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**AUTODOM**

**AUTODOM LIMITED  
AND CONTROLLED ENTITIES  
A.B.N. 43 009 123 782**

**APPENDIX 4D  
HALF YEAR REPORT  
31 DECEMBER 2010**

**AUTODOM LIMITED**  
**A.B.N. 43 009 123 782**

**I N D E X**

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**Revenue and Net Profit (Loss) AU\$'000's**

|  |        |
|--|--------|
| Revenue from ordinary activities has increased 20% on previous corresponding period                                      | 45,524 |
| Loss from ordinary activities after tax attributable to members has increased 94% over the previous corresponding period | (578)  |

**Dividends**

No interim dividend is to be paid for this period.

**COMMENTARY ON RESULTS AND OTHER SIGNIFICANT INFORMATION  
CONSOLIDATED NET TANGIBLE ASSET BACKING**

|  | <b>31 DEC 2010</b> | <b>31 DEC 2009</b> |
|--|--------------------|--------------------|
|  | <b>\$</b>          | <b>\$</b>          |
| Net Assets   | 12,303,220         | 15,535,999         |
| Add deferred grant income received   | 3,749,444          | -                  |
| Less intangible assets   | (7,127,908)        | (5,358,289)        |
| Less net deferred tax assets   | (3,949,144)        | (3,157,822)        |
| Less NCI net tangible assets   | -                  | (4,135,584)        |
| Net tangible assets of the Consolidated Entity   | <u>4,975,612</u>   | <u>2,884,304</u>   |
| Fully paid ordinary shares on issue at Balance Date  | 102,306,470        | 54,346,301         |
| Net tangible asset backing per issued ordinary share as at Balance Date (cents)                    | 4.9 c              | 5.3 c              |
| Net tangible assets of the Consolidated Entity after completion of share issue on 28 February 2011 | 8,293,558          | not applicable     |
| Fully paid ordinary shares on issue at 28 February 2011  | 163,038,903        | not applicable     |
| Proforma net tangible asset backing per issued ordinary share as at 28 February 2011               | 5.1 c              | not applicable     |

**COMMENTARY ON RESULTS**

Please refer to Review of Operations on page 5.

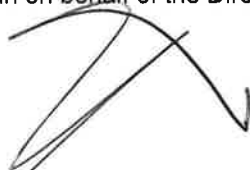
**ACQUISITIONS AND DISPOSALS DURING THE HALF YEAR**

On 31 August 2010 the Company acquired the business assets, including goodwill, and assumed certain employee liabilities of DAIR Industries Pty Ltd and DAIR Industries (Vic) Pty Ltd (collectively referred to as "the DAIR business") for a total consideration of \$12.8 million.

**This Report is provided to the Australian Stock Exchange (ASX) under ASX Listing Rule 4.2A.3**

Current Reporting Period: 31st December, 2010  
Previous Corresponding Period: 31st December, 2009

For an on behalf of the Directors



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**AJ DALE  
MANAGING DIRECTOR**  
Dated: 28 February 2011

The directors of Autodom Limited present their report and the consolidated financial report of the Company for the half-year ended 31 December 2010.

#### **Directors**

The names of the persons who have been a director of the Company any time during or since the end of the half year are Anthony John Dale, Robert Paul Martin and Scott Angus Mutton.

#### **Review of Operations**

Consolidated loss after tax for the six months ended 31st December 2010 was \$577,847  
Consolidated loss after tax for the same period last year was \$297,910.

On 31 August 2010 the Company acquired the business assets, including goodwill, and assumed certain employee liabilities of DAIR Industries Pty Ltd and DAIR Industries (Vic) Pty Ltd (collectively referred to as "the DAIR business") for a total consideration of \$12.8 million. The DAIR business comprises two manufacturing plants in the state of Victoria, Australia at Dandenong and New Gisborne.

During the six months ended 31 December 2010 the Company experienced an overall increase of 20% in sales revenue compared with the previous corresponding period. This overall increase, however, included a four month contribution of \$13 million from the DAIR business. Taking this acquisition into account revenues, excluding the DAIR business, fell by \$6.4 million (17%) compared with the previous corresponding period. Revenues for the previous corresponding period itself were also 30% lower than the the revenues for the six months ended 31 December 2008. The reduction in sales between the six months ended 31 December 2010 and the six months ended 31 December 2009 was attributable to lower production of Australian made passenger vehicles by the three Australian-based vehicle manufacturers; Holden, Ford and Toyota. The Company continues to focused on merger and acquisition within the automotive component supplier sector, cost reductions, improvements in working capital and productivity. These efforts have mitigated the impact the substantial sales revenue reduction has on the financial performance of the Company.

#### **Lead Auditors Independence Declaration**

The auditors' independence declaration under section 307C of the Corporations Act 2001 is included within this financial report.

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



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**AJ DALE**  
**MANAGING DIRECTOR**  
Dated: 28 February 2011

**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the review of the financial report of Autodom Limited for the half year ended 31 December 2010, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

*RSM Bird Cameron Partners*  
RSM BIRD CAMERON PARTNERS  
Chartered Accountants

J A KOMNINOS  
Partner

Perth, WA  
Dated: 28 February 2011

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# AUTODOM LIMITED

## Consolidated Statement of Comprehensive Income For The Half-Year Ended 31 December 2010

|  | Note | 2010<br>\$       | 2009<br>\$       |
|--|------|------------------|------------------|
| <b>Revenue</b>   |      | 45,523,690       | 37,989,334       |
| Other income   | 2    | 1,655,572        | 858,619          |
| Changes in inventories of finished goods and work in progress                        |      | (503,501)        | (577,438)        |
| Raw materials and consumables used   |      | (22,758,214)     | (26,975,283)     |
| Employee benefits expense  |      | (13,941,319)     | (7,028,692)      |
| Depreciation and amortisation expense  |      | (1,176,478)      | (1,247,622)      |
| Finance costs - net  |      | (775,705)        | (276,107)        |
| Other expenses   |      | (8,849,540)      | (3,148,032)      |
| <b>Profit/(loss) before income tax expense</b>                                       |      | <b>(825,496)</b> | <b>(405,221)</b> |
| Income tax benefit/(expense)   |      | 247,649          | 107,311          |
| <b>Profit/(loss) for the period</b>  |      | <b>(577,847)</b> | <b>(297,910)</b> |
| (Profit)/loss attributable to non- controlling interests                             |      | -                | -                |
| <b>Profit/(loss) attributable to members of Autodom Limited</b>                      |      | <b>(577,847)</b> | <b>(297,910)</b> |
| Other comprehensive income   |      | -                | -                |
| <b>Total Comprehensive Income For the Period</b>                                     |      | <b>(577,847)</b> | <b>(297,910)</b> |
| <b>Loss per share attributable to the ordinary equity holders of Autodom Limited</b> |      |                  |                  |
| Basic earnings per share (Cents)   |      | (0.01)           | (0.32)           |
| Diluted earnings per share (Cents)   |      | (0.01)           | (0.32)           |

*The above income statement should be read in conjunction with the accompanying notes.*

# AUTODOM LIMITED

## Condensed Consolidated Balance Sheet As at 31 December 2010

|   | Note. | 31 December 2010<br>\$ | 30 June 2010<br>\$ |
|---|-------|------------------------|--------------------|
| <b>Current Assets</b>   |       |                        |                    |
| Cash and cash equivalents   |       | 713,350                | -                  |
| Trade and other receivables   |       | 13,036,054             | 12,404,826         |
| Inventories   |       | 10,103,589             | 6,358,418          |
| Other assets  |       | 4,384,336              | 1,887,986          |
| <b>Total Current Assets</b>   |       | <b>28,237,328</b>      | <b>20,651,230</b>  |
| <b>Non-Current Assets</b>   |       |                        |                    |
| Receivables   |       | -                      | 4,135,682          |
| Property, Plant and Equipment   | 4.    | 13,936,002             | 10,528,069         |
| Deferred Tax Assets   |       | 3,949,144              | 4,717,845          |
| Intangible Assets   | 4.    | 7,127,908              | 5,358,289          |
| Other Assets  |       | 577,017                | 452,098            |
| <b>Total Non-Current Assets</b>   |       | <b>25,590,071</b>      | <b>25,191,983</b>  |
| <b>Total Assets</b>   |       | <b>53,827,399</b>      | <b>45,843,213</b>  |
| <b>Current Liabilities</b>  |       |                        |                    |
| Trade and other payables  |       | 16,677,027             | 14,761,523         |
| Financial Liabilities   | 5.    | 17,249,832             | 12,380,808         |
| Provisions  |       | 6,053,593              | 2,450,457          |
| <b>Total Current Liabilities</b>  |       | <b>39,980,452</b>      | <b>29,592,788</b>  |
| <b>Non-Current Liabilities</b>  |       |                        |                    |
| Financial Liabilities   | 5.    | 1,155,649              | -                  |
| Deferred Tax Liabilities  |       | -                      | 1,016,212          |
| Provisions  |       | 388,077                | 1,019,271          |
| <b>Total Non-Current Liabilities</b>                                      |       | <b>1,543,726</b>       | <b>2,035,483</b>   |
| <b>Total Liabilities</b>  |       | <b>41,524,178</b>      | <b>31,628,271</b>  |
| <b>Net Assets</b>   |       | <b>12,303,220</b>      | <b>14,214,942</b>  |
| <b>Equity</b>   |       |                        |                    |
| Contributed Equity  |       | 20,717,911             | 17,916,201         |
| Reserves  |       | 440,858                | 440,858            |
| Accumulated Losses  |       | (8,855,549)            | (8,277,701)        |
| <b>Capital and reserves attributable to the owners of Autodom Limited</b> |       | <b>12,303,220</b>      | <b>10,079,358</b>  |
| Non-controlling interests   | 6.    | -                      | 4,135,584          |
| <b>Total Equity</b>   |       | <b>12,303,220</b>      | <b>14,214,942</b>  |

*The above balance sheet should be read in conjunction with the accompanying notes.*

# AUTODOM LIMITED

## Condensed Consolidated Statement of Changes in Equity For The Half-Year Ended 31 December 2010

### Attributable to Owners of Autodom Ltd

|  | Contributed<br>Equity<br>\$ | Option<br>Reserve<br>\$ | Dividend<br>Reserve<br>\$ | (Accumulated<br>Losses)<br>\$ | Sub Total<br>\$   | Non-<br>controlling<br>Interests<br>\$ | Total<br>\$       |
|--|-----------------------------|-------------------------|---------------------------|-------------------------------|-------------------|--|-------------------|
| <b>Balance at 1 July 2009</b>                    | 17,916,201                  | 200,950                 | 239,908                   | (6,658,872)                   | 11,698,187        | 4,135,584                              | 15,833,771        |
| Profit attributable to members<br>of Autodom Ltd | -                           | -                       | -                         | (297,910)                     | (297,910)         | -                                      | (297,910)         |
| Other adjustments                                | -                           | -                       | -                         | 138                           | 138               | -                                      | 138               |
| <b>Balance at 31 December<br/>2009</b>           | <u>17,916,201</u>           | <u>200,950</u>          | <u>239,908</u>            | <u>(6,956,644)</u>            | <u>11,400,415</u> | <u>4,135,584</u>                       | <u>15,535,999</u> |
| <b>Balance at 1 July 2010</b>                    | 17,916,201                  | 200,950                 | 239,908                   | (8,277,702)                   | 10,079,357        | 4,135,584                              | 14,214,941        |
| Proceeds of share issue                          | 2,801,710                   | -                       | -                         | -                             | 2,801,710         | -                                      | 2,801,710         |
| Profit attributable to members<br>of Autodom Ltd | -                           | -                       | -                         | (577,847)                     | (577,847)         | -                                      | (577,847)         |
| De-consolidation of Kai<br>Limited               | 6. -                        | -                       | -                         | -                             | -                 | (4,135,584)                            | (4,135,584)       |
| Other adjustments                                | -                           | -                       | -                         | -                             | -                 | -                                      | -                 |
| <b>Balance at 31 December<br/>2010</b>           | <u>6. 20,717,911</u>        | <u>200,950</u>          | <u>239,908</u>            | <u>(8,855,549)</u>            | <u>12,303,220</u> | <u>-</u>                               | <u>12,303,220</u> |

The above statement of changes in equity should be read in conjunction with the accompanying notes.

# AUTODOM LIMITED

## Condensed Consolidated Statement of Cash Flows

For The Half-Year Ended 31 December 2010

|  | 2010               | 2009<br>\$       |
|--|--------------------|------------------|
| <b>Cash flows from operating activities</b>  |                    |                  |
| Receipts from customers and others   | 44,693,491         | 39,285,220       |
| Payments to suppliers and employees  | (43,164,189)       | (36,152,359)     |
| Interest and borrowing costs paid  | (775,705)          | (276,107)        |
|  | <hr/>              | <hr/>            |
| <b>Net cash (outflow)/inflow from operating activities</b>                                 | <b>753,597</b>     | <b>2,856,754</b> |
| <b>Cash flows from investing activities</b>  |                    |                  |
| Payments for property, plant and equipment   | (31,600)           | (206,542)        |
| Acquisition of the DAIR business   | (8,912,579)        | -                |
| Grant received from the Commonwealth of Australia for the acquisition of the DAIR business | 3,970,000          | -                |
| Proceeds from sale of property, plant and equipment  | 3,800              | 5,605            |
|  | <hr/>              | <hr/>            |
| <b>Net cash (outflow)/inflow from investing activities</b>                                 | <b>(4,970,379)</b> | <b>(200,937)</b> |
| <b>Cash flows from financing activities</b>  |                    |                  |
| Proceeds from issues of ordinary shares  | 2,801,710          | -                |
| Proceeds from borrowings   | 5,000,000          | -                |
| Repayment of borrowings  | (2,556,317)        | (877,208)        |
|  | <hr/>              | <hr/>            |
| <b>Net cash inflow/(outflow) from financing activities</b>                                 | <b>5,245,393</b>   | <b>(877,208)</b> |
| <b>Net increase/(decrease) in cash and cash equivalents</b>                                | <b>1,028,611</b>   | <b>1,778,609</b> |
| Cash and cash equivalents at the beginning of the financial period                         | (315,261)          | 674,336          |
|  | <hr/>              | <hr/>            |
| <b>Cash and cash equivalents at the end of the financial period</b>                        | <b>713,350</b>     | <b>2,452,945</b> |

*The above cash flow statement should be read in conjunction with the accompanying notes.*

# AUTODOM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION OF THE HALF-YEAR REPORT

This general purpose financial report for the half year reporting period ended 31 December 2010 has been prepared in accordance with accounting standard AASB 134 *Interim Financial Reporting and the Corporation's Act 2001*.

This interim financial report does not include all the notes of the type normally included in the annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2010 and any public announcements made by Autodom Limited during the half year ended 31 December 2010 in accordance with the continuous disclosure requirements of the Corporation's Act 2001.

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

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which fair value basis of accounting has been applied.

#### **Going Concern**

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the consolidated entity incurred a loss of \$577,847. As at that date, the consolidated entity had net current liabilities of \$11,743,124. The net current liabilities resulted primarily from the classification of the consolidated entity's bank loans of \$9,015,284 as a current liability, because during the period, the consolidated entity did not meet the bank's loan covenants, resulting in the loan facilities being subject to review and possible repayment at the bank's discretion.

These factors indicate significant uncertainty as to whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Directors believe that there are reasonable grounds to believe that the consolidated entity will be able to continue as a going concern, after consideration of the following factors:

- \*The acquisition of the DAIR business not only provides additional earnings but also provides the company with an expanded and more diverse customer base;

- \*The consolidated entity's banker has not exercised its review discretion referred to above at the date of this report;

- \*Subject to the difficulties associated with predicting future demand from the global automotive industry, for the 12 month period from the date of this financial report, the consolidated entity is budgeting to generate positive trading cashflows from operations in the twelve month period from the date of this financial report; and

- \*The successful share entitlements issue completed on 25 February 2011 raising an additional \$3,643,366 in share capital which was then used to repay the shareholder loan of \$3,643,366 on 28 February 2011.

Accordingly, the Directors believe that the consolidated entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the consolidated entity does not continue as a going concern.

# AUTODOM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

|                         | Consolidated            |                       |
|-------------------------|-------------------------|-----------------------|
|                         | 31 December<br>2010     | 31 December<br>2009   |
|                         | \$                      | \$                    |
| <b>2. OTHER INCOME</b>  |                         |                       |
| Government Grants (net) | 499,653                 | 769,180               |
| Other Income            | <u>1,155,919</u>        | <u>89,439</u>         |
|                         | <u><u>1,655,572</u></u> | <u><u>858,619</u></u> |

Other income relates primarily to an accounting adjustment for long outstanding credit balances from several years ago.

### 3. DIVIDENDS

No dividend has been paid or provided for in the current half year.

|  |                 |                 |
|--|-----------------|-----------------|
|  | <u><u>-</u></u> | <u><u>-</u></u> |
|--|-----------------|-----------------|

### 4. ACQUISITION OF THE DAIR BUSINESS

On 31 August 2010 the Company acquired the business assets, including goodwill, and assumed certain employee benefit provisions of DAIR Industries Pty Ltd and DAIR Industries (Vic) Pty Ltd (collectively referred to as "the DAIR business") for a total consideration of \$12.8 million. The DAIR business comprises two manufacturing plants in the state of Victoria, Australia at Dandenong and New Gisborne. The details of the assets acquired and liabilities assumed are as follows:

|   |                          |
|---|--------------------------|
| Manufacturing plant and equipment           | 8,522,810                |
| Inventories                                 | 4,784,602                |
| Government Grants Receivable (ACIS and ATS) | 1,030,995                |
| Goodwill                                    | <u>1,769,621</u>         |
| Assets acquired                             | <u>16,108,028</u>        |
| Employee benefit provisions assumed         | <u>(3,299,196)</u>       |
| Total consideration paid                    | <u><u>12,808,832</u></u> |

The consideration was partly funded by a grant of \$3.97 million from the Commonwealth of Australia under the Automotive Industry Structural Adjustment Programme ("AISAP"). The grant related specifically to manufacturing plant and equipment that was acquired. In accordance with the Accounting Standards, this grant was recorded as deferred income which reduces the carrying value of the manufacturing plant and equipment acquired. This deferred income will be brought to account as income over the life of the manufacturing plant and equipment acquired.

The consideration was also partly funded by a loan of approximately \$7.2 million from DAIR industries Pty Ltd and DAIR Industries (Vic) Pty Ltd ("the Vendors"). Since 31 August 2010 approximately \$3.3 million of this loan has been repaid. The balance of the loan is repayable in various amounts over a period of time from 31 August 2010.

# AUTODOM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

|   | Consolidated      |                   |
|---|-------------------|-------------------|
|   | 31 December       | 30 June           |
|   | 2010              | 2010              |
|   | \$                | \$                |
| <b>5. FINANCIAL LIABILITIES</b>             |                   |                   |
| Current:                                    |                   |                   |
| Bank overdraft                              | -                 | 315,261           |
| Loan from State of South Australia          | 1,850,000         | 2,050,000         |
| Loan from the Vendors of the DAIR business  | 2,740,602         | -                 |
| Loan from a shareholder (see note 10 below) | 3,643,946         | -                 |
| Bills of exchange (secured)                 | 9,015,284         | 10,015,547        |
|   | <u>17,249,832</u> | <u>12,380,808</u> |
| Non current:                                |                   |                   |
| Loan from the Vendors of the DAIR business  | 1,155,649         | -                 |
|   | <u>1,155,649</u>  | <u>-</u>          |

## 6. NON CONTROLLING INTEREST

On 16 December 2010 the shareholders of KAI Limited resolved to commence a members voluntary liquidation of KAI Limited. The Company owns 50% of the issued share capital of KAI Limited and in previous reporting periods has had effective control of KAI Limited. Accordingly the results and assets of KAI Limited have been consolidated and a non-controlling interest reflecting the interest of the other 50% shareholder in the assets of KAI Limited has been recognised. Control of KAI Limited no longer resides with the Company on the appointment of the liquidator and accordingly the assets as of 31 December 2010 have been de-consolidated from the consolidated balance sheet as of 31 December 2010. Furthermore, as the Company did not trade during the period and has not traded for several years, there was no profit or loss for the period from 1 July 2010 to 16 December 2010.

## 7. EVENTS SUBSEQUENT TO BALANCE DATE

On 3 November 2010 the Company issued a prospectus for a share entitlements issue seeking \$6,521,566 of share capital. The share entitlements issue was underwritten by a related party (see note 10 ii) below). As of the close of the issue on 4 December 2010 a total of \$2,877,620 had been received from the share entitlements issue and a corresponding number of shares were issued prior to 31 December 2010. Between 1 January 2011 and 25 February 2011 applications and proceeds for all of the shortfall of \$3,643,946 were received and on 28 February 2011 the shares were allotted. As described in 10 iii) below, the Shareholder loan of \$3,643,946 in note 5 was then repaid and replaced with equity of the same amount.

## 8. CONTINGENT LIABILITIES

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

## 9. COMMITMENTS

During the half year, new rental leases were entered into with respect to the newly acquired DAIR business. The commitment arising out of this, in addition to those disclosed in the 30 June 2010 Annual Report, are as follows:

|                     |                  |
|---------------------|------------------|
| Within 12 months    | 2,097,463        |
| > 1 year to 5 years | 7,465,002        |
|                     | <u>9,562,465</u> |

# AUTODOM LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 10. RELATED PARTY TRANSACTIONS

During the half year, the Company entered into the following agreements with related parties:

- i) Pursuant to an agreement dated 31 August 2010, Temorex Pty Ltd, a company controlled by Mr RP Martin who is a Director of the Company, advanced the Company \$5,000,000 to assist with funding the acquisition of the DAIR business. This loan was repaid on 24 December 2010. In consideration for the advance an establishment fee of \$200,000 and interest of \$34,183 was paid to Temorex Pty Ltd.
- ii) On 2 November 2010 Temorex Pty Ltd also entered into an agreement with the Company to underwrite a share entitlements issue made by the Company pursuant to the prospectus dated 3 November 2010. In consideration the Company agreed to pay Temorex an underwriting fee of \$326,100. The payment of this fee is subject to the receipt by the Company of the entire \$6,521,566 proceeds from the share entitlements issue (\$2,877,620 was received before 31 December 2010 and \$3,643,946 after 31 December 2010) on or prior to 28 February 2011. These proceeds were received in full by 25 February 2011.
- iii) On 17 December 2010 the Company entered into a loan agreement with Accord Investment Corporation Pty Ltd ("Accord"), a company controlled by Mr RP Martin. The Company was advanced \$3,643,946 by Accord to assist the Company to repay the advance due to Temorex Pty Ltd in 10 i) above. The amount of \$3,643,946 equated to the shortfall of the share entitlements issue as at 31 December 2010. Under the terms of the agreement with Accord, and in conjunction with the underwriting agreement with Temorex, the advance was repaid on 28 February 2011 after the Company received applications and proceeds for the full amount of the \$3,643,946 shortfall and after the allotment of shares. Interest of \$21,579 was accrued for the period from the date of the advance to 31 December 2010.

### 11. OPERATING SEGMENTS

The consolidated entity is manufacturing automotive components at four manufacturing plants: one in South Australia and three in Victoria. Each area of operations has been aggregated and therefore the operations of the consolidated entity present one operating segment, Automotive, under AASB 8 *Operating Segments*.

# AUTODOM LIMITED

## DIRECTORS DECLARATION

The directors of the company declare that:

- (a) the financial statements and notes:
  - (i) comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Act 2001; and
  - (ii) give a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half year ended on that date.
- (b) In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



---

AJ Dale  
Managing Director

Perth  
Dated 28 February 2011

**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF  
AUTODOM LIMITED**

*Report on the Half-Year Financial Report*

We have reviewed the accompanying half-year financial report of Autodom Ltd which comprises the condensed consolidated balance sheet as at 31 December 2010, and the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half year.

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

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

*Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of consolidated entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Autodom Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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*Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Autodom Ltd, would be in the same terms if given to the directors as at the time of this auditor's review report.

*Basis for Qualified Conclusion*

The consolidated entity has recognised a deferred tax asset, in respect of unused tax losses and temporary differences of \$3,949,144, in the balance sheet. Under Australian Accounting Standard AASB 112 *Income Taxes*, a deferred tax asset can only be recognised if it is probable that future taxable profits will be available, against which the balance can be utilised.

The recoverability of the deferred tax asset is dependent on the consolidated entity generating future taxable profits. We have not been able to obtain sufficient appropriate evidence to determine whether it is probable that the consolidated entity will be able to generate adequate profits to utilise the deferred tax asset. We are therefore unable to determine whether recognition of the deferred tax asset is in accordance with the requirements of Australian Accounting Standards.

*Qualified Conclusion*

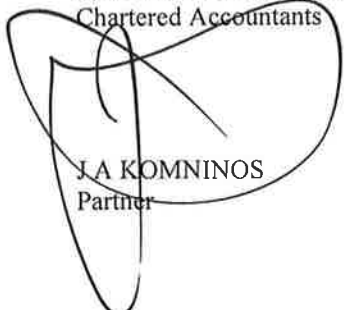
Based on our review, which is not an audit, with the exception of the matter described in the preceding paragraph, we have not become aware of any matter that makes us believe that the half-year financial report of Autodom Ltd is not in accordance with *the Corporations Act 2001*, including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting and Corporations Regulations 2001*.

*Material Uncertainty Regarding Continuation as a Going Concern*

Without further qualifying our conclusion expressed above, we draw attention to Note 1 in the financial report which indicates the consolidated entity incurred a net loss of \$577,847 during the half year ended 31 December 2010. At balance date, the consolidated entity had net current liabilities of \$11,743,124. In addition, during the half year review period, the consolidated entity did not meet its banker's loan covenants, resulting in the bank's loan facility being subject to review and possible repayment, at its discretion. These conditions, along with other matters set out in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, whether it will realise its assets and extinguish its liabilities, in the normal course of business and at the amounts stated in the financial report.

Perth, WA  
Dated: 28 February 2011

RSM Bird Cameron Partners  
RSM BIRD CAMERON PARTNERS  
Chartered Accountants  
  
J.A. KOMNINOS  
Partner

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