531	1,425
	3,701	1,690
<b>Non-Current</b>		
Deferred Employee Equity Plan	205	120
Prepayments	1,246	1,475
Vendor loans	2,159	2,044
	3,610	3,639

**Note 11 Property, Plant and Equipment**

	30 Jun 2017 \$'000	30 Jun 2016 \$'000
Leasehold improvements - at cost	16,105	12,006
less accumulated amortisation	(4,317)	(3,824)
	<u>11,788</u>	<u>8,182</u>
Plant & equipment - at cost	52,069	38,926
less accumulated depreciation	(21,073)	(14,330)
Less impairment provision	(1,651)	(1,651)
	<u>29,345</u>	<u>22,945</u>
Furniture & equipment - at cost	4,319	3,451
less accumulated depreciation	(1,946)	(1,807)
	<u>2,373</u>	<u>1,644</u>
Motor vehicles - at cost	4,754	4,398
less accumulated depreciation	(2,316)	(2,206)
	<u>2,438</u>	<u>2,192</u>
	<u>45,944</u>	<u>34,963</u>

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

	Leasehold improvements \$'000	Plant & Equipment \$'000	Furniture & Fittings \$'000	Motor vehicles \$'000	Total \$'000
<b>Balance at 1 July 2015</b>	1,700	5,432	564	378	8,074
Additions	3,830	4,971	523	481	9,805
Business acquisition	2,798	16,802	676	1,411	21,687
Disposals	(39)	(18)	(11)	(20)	(88)
Depreciation expense	(107)	(4,242)	(108)	(58)	(4,515)
Discontinued operations	-	-	-	-	-
<b>Balance at 30 June 2016</b>	<u>8,182</u>	<u>22,945</u>	<u>1,644</u>	<u>2,192</u>	<u>34,963</u>
<b>Balance at 1 July 2016</b>	8,182	22,945	1,644	2,192	34,963
Additions	3,956	6,983	824	312	12,075
Business acquisitions	65	5,951	18	77	6,111
Disposals	-	(2)	-	(35)	(37)
Depreciation expense	(415)	(6,532)	(113)	(108)	(7,168)
Discontinued operations	-	-	-	-	-
<b>Balance at 30 June 2017</b>	<u>11,788</u>	<u>29,345</u>	<u>2,373</u>	<u>2,438</u>	<u>45,944</u>



**Note 12 Intangible Assets**

	30 Jun 2017 \$'000	30 Jun 2016 \$'000
Goodwill - at cost	161,594	148,251
Less impairment	(8,545)	(8,545)
	<u>153,049</u>	<u>139,706</u>
Patents & Trademarks	629	629
Less amortisation	(212)	(192)
	<u>417</u>	<u>437</u>
Customer contracts	11,977	11,977
Less amortisation	(6,340)	(2,916)
	<u>5,637</u>	<u>9,061</u>
	<u>159,103</u>	<u>149,204</u>

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

	Goodwill \$'000	Patents & Trademarks \$'000	Customer Contracts \$'000	Total \$'000
<b>Balance at 1 July 2015</b>	<b>47,235</b>	<b>79</b>	<b>732</b>	<b>48,046</b>
Additions and adjustment	1,139	4	-	1,143
Acquired	93,332	384	10,929	104,645
Impairment expense	(2,000)	-	-	(2,000)
Amortisation expense	-	(30)	(2,600)	(2,630)
<b>Balance at 30 June 2016</b>	<b>139,706</b>	<b>437</b>	<b>9,061</b>	<b>149,204</b>
Additions and adjustment	96	-	-	96
Acquired	13,247	-	-	13,247
Impairment expense	-	-	-	-
Amortisation expense	-	(20)	(3,424)	(3,444)
<b>Balance at 30 June 2017</b>	<b>153,049</b>	<b>417</b>	<b>5,637</b>	<b>159,103</b>

**Goodwill**

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

	30 Jun 2017 \$'000	30 Jun 2016 \$'000
Vehicle Panel Repair	134,826	121,639
Vehicle Protection Products & Accessories	11,414	11,414
Automotive Electrical & Cable Accessories	5,349	5,349
Automotive Component Remanufacturing	1,460	1,304
	<u>153,049</u>	<u>139,706</u>

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

	<b>Vehicle Panel Repair</b>	<b>Vehicle Protection Products &amp; Accessories</b>	<b>Automotive Electrical &amp; Cable Accessories</b>	<b>Automotive Component Remanufacturing</b>
Growth Rate %	0.00	0.00	0.00	0.00
Pre-tax discount rate %	7.80	8.30	9.10	9.10

The value in use calculations use weighted average growth rates to project revenue & costs and Management's best estimates of what it believes will occur in future years. Due to the current effects of the economic environment on the automotive industry, the Company has adopted a conservative approach and used growth rates of 0.00%.

The pre-tax discount rates of 7.80% to 9.10% reflect Management's estimate of the time value of money and the Group's weighted average cost of capital adjusted for additional risk factors associated with each segment.

#### ***Impact of possible changes in key assumptions***

##### ***Vehicle Panel Repair Segment***

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

If the estimated pre-tax discount rate for this CGU had been 1% higher than Management's estimates (8.80% instead of 7.80%), the group would not be required to recognise any further impairment of goodwill in relation to this CGU.

##### ***Vehicle Protection Products & Accessories Segment***

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

If the estimated pre-tax discount rate for this CGU had been 1% higher than Management's estimates (9.30% instead of 8.30%), the group would not be required to recognise any further impairment of goodwill in relation to this CGU.

##### ***Automotive Electrical & Cable Accessories Segment***

If the base EBIT used in the value-in-use calculation for this CGU had decreased by 10% and then remained constant with no further growth applied, the group would be not required to recognise any further impairment of goodwill (2016: \$Nil) in relation to this CGU.

If the estimated pre-tax discount rate for this CGU had been 1% higher than Management's estimates (10.10% instead of 9.10%), the group would be not required to recognise any further impairment of goodwill (2016: \$Nil) in relation to this CGU.

*Automotive Component Remanufacturing Segment*

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

If the estimated pre-tax discount rate for this CGU had been 1% higher than Management's estimates (10.10% instead of 9.10%), the group would not be required to recognise any further impairment of goodwill in relation to this CGU.

**Note 13 Deferred Tax Asset**

	30 Jun 2017 \$'000	30 Jun 2016 \$'000
The balance comprises temporary differences attributable to:		
<b>Amounts recognised in the statement of comprehensive income:</b>		
Employee benefits	4,158	3,102
Provisions	368	1,070
Accrued expenses	1,211	394
Inventory	197	134
Doubtful debts	81	39
Other	925	100
	<u>6,940</u>	<u>4,839</u>
<b>Amounts recognised in equity:</b>		
Transaction costs on share issue	265	388
	<u>265</u>	<u>388</u>
Deferred tax asset	<u>7,205</u>	<u>5,227</u>

At 30 June 2017, the Group has estimated un-recouped revenue losses of \$334,000 (2016: \$nil).

At 30 June 2017, the Group has estimated un-recouped capital losses of \$3,528,900 (2016: \$3,747,900) none of which have been brought to account as a deferred tax asset.

The benefit of these losses will only be obtained if:

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

**Note 14 Investments**

	30 Jun 2017 \$'000	30 Jun 2016 \$'000
Investment in associates	<u>3,932</u>	<u>-</u>

On 23 May 2017, AMA announced that it would seek to acquire all of the shares in Automotive Solutions Group Limited ("ASG"). This Offer lapsed on 7 July 2017. At 30 June 2017, the Company had acquired 12,532,376 fully paid ordinary shares in ASG which represents 24.9% of the issued capital of ASG. At completion of the offer, AMA held 15,755,471 fully paid ordinary shares in ASG which represents 31.3% of the issued capital of ASG.

**Note 15 Trade and Other Payables**

	30 Jun 2017 \$'000	30 Jun 2016 \$'000
Trade payables	37,182	28,531
Other payables	12,480	12,648
	<u>49,662</u>	<u>41,179</u>

**Note 16 Borrowings**

	30 Jun 2017 \$'000	30 Jun 2016 \$'000
<b>Current</b>		
Bank loan	13,000	-
Lease liability	597	601
	<u>13,597</u>	<u>601</u>
<b>Non-current</b>		
Bank loan	-	-
Lease liability	100	308
	<u>100</u>	<u>308</u>
<b>Total</b>		
Bank loan	13,000	-
Lease liability	697	909
	<u>13,697</u>	<u>909</u>

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

	30 Jun 2017 \$'000	30 Jun 2016 \$'000
Bank loan facility	<u>40,000</u>	<u>12,000</u>
Unutilised at balance date	<u>27,000</u>	<u>12,000</u>

**Financing arrangements**

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

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

The Facility is secured by a fixed and floating charge over all of the assets of the Company and its wholly owned subsidiaries and is subject to standard covenants. At year end, the Company was in compliance with these covenants.

The lease liabilities are effectively secured as the rights to the leased assets recognised in the statement of financial position revert to the lessor in the event of default.

## Note 17 Provisions

	30 Jun 2017 \$'000	30 Jun 2016 \$'000
<b>Current</b>		
Annual leave	8,604	6,603
Long service leave	2,408	2,604
Dividends	190	151
Onerous lease	388	-
	<u>11,590</u>	<u>9,358</u>
<b>Non-current</b>		
Long service leave	2,847	1,132
Make good	3,153	1,865
Onerous lease	469	1,378
	<u>6,469</u>	<u>4,375</u>

### Movements in provisions

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

	Dividends	Make Good	Onerous Lease	Total
Carrying amount at beginning of year	151	1,865	1,378	3,394
Arising during the year	39	1,330	209	1,578
Utilised	-	(42)	(730)	(772)
Carrying amount at end of year	<u>190</u>	<u>3,153</u>	<u>857</u>	<u>4,200</u>

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

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

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

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

	30 Jun 2017 \$'000	30 Jun 2016 \$'000
Annual leave obligation expected to be settled after 12 months	1,473	4,728
Long service leave obligation to be settled after 12 months	792	365
	<u>2,265</u>	<u>5,093</u>

**Note 18 Other Liabilities**

	30 Jun 2017 \$'000	30 Jun 2016 \$'000
<b>Current</b>		
Deferred income	6,000	5,100
Deferred vendor consideration	7,933	1,415
	<u>13,933</u>	<u>6,515</u>
<b>Non-current</b>		
Deferred income	8,532	14,919
Deferred vendor consideration	21,691	27,539
	<u>30,223</u>	<u>42,458</u>

**Deferred Vendor Consideration**

The Company has recorded deferred and contingent consideration to Business Vendors for \$31.208 million (2016: \$31.200 million) which, as per the relevant business purchase agreement includes amounts for performance based earn-outs to be paid in a mixture of shares and cash. The present value of the liability is \$29.624 million (2016: \$28.954 million). Refer to Note 24 for further information on how fair value has been determined for contingent consideration. An analysis of this liability by type of consideration follows:

	30 Jun 2017 \$'000	30 Jun 2016 \$'000
<b>Current</b>		
Cash Settlement	4,143	624
Share Settlement	3,790	791
	<u>7,933</u>	<u>1,415</u>
<b>Non-Current:</b>		
Cash Settlement	19,319	20,706
Share Settlement	2,372	6,833
	<u>21,691</u>	<u>27,539</u>
	<u>29,624</u>	<u>28,954</u>

**Deferred Income**

In a previous financial year, the Group entered into an agreement with a key supplier to purchase product and services from the supplier over an agreed period of time and receives various preferential benefits; one of which is a market investment incentive. To satisfy the requirements of this agreement, the Group must purchase from this supplier in accordance with agreed terms. The incentive is being amortised as this liability reduces. At 30 June 2017, an amount of \$6.0 million (2016: \$5.1 million) has been classified as current representing the anticipated reduction in this incentive over the next twelve months.

## Note 19 Deferred Tax Liability

	30 Jun 2017 \$'000	30 Jun 2016 \$'000
The balance comprises temporary differences attributable to:		
Amounts recognised in statement of comprehensive income:		
Sundry debtors	1,818	997
Customer contracts	1,691	1,625
Sundry items	-	-
Deferred tax liability	3,509	2,622

## Note 20 Contributed Equity

	30 Jun 2017 Number	30 Jun 2016 Number	30 Jun 2017 \$'000	30 Jun 2016 \$'000
Fully Paid Ordinary shares				
Quoted	488,892,102	473,196,686	161,691	157,149
Unquoted	30,100,428	25,000,000	20,000	15,000
	518,992,530	498,196,686	181,691	172,149

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

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



**Movements in ordinary share capital**

	Date	Number	Issue Price (Cents)	\$'000
<b>Quoted:</b>				
<b>Opening balance</b>	<b>1 Jul 2015</b>	<b>334,250,963</b>		<b>74,904</b>
<b>Shares issued</b>				
Institutional placement	1 Jul 2015	75,000,000	58.6	43,968
Employee share issue	15 Oct 2015	721,796	37.4	270
Employee share issue	25 Apr 2016	106,383	94.0	100
Employee share issue	19 May 2016	374,264	37.4	140
Employee share issue	19 May 2016	53,191	94.0	50
Vendor share issue	6 Nov 2015	249,252	100.3	250
Vendor share issue	10 Dec 2015	58,333,333	60.0	35,000
Vendor share issue	4 Jan 2016	655,308	76.3	500
Vendor share issue	29 Jan 2016	1,576,905	82.4	1,300
Vendor share issue	19 May 2016	1,875,291	35.6	667
<b>Closing balance</b>	<b>30 Jun 2016</b>	<b>473,196,686</b>		<b>157,149</b>
<b>Shares issued</b>				
Employee share issue	17 Oct 2016	18,026	90.1	16
Employee share issue	17 Oct 2016	62,005	43.4	27
Employee share issue	25 Nov 2016	181,181	82.8	150
Employee share issue	25 Nov 2016	181,181	82.8	150
Employee share issue	25 Nov 2016	49,363	101.3	50
Vendor share issue	16 Feb 2017	12,750,000	23.5	2,989
Vendor share issue	21 Mar 2017	1,875,291	35.3	662
Vendor share issue	21 Mar 2017	393,184	76.3	300
Vendor share issue	3 Apr 2017	185,185	106.8	198
<b>Closing balance</b>	<b>30 Jun 2017</b>	<b>488,892,102</b>		<b>161,691</b>
<b>Unquoted:</b>				
<b>Opening balance</b>	<b>1 Jul 2015</b>	<b>-</b>		<b>-</b>
<b>Shares issued</b>				
Vendor share issue	10 Dec 2016	25,000,000	60.0	15,000
<b>Closing balance</b>	<b>30 Jun 2016</b>	<b>25,000,000</b>		<b>15,000</b>
<b>Shares issued</b>				
Vendor share issue		5,100,428	98.3	5,000
<b>Closing balance</b>	<b>30 Jun 2017</b>	<b>30,100,428</b>		<b>20,000</b>
<b>Total</b>		<b>518,992,530</b>		<b>181,691</b>

## Note 21 Reserves

	30 Jun 2017 \$'000	30 Jun 2016 \$'000
Equity Based Remuneration Reserve	3,048	3,048
Foreign Exchange Translation Reserve	6	11
	<u>3,054</u>	<u>3,059</u>

## Note 22 Non-Controlling Interests

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

	30 Jun 2017 \$'000	30 Jun 2016 \$'000
Opening Balance	197	-
Entity joins the Group	30	96
Share of result for the period	201	197
Dividends paid	(196)	(96)
Closing Balance	<u>232</u>	<u>197</u>

## Note 23 Dividends

	30 Jun 2017 \$'000	30 Jun 2016 \$'000
Dividends paid or declared during the period ended were:		
Final dividend of 1.7 cents per share, fully franked, paid 30 Oct 2015	-	6,957
Interim dividend of 0.5 cents per share, fully franked, paid 7 Apr 2016	-	2,354
Final dividend of 1.7 cents per share (fully franked), paid 30 Oct 2016	8,045	-
Interim dividend of 0.5 cents per share, fully franked, paid 13 Apr 2017	2,432	-
	<u>10,477</u>	<u>9,311</u>
Franking credits available for subsequent financial years based on tax rate of 30%	<u>14,884</u>	<u>4,748</u>

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

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

## Note 24 Financial Instruments

### Financial risk management

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

Risk management is carried out by Executive Management under policies approved by the Board. Executive Management identifies, evaluates and mitigates financial risks within the Group's operating units.

### Market risk

#### Foreign currency risk

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

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

Consolidated	Assets		Liabilities	
	30 Jun 2017 \$'000	30 Jun 2016 \$'000	30 Jun 2017 \$'000	30 Jun 2016 \$'000
US Dollar	-	-	202	739
NZ Dollar	147	-	205	-
	<u>147</u>	<u>-</u>	<u>407</u>	<u>739</u>

The Group had financial assets denominated in NZ Dollars of AUD \$147,000 as at 30 June 2017 (2016: A\$Nil). Based on this exposure, had the Australian Dollar weakened/strengthened by 10% against the NZ Dollar with all other variables held constant, the Group's result for the year and equity would have been \$16,000 higher/lower (2016: A\$Nil).

The Group had financial liabilities denominated in US Dollars of AUD \$202,000 as at 30 June 2017 (2016: A\$739,000). Based on this exposure, had the Australian Dollar weakened/strengthened by 10% against the US Dollar with all other variables held constant, the Group's result for the year and equity would have been \$22,000 higher/lower (2016: A\$82,000).

The Group had financial liabilities denominated in NZ Dollars of AUD \$205,000 as at 30 June 2017 (2016: A\$Nil). Based on this exposure, had the Australian Dollar weakened/strengthened by 10% against the NZ Dollar with all other variables held constant, the Group's result for the year and equity would have been \$23,000 higher/lower (2016: A\$Nil).

There were no assets or liabilities denominated in any other foreign currencies, other than NZ or US Dollars as at 30 June 2017 or as at 30 June 2016.

The foreign exchange (loss)/gain for the year ended 30 June 2017 was a loss of \$41,000 (2016: \$102,000 gain).

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

#### *Price risk*

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

#### *Interest rate risk*

The Group and the Company's main interest rate risk arises from short and long-term borrowings. All borrowings are issued at variable rates and this exposes the Group and the Company to interest rate risk. The Group and the Company attempt to mitigate this interest rate risk exposure by maintaining an adequate interest cover ratio and gearing ratio that ensures financing costs are not significant costs. At the end of the financial year, the Group had bank loans outstanding of \$13.0 million (2016: \$Nil).

#### *Credit risk*

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

As at 30 June 2017 the Group had no significant concentration of credit risk.

#### *Liquidity risk*

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

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

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

#### **Financing arrangements**

On 24 August 2016, the Company executed a new finance Facility Agreement with the National Australia Bank. This agreement has a tenor of 3 years and will allow the Company to draw-down up to \$40.0 million in debt, \$6.5 million in finance leases, \$3.0 million in guarantees and \$0.4 million in letters of credit. During the 2017 financial year, the Group has met all of its obligations under the financing arrangements.

## Remaining contractual maturities

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

	Weighted average interest rate %	1 year or less \$'000	Over 1 to 2 years \$'000	Over 2 to 5 years \$'000	Over 5 years \$'000	Total contractual maturities \$'000
<b>2017</b>						
<b>Non-interest bearing</b>						
Trade payables		37,182	-	-	-	37,182
Other payables		12,480	-	-	-	12,480
Deferred cash consideration		8,070	300	22,838	-	31,208
<b>Interest bearing - variable rate</b>						
Lease liability	5.76%	617	108	-	-	725
Bank bills commercial loan		13,000	-	-	-	13,000
		71,349	408	22,838	-	94,595
<b>2016</b>						
<b>Non-interest bearing</b>						
Trade payables		28,531	-	-	-	28,531
Other payables		12,648	-	-	-	12,648
Deferred vendor consideration		1,455	10,429	19,316	-	31,200
<b>Interest bearing - variable rate</b>						
Lease liability	5.76%	696	336	-	-	1,032
Bank bills commercial loan		-	-	-	-	-
		43,330	10,765	19,316	-	73,411

## Fair value of financial instruments

The carrying value of financial instruments as shown in the Statement of Financial Position reflects their fair value. These financial instruments have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

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

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>2017</b>				
<b>Financial Liabilities</b>				
Deferred Vendor Consideration	-	-	29,624	29,624
	-	-	29,624	29,624
<b>2016</b>				
<b>Financial Liabilities</b>				
Deferred Vendor Consideration	-	-	28,954	28,954
	-	-	28,954	28,954

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

During the 2016 and 2017 financial years, the Group has acquired various operations. In undertaking these acquisitions, the Group has incurred a contingent consideration liability consisting of an obligation to provide shares in the Company and make an additional cash payment to the vendor if the average profits of the acquisition for the earn-out period exceed a pre-specified target level. The fair value of this contingent consideration is measured using a discounted cash flow methodology and determined on the basis of the possible average profits of the acquisition, weighted by the probability of each scenario. The discount rate used is based on the Group's weighted average cost of capital.

The movement through these Level 3 items is reconciled below:

	30 Jun 2017 \$'000	30 Jun 2016 \$'000
Carrying amount at beginning of year	28,954	10,254
Arising during the year	5,822	21,057
Fair Value adjustment	(424)	(2,116)
Payments	(5,314)	(1,173)
Charge to Profit	586	932
Carrying amount at end of year	29,624	28,954

During the 2017 financial year, the Group acquired various entities and businesses. In making these acquisitions, the Group incurred a contingent consideration liability consisting of an obligation to provide shares in the Company and / or make additional cash payments to the vendors if the average profits of the acquired business exceeded a pre-specified target level. For certain acquisitions, this contingent consideration is capped at a maximum amount payable.

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

The following table provides quantitative information regarding the significant unobservable inputs, the ranges of those inputs and the relationships of unobservable inputs to the fair value measurement for two larger acquisitions; Geelong Consolidated Repairs ("GCR") and Smash Repair Canberra ("SRC"):

Significant Unobservable Inputs Used	Unobservable Inputs Used	Estimated Sensitivity of Fair Value Measurement to Changes in Unobservable Inputs
If GCR failed to meet its earning target	Anticipated growth rate in EBIT of 5%	If growth rate was 1.0% higher / lower, the fair value of the total deferred consideration would increase / decrease by \$69,000 / \$68,000
The GCR Discount rate	Discount rate of 2.6%	If discount rate was 0.1% (10 bps) higher, the fair value of the total deferred consideration would decrease by \$7,000
If SRC failed to meet its earning target	Anticipated growth rate in EBIT of 5%	If growth rate was 1.0% higher / lower, the fair value of the total deferred consideration would increase / decrease by \$93,000 / \$92,000
The SRC Discount rate	Discount rate of 2.6%	If discount rate was 0.1% (10 bps) lower, the fair value of the total deferred consideration would increase by \$16,000

### Capital risk management

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

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

	Note	30 Jun 2017 \$'000	30 Jun 2016 \$'000
<b>Debt</b>			
Borrowings	16	13,697	909
Deferred Vendor Consideration	18	29,624	28,954
Cash & cash equivalents	7	(14,723)	(22,888)
Net debt		28,598	6,975
<b>Fully Paid Ordinary Shares</b>			
Quoted (at market price)		474,225	380,923
Unquoted (at issue price)		20,000	15,000
		494,225	395,923
Total capital		522,823	402,898
Gearing ratio		5.47%	1.73%

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

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



## **Note 25    Share-Based Payments**

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

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

### **Shares**

During the year ended 30 June 2017, the Company issued fully paid ordinary shares to employees in consideration of these employees agreeing to enter into long term contracts with the Company and accepting significant post-employment restraint provisions. These 491,756 shares were issued for non-cash consideration at an average deemed price of \$0.80 per share.

### **Options**

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

No options were issued during the financial year ended 30 June 2017 and no options were exercised during that financial year. At the date of this report, 18,875,000 options remained unexercised.

## **Note 26    Related Party Transactions**

### **The Company**

The ultimate holding entity is AMA Group Limited.

### **Controlled Entities**

Investments in Controlled Entities are set out in Note 29.

### **Key Management Personnel**

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

### **Compensation**

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

	<b>30 Jun 2017 \$'000</b>	<b>30 Jun 2016 \$'000</b>
Short-term employee benefits	2,495	1,813
Long-term benefits	17	27
Post-employment benefits	104	84
Share-based payments	136	2,682
Termination benefits	-	-
<b>Total</b>	<b>2,752</b>	<b>4,606</b>

### **Payments for Other Expenses**

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

	<b>30 Jun 2017 \$'000</b>	<b>30 Jun 2016 \$'000</b>
Silvan Bond Pty Ltd - Rental fees	183	168
Malone Superannuation Fund - Rental fees	61	56
	<b>244</b>	<b>224</b>

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

	<b>30 Jun 2017 \$'000</b>	<b>30 Jun 2016 \$'000</b>
AV Ventures Pty Ltd – Rental fees	161	130
Keyspace Developments Pty Ltd – Rental fees	43	308
A&R Property Developments Pty Ltd – Rental fees	316	-
	<b>520</b>	<b>438</b>

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

	<b>30 Jun 2017 \$'000</b>	<b>30 Jun 2016 \$'000</b>
SRFE Pty Ltd – Rental Fees	258	155

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

As detailed in Note 14 during the year the Group acquired shares in ASG and in this process utilised the services of Bell Potter Securities Limited. Mr Hugh Robertson is currently associated with this firm. The Group paid fees to Bell Potter Securities Limited, for their assistance in this matter, of which Mr Robertson was entitled to \$25,077.

On 12 February 2016, the Company appointed PSC Insurance Brokers (Aust) Pty Ltd as its General Insurance Broker. Mr Brian Austin is associated with this firm. A fee of \$38,500 (2016: \$Nil) was paid by the Group for these services during the financial year.

The Group utilises Foster Nicholson Lawyers for legal and advisory services. Mr Leath Nicholson is associated with this firm. The Group has paid Foster Nicholson fees totalling \$536,755 (2016: \$435,264) for these services.

#### **Trade Receivables from and Trade Payables to related parties**

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

#### **Loans to/from related parties**

As part of the acquisition of Gemini Accident Repair Centres Pty Ltd in a prior year, the Group acquired loans to certain vendors of that entity. These loans have not been repaid and it is proposed that they will be extinguished on completion of the "earn-out" of that entity. As such, at 30 June 2017 there are loans to entities associated with Mr Andrew Hopkins totalling \$1,270,884 (2016: \$1,270,884).

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

#### **Terms and conditions**

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

#### **Note 27 Contingent Liabilities**

Unsecured guarantees, indemnities and undertakings have been given by the Company in the normal course of business in respect of financial trade arrangements entered into by its subsidiaries and a Deed of Cross Guarantee (Note 34) was entered into with its continuing subsidiaries during the financial year ended 30 June 2017. It is not practicable to ascertain or estimate the maximum amount for which the Company may become liable in respect thereof. At 30 June 2017 no subsidiary was in default in respect of any arrangement guaranteed by the Company and all amounts owed have been brought to account as liabilities in the financial statements.

	30 Jun 2017 \$'000	30 Jun 2016 \$'000
Bank guarantees	2,652	1,863
	<u>2,652</u>	<u>1,863</u>

#### **Note 28 Commitments for Expenditure**

##### **Capital commitments - property, plant & equipment**

Committed at the end of the reporting period but not recognised as liabilities, payable:

	30 Jun 2017 \$'000	30 Jun 2016 \$'000
Within one year	1,100	1,970
One to five years	-	-
After more than five years	-	-
	<u>1,100</u>	<u>1,970</u>

### Lease commitments – operating

Committed at the end of the reporting period but not recognised as liabilities, payable:

Within one year	17,570	12,800
One to five years	32,895	22,869
After more than five years	4,105	5,607
	<u>54,570</u>	<u>41,276</u>

### Lease commitments – finance

Committed at the end of the reporting period but not recognised as liabilities, payable:

Within one year	617	696
One to five years	108	336
After more than five years	-	-
	<u>725</u>	<u>1,032</u>

less future finance charges	(28)	(123)
	<u>697</u>	<u>909</u>

Represented as:

Current commitment	16	597	601
Non-current commitment	16	100	308
		<u>697</u>	<u>909</u>

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

During a previous financial year, the Group acquired businesses that had non-cancellable leases for property that were deemed by Management to be onerous contracts. In these instances a provision was raised to reflect the least net cost of exiting from the contract; which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. This provision will unwind over the remaining period of the lease terms.

**Note 29 Investments in Controlled Entities**

Name of entity	Country of incorporation	Class of shares	Equity holding % 2017	2016
A.C.N. 107 954 610 Pty Ltd <sup>(*) (a)</sup>	Australia	Ordinary	100	100
A.C.N. 122 879 814 Pty Ltd <sup>(*) (b)</sup>	Australia	Ordinary	100	100
A.C.N. 124 414 455 Pty Ltd <sup>(*)</sup>	Australia	Ordinary	100	100
AECAA Pty Ltd <sup>(c)</sup>	Australia	Ordinary	100	100
Custom Alloy Pty Ltd	Australia	Ordinary	100	100
ECB Pty Ltd	Australia	Ordinary	100	100
FluidDrive Holdings Pty Ltd	Australia	Ordinary	100	100
Mr Gloss Holdings Pty Ltd	Australia	Ordinary	100	100
Phil Munday's Panel Works Pty Ltd <sup>(d)</sup>	Australia	Ordinary	100	100
Repair Management Australia Pty Ltd <sup>(d)</sup>	Australia	Ordinary	100	100
Repair Management Australia Bayswater Pty Ltd <sup>(d)</sup>	Australia	Ordinary	100	100
Repair Management Australia Dandenong Pty Ltd <sup>(d)</sup>	Australia	Ordinary	100	100
BMB Collision Repairs Pty Ltd	Australia	Ordinary	100	100
Shipstone Holdings Pty Ltd	Australia	Ordinary	100	100
Woods Auto Shops (Dandenong) Pty Ltd <sup>(e)</sup>	Australia	Ordinary	60	60
Gemini Accident Repair Centres Pty Ltd <sup>(f)</sup>	Australia	Ordinary	100	100
Repair Management New Zealand Limited <sup>(f) (g)</sup>	New Zealand	Ordinary	100	100
Ripoll Pty Ltd <sup>(*) (h)</sup>	Australia	Ordinary	100	100
Woods Auto Shops (Holdings) Pty Ltd <sup>(h)</sup>	Australia	Ordinary	100	100
Rapid Accident Management Services Pty Ltd <sup>(h)</sup>	Australia	Ordinary	100	100
Woods Auto Shops (Cheltenham) Pty Ltd <sup>(*) (h)</sup>	Australia	Ordinary	100	100
Micra Accident Repair Centre Pty Ltd <sup>(i)</sup>	Australia	Ordinary	100	100
Direct One Accident Repair Centre Pty Ltd <sup>(j)</sup>	Australia	Ordinary	100	-
Smash Repair Canberra Pty Ltd <sup>(l)</sup>	Australia	Ordinary	100	-
Geelong Consolidated Repairs Pty Ltd <sup>(m)</sup>	Australia	Ordinary	100	-
Accident Management Australia Pty Ltd <sup>(n)</sup>	Australia	Ordinary	100	-
Gemini Accident Repair Centres NZ Limited <sup>(*) (o)</sup>	New Zealand	Ordinary	100	-
Carmax New Zealand Limited <sup>(*) (p)</sup>	New Zealand	Ordinary	100	-

Note:

(\*) Dormant

(a) Previously known as Alanco Australia Pty Ltd

(b) Previously known as Perth Brake Parts Pty Ltd. Name changed when business disposed on 1 February 2016

(c) Previously known as KT Cable Accessories Pty Ltd

(d) Acquired on 01 July 2014

(e) Acquired on 01 July 2014

(f) Acquired on 01 October 2015

(g) Previously known as Gemini Accident Repair Centres Limited

(h) Acquired on 1 November 2015

(i) Acquired on 4 January 2016

(j) Acquired on 1 July 2016

(l) Acquired on 1 February 2017

(m) Registered on 8 February 2017

(n) Registered on 3 February 2017

(o) Registered on 11 November 2016

(p) Registered on 11 November 2016

## Business Combinations

During the financial year, the Group successfully acquired:

- On 1 July 2016, 100.0% of the issued capital of Direct One Accident Repair Centre Pty Ltd; the operator of the Direct One businesses;
- On 1 February 2017, 100% of the issued capital of Smash Repair Canberra Pty Ltd; the operator of the Autoco businesses;
- And the following businesses:
  - Highland Smash Repairs on 1 July 2016;
  - Trend Smash Repairs on 1 July 2016;
  - Joondalup Smash Repairs on 1 October 2016;
  - Woollard's Auto Body Works on 1 October 2016;
  - ZZ Auto on 5 December 2016;
  - Colour Code Automotive Refinishing on 1 January 2017;
  - Winter & Taylor on 1 February 2017;
  - Soldani Bros on 1 February 2017;
  - South City Panels on 1 February 2017;
  - Mark McHugh Body Works on 1 February 2017;
  - ASNU Transmission Products on 1 April 2017; and
  - City Crash Repairs on 30 June 2017.

Direct One Accident Repair Centre Pty Ltd is a vehicle panel repairer and has two facilities located in the northern suburbs of Melbourne. This acquisition is expected to increase the Group's product offering and market share and reduce costs through economies of scale. The Group acquired 100% of the issued capital for a nominal cash payment and a deferred settlement based on an "earn-out" over the next four years. From the date of acquisition to 30 June 2017, this entity generated revenue of \$10.04 million and gross margin of \$5.40 million.

Smash Repair Canberra Pty Ltd is a vehicle panel repairer and has two facilities located in the Australian Capital Territory. This acquisition is expected to increase the Group's product offering and market share and reduce costs through economies of scale. The Group acquired 100% of the issued capital for a nominal cash payment and a deferred settlement based on an "earn-out" over the next three years and five months. From the date of acquisition to 30 June 2017, this entity generated revenue of \$4.47 million and gross margin of \$2.00 million.

As part of the Geelong Consolidated Repairs acquisition, the group acquired the vehicle panel repair businesses of Winter & Taylor, Soldani Bros and South City Panels. These businesses operate from various sites in Geelong Victoria. These businesses will continue to trade using their current names from their existing facilities. The group was acquired for a purchase price that includes an initial amount of \$2.2 million (less any working capital adjustments) and a deferred settlement based on an "earn-out" over the next three years and five months. From the date of acquisition to 30 June 2017, these acquisitions generated revenue of \$4.90 million and gross margin of \$2.47 million.

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

Highland Smash Repairs and Trend Smash Repairs were acquired as part of the same transaction. Highland Smash Repairs has been operating since 1953 and is located in Salisbury, Queensland. Trend Smash Repairs was founded in 1979 is based in Rocklea, Queensland. These businesses will continue to trade using their current names from their existing facilities. These businesses were acquired for \$1.2 million less any working capital adjustments.

Joondalup Smash Repairs operates from a workshop located 18km north of Perth in Wangara. This business will continue to trade using its current name from its existing facility. The business was acquired for a purchase price that includes an initial amount of \$500,000 (less any working capital adjustments) and a deferred settlement based on an "earn-out" over the next four years.

Woollard's Auto Body Works operates a vehicle panel repair business located in Shepparton, Victoria. This business will continue to trade using its current name from its existing facility. The business was acquired for a purchase price that includes an initial amount of \$500,000 (less any working capital adjustments) and a deferred settlement based on an "earn-out" over the next three years.

Mark McHugh Body Works operates a site in Bundall, Gold Coast, Queensland. This business will continue to trade using its current name from its existing facility. The business was acquired for a purchase price that includes an initial amount of \$500,000 (less any working capital adjustments) and a deferred settlement based on an "earn-out" over the next three years.

ZZ Auto which has a panel repair facility in Invermay, Tasmania. This business will continue to operate from its existing facilities and was acquired for a cash payment of \$150,000 (less any working capital adjustments).

Colour Code Automotive Refinishing which operates a vehicle panel repair facility in Kelmscott, Western Australia. This business will operate as Gemini Kelmscott and was acquired for a cash payment of \$80,000.

City Crash Repairs operates a vehicle panel repair facility in Townsville Queensland. This business will continue to operate from its existing facilities and was acquired for a cash payment of \$150,000 (less any working capital adjustments).

ASNU Transmission Products has established itself as Australia's largest remanufacturer and creator of standard and performance torque converters. As part of our Automotive Component Remanufacturing division, ASNU will partner with FluidDrive; Australia's largest OEM remanufacturer of Automatic transmissions. This business will continue to operate from its existing facilities and was acquired for approximately \$900,000 (including inventory and working capital).

From the date of acquisition to 30 June 2017, these acquisitions generated revenue of \$19.17 million and gross margin of \$10.11 million.

Details of these acquisitions are as follows:

	<b>Direct One Accident Repair Centre \$'000</b>	<b>Smash Repair Canberra \$'000</b>	<b>Geelong Consolidated Repairs \$'000</b>	<b>Other \$'000</b>	<b>Total \$'000</b>
Cash and cash equivalents	4	518	-	-	522
Trade and other receivables	290	-	-	147	437
Inventories	108	249	89	652	1,098
Other current assets	23	-	-	9	32
Plant and equipment	931	1,076	1,431	2,674	6,112
Deferred tax assets	105	38	126	202	471
Trade payables and accruals	(2,504)	(635)	-	(33)	(3,172)
Provisions	(351)	(131)	(415)	(673)	(1,570)
Borrowings	(292)	-	(279)	-	(571)
Net tangible assets acquired	(1,686)	1,115	952	2,978	3,359
Intangible	2,382	4,885	3,115	2,865	13,247
Total consideration	696	6,000	4,067	5,843	16,606



Representing:					
Cash paid or payable	-	1,000	1,999	3,911	6,910
Shares issued	-	5,000	-	198	5,198
Cash to be paid	774		2,261	1,888	4,923
Shares to be issued	-	-	-	-	-
Fair value adjustments	(78)	-	(193)	(154)	(425)
	696	6,000	4,067	5,843	16,606
Acquisition costs	57	70	71	167	365

### **Note 30 Discontinued Operations**

On 10 December 2015, the Company announced that it had entered into a binding contract to sell the business and assets of Perth Brake Parts, a business based at 20 Bellows Street, Welshpool, Western Australia. The sale of this business was completed on 1 February 2016. As such the sale was completed during the previous financial period. Financial information relating to this disposal group for that respective reporting period was been classified as a discontinued operation and is set out below.

**30 June 2016**  
**\$'000**

Revenue	1,437
Expenses	(1,455)
Profit before income tax	(18)
Income tax expense	6
<b>Profit (loss) from discontinued operations</b>	<b>(12)</b>

### **Note 31 Reconciliation of Profit after Tax to Operating Cash Flows**

	<b>30 Jun 2017</b> <b>\$'000</b>	<b>30 Jun 2016</b> <b>\$'000</b>
Profit after income tax	17,210	7,134
Non-controlling interest	201	282
Income tax expense	7,995	6,340
Income tax paid	(9,725)	(7,247)
Depreciation and amortisation expense	10,612	6,825
Impairment expense	300	2,954
Deferred income amortisation	(5,487)	(2,981)
Equity issued in consideration of employment obligations	403	3,644
Onerous leases	(775)	(775)
Fair value adjustments	718	920
Other	(134)	24
(Increases)/decreases in accounts receivable	(11,864)	305
(Increases)/decreases in inventories	(2,775)	(3,495)
(Increases)/decreases in prepayments	(5)	(165)
(Increases)/decreases in other assets	(1,835)	643
Increases/(decreases) in accounts payable	5,308	8,222
Increases/(decreases) in current provisions	657	(287)
Increases/(decreases) in non-current provisions	2,183	(142)
Increases/(decreases) in other liabilities	-	14,560
<b>Net operating cash flows</b>	<b>12,987</b>	<b>36,761</b>

**Note 32 Earnings per Share**

	30 Jun 2017 \$'000	30 Jun 2016 \$'000
Profit after income tax attributable to members of AMA Group Ltd		
- From continuing operations	17,210	7,002
- From discontinued operations	-	(12)
	<u>17,210</u>	<u>6,990</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	518,992,530	457,536,805
Adjustments for calculation of diluted earnings per share	18,875,000	10,777,397
	<u>537,867,530</u>	<u>468,314,202</u>
	<b>Cents</b>	<b>Cents</b>
Continuing operations:		
- Basic earnings per share	3.32	1.53
- Diluted earnings per share	3.20	1.50
Discontinued operations:		
- Basic earnings per share	-	-
- Diluted earnings per share	-	-
Continuing and discontinued operations:		
- Basic earnings per share	3.32	1.53
- Diluted earnings per share	3.20	1.49

**Note 33 Parent Information**

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

	30 Jun 2017 \$'000	30 Jun 2016 \$'000
<b>Assets</b>		
Current assets	7,952	17,456
<b>Total assets</b>	<b>163,076</b>	<b>109,385</b>
<b>Liabilities</b>		
Current liabilities	29,977	11,819
<b>Total liabilities</b>	<b>115,649</b>	<b>51,139</b>
<b>Net assets/(liabilities)</b>	<b>47,427</b>	<b>58,246</b>
<b>Equity</b>		
Contributed equity	181,691	172,149
Reserves	3,048	3,048
Accumulated losses	(137,312)	(116,951)
<b>Total equity</b>	<b>47,427</b>	<b>58,246</b>
<b>Profit/(loss) for the year</b>	<b>(9,982)</b>	<b>(9,086)</b>
<b>Total comprehensive income /(loss)</b>	<b>(9,982)</b>	<b>(9,086)</b>

## Guarantees and contingent liabilities

Refer to Note 27 for details of guarantees and contingent liabilities.

## Contractual commitments

Refer to Note 27 for details of contractual commitments.

## Note 34 Deed of Cross Guarantee Disclosures

The consolidated financial statements of the Group incorporate the assets, liabilities and results of the controlled entities detailed in Note 29 prepared in accordance with the accounting policy described in Note 1.

Pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785, relief has been granted from the Corporations Act 2001 requirements for the preparation, audit and lodgement of financial reports for the controlled entities detailed below.

Name of entity	Country of incorporation	Equity holding	
		2017 %	2016 %
A.C.N. 124 414 455 Pty Ltd	Australia	100	100
A.C.N. 107 954 610 Pty Ltd	Australia	100	100
Custom Alloy Pty Ltd	Australia	100	100
ECB Pty Ltd	Australia	100	100
FluidDrive Holdings Pty Ltd	Australia	100	100
AECAA Pty Ltd	Australia	100	100
Mr Gloss Holdings Pty Ltd	Australia	100	100
BMB Collision Repairs Pty Ltd	Australia	100	100
Shipstone Holdings Pty Ltd	Australia	100	100
Repair Management Australia Pty Ltd	Australia	100	100
Phil Munday's Panel Works Pty Ltd	Australia	100	100
Repair Management Australia Bayswater Pty Ltd	Australia	100	100
Repair Management Australia Dandenong Pty Ltd	Australia	100	100
Gemini Accident Repair Centres Pty Ltd	Australia	100	100
Ripoll Pty Ltd	Australia	100	100
Woods Auto Shops (Holdings) Pty Ltd	Australia	100	100
Rapid Accident Management Services Pty Ltd	Australia	100	100
Woods Auto Shops (Cheltenham) Pty Ltd	Australia	100	100

As a condition of the Instrument, the above entities entered into a Deed of Cross Guarantee on 31 March 2017. The effect of the deed is that AMA Group Limited has guaranteed to pay any deficiency in the event of winding up of a controlled entity detailed above or if they do not meet their obligations under the terms of overdrafts, loans, leases or other liabilities subject to guarantee. The controlled entities detailed above have also given a similar guarantee in the event that AMA Group Limited is wound up or if it does not meet its obligations under the terms of overdrafts, loans, leases, or other liabilities subject to the guarantee.

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

If the Deed of Cross Guarantee and the subsequent closed group disclosures were contained in the accounts of AMA Group Limited, then an assessment would need to be made as to the fair value of the Deed of Cross Guarantee (as a financial guarantee to the Company) and the details of the valuation and significant assumptions, estimate and judgements used within that valuation would need to be disclosed. Please refer to the disclosure surrounding financial guarantees in the financial statements of AMA Group Limited (see Note 27 for further information on financial guarantees).

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

	30 Jun 2017 \$'000	30 Jun 2016 \$'000
<b>Revenue from continuing operations</b>	<b>354,960</b>	<b>257,260</b>
Raw materials and consumables used	(150,702)	(108,146)
Employment benefits expense	(130,767)	(95,756)
Occupancy expense	(23,717)	(17,518)
Travel and motor vehicle expense	(2,714)	(2,124)
Professional services expense	(3,717)	(3,781)
Advertising and marketing expense	(1,738)	(1,607)
Insurance expense	(610)	(741)
Research and development expense	(219)	(259)
Information technology expense	(1,448)	(806)
Communication expense	(810)	(674)
Other expense	(2,122)	(1,410)
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>	<b>36,396</b>	<b>24,438</b>
Depreciation and amortisation expense	(10,297)	(6,767)
Impairment expense	(300)	(3,281)
<b>Earnings before interest and tax (EBIT)</b>	<b>25,799</b>	<b>14,390</b>
Finance costs	(169)	(205)
<b>Profit from continuing operations before fair value adjustments</b>	<b>25,630</b>	<b>14,185</b>
Fair value adjustments to financial liabilities	(1,191)	(920)
Fair value adjustments to contingent consideration	500	-
<b>Profit (loss) before income tax from continuing operations</b>	<b>24,939</b>	<b>13,265</b>
Profit (loss) before tax from discontinued operations	-	-
<b>Profit (loss) before income tax</b>	<b>24,939</b>	<b>13,265</b>
Income tax benefit / (expense)	(7,850)	(6,030)
<b>Net profit (loss)</b>	<b>17,089</b>	<b>7,235</b>

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

<b>Statement of Financial Position as at</b>	<b>30 Jun 2017 \$'000</b>	<b>30 Jun 2016 \$'000</b>
<b>Assets</b>		
<b><i>Current assets</i></b>		
Cash and cash equivalents	12,801	22,751
Trade and other receivables	30,654	21,907
Inventories	18,152	15,209
Other	3,561	1,708
Total current assets	65,168	61,575
<b><i>Non-current assets</i></b>		
Property, plant and equipment	39,732	34,463
Deferred tax assets	7,035	5,228
Intangibles	147,953	148,611
Investment in controlled entities	11,379	605
Receivables from related entities	5,762	391
Other	3,495	3,640
Total non-current assets	215,356	192,938
Total assets	280,524	254,513
<b>Liabilities</b>		
<b><i>Current liabilities</i></b>		
Trade and other payables	43,798	40,507
Borrowings	13,222	601
Current tax payable	455	1,792
Provisions	10,134	9,335
Other	13,933	6,515
Total current liabilities	81,542	58,750
<b><i>Non-current liabilities</i></b>		
Borrowings	100	308
Deferred tax Liabilities	3,452	2,617
Provisions	5,140	4,375
Other	28,130	42,458
Total non-current liabilities	36,822	49,758
Total liabilities	118,364	108,508
Net assets	162,160	146,005
<b>Equity</b>		
Contributed equity	181,691	172,149
Reserves	3,048	3,039
Accumulated losses	(22,579)	(29,183)
Total equity	162,160	146,005

#### **Note 35    *Events Occurring after the Reporting Period***

The on market offer to acquire all of the issued capital of Automotive Solutions Group Limited referred to in Note 14 closed on 7 July 2017. At that time the Group had increased its ownership interest to 31.3% from the holding at 30 June 2017 of 24.9%.

On 31 August 2017, the Directors declared a fully franked dividend of 2.0 cents per security, which is to be paid on 31 October 2017.

No other matters or circumstances have arisen since 30 June 2017 that have significantly affected, or may significantly affect the Group's operations in future financial years, the results of those operations in future financial years, or the Group's state of affairs in future financial years.

In the Directors' opinion:

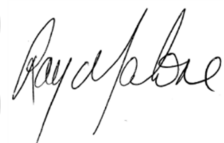
- a. the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including:
  - i. complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - ii. giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the financial Year ended on that date; and
- b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- c. at the date of this declaration, there are reasonable grounds to believe that the members of the closed group identified in Note 34 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in Note 34.

Note 1 confirms that the financial statements also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Chief Executive Officer and the Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

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

On behalf of the Directors



Director

28 September 2017



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

### Report on the Audit of the Financial Report

#### *Opinion*

We have audited the financial report of AMA Group Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### *Basis for Opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit 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* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the matter was addressed during the audit
<p><b>Valuation of goodwill</b></p> <p>Note 12</p> <p>At 30 June 2017 the Group's Statement of Financial Position includes goodwill amounting to \$153.049m, representing the Group's largest asset.</p> <p>We have determined this is a key audit matter due to the judgement required by management in preparing a value in use model to satisfy the impairment test as prescribed in AASB 136 <i>Impairment of Assets</i>, including the forecasting of future cash flows and applying an appropriate discount rate which inherently involves a high degree of estimation and judgement by management.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• Reviewed the model for compliance with AASB 136 <i>Impairment of Assets</i>;</li> <li>• Assessed management's determination of the Group's cash generating units based on our understanding of the nature of the Group's business, the economic environment in which the segments operate and the Group's internal reporting structure;</li> <li>• Analysed future cash flow forecasts and developed an understanding of the process by which they were prepared, including testing the underlying calculations of the models; <ul style="list-style-type: none"> <li>◦ Checked mathematical accuracy; and</li> <li>◦ Critically assessed the key assumptions in the forecasts by comparing them to historical results and business strategies.</li> </ul> </li> <li>• Performed sensitivity analysis on the discount rate and EBITDA assumptions and considered the likelihood that changes in assumptions, either individually or collectively, would result in goodwill to be impaired; and</li> <li>• Assessed the adequacy of the Group's disclosures within the financial statements.</li> </ul>
<p><b>Deferred Vendor Consideration</b></p> <p>Note 18</p> <p>The group has acquired a number of businesses during recent financial periods. Certain business purchase agreements contain provisions for the payment of further consideration should certain targets be met. The measurement of the liability is based on an estimate of the likely quantum of consideration which will ultimately be paid.</p> <p>We have determined this is a key audit matter due to the judgement required by management in forecasting future cash flows relevant to the calculation of deferred vendor consideration liabilities which inherently involves a high degree of estimation and judgement.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• Reviewed the assumptions used and the basis on which the forecasts have been prepared;</li> <li>• Assessed the accuracy and reliability of forecasts with reference to historical financial performance;</li> <li>• Understood the synergies arising through acquisition and impact on forward forecasts;</li> <li>• Ensured calculations are based on terms of respective business agreements; and</li> <li>• Disclosures regarding assumptions used are adequately disclosed in the financial statements.</li> </ul>

Key Audit Matter	How the matter was addressed during the audit
<b>Acquisition Accounting</b> Note 29 During the year, the Group acquired new businesses, as disclosed in Note 29, in line with its business strategy. The group has determined these acquisitions to be business combinations for which the purchase price is to be allocated between acquired assets and liabilities at their respective fair values. The identification of such assets and liabilities and their measurement at fair value is inherently judgemental and thus we consider this to be a key audit matter.	Our procedures included, amongst others: <ul style="list-style-type: none"> <li>• Obtained valuations prepared by management or independent valuers engaged by the Group;</li> <li>• Assessed the competence and objectivity of valuers engaged;</li> <li>• Assessed the reasonableness of their conclusions having regard to key assumptions;</li> <li>• Assessed the Group's determination of the fair value of assets and liabilities having regard to the completeness of assets and liabilities identified and the reasonableness of any underlying assumptions in their respective valuations; and</li> <li>• Ensured these acquisitions were accounted for and disclosed in accordance with the provisions of AASB 3 Business Combinations.</li> </ul>

#### *Information Other than the Financial Report and Auditor's Report Thereon*

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### *Responsibilities of the Directors for the Financial Report*

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

#### *Auditor's Responsibilities for the Audit of the Financial Report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit.

We identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them, all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on the Remuneration Report

### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included in pages 8 to 14 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of AMA Group Limited for the year ended 30 June 2017 complies with section 300A of the *Corporations Act 2001*.

### *Responsibilities*

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

*ShineWing Australia*

**ShineWing Australia**  
Chartered Accountants



Nick Michael  
Partner

Melbourne, 28 September 2017

The Board of Directors (Board) of AMA Group Limited (Company) is responsible for the corporate governance of the group. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

Commensurate with the spirit of the ASX Corporate Governance Principles and Recommendations (3rd Edition) (principles or recommendations)), the Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for the corporate governance practices, taking into account factors such as the size of the Company and the Board, resources available and activities of the Company. Where the Company's corporate governance practices depart from the recommendations, the board has offered full disclosure of the nature and reason for the departure.

All Charters and Policies are available from the Company or on its website at [www.amagroupltd.com](http://www.amagroupltd.com).

## **Principle 1: Lay solid foundations for management and oversight.**

### ***Role of the Board and Executive Management***

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

### ***Board Appointments***

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

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

### ***The Company Secretary***

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

### ***Diversity***

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

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

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

The following table demonstrates the Company's gender diversity amongst employees and contractors as at 30 June 2017.

	Board	Executive Team	Employees
Women (Qty.) 2017	0	1	237
Women (Qty.) 2016	0	1	197

### ***Encourage Enhanced Performance***

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

An evaluation of the performance of the board was conducted during the year. The evaluation has provided the board with valuable feedback for future development.

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

### ***Independent Advice***

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

### **Principle 2: Structure the Board to add value.**

#### ***Structure and Composition of the Board***

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

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

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

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

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

The Board consists of six Directors of whom three Directors, Hugh Robertson, Leath Nicholson and Brian Austin, are considered independent non-executive Directors by the Company. During the current year, the Company had a commercial relationship with Companies associated with each of the non-executive Directors. The fees paid to each of these Companies were on an arms-length commercial basis and not considered material in light of the Company's overall expenditure for the period (refer Note 26. Each of the non-executive Directors were not present or able to vote when the Board discussed or voted on the contracts/fees paid to the Directors associated companies.

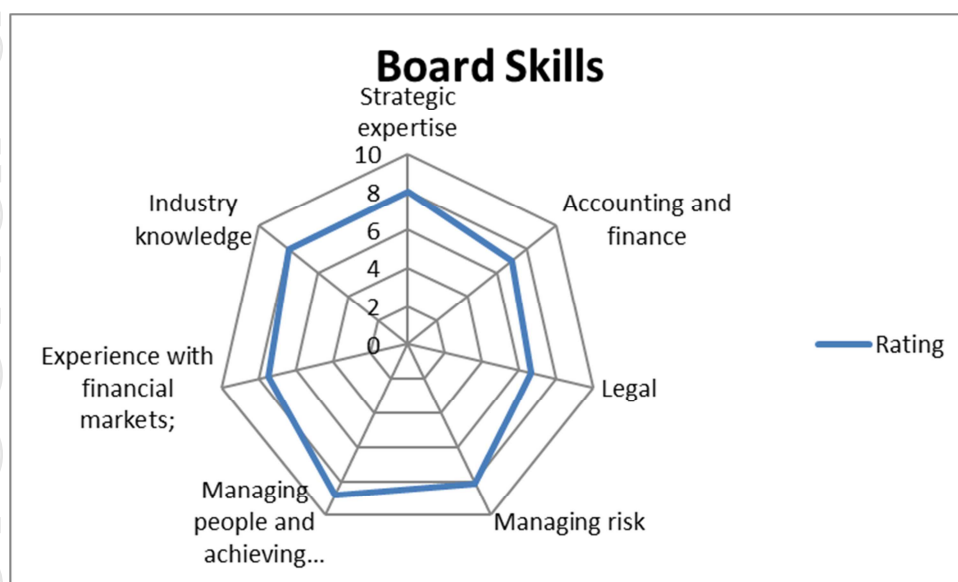


The Board believes the existence of three independent directors on the Board provides sufficient independent judgement to the Board at this time.

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

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

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



### ***Induction of New Directors and Ongoing Development***

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

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

### **Principle 3: Act ethically and responsibly**

#### ***Ethical and Responsible Decision-Making***

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

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

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

#### **Principle 4: Safeguard integrity in corporate reporting.**

##### ***Audit Committee***

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

The Committee holds a minimum of two meetings a year. Attendance to these meetings by the members of the Audit Committee is detailed in the Directors' Report.

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

##### ***Chief Executive Officer and Chief Financial Officer Declarations***

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

#### **Principle 5: Making timely and balanced disclosure.**

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

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

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

#### **Principle 6: Respect the rights of shareholders.**

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

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

- 1 Communicating effectively with Shareholders through ongoing releases to the market via ASX information and General Meetings of the Company;
- 2 Giving Shareholders ready access to balanced and understandable information about the Company and Corporate Proposals;

- 3 Making it easy for Shareholders to participate in General Meetings of the Company; and
- 4 Requesting the External Auditor to attend the Annual General Meeting and be available to answer Shareholder's questions about the conduct of the audit, and the preparation and content of the Auditor's Report.

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

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

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

#### **Principle 7: Recognise and managing risk.**

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

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

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

The Board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound. A review of the Company's risk management framework was conducted during the 2017 financial year.

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

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

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

#### **Principle 8: Remunerate fairly and responsibly**

Profiles of the members and details of meetings of the Remuneration Committee are outlined in the Director's Report. The Committee's responsibilities are detailed in the Remuneration Committee Charter.

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

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

Current remuneration is disclosed in the Remuneration Report and in Note 26: Related Party Transactions.

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

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

In accordance with the ASX Listing Rules the following information, as at 27 September 2017, is provided:

### **Substantial holders**

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

Celeste Funds Management Limited (Notice dated 1 Sep 2017)	25,058,448	5.13%
Greencape Capital Pty Ltd (Notice dated 6 Jun 2017)	29,560,266	6.05%
Cedarfield Holdings Pty Ltd ATF The Cedarfield Trust (Notice dated 24 Oct 2016)	35,239,167	7.45%
Schroder Investment Management Australia Limited (Notice dated 22 Oct 2016)	16,499,849	5.77%

### **Number of holders of equity securities**

489,306,052 Fully Paid Ordinary Quoted shares are held by 2,547 individual holders.

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

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

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

### **Voting rights**

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

#### **Fully Paid Ordinary Quoted shares**

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

#### **Fully Paid Ordinary Unquoted shares**

No voting rights

### **Distribution of equitable securities**

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

	<b>Holders</b>	<b>Ordinary Shares</b>
1 to 1,000	245	111,685
1,001 to 5,000	598	1,870,114
5,001 to 10,000	440	3,524,927
10,001 to 100,000	1,022	36,092,447
100,001 and over	242	447,706,879
<b>Total</b>	<b>2,547</b>	<b>489,306,052</b>
Holding less than a marketable parcel	136	16,618

## Equity security holders

### Twenty largest quoted equity security holders

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

Shareholder	Number Held	% of Total Shares Held
Mr Gloss Pty Limited	67,961,015	13.89
J P Morgan Nominees Australia Limited	51,835,435	10.59
HSBC Custody Nominees (Australia) Limited	49,346,929	10.09
Cedarfield Holdings Pty Ltd <The Cedarfield A/C>	35,239,167	7.20
UBS Nominees Pty Ltd	28,681,955	5.86
National Nominees Limited	20,232,298	4.13
BNP Paribas Nominees Pty Ltd <DRP>	17,261,501	3.53
Citicorp Nominees Pty Ltd	14,478,221	2.96
Mr Raymond Malone & Mrs Leona Malone <The Malone Super Fund A/c>	8,490,335	1.74
Citicorp Nominees Pty Ltd <Colonial First State Inv A/c>	7,188,000	1.47
BNP Paribas Nominees Pty Ltd <Agency Lending DRP A/C>	6,876,771	1.41
Phil Munday Investments Pty Ltd	6,375,000	1.30
Washington Motors Pty Ltd	6,375,000	1.30
Sherdley Investments Pty Ltd <Walsh Family A/C>	6,189,167	1.26
Mr Richard John Calver	5,840,000	1.19
Birdlake Holdings Pty Ltd <Timothy Simon Hopkins A/C>	4,958,333	1.01
Yerrus Holdings Pty Ltd <Surrey Panels Pension A/c>	4,947,404	1.01
Magnacon Pty Ltd <P&J Bubeck Family A/C>	4,013,334	0.82
Missy Nominees Pty Ltd <Frank Crispo Family A/C>	3,540,833	0.72
HSBC Custody Nominees (Australia) Limited <NT-Commonwealth Super>	3,224,264	0.66
	353,054,962	72.14

### Unquoted equity shareholders

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

Cedarfield Holdings Pty Ltd <The Cedarfield A/C>	15,102,500	60.41%
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### Securities subject to escrow

Class of Security	Number	Date Escrow period ends
Fully Paid Ordinary Quoted	12,750,000	29 Sep 2017
Fully Paid Ordinary Quoted	185,185	31 Mar 2018
Fully Paid Ordinary Quoted	106,383	25 Apr 2019
Fully Paid Ordinary Quoted	58,333,333	10 Jun 2019
Fully Paid Ordinary Quoted	1,576,905	28 Jul 2019
Fully Paid Ordinary Quoted	491,484	3 Jan 2020
Fully Paid Ordinary Quoted	413,950	20 Jul 2021
Fully Paid Ordinary Unquoted	25,000,000	10 Jun 2019

### **Shareholder enquiries**

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

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

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

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

### **Annual report**

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

### **Tax file numbers**

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

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

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

### **Uncertified share register**

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



### **Directors**

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

### **Executive Management**

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

### **Registered Office**

34 Gilbert Park Drive, KNOXFIELD, VICTORIA, 3180, AUSTRALIA  
Email: [info@amagroupltd.com](mailto:info@amagroupltd.com)  
Telephone: +61 3 9723 1788  
Facsimile: +61 3 9725 3883

### **Principal Place of Business**

31 Snook Street, CLONTARF, QUEENSLAND, 4019, AUSTRALIA  
P.O. Box 122, MARGATE, QUEENSLAND, 4019, AUSTRALIA  
Telephone: +61 7 3897 5780  
Facsimile: +61 7 3283 1168  
Web: [www.amagroupltd.com](http://www.amagroupltd.com)

### **Share Registry**

Computershare Investor Services Pty Limited  
Yarra Falls, 452 Johnston Street, ABBOTSFORD, VICTORIA, 3067, AUSTRALIA  
GPO Box 2975, MELBOURNE VICTORIA 3001 AUSTRALIA  
Telephone: +61 3 9415 4000  
Telephone: 1300 787 272 (Within Australia)  
Facsimile: +61 3 9473 2500

### **Auditor**

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

### **Solicitors**

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

### **Bankers**

National Australia Bank  
Westpac Banking Group

### **Stock Exchange Listing**

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