



## Appendix 4E

### Preliminary Final Report

#### 1. Company Details

|                                |                         |
|--------------------------------|-------------------------|
| Name of entity:                | AMA Group Limited       |
| ABN:                           | 50 113 883 560          |
| Reporting period:              | Year ended 30 June 2010 |
| Previous corresponding period: | Year ended 30 June 2009 |

#### 2. Results for announcement to the market

|  |    |        |    |              |
|--|----|--------|----|--------------|
| Revenues from ordinary activities from continuing operations | up | 14.22% | to | \$51,345,109 |
|--|----|--------|----|--------------|

|   |    |              |    |             |
|---|----|--------------|----|-------------|
| Profit after tax attributable to members from continuing operations | up | \$22,215,809 | to | \$3,369,805 |
|---|----|--------------|----|-------------|

|   |    |              |    |             |
|---|----|--------------|----|-------------|
| Net profit for the period attributable to members | up | \$64,580,252 | to | \$4,793,248 |
|---|----|--------------|----|-------------|

#### *Dividends*

|                               | Amount per Security | Franked Amount per Security |
|-------------------------------|---------------------|-----------------------------|
| Final dividend                | n/a                 | n/a                         |
| Previous corresponding period | n/a                 | n/a                         |

#### *Comments*

The Profit after tax attributable to Members of AMA (Continuing Operations) has shown an improved result, being a \$3.4 million profit compared with a \$18.8 million loss in the previous period. The majority of the changes from the previous period relate to the impairment of assets and fair value adjustments.

Net Profit after Income Tax Expense attributable to Members (after continuing and discontinuing operations) includes a \$64.6 million turn around to a profit of \$4.8 million. In the previous period the Company recognised a loss of \$59.8 million after significant (\$41 million) write downs of discontinuing operations.

#### 3. Net Tangible Asset backing per ordinary security (cents per security)

|                    |          |       |                    |
|--------------------|----------|-------|--------------------|
| As at 30 June 2010 | negative | 7.84  | cents per security |
| As at 30 June 2009 | negative | 21.94 | cents per security |

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**4. Control gained over entities**

Not applicable

**5. Loss of control over entities**

Name of entities: Dyno Dynamics Pty Ltd, Dyno Exports Pty Ltd & Dyno Dynamics Europe Limited

Date control lost: 11th and 23rd November 2009

|   | <b>30 June 2010</b><br><b>\$'000</b> | <b>30 June 2009</b><br><b>\$'000</b> |
|---|--------------------------------------|--------------------------------------|
| Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities. | (303)                                | (1,960)                              |

**6. Dividends**

No applicable

**7. Dividend reinvestment plan**

Not applicable

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

Not applicable

**9. Foreign entities**

Not applicable

**10. Audit qualification or review**

The accounts are currently in the process of being audited.

**11. Attachments**

The Preliminary Final Report is attached

**12. Signed**



Duncan Fischer

Chairman

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**AMA Group Limited  
Preliminary Final Report  
30 June 2010**

# Statement of Comprehensive Income

## For the year ended 30 June 2010

|   | Notes | Consolidated Entity |              |
|---|-------|---------------------|--------------|
|   |       | 30 June 2010        | 30 June 2009 |
|   |       | \$'000              | \$'000       |
| <b>Revenue from continuing operations</b>   | 3     | 51,345              | 44,954       |
| Raw materials and consumables used  |       | (22,954)            | (21,235)     |
| Employee benefits expense   |       | (13,393)            | (16,411)     |
| Depreciation and amortisation expense   |       | (555)               | (718)        |
| Advertising and marketing   |       | (335)               | (385)        |
| Insurance   |       | (239)               | (230)        |
| Travel and motor vehicle  |       | (528)               | (630)        |
| Occupancy expenses  |       | (2,420)             | (2,545)      |
| Professional services   |       | (1,308)             | (2,403)      |
| Research and development  |       | (24)                | (111)        |
| Communication expenses  |       | (249)               | (268)        |
| Bad and doubtful debts expense  |       | 183                 | (295)        |
| Finance costs   |       | (1,505)             | (2,787)      |
| Other expenses  |       | (1,370)             | (868)        |
| <b>Profit/(Loss) from continuing operations before impairment, fair value adjustments and vendor payments</b>         |       | 6,648               | (3,932)      |
| Impairment of assets  |       | (1,083)             | (22,745)     |
| Fair Value adjustments - loan note & vendor payments  |       | (779)               | 6,968        |
| Vendor payments   |       | (639)               | (1,025)      |
| <b>Profit/(loss) before income tax expense</b>  |       | 4,147               | (20,734)     |
| Income tax (expense)/benefit  |       | (777)               | 1,888        |
| <b>Profit/(loss) after income tax expense attributable to members of AMA Group Limited from continuing operations</b> |       | 3,370               | (18,846)     |

The accompanying notes form part of these financial statements

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|   |              | <b>Consolidated</b> |                     |
|---|--------------|---------------------|---------------------|
|   |              | <b>30 June 2010</b> | <b>30 June 2009</b> |
|   | <b>Notes</b> | <b>\$'000</b>       | <b>\$'000</b>       |
| Total profit/(loss) attributable to discontinued operations   | 4            | 1,423               | (40,941)            |
| <hr/>   |              |                     |                     |
| <b>Profit/(loss) after income tax benefit/(expense) attributable to members of AMA Group Limited</b>                                    |              | <b>4,793</b>        | <b>(59,787)</b>     |
| <hr/>   |              |                     |                     |
| Total comprehensive income for the period   |              | 4,793               | (59,787)            |
| Profit attributable to:   |              |                     |                     |
| Owners of the parent  |              | 4,793               | (59,787)            |
| Non-controlling interests   |              | -                   | -                   |
|   |              | <hr/> 4,793         | <hr/> (59,787)      |
| <hr/>   |              |                     |                     |
| Total comprehensive income attributable to:   |              |                     |                     |
| Owners of the parent  |              | 4,793               | (59,787)            |
| Non-controlling interests   |              | -                   | -                   |
|   |              | <hr/> 4,793         | <hr/> (59,787)      |
| <hr/>   |              |                     |                     |
|   |              | <b>Cents</b>        | <b>Cents</b>        |
| <hr/>   |              |                     |                     |
| <b>Profit/(loss) per share for profit/(loss) from continuing operations attributable to the ordinary equity holders of the company:</b> |              |                     |                     |
| Basic profit/(loss) per share   |              | 1.41                | (13.83)             |
| Diluted profit/(loss) per share   |              | 1.41                | (13.83)             |
| <hr/>   |              |                     |                     |
| <b>Profit/(loss) per share for profit/(loss) attributable to the ordinary equity holders of the company:</b>                            |              |                     |                     |
| Basic profit/(loss) per share   |              | 2.01                | (43.90)             |
| Diluted profit/(loss) per share   |              | 2.01                | (43.90)             |

The accompanying notes form part of these financial statements

# Statement of Financial Position

## As at 30 June 2010

|   | Notes | Consolidated  |                |
|---|-------|---------------|----------------|
|   |       | 30 June 2010  | 30 June 2009   |
|   |       | \$'000        | \$'000         |
| <b>Assets</b>                           |       |               |                |
| <b>Current assets</b>                   |       |               |                |
| Cash and cash equivalents               | 5     | 3,248         | 1,419          |
| Trade and other receivables             |       | 8,811         | 8,377          |
| Inventories                             |       | 4,405         | 4,463          |
| Current tax assets                      |       | -             | 748            |
| Assets classified as held for sale      |       | -             | 600            |
| Other                                   |       | 502           | 404            |
| <b>Total current assets</b>             |       | <b>16,966</b> | <b>16,011</b>  |
| <b>Non-current assets</b>               |       |               |                |
| Property, plant and equipment           |       | 2,411         | 2,888          |
| Deferred tax assets                     |       | 2,855         | 1,094          |
| Intangibles                             | 6     | 27,253        | 28,345         |
| <b>Total non-current assets</b>         |       | <b>32,519</b> | <b>32,327</b>  |
| <b>Total assets</b>                     |       | <b>49,485</b> | <b>48,338</b>  |
| <b>Liabilities</b>                      |       |               |                |
| <b>Current liabilities</b>              |       |               |                |
| Trade and other payables                |       | 10,000        | 10,810         |
| Borrowings                              | 7     | 2,145         | 3,114          |
| Provisions                              |       | 1,074         | 4,239          |
| Liabilities classified as held for sale |       | -             | 206            |
| <b>Total current liabilities</b>        |       | <b>13,219</b> | <b>18,369</b>  |
| <b>Non-current liabilities</b>          |       |               |                |
| Borrowings                              | 7     | 23,075        | 25,552         |
| Deferred tax liabilities                |       | 2,230         | -              |
| Provisions                              |       | 115           | 155            |
| Other                                   | 8     | 4,121         | 5,329          |
| <b>Total non-current liabilities</b>    |       | <b>29,541</b> | <b>31,036</b>  |
| <b>Total liabilities</b>                |       | <b>42,760</b> | <b>49,405</b>  |
| <b>Net assets</b>                       |       | <b>6,725</b>  | <b>(1,067)</b> |
| <b>Equity</b>                           |       |               |                |
| Contributed equity                      | 9     | 56,841        | 56,657         |
| Reserves                                |       | 47            | 47             |
| Accumulated losses                      |       | (50,163)      | (57,771)       |
| <b>Total equity and liabilities</b>     |       | <b>6,725</b>  | <b>(1,067)</b> |

The accompanying notes form part of these financial statements

## Statement of Changes in Equity

For the year ended 30 June 2010

|                                    | Contributed<br>equity | Option<br>Reserve | Consolidated<br>Retained<br>Profits/(Accumulated<br>Losses) | Total        |
|------------------------------------|-----------------------|-------------------|---|--------------|
|                                    | \$'000                | \$'000            | \$'000  | \$'000       |
| Balance at 1 July 2008             | 56,882                | 47                | 4,831   | 61,760       |
| Shares issued net of costs         | 972                   | -                 | -   | 972          |
| Reclassified vendor share issue    | (3,000)               | -                 | -   | (3,000)      |
| Equity to be issued                | 1,803                 | -                 | -   | 1,803        |
| Total comprehensive income         | -                     | -                 | (59,787)  | (59,787)     |
| <b>Subtotal</b>                    | <b>56,657</b>         | <b>47</b>         | <b>(54,956)</b>   | <b>1,748</b> |
| Dividends provided for             | -                     | -                 | (2,815)   | (2,815)      |
| Balance at 30 June 2009            | 56,657                | 47                | (57,771)  | (1,067)      |
| Shares issued net of costs         | 1,987                 | -                 | -   | 1,987        |
| Reclassified vendor share issue    | (1,803)               | -                 | -   | (1,803)      |
| Total comprehensive income         | -                     | -                 | 4,793   | 4,793        |
| <b>Subtotal</b>                    | <b>56,841</b>         | <b>47</b>         | <b>(52,978)</b>   | <b>3,910</b> |
| Cancellation of dividend provision | -                     | -                 | 2,815   | 2,815        |
| Balance at 30 June 2010            | 56,841                | 47                | (50,163)  | 6,725        |

The accompanying notes form part of these financial statements

# Statement of Cash Flows

## For the year ended 30 June 2010

|   | Consolidated   |                |
|---|----------------|----------------|
|   | 30 June 2010   | 30 June 2009   |
| Note  | \$'000         | \$'000         |
| <i>CASH FLOWS RELATED TO OPERATING ACTIVITIES</i>                 |                |                |
| Receipts from customers   | 52,616         | 77,499         |
| Payments to suppliers and employees                               | (44,875)       | (77,889)       |
| Interest received   | 72             | 94             |
| Interest and other costs of finance paid                          | (1,558)        | (2,867)        |
| Income taxes paid   | (262)          | 77             |
| Income taxes refunded   | 898            | -              |
| Other   | (35)           | -              |
| <b>NET OPERATING CASH FLOWS</b>                                   | <b>6,856</b>   | <b>(3,086)</b> |
| <i>CASH FLOWS RELATED TO INVESTING ACTIVITIES</i>                 |                |                |
| Proceeds from sales of plant and equipment                        | 88             | 276            |
| Payment for purchases of plant and equipment                      | (245)          | (1,012)        |
| Payment for purchases of equity investments, net of cash acquired | (677)          | (1,278)        |
| Proceeds from sale of business                                    | 307            | -              |
| Payments for intangible assets                                    | -              | (1,927)        |
| Cash forgone by placing operations into administration            | (596)          | (65)           |
| Receipts from sale of business                                    | -              | 50             |
| <b>NET INVESTING CASH FLOWS</b>                                   | <b>(1,123)</b> | <b>(3,956)</b> |
| <i>CASH FLOWS RELATED TO FINANCING ACTIVITIES</i>                 |                |                |
| Proceeds from borrowings  | -              | 5,140          |
| Repayment of borrowings   | (2,850)        | (1,258)        |
| Recovery of share issue costs                                     | -              | 79             |
| <b>NET FINANCING CASH FLOWS</b>                                   | <b>(2,850)</b> | <b>3,961</b>   |
| <b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>       | <b>2,883</b>   | <b>(3,081)</b> |
| Cash and cash equivalents at the beginning of the Financial year  | 365            | 3,446          |
| Effects of exchange rate changes on cash and cash equivalents     | -              | -              |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>           | <b>3,248</b>   | <b>365</b>     |

The accompanying notes form part of these financial statements



# Notes to the Financial Statements

## **Note 1. Significant accounting policies**

This Preliminary Final Report has been prepared in accordance with the recognition and measurement requirement of Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The Preliminary Final report does not include all the notes of the type normally included in an Annual Financial Report.

Accordingly, this report is to be read in conjunction any other public announcements made by the Company during the year in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year.

## **Note 2. Segment information**

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

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

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

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

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

- Motor Vehicle Distribution – Distribution of motor vehicle accessories.
- Motor Vehicle Protection Products – Manufacture & distribution of motor vehicle protective bars.
- Panel Repair – Motor vehicle and panel repairs.
- Cables & Accessories – Distribution of motor vehicle accessories.
- Other Segments – Motor vehicle part repairs.

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

#### *Accounting policies adopted*

Unless stated otherwise, all amounts reported to the Chief Executive Officer as the chief decision makers with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

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

#### *Inter-segment transactions*

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

#### *Segment assets*

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

#### *Segment liabilities*

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

#### *Unallocated items*

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

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

#### *Comparative information*

This is the first reporting period in which AASB 8: Operating Segments has been adopted. Comparative information has been re-stated to conform to the requirements of the Standard.

Reportable Segments

| 30 June 2010  | Motor<br>Vehicle<br>Accessory<br>Distribution<br>\$'000 | Motor<br>Vehicle<br>Protection<br>Products<br>\$'000 | Panel<br>Repair<br>\$'000 | Cable &<br>Accessory<br>Distribution<br>\$'000 | All Other<br>Segments<br>\$'000 | Total<br>\$'000 |
|---|---|--|---------------------------|--|---------------------------------|-----------------|
| <u>Revenue</u>  |   |  |                           |  |                                 |                 |
| External Sales  | 10,177  | 15,672   | 13,432                    | 5,569  | 5,680                           | 50,530          |
| Other Income  | 46  | 513  | 27                        | 48   | 314                             | 948             |
| Total Sales & Other Income  | 10,223  | 16,185   | 13,459                    | 5,617  | 5,994                           | 51,478          |
| Unallocated Revenue   |   |  |                           |  |                                 | (133)           |
| Total Revenue   |   |  |                           |  |                                 | 51,345          |
| <u>Result</u>   |   |  |                           |  |                                 |                 |
| Segment Gross Margin  | 3,593   | 7,928  | 8,699                     | 2,885  | 2,454                           | 25,559          |
| Unallocated Expenses  |   |  |                           |  |                                 | (18,911)        |
| Profit from continuing operations before<br>impairment, fair value adjustments and<br>vendor payments |   |  |                           |  |                                 | 6,648           |
| Fair Value Adjustments  |   |  |                           |  |                                 | (779)           |
| Vendor payments   |   |  |                           |  |                                 | (639)           |
| Impairment of Intangibles   |   |  |                           |  |                                 | (1,083)         |
| Profit before income tax expense  |   |  |                           |  |                                 | 4,147           |
| <u>Other</u>  |   |  |                           |  |                                 |                 |
| Acquisition of Non-Current Segment<br>Assets  | -   | 91   | 109                       | 10   | 3                               | 213             |
| Depreciation and Amortisation of<br>Segment Assets  | 49  | 101  | 178                       | 79   | 116                             | 523             |
| Other Non-Cash Segment Expenses   | -   | -  | -                         | -  | -                               | -               |

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

| <b>30 June 2009</b>   | <b>Motor<br/>Vehicle<br/>Accessory<br/>Distribution<br/>\$'000</b> | <b>Motor<br/>Vehicle<br/>Protection<br/>Products<br/>\$'000</b> | <b>Panel<br/>Repair<br/>\$'000</b> | <b>Cable &amp;<br/>Accessory<br/>Distribution<br/>\$'000</b> | <b>All Other<br/>Segments<br/>\$'000</b> | <b>Total<br/>\$'000</b> |
|---|--|---|------------------------------------|--|--|-------------------------|
| <u>Revenue</u>  |  |   |                                    |  |  |                         |
| External Sales  | 11,158   | 9,930   | 12,912                             | 4,761  | 6,437                                    | 45,198                  |
| Other Income  | 59   | 314   | 12                                 | 55   | 181                                      | 621                     |
| Total Sales & Other Income  | 11,217   | 10,244  | 12,924                             | 4,816  | 6,618                                    | 45,819                  |
| Unallocated Revenue   |  |   |                                    |  |  | (865)                   |
| Total Revenue   |  |   |                                    |  |  | 44,954                  |
| <u>Result</u>   |  |   |                                    |  |  |                         |
| Segment Gross Margin  | 3,838  | 4,154   | 8,370                              | 2,003  | 2,652                                    | 21,017                  |
| Unallocated Expenses  |  |   |                                    |  |  | (24,949)                |
| Profit from continuing operations before<br>impairment, fair value adjustments and<br>vendor payments |  |   |                                    |  |  | (3,932)                 |
| Fair Value Adjustments  |  |   |                                    |  |  | 6,968                   |
| Vendor Payments   |  |   |                                    |  |  | (1,025)                 |
| Impairment of Intangibles   |  |   |                                    |  |  | (22,745)                |
| Profit before income tax expense  |  |   |                                    |  |  | (20,734)                |
| <u>Other</u>  |  |   |                                    |  |  |                         |
| Acquisition of Non-Current Segment<br>Assets  | 103  | 37  | 111                                | 90   | 44                                       | 385                     |
| Depreciation and Amortisation of<br>Segment Assets  | 52   | 213   | 97                                 | 108  | 112                                      | 582                     |
| Other Non-Cash Segment Expenses   | -  | -   | -                                  | -  | -  | -                       |

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

| <b>30 June 2010</b>     | <b>Motor Vehicle<br/>Accessory<br/>Distribution<br/>\$'000</b> | <b>Motor Vehicle<br/>Protection<br/>Products<br/>\$'000</b> | <b>Panel<br/>Repair<br/>\$'000</b> | <b>Cable &amp;<br/>Accessory<br/>Distribution<br/>\$'000</b> | <b>All Other<br/>Segments<br/>\$'000</b> | <b>Total<br/>\$'000</b> |
|-------------------------|--|---|------------------------------------|--|--|-------------------------|
| <u>Assets</u>           |  |   |                                    |  |  |                         |
| Segment Assets          | 3,156  | 4,400   | 3,703                              | 2,383  | 2,300                                    | 15,942                  |
| Unallocated Assets      |  |   |                                    |  |  | 33,543                  |
| Total Assets            |  |   |                                    |  |  | 49,485                  |
| <u>Liabilities</u>      |  |   |                                    |  |  |                         |
| Segment Liabilities     | 1,090  | 1,928   | 2,250                              | 595  | 825                                      | 6,688                   |
| Unallocated Liabilities |  |   |                                    |  |  | 36,072                  |
| Total Liabilities       |  |   |                                    |  |  | 42,760                  |

| <b>30 June 2009</b> | <b>Motor Vehicle<br/>Accessory<br/>Distribution<br/>\$'000</b> | <b>Motor Vehicle<br/>Protection<br/>Products<br/>\$'000</b> | <b>Panel<br/>Repair<br/>\$'000</b> | <b>Cable &amp;<br/>Accessory<br/>Distribution<br/>\$'000</b> | <b>All Other<br/>Segments<br/>\$'000</b> | <b>Total<br/>\$'000</b> |
|---------------------|--|---|------------------------------------|--|--|-------------------------|
| <u>Assets</u>       |  |   |                                    |  |  |                         |
| Segment Assets      | 3,465  | 3,391   | 2,695                              | 1,986  | 2,605                                    | 14,142                  |
| Unallocated Assets  |  |   |                                    |  |  | 34,196                  |
| Total Assets        |  |   |                                    |  |  | 48,338                  |
| <u>Liabilities</u>  |  |   |                                    |  |  |                         |
| Segment Liabilities | 1,144  | 1,045   | 1,630                              | 411  | 1,117                                    | 5,347                   |
| Unallocated Assets  |  |   |                                    |  |  | 44,058                  |
| Total Liabilities   |  |   |                                    |  |  | 49,405                  |

**Note 3. Revenue**

|  | <b>Consolidated</b> |                     |
|--|---------------------|---------------------|
|  | <b>30 June 2010</b> | <b>30 June 2009</b> |
|  | <b>\$'000</b>       | <b>\$'000</b>       |
| <b>From Continuing Operations</b>  |                     |                     |
| <i>Sales Revenue</i>   |                     |                     |
| Sale of goods  | 36,621              | 31,044              |
| Service and hire   | 13,709              | 13,278              |
|  | <u>50,330</u>       | <u>44,322</u>       |
| <i>Other Revenue</i>   |                     |                     |
| Interest Received  | 72                  | 52                  |
| Other Revenue  | 943                 | 580                 |
|  | <u>1,015</u>        | <u>632</u>          |
| <b>Revenue from Continuing Operations<br/>excluding fair value adjustments</b> | <u>51,345</u>       | <u>44,954</u>       |

**Note 4. Discontinuing Operations**

The following entities form part of the discontinued operations during the year ended 30 June 2010:

- Dyno Dynamics Pty Ltd (voluntary administration)
- Dyno Dynamics Europe Limited (voluntary administration)
- DT Emissions Services Pty Ltd (not trading)
- ACN 003 178 327 Pty Ltd (formerly Autolac Pty Ltd) (business sold, entity not trading)
- Diesel Test Pty Ltd (not trading)
- Alloair Systems Pty Ltd (not trading)
- Allomak Technology Pty Ltd (not trading)

The profit/(loss) for the period from discontinued operations is analysed as follows:

|   | <b>Consolidated</b> |                     |
|---|---------------------|---------------------|
|   | <b>30 June 2010</b> | <b>30 June 2009</b> |
|   | <b>\$'000</b>       | <b>\$'000</b>       |
| Loss from discontinued operations for the financial year          | (226)               | (5,051)             |
| Gain/(loss) resulting from operations being discontinued          | 3,340               | (3,926)             |
| Recovery of assets impaired in previously discontinued operations | 1,000               | -                   |
| Impairment of assets  | (2,691)             | (31,964)            |
|   | <u>1,423</u>        | <u>(40,941)</u>     |

The following were the results of the discontinued operations for the period:

|                                     | <b>Consolidated</b> |                     |
|-------------------------------------|---------------------|---------------------|
|                                     | <b>30 June 2010</b> | <b>30 June 2009</b> |
|                                     | <b>\$'000</b>       | <b>\$'000</b>       |
| Revenue                             | 1,753               | 21,775              |
| Direct costs and overheads          | (1,903)             | (21,302)            |
| Depreciation and impairment expense | (76)                | (5,444)             |
| Finance costs                       | -                   | (80)                |
|                                     | <b>(226)</b>        | <b>(5,051)</b>      |

**Note 5. Cash and cash equivalents**

|              | <b>Consolidated</b> |                     |
|--------------|---------------------|---------------------|
|              | <b>30 June 2010</b> | <b>30 June 2009</b> |
|              | <b>\$'000</b>       | <b>\$'000</b>       |
| Cash on hand | 4                   | 9                   |
| Cash at bank | 3,244               | 1,410               |
|              | <b>3,248</b>        | <b>1,419</b>        |

**Note 6. Non-Current Assets – Intangibles**

Intangible assets other than goodwill have finite useful lives. The current amortisation charge in respect of intangible assets is included under depreciation and amortisation expense in the Statement of Comprehensive Income.

|                                | Note | <b>Consolidated</b> |                     |
|--------------------------------|------|---------------------|---------------------|
|                                |      | <b>30 June 2010</b> | <b>30 June 2009</b> |
|                                |      | <b>\$'000</b>       | <b>\$'000</b>       |
| Goodwill - at cost             |      | 51,078              | 51,078              |
| Less impairment                |      | (23,828)            | (22,745)            |
|                                |      | <b>27,250</b>       | <b>28,333</b>       |
| Patents & trademarks - at cost |      | 3                   | 12                  |
| Less accumulated amortisation  |      | -                   | -                   |
|                                |      | <b>3</b>            | <b>12</b>           |
|                                |      | <b>27,253</b>       | <b>28,345</b>       |

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Reconciliation

|  | Goodwill<br>\$'000 | Product<br>Development<br>\$'000 | Patents &<br>trademarks<br>\$'000 | Intellectual<br>property<br>\$'000 | Group<br>\$'000 |
|--|--------------------|----------------------------------|-----------------------------------|------------------------------------|-----------------|
| <b>Consolidated</b>                          |                    |                                  |                                   |                                    |                 |
| Balance as at 1 July 2008                    | 66,699             | 1,156                            | 12                                | 6,660                              | 74,527          |
| Additions                                    | -                  | 195                              | 9                                 | 365                                | 569             |
| Impairment of continuing<br>businesses       | (22,745)           | -                                | (9)                               | -                                  | (22,754)        |
| Impairment of discontinuing<br>businesses    | (14,975)           | (1,351)                          | -                                 | (6,673)                            | (22,999)        |
| EBIT adjustments to previous<br>acquisitions | (646)              | -                                | -                                 | -                                  | (646)           |
| Amortisation expense                         | -                  | -                                | -                                 | (352)                              | (352)           |
| Balance at 30 June 2009                      | 28,333             | -                                | 12                                | -                                  | 28,345          |
| Impairment of continuing<br>businesses       | (1,083)            | -                                | -                                 | -                                  | (1,083)         |
| Entity being placed into<br>administration   | -                  | -                                | (9)                               | -                                  | (9)             |
| Amortisation expense                         | -                  | -                                | -                                 | -                                  | -               |
| Balance at 30 June 2010                      | 27,250             | -                                | 3                                 | -                                  | 27,253          |

**Note 7. Borrowings**

|                         | Consolidated |              |
|-------------------------|--------------|--------------|
|                         | 30 June 2010 | 30 June 2009 |
|                         | \$'000       | \$'000       |
| <b>Current</b>          |              |              |
| Bank bills              | 2,030        | 1,836        |
| Other loans - unsecured | -            | -            |
| Lease liability         | 115          | 224          |
| Overdraft               | -            | 1,054        |
|                         | 2,145        | 3,114        |

|                          | Consolidated |              |
|--------------------------|--------------|--------------|
|                          | 30 June 2010 | 30 June 2009 |
|                          | \$'000       | \$'000       |
| <b>Non-current</b>       |              |              |
| Bank bills and loan note | 22,995       | 25,117       |
| Lease liability          | 80           | 435          |
|                          | 23,075       | 25,552       |



*Total secured liabilities*

|                          | <b>Consolidated</b> |                     |
|--------------------------|---------------------|---------------------|
| Note                     | <b>30 June 2010</b> | <b>30 June 2009</b> |
|                          | <b>\$'000</b>       | <b>\$'000</b>       |
| Bank bills and loan note | 25,025              | 26,953              |
| Lease liability          | 195                 | 659                 |
|                          | <b>25,220</b>       | <b>27,612</b>       |

*Assets pledged as security*

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

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

*Financing arrangements*

On 30 June 2009, the Company completed negotiations for a revised banking facility. This facility defers the due date on the bank bills until 30 June 2014 and the debt repayment is now considered as a long term liability. The new facility also requires 35% of the Company's EBIT to be paid quarterly towards the principle of the bills.

The revised banking facility includes the following covenants:

- achievement of EBIT Targets
- achievement of an interest cover target
- achievement of gearing target
- non-payment of dividends without the banks prior written consent

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

*Finance facilities*

|                | <b>Consolidated</b> |                     |
|----------------|---------------------|---------------------|
| Note           | <b>30 June 2010</b> | <b>30 June 2009</b> |
|                | <b>\$'000</b>       | <b>\$'000</b>       |
| Bank bills     | 19,346              | 21,921              |
| Loan notes     | 12,000              | 12,000              |
| Total facility | <b>31,346</b>       | <b>33,921</b>       |

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

The net present value of the loan note is \$5.679 million (30 June 2009: \$5.032 million).

**Note 8. Non-current liabilities – other**

| <i>Non-current</i>                        | Note | Consolidated |              |
|---|------|--------------|--------------|
|   |      | 30 June 2010 | 30 June 2009 |
|   |      | \$'000       | \$'000       |
| Deferred cash consideration - key vendors |      | 2,722        | 3,313        |
| Onerous lease                             |      | 1,399        | 2,016        |
|   |      | 4,121        | 5,329        |

**Note 9. Contributed equity**

|                              | Consolidated and Parent Entity |              | Consolidated and Parent Entity |              |
|------------------------------|--------------------------------|--------------|--------------------------------|--------------|
|                              | 30 June 2010                   | 30 June 2009 | 30 June 2010                   | 30 June 2009 |
|                              | Shares                         | Shares       | \$'000                         | \$'000       |
| Ordinary Shares - fully paid | 269,911,670                    | 139,033,137  | 56,841                         | 54,854       |
| Equity to be issued          | -                              | -            | -                              | 1,803        |
|                              | 269,911,670                    | 139,033,137  | 56,841                         | 56,657       |

**Note 10. Contingent assets & liabilities**

There has been no change in contingent liabilities since the last annual reporting date.

The board announced on 25<sup>th</sup> September 2009 that it had commenced legal proceedings in the Supreme Court of Victoria against the Company's former Managing Director, Mr Rob Allan, Panache Global Holdings Pty Ltd, Guiding Technologies Pty Ltd and Mr Richard Rubin.

In the proceedings, the Company seeks to recover losses relating to AMA's acquisition of hand dryer technology in 2008 on the grounds of Mr Allan's breach of directors' duties.

No further information can be disclosed at this time regarding this matter without prejudicing the outcome of proceedings currently underway.

**Note 11. Events subsequent to Reporting Date**

No matters or circumstances have arisen since the end of the reporting period, not otherwise disclosed in this report, which significantly affected or may significantly affect the operations of the economic entity, the result of those operations or the state of affairs of the economic entity in subsequent financial years.