



AUTODOM

AUTODOM LIMITED

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31 August 2008

Australian Securities Exchange
Company Announcements Office
10th Floor
20 Bond Street
SYDNEY NSW 2000

Dear Sirs,

Autodom Limited Preliminary Final Report 2007/8

The directors of Autodom are disappointed to announce a loss of \$7.4m after tax for the 2007/8 financial year.

Whilst automotive component manufacturing is a difficult sector the primary reason for the loss was an inability of aiAutomotive to successfully manage the integration of two acquisitions completed during the year. The poor management led to a large blowout in labour and other costs and significant production inefficiencies.

A decision has also been taken to write off the carrying value of investments made in the non automotive component businesses of Motive Energy Pty Ltd and Micro Wind Turbines Pty Ltd. Deferred expenditure related to investigations and due diligence on possible new acquisitions and leasehold improvements have also been written off. In total these items amount to \$1.45m.

A board commissioned review has recommended a number of changes to the management of the company which will be implemented over the next few months. The first of these was the resignation of the CEO of aiAutomotive in late July. In addition Autodom will be looking for a suitably qualified automotive industry executive to take over the Managing Director role. The board will be restructured and is seeking to add individuals with automotive background to it. As these changes are made the corporate office in Perth is to be closed and the responsibilities moved to Adelaide or Melbourne.

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An organisational recovery and restructuring program named “Project Refocus” has commenced. This multi faceted initiative has been developed with input and assistance from customers and advisors. Autodom’s bankers have been regularly briefed on the recovery initiatives and are working with the company.

The board does not propose to issue any earnings guidance for the 2009 financial year. To date the sales forecasts in the company’s budget are being met and if that continues revenue for the year will be \$110m. If Project Refocus successfully achieves its objectives the company is expecting to make a profit for the year. As has been the case for several years the automotive manufacturing industry is under constant pressure from adverse exchange rates, imported vehicles, higher fuel prices, changing consumer preferences and many other factors. These potentially threaten manufacturing volumes for Holden, Ford and Toyota. Any movement in vehicle build numbers directly impact Autodom.

Autodom has received approaches from groups expressing interest in buying the company’s main asset aiAutomotive. The board intends to consider these approaches on their merit. The immediate focus and priority of the board and management, however, is to return the company to profitability and re establish value in the company’s shares.

Yours sincerely,

Tony Dale
Managing Director

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AUTODOM

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

APPENDIX 4E

PRELIMINARY FINAL REPORT

30 JUNE 2008

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AUTODOM LIMITED

A.B.N. 43 009 123 782

APPENDIX 4E

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This preliminary final report is provided to the Australian Stock Exchange (ASX) under ASX Listing Rule 4.3A

Current Reporting Period: 30th June, 2008

Previous Corresponding Period: 30th June, 2007

For and on behalf of the directors:



AJ DALE
 Director

Dated: 31 August, 2008

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Revenue and Net Profit/(Loss)		AU\$000's 2008	AU\$000's 2007
Revenue from ordinary activities	down 39%	85,623	141,446
Revenue from discontinued activities	down 100%	0	71,441
Revenue from continuing ordinary activities	up 22%	<u>85,623</u>	<u>70,005</u>
Profit/(Loss) from ordinary activities after tax	down 302%	<u>(7,393)</u>	<u>3,653</u>
Profit/(Loss) from ordinary activities after tax attributable to members	down 315%	<u>(7,389)</u>	<u>3,429</u>

Commentary

The primary reason for the company's disappointing financial performance was the inability of aiAutomotive to successfully manage the integration of two acquisitions completed in the financial year. The poor management led to a large blowout in labour and other costs and significant production inefficiencies.

Dividends

No dividends were declared or paid during the year.

NET TANGIBLE ASSET BACKING

	Consolidated Entity	
	<u>2008</u>	<u>2007</u>
Net Assets	14,507,878	21,906,153
Less intangible assets	(5,620,122)	(319,256)
Less OEI net tangible assets	<u>(4,143,702)</u>	<u>(4,198,153)</u>
Net tangible assets of the Consolidated Entity	<u>4,744,054</u>	<u>17,388,744</u>
Fully paid ordinary shares on issue at balance date	<u>54,346,301</u>	<u>54,824,290</u>
Net tangible asset backing per issued ordinary share as at balance date (cents)	<u>8.7</u>	<u>31.7</u>

The reduction in the Net Tangible Assets was caused primarily as a result of the losses incurred in the current period.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS OF THE COMPANY

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

Late in November 2007 the company changed its name from A.I. Limited to Autodom Limited.

In December 2007 aiAutomotive Pty Ltd acquired the business of Dair (SA) a South Australian manufacturer of automotive pressings and sub assemblies.

In January 2008 aiAutomotive Pty Ltd acquired the business of HPG Engineering a Victorian based manufacturer of automotive pressings and sub assemblies.

STATUS OF AUDIT

This preliminary Final Report is based on accounts to which one of the following applies:-

- The accounts have been audited.
- The accounts are in the process of being audited or subject to review.
- The accounts have been subject to review
- The accounts have not been audited or reviewed.

Description of likely dispute or qualification if the accounts have not been audited, or subject to review or are in the process of being audited or subjected to review.

None Noted

The following items have yet to be completed prior to finalising the groups accounts:-

- Carrying values of tangible and intangible assets.
- Taxation calculations.
- Other disclosure items.
- Minor rounding of values to be rectified.

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AUTODOM LIMITED

	Note	Economic Entity		Parent Entity	
		2008	2007	2008	2007
Income Statement					
For The Year Ended 30 June 2008					
		\$	\$	\$	\$
Revenue from continuing operations	5	85,794,073	70,488,152	8,507	3,829,759
Other income	6	1,461,216	5,372,076	5,181	182,469
Changes in inventories of finished goods and work in progress		3,442,714	1,423,620	-	-
Raw materials and consumables used	7	(69,995,483)	(51,432,846)	(386)	-
Employee benefits expense		(19,738,086)	(15,880,120)	(402,482)	(840,144)
Depreciation and amortisation expense		(3,228,649)	(2,600,929)	(267,256)	(11,192)
Finance costs - net		(689,765)	(88,459)	(1,033)	(1,368)
Option expense - directors		-	(168,000)	-	(168,000)
Option expense - employee's		(32,950)	-	(32,950)	-
Provision for diminution of assets	6(c) & 39	(247,442)	-	(5,147,646)	(133,850)
Provision for impairment losses	6(c)	(300,000)	(272,108)	-	800,000
Other expenses		(6,397,236)	(5,487,722)	(1,114,564)	(1,393,419)
Share of net loss of associate accounted for using the equity method		(52,558)	(138,258)	-	(138,258)
Profit from ordinary activities before income tax expense		(9,984,166)	1,215,406	(6,952,629)	2,125,997
Income tax benefit/(expense)	8	2,750,000	(545,962)	725,115	605,025
Profit from continuing operations		(7,234,166)	669,444	(6,227,514)	2,731,022
Profit/(loss) from discontinued operations	9	(158,846)	2,891,593	-	-
Profit/(Loss) on demerger of the Engineering Division	9	-	92,092	-	-
Profit for the year		(7,393,012)	3,653,129	(6,227,514)	2,731,022
(Profit)/loss attributable to minority interests	30	4,502	(224,595)	-	-
Profit attributable to members of Autodom Limited		(7,388,510)	3,428,534	(6,227,514)	2,731,022
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company					
Basic earnings per share (Cents)		(13.23)	1.22		
Diluted earnings per share (Cents)		(12.91)	1.22		
Earnings per share for profit from discontinuing/demerged operations attributable to the ordinary equity holders of the company					
Basic earnings per share (Cents)		(0.28)	5.03		
Diluted earnings per share (Cents)		(0.28)	5.03		
Earnings per share for profit attributable to the ordinary equity holders of the company					
Basic earnings per share (Cents)		(13.51)	6.25		
Diluted earnings per share (Cents)		(13.19)	6.25		

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

AUTODOM LIMITED

Balance Sheet	Note	Economic Entity		Parent Entity	
		2008	2007	2008	2007
As At 30 June 2008		\$	\$	\$	\$
Current Assets					
Cash and cash equivalents	10	737,241	1,508,703	31,144	98,333
Trade and other receivables	11	13,384,279	14,907,338	8,800	-
Inventories	12	12,522,900	6,526,299	-	-
Other Current Assets	13	6,510,169	7,742,554	2,225	901
Total Current Assets		33,154,589	30,684,894	42,169	99,234
Non-Current Assets					
Receivables	14	-	-	9,576,369	17,354,730
Other Financial Assets	15	-	-	3,599,827	3,649,827
Property, Plant and Equipment	16	15,441,902	11,302,167	67,371	32,616
Deferred Tax Assets	17	4,907,392	2,014,897	783,708	198,982
Intangibles	18	5,620,122	319,255	334	2,152
Other Non-Current Assets	19	109,835	173,332	-	-
Total Non-Current Assets		26,079,251	13,809,651	14,027,609	21,238,307
Total Assets		59,233,840	44,494,545	14,069,778	21,337,541
Current Liabilities					
Trade and other payables	20	27,794,644	18,314,407	80,732	97,833
Interest Bearing Liabilities	21	12,100,464	131,257	-	-
Current Tax Liabilities		-	222,378	-	61,454
Provisions	22	1,801,427	1,373,234	43,575	16,360
Total Current Liabilities		41,696,535	20,041,276	124,307	175,647
Non-Current Liabilities					
Payables	23	-	-	6,176,823	7,114,945
Deferred Tax Liabilities	25	1,374,897	1,383,540	-	-
Provisions	26	1,654,530	1,163,576	19,995	12,284
Total Non-Current Liabilities		3,029,427	2,547,116	6,196,818	7,127,229
Total Liabilities		44,725,962	22,588,392	6,321,125	7,302,876
Net Assets		14,507,878	21,906,153	7,748,653	14,034,665
Equity					
Contributed Equity	27	17,916,201	18,007,651	17,916,201	18,007,651
Reserves	28	440,858	304,667	440,858	407,908
Accumulated Losses	29	(7,992,883)	(604,318)	(10,608,406)	(4,380,894)
Parent Entity Interest		10,364,176	17,708,000	7,748,653	14,034,665
Outside Equity Interest	30	4,143,702	4,198,153	-	-
Total Equity		14,507,878	21,906,153	7,748,653	14,034,665

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

AUTODOM LIMITED

	Note	Economic Entity		Parent Entity	
		2008	2007	2008	2007
Statement of Changes in Equity					
For The Year Ended 30 June 2008					
		\$	\$	\$	\$
Total equity at the beginning of the financial year		<u>21,906,153</u>	<u>31,009,563</u>	<u>14,034,665</u>	<u>24,039,998</u>
Profit for the year		(7,393,012)	3,653,129	(6,227,514)	2,592,764
Total recognised income and expense for the year		<u>(7,393,012)</u>	<u>3,653,129</u>	<u>(6,227,514)</u>	<u>2,592,764</u>
Transactions with equity holders in their capacity as equity holders					
Contributions of equity, net of transaction costs	27	-	7,150,000	-	7,150,000
Increase in option reserves	28	32,950	336,202	32,950	168,002
Reserves demerged to shareholders	28	-	(168,202)	-	-
Dividends provided for or paid	31	-	(5,356,646)	-	(5,356,646)
Capital repaid to minority interests of subsidiary	30	(50,000)	-	-	-
Share Capital demerged to shareholders		-	(14,559,453)	-	(14,559,453)
Share Capital bought back and cancelled		(91,450)	-	(91,450)	-
Movement in foreign currency reserves	28	103,237	(158,433)	-	-
		<u>(5,263)</u>	<u>(12,756,532)</u>	<u>(58,500)</u>	<u>(12,598,097)</u>
Total equity at the end of the financial year		<u>14,507,878</u>	<u>21,906,160</u>	<u>7,748,647</u>	<u>14,034,665</u>
Total recognised income and expense for the year is attributable to:					
Members of Autodom Limited		(7,388,510)	3,428,534	(6,227,514)	2,592,764
Minority interests		(4,502)	224,595	-	-
		<u>(7,393,012)</u>	<u>3,653,129</u>	<u>(6,227,514)</u>	<u>2,592,764</u>

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

AUTODOM LIMITED

CASH FLOW STATEMENT For The Year Ended 30 June 2008	Note	Economic Entity		Parent Entity	
		2008 \$	2007 \$	2008 \$	2007 \$
Cash flows from operating activities					
Receipts from customers (inclusive of goods and services tax)		86,180,186	154,104,366		-
Payments to suppliers and employees (inclusive of goods and services tax)		(86,697,857)	(151,634,813)	(1,338,650)	(1,728,712)
Other revenue		1,434,109	995,447		182,469
Rent received		98,765	179,741		-
Interest paid		(689,765)	(264,300)		(1,368)
Income taxes paid		(182,781)	(2,773,777)	(182,781)	-
Reimbursements received from tax consolidated entities		-	-	340,661	-
Net cash (outflow)/inflow from operating activities	40	142,657	606,664	(1,180,770)	(1,547,611)
Cash flows from investing activities					
Payments for property, plant and equipment		(7,383,402)	(4,014,169)	(322,345)	(5,261)
Payments for Intangible assets		(5,630,405)	(214,844)	-	(639)
Payment for purchase of an interest in an associate		(300,000)	-	-	-
Proceeds from deposit following settlement of subsidiary		1,000,000	-	-	-
Settlement of acquisition of subsidiary		(250,000)	-	-	-
Payment for purchase of subsidiaries net of cash acquired		-	(1,006,756)	-	-
Proceeds from sale of property, plant and equipment		14,450	431,979	9,450	-
Deferred Expenses		(381,381)	-	-	-
Deposit on Purchase of Business		-	(1,000,000)	-	-
Repayment of loans by related parties		-	-	1,504,516	-
Repayment of loans to related parties		-	-	(36,590)	6,599,356
Advances from related parties		-	-	-	(10,800,385)
Repayment of minority interest equity		(50,000)	-	-	-
Partial return of funds invested in subsidiary		-	-	50,000	-
Interest received		188,862	759,090	-	346,779
Net cash (outflow)/inflow from investing activities		(12,791,876)	(5,044,700)	1,205,031	(3,860,150)
Cash flows from financing activities					
Payment for ordinary shares bought back		(91,450)	-	(91,450)	-
Proceeds from borrowings		11,969,207	-	-	-
Repayment of borrowings		-	(2,244,470)	-	(69,114)
Dividends paid to the company's shareholders		-	(5,356,646)	-	(5,356,646)
Net cash inflow/(outflow) from financing activities		11,877,757	(7,601,116)	(91,450)	(5,425,760)
Net increase/(decrease) in cash and cash equivalents		(771,462)	(12,039,152)	(67,189)	(10,833,521)
Cash and cash equivalents at the beginning of the financial year		1,508,703	18,776,078	98,333	10,931,854
Effect of foreign exchange rate on cash holding in foreign currency		-	(3,526)	-	-
Cash transferred on demerger		-	(5,224,697)	-	-
Cash and cash equivalents at the end of the financial year	10	737,241	1,508,703	31,144	98,333

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

AUTODOM LIMITED**NOTES TO THE FINANCIAL STATEMENTS****1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principle accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for Autodom Limited as an individual entity and the consolidated entity consisting of Autodom Limited and its subsidiaries.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

The financial statements have been prepared on a going concern basis. The ability of the Company to continue operations as a going concern and pay its debts as and when they fall due is dependent upon the continued support of its bankers and its customer base.

Compliance with IFRS's

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

Historical cost convention

The financial report has been prepared on an accruals basis and is based on the historical cost convention, as modified by the revaluation of available for sale financial assets, financial assets and liabilities at fair value through profit or loss, certain classes of plant and equipment.

Critical accounting estimates

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity are disclosed in note 3.

(b) Principles of Consolidation*(i) Subsidiaries*

The consolidated accounts comprise the accounts of Autodom Limited and all of its controlled entities. A controlled entity is any entity controlled by Autodom Limited. Control exists where Autodom Limited has the power to control the financial and operating policies so as to obtain benefits from its activities. All controlled entities have a June financial year-end except for Webb West Africa Ltd incorporated in Ghana (a wholly owned subsidiary of aiConstruction Pty Ltd) which has a 31 December year end. Webb West Africa Limited was demerged with all other

All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where controlled entities have entered or left the economic entity during the year, their operating results have been included from the date control was obtained or until the date control ceased.

Minority equity interests in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report.

AUTODOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(ii) Associates

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the parent entity financial statements using the cost method and in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost.

(c) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

(d) 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 parent entity'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

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or qualifying net investment hedges.

Exchange difference 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 income

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the balance sheet. These differences are recognised in the income statement in the period in which the operation is disposed of.

(e) Revenue recognition

Revenue from the sale of goods is recognised upon the delivery of goods to customers. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting. Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

Construction profits are recognised on the stage of completion basis and measured using the proportion of costs incurred to date as compared to expected actual costs. Where losses are anticipated they are provided for in full. Construction revenue has been recognised on the basis of the terms of the contract adjusted for any variations or claims allowable under the contract. All contracts were demerged into the Forge Group on 18 June 2007.

AUTODOM LIMITED**NOTES TO THE FINANCIAL STATEMENTS****1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****(f) Government grants**

Grants from the government are recognised at the fair value when there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions.

(g) Income Tax

The income tax expense or revenue for the period is the tax payable on the current periods taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit, or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Autodom Limited and its wholly owned Australian controlled entities have implemented the tax-consolidation legislation as of 1 July 2003.

The head entity, Autodom Limited, and the controlled entities in the tax-consolidated group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax-consolidated group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Autodom Limited also recognises the current tax liabilities (or assets) of the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax-consolidated group.

Assets or liabilities arising under tax funding agreements with the tax-consolidated entities are recognised as amounts receivable from or payable to other entities in the group.

AUTODOM LIMITED**NOTES TO THE FINANCIAL STATEMENTS****1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****(h) Leases**

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to entities within the economic entity are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated over their estimated useful lives. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the economic entity will obtain ownership of the asset or over the term of the lease.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(i) Acquisition of assets

The purchase method of accounting is used to account for acquisitions of assets (including business combinations) regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is the published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the

Where settlement of any part of cash consideration is deferred, the amount payable in the future is discounted to the present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable

AUTODOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(j) Impairment of Assets

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

The carrying amounts of the consolidated entity's assets, other than stocks, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. An impairment loss in respect of buildings carried at revalued amount is recognised in the same way as a revaluation decrease, in which case it will be charged to equity under the heading asset revaluation reserve. All other impairment losses are recognised in the profit and loss account.

The recoverable amount is the higher of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases. An impairment loss is reversed only to the extent that the assets' carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised. A reversal of an impairment loss in respect of buildings carried at a revalued amount is recognised in the same way as a revaluation increase, in which case it will be credited directly to equity under the heading asset revaluation reserve. All other reversals of impairment are recognised in the profit and loss account.

(k) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(l) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 60 days from the date of recognition.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written-off. A provision for doubtful receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the assets carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

AUTODOM LIMITED**NOTES TO THE FINANCIAL STATEMENTS****1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****(m) Inventories***Raw materials and stores, work in progress and finished goods*

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs.

Construction projects and work in progress

Construction work in progress is valued at cost, plus profit recognised to date less any provision for anticipated future losses. Cost includes both variable and fixed costs relating to specific contracts, and those costs that are attributable to the contract activity in general and that can be allocated on a reasonable basis. All construction projects were demerged into the Forge Group Limited on 18 June 2007.

(n) Investments

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

(o) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and Equipment

Plant and equipment are measured on the costs basis less depreciation and impairment losses. The carrying amount of plant and equipment is reviewed annually by the directors to ensure it is not in excess of the recoverable amounts from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of

AUTODOM LIMITED
NOTES TO THE FINANCIAL STATEMENTS
1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land is depreciated over their estimated useful lives to the economic entity commencing from the time the asset is

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and Equipment	7.5% - 40.0%
Leased Plant and Equipment	10.0% - 20.0%
Leasehold Improvements	10.0% - 15.0%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(p) Intangibles
Goodwill

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of

Patents and trademarks

Patents and trademarks are recognised at cost of acquisition. Patents and trademarks have a definite life and are carried at cost less any accumulated amortisation and any impairment losses. Patents and trademarks are amortised over their useful life ranging from 15 to 20 years.

Deferred Expenditure

Deferred expenses comprise expenses in relation to the investigation of a potential acquisition of or entering into new business ventures. These expenses are capitalised as part of the cost of acquisition when the investment is settled. Deferred expenses are written-off when a decision is made not to proceed with a particular investment opportunity.

AUTODOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(q) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method. The borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months of the balance sheet date.

(r) Borrowing costs

Borrowing costs are expensed through the income statement in the period in which incurred.

(s) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(t) Employee Benefits*Wages and salaries, annual leave and sick leave*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within twelve months of the reporting date are recognised in provisions in respect of employee services up to the reporting date and are measured at the amounts expected to be paid when the liabilities is settled. Liabilities for non accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting data using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employees departures and periods of service. Expected future payments have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Bonuses

Any bonuses to be paid are recognised in the income statement in the year to which it relates.

Superannuation

Contributions are made by the economic entity to employee superannuation funds and are charged as expenses when incurred.

Equity-settled compensation

The group operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black–Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

AUTODOM LIMITED**NOTES TO THE FINANCIAL STATEMENTS****1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****(u) Discontinued operations**

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement is restated as if the operation had been discontinued from the start of the comparative period.

(v) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

(w) Dividends

Provision is made for the amount of any dividend declared on or before the end of the financial year but not distributed at balance date.

(x) Comparatives

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

AUTODOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(ii) Associates

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the parent entity financial statements using the cost method and in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost.

(c) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

(d) 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 parent entity'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

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or qualifying net investment hedges.

Exchange difference 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 income

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the balance sheet. These differences are recognised in the income statement in the period in which the operation is disposed of.

(e) Revenue recognition

Revenue from the sale of goods is recognised upon the delivery of goods to customers. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting. Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

Construction profits are recognised on the stage of completion basis and measured using the proportion of costs incurred to date as compared to expected actual costs. Where losses are anticipated they are provided for in full. Construction revenue has been recognised on the basis of the terms of the contract adjusted for any variations or claims allowable under the contract. All contracts were demerged into the Forge Group on 18 June 2007.

AUTODOM LIMITED**NOTES TO THE FINANCIAL STATEMENTS****1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****(f) Government grants**

Grants from the government are recognised at the fair value when there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions.

(g) Income Tax

The income tax expense or revenue for the period is the tax payable on the current periods taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit, or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Autodom Limited and its wholly owned Australian controlled entities have implemented the tax-consolidation legislation as of 1 July 2003.

The head entity, Autodom Limited, and the controlled entities in the tax-consolidated group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax-consolidated group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Autodom Limited also recognises the current tax liabilities (or assets) of the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax-consolidated group.

Assets or liabilities arising under tax funding agreements with the tax-consolidated entities are recognised as amounts receivable from or payable to other entities in the group.

AUTODOM LIMITED**NOTES TO THE FINANCIAL STATEMENTS****1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****(h) Leases**

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to entities within the economic entity are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated over their estimated useful lives. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the economic entity will obtain ownership of the asset or over the term of the lease.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(i) Acquisition of assets

The purchase method of accounting is used to account for acquisitions of assets (including business combinations) regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is the published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the

Where settlement of any part of cash consideration is deferred, the amount payable in the future is discounted to the present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable

AUTODOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(j) Impairment of Assets

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

The carrying amounts of the consolidated entity's assets, other than stocks, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. An impairment loss in respect of buildings carried at revalued amount is recognised in the same way as a revaluation decrease, in which case it will be charged to equity under the heading asset revaluation reserve. All other impairment losses are recognised in the profit and loss account.

The recoverable amount is the higher of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases. An impairment loss is reversed only to the extent that the assets' carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised. A reversal of an impairment loss in respect of buildings carried at a revalued amount is recognised in the same way as a revaluation increase, in which case it will be credited directly to equity under the heading asset revaluation reserve. All other reversals of impairment are recognised in the profit and loss account.

(k) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(l) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 60 days from the date of recognition.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written-off. A provision for doubtful receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the assets carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

AUTODOM LIMITED**NOTES TO THE FINANCIAL STATEMENTS****1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****(m) Inventories***Raw materials and stores, work in progress and finished goods*

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs.

Construction projects and work in progress

Construction work in progress is valued at cost, plus profit recognised to date less any provision for anticipated future losses. Cost includes both variable and fixed costs relating to specific contracts, and those costs that are attributable to the contract activity in general and that can be allocated on a reasonable basis. All construction projects were demerged into the Forge Group Limited on 18 June 2007.

(n) Investments

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

(o) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and Equipment

Plant and equipment are measured on the costs basis less depreciation and impairment losses. The carrying amount of plant and equipment is reviewed annually by the directors to ensure it is not in excess of the recoverable amounts from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of

AUTODOM LIMITED
NOTES TO THE FINANCIAL STATEMENTS
1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land is depreciated over their estimated useful lives to the economic entity commencing from the time the asset is

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and Equipment	7.5% - 40.0%
Leased Plant and Equipment	10.0% - 20.0%
Leasehold Improvements	10.0% - 15.0%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(p) Intangibles
Goodwill

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of

Patents and trademarks

Patents and trademarks are recognised at cost of acquisition. Patents and trademarks have a definite life and are carried at cost less any accumulated amortisation and any impairment losses. Patents and trademarks are amortised over their useful life ranging from 15 to 20 years.

Deferred Expenditure

Deferred expenses comprise expenses in relation to the investigation of a potential acquisition of or entering into new business ventures. These expenses are capitalised as part of the cost of acquisition when the investment is settled. Deferred expenses are written-off when a decision is made not to proceed with a particular investment opportunity.

AUTODOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(q) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method. The borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months of the balance sheet date.

(r) Borrowing costs

Borrowing costs are expensed through the income statement in the period in which incurred.

(s) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(t) Employee Benefits*Wages and salaries, annual leave and sick leave*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within twelve months of the reporting date are recognised in provisions in respect of employee services up to the reporting date and are measured at the amounts expected to be paid when the liabilities is settled. Liabilities for non accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting data using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employees departures and periods of service. Expected future payments have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Bonuses

Any bonuses to be paid are recognised in the income statement in the year to which it relates.

Superannuation

Contributions are made by the economic entity to employee superannuation funds and are charged as expenses when incurred.

Equity-settled compensation

The group operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black–Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

AUTODOM LIMITED**NOTES TO THE FINANCIAL STATEMENTS****1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****(u) Discontinued operations**

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement is restated as if the operation had been discontinued from the start of the comparative period.

(v) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

(w) Dividends

Provision is made for the amount of any dividend declared on or before the end of the financial year but not distributed at balance date.

(x) Comparatives

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

(y) New Standards and Interpretations not yet adopted

The following Australian Accounting Standards have been issued or amended and are applicable to the parent and consolidated group but are not yet effective. They have not been adopted in preparation of the financial statements at reporting date.

New Standard	Superseded Standard	Explanation of amendments not yet effective	Effective Date (reporting periods ending on or after)	Explanation of amendments not yet effective	Effective Date (reporting periods ending on or after)
AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards (June 2007)	AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards (July 2004)	AASB 1 (June 2007) incorporates amendments arising from Interpretation 12 Service Concession Arrangements.	31 December 2008	AASB 1 (June 2007) incorporates amendments arising from Interpretation 12 Service Concession Arrangements.	31 December 2008
AASB 3 Business Combinations (March 2008)	AASB 3 Business Combinations (April 2007)	AASB 3 (March 2008) amends how entities account for business combinations and changes in ownership interests in subsidiaries. Many changes have been made to this standard affecting acquisition related costs, step acquisitions, measurement of goodwill and contingent considerations. AASB 3 also replaces the term "Minority Interest" with "Non-controlling Interest". This standard can be early adopted, but only for reporting periods that begin on or after 30 June 2007. AASB 3 is applied prospectively.	Business combinations occurring on or after 30 June 2010	AASB 3 (March 2008) amends how entities account for business combinations and changes in ownership interests in subsidiaries. Many changes have been made to this standard affecting acquisition related costs, step acquisitions, measurement of goodwill and contingent considerations. AASB 3 also replaces the term "Minority Interest" with "Non-controlling Interest". This standard can be early adopted, but only for reporting periods that begin on or after 30 June 2007. AASB 3 is applied prospectively.	Business combinations occurring on or after 30 June 2010
AASB 8 Operating Segments (February 2007)	AASB 114 Segment Reporting (September 2005)	AASB 8 supersedes AASB 114 (September 2005). AASB 8 has a different scope of application to AASB 114; it is applicable only to listed entities and those in the process of listing, and requires that segment information be disclosed using the management approach. This may result in a different set of segments being identified than those previously disclosed under AASB 114.	31 December 2009	AASB 8 supersedes AASB 114 (September 2005). AASB 8 has a different scope of application to AASB 114; it is applicable only to listed entities and those in the process of listing, and requires that segment information be disclosed using the management approach. This may result in a different set of segments being identified than those previously disclosed under AASB 114.	31 December 2009
AASB 101 Presentation of Financial Statements (September 2007)	AASB 101 Presentation of Financial Statements (July 2007)	AASB 101 (September 2007) contains a number of changes from the previous AASB 101. The main changes are to require that an entity must: <ul style="list-style-type: none"> • present all non-owner changes in equity ('comprehensive income') either in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income) • present an additional statement of financial position (balance sheet) as at the beginning of the earliest comparative period when the entity applies an accounting policy retrospectively, makes a retrospective restatement, or reclassifies items in its financial statements • disclose income tax relating to each component of other comprehensive income • disclose reclassification adjustments relating to components of other comprehensive income There are other changes to terminology, however these are not mandatory.	31 December 2009	AASB 101 (September 2007) contains a number of changes from the previous AASB 101. The main changes are to require that an entity must: <ul style="list-style-type: none"> • present all non-owner changes in equity ('comprehensive income') either in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income) • present an additional statement of financial position (balance sheet) as at the beginning of the earliest comparative period when the entity applies an accounting policy retrospectively, makes a retrospective restatement, or reclassifies items in its financial statements • disclose income tax relating to each component of other comprehensive income • disclose reclassification adjustments relating to components of other comprehensive income There are other changes to terminology, however these are not mandatory.	31 December 2009
AASB 123 Borrowing Costs (June 2007)	AASB 123 Borrowing Costs (July 2004)	AASB 123 (June 2007) incorporates amendments removing the option to immediately expense borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset.	31 December 2009	AASB 123 (June 2007) incorporates amendments removing the option to immediately expense borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset.	31 December 2009
AASB 127 Consolidated and Separate Financial Statements (March 2008)	AASB 127 Consolidated and Separate Financial Statements (July 2004)	AASB 127 (March 2008) amends how entities account for business combinations and changes in ownership interests in subsidiaries. Many changes were made to this standard affecting acquisitions and disposals which do not result in a change of control, partial disposals where control is lost, attribution of profit or loss to non-controlling interests and loss of significant influence or control in relation to Associates and Joint Ventures. AASB 127 replaces the term "Minority Interest" with the "Non-controlling Interest". AASB 127 is applied retrospectively, with certain exceptions relating to the significant changes made in this revision.	30 June 2010	AASB 127 (March 2008) amends how entities account for business combinations and changes in ownership interests in subsidiaries. Many changes were made to this standard affecting acquisitions and disposals which do not result in a change of control, partial disposals where control is lost, attribution of profit or loss to non-controlling interests and loss of significant influence or control in relation to Associates and Joint Ventures. AASB 127 replaces the term "Minority Interest" with the "Non-controlling Interest". AASB 127 is applied retrospectively, with certain exceptions relating to the significant changes made in this revision.	30 June 2010
AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038]	Various	AASB 2007-3 consequentially amends a number of standards arising from the issue of AASB 8. These amendments result from the changing the name of the segment reporting standard to AASB 8.	31 December 2009	AASB 2007-3 consequentially amends a number of standards arising from the issue of AASB 8. These amendments result from the changing the name of the segment reporting standard to AASB 8.	31 December 2009
AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]	Various	The revision of AASB 123 necessitates consequential amendments to a number of existing Standards. The amendments principally remove references to expensing borrowing costs on qualifying assets, as AASB 123 was revised to require such borrowing costs to be capitalised.	31 December 2009	The revision of AASB 123 necessitates consequential amendments to a number of existing Standards. The amendments principally remove references to expensing borrowing costs on qualifying assets, as AASB 123 was revised to require such borrowing costs to be capitalised.	31 December 2009
AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101	Various	AASB 2007-8 consequentially amends a number of AASB's as a result of the reissue of AASB 101. Some of the changes include changing the terms: <ul style="list-style-type: none"> • 'general purpose financial report' to 'general purpose financial statements' • 'financial report' to 'financial statements' in application paragraphs, where relevant, of Australian Accounting Standards (including Interpretations) to better align with IFRS terminology.	31 December 2009	AASB 2007-8 consequentially amends a number of AASB's as a result of the reissue of AASB 101. Some of the changes include changing the terms: <ul style="list-style-type: none"> • 'general purpose financial report' to 'general purpose financial statements' • 'financial report' to 'financial statements' in application paragraphs, where relevant, of Australian Accounting Standards (including Interpretations) to better align with IFRS terminology.	31 December 2009
AASB 2008-1 Amendments to Australian Accounting Standard – Sharebased Payments: Vesting Conditions and Cancellations [AASB 2]	AASB 2 Share-based Payments	AASB 2008-1 was issued after the AASB made changes to AASB 2 Share Based Payments including: <ul style="list-style-type: none"> • Clarifying that vesting conditions are service conditions and performance conditions only, and that other features of a share-based payment are not vesting conditions. Cancellations, whether by the entity or by other parties, should be accounting for consistently.	30 June 2010	AASB 2008-1 was issued after the AASB made changes to AASB 2 Share Based Payments including: <ul style="list-style-type: none"> • Clarifying that vesting conditions are service conditions and performance conditions only, and that other features of a share-based payment are not vesting conditions. Cancellations, whether by the entity or by other parties, should be accounting for consistently.	30 June 2010
AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 [AASBs 1, 2, 4, 5, 7, 101, 107, 112, 114, 116, 121, 128, 131, 132, 133, 134, 136, 137, 138 & 139 and Interpretations 9 & 107]	Various	AASB 2008-3 was issued after the AASB revised AASB 3 and AASB 127, as consequential amendments were necessary to other Australian Accounting Standards.	30 June 2010	AASB 2008-3 was issued after the AASB revised AASB 3 and AASB 127, as consequential amendments were necessary to other Australian Accounting Standards.	30 June 2010

NOTES TO THE FINANCIAL STATEMENTS**2 FINANCIAL RISK MANAGEMENT**

The group's activities expose it to a variety of financial risks - market price risk, foreign exchange risk and interest rate risk. Risk management is carried out by the board of directors and senior management within the group operating

(a) Market risk*Foreign exchange risk*

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The exchange risk relatively low as the group has ceased operations in the USA. Exchange risk is present in foreign currency denominated component purchases. Purchases in foreign currency amounted to AUD 1.45m in the current

Price risk

The automotive division is exposed to price risk in respect of input cost increases that cannot be passed on to their customer. While CPI increases have been factored in to costings there is a risk that actual cost increases will exceed

Interest rate risk

The interest revenue stream from the surplus cash is susceptible to market movements of interest rates.

The Group's borrowings are subject to market fluctuations of market and bankers interest rates. The board monitors interest rate movements and considers commentary from analysts in determining interest hedging strategy. At balance date funding was by way of 30 day bank bills and overdraft.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, finance leases and committed available credit lines.

The bank borrowings are subject to performance covenants which were not met in the year to 30 June 2008 and for which groups bankers have provided a letter of non-waiver at that date.

Credit risk

The automotive division of the Group has exposures in receivables to the automotive sector. No single net exposure

The Group trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to securitise its trade and other receivables

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

NOTES TO THE FINANCIAL STATEMENTS

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS /Continued...

Impairment of non-financial assets other than goodwill

The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. These include product and manufacturing performance, technology, economic and political environments and future product expectations. If an impairment trigger exists the recoverable amount of the asset is determined. Management considers that the triggers for impairment testing have been significant enough and as such all assets have been tested for impairment in this financial period.

Impairment of goodwill and intangibles with indefinite useful lives

The Group determines whether goodwill and intangibles with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units, using a value in use discounted cash flow methodology, to which the goodwill and intangibles with indefinite useful lives are allocated.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a binomial model. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

The Group measures the cost of cash-settled share-based payments at fair value at the grant date using the Black-Scholes formula taking into account the terms and conditions upon which the instruments were granted.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience as well as manufacturers' warranties (for plant and equipment), lease terms (for leased equipment) and turnover policies (for motor vehicles). In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Government grants

The Automotive group derives portion of its income from government grants via the Automotive Competitive Investment Scheme (ACIS). Judgemental estimates are made to assess the recognition of income to be received in the future and relates to the modulation factor determined by *AusIndustry* in managing the scheme.

4. SEGMENT INFORMATION

(a) Description of segments

Business segments

The consolidated entity operates in the automotive industry segment.

Geographical segments

The home country of the parent entity is Australia.

The corporate head office is based in Perth, Western Australia.

The automotive division operates from its base in South Australia with a plant located in Melbourne, Victoria.

The now demerged engineering division operated primarily in Western Australia with a subsidiary in Ghana.

AUTODOM LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued..)

	Note	Economic Entity		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
5. REVENUE					
From continuing operations					
Sales revenue					
Sale of goods		83,253,564	67,323,704	-	-
Services		<u>2,369,279</u>	<u>2,681,659</u>	-	-
		<u>85,622,843</u>	<u>70,005,363</u>	-	-
Other revenue					
Interest		171,230	482,789	8,507	346,779
Dividends		-	-	-	3,482,980
		<u>171,230</u>	<u>482,789</u>	<u>8,507</u>	<u>3,829,759</u>
		<u>85,794,073</u>	<u>70,488,152</u>	<u>8,507</u>	<u>3,829,759</u>
Sales directly to General Motors Holden Australia were 69% and indirectly a further 11% of group revenue from continuing operations.					
From discontinued operations					
Sales revenue					
Services		-	71,440,851	-	-
		-	<u>71,440,851</u>	-	-
Other revenue					
Rents and sub-lease rentals		98,765	179,741	-	-
Interest		<u>17,632</u>	<u>276,301</u>	-	-
		<u>116,397</u>	<u>456,042</u>	-	-
		<u>116,397</u>	<u>71,896,893</u>	-	-
6. OTHER INCOME (from continuing operations)					
Net gain on disposal of plant and equipment		5,000	63,802	-	-
Government grants (net) (refer note (a) below)		1,014,263	2,117,817	-	-
Discounts Received		6,724	11,619	-	-
Gain on Acquisition of Subsidiary (Henderson Components Pty Ltd)	37 A	22,107	1,785,010	-	-
Recognition of amounts not previously certain of realisation (refer note (b) below)		-	1,012,318	-	-
Other Income		413,122	141,457	5,181	-
Net foreign exchange gains		-	240,053	-	182,469
		<u>1,461,216</u>	<u>5,372,076</u>	<u>5,181</u>	<u>182,469</u>

(a) During the period to 30 June 2007 further data relating to the modulation factor became available allowing the board to review the company's position in relation to the certainty of receipts of entitlements under the Automotive Competition and Investment Scheme. This resulted in the inclusion of \$1,152,797 in 2007 year profit which would not previously have been recognised.

6. OTHER INCOME (from continuing operations) /...Continued

(b) Negotiations with a customer of a disputed amount pertaining to the previous period had been in progress for several months and concluded during the period. This amount was determined as realisable by the board in the 2007 year.

(c) The collectibility and carrying value of related party investments and loans was reassessed at year end. This resulted in the reversal of previous impairment provisions on receivables and a net impairment charge in relation to investment carrying values created in the parent entity in the 2007 year. This was most notable in relation to the receivable from aiConstruction Pty Ltd whose strong operating performance has facilitated the impairment reversal.

AUTODOM LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued..)

	Note	Economic Entity		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
7. EXPENSES (from continuing operations)					
Profit before income tax includes the following specific expenses:-					
Depreciation of plant and equipment		3,222,622	2,528,609	267,256	11,192
Amortisation of plant and equipment under finance leases		6,027	72,320	-	-
Total depreciation and amortisation		<u>3,228,649</u>	<u>2,600,929</u>	<u>267,256</u>	<u>11,192</u>
Interest and finance charges paid/payable		689,765	88,459	1,033	1,368
Net loss on disposal of plant and equipment		26,276	26,749	12,699	-
Rental expense relating to operating leases		2,815,817	2,339,308	85,804	45,197
Net foreign exchange losses		25,390	-	-	-
(a) Included in the amount payable for 'raw material and consumables used' in the 2007 year is a reversal of accruals from previous periods of \$1,088,561 no longer required.					
8. INCOME TAX EXPENSE					
9. DISCONTINUED AND DEMERGED OPERATIONS					
(a) Description					
The company has a number of subsidiaries that are operationally dormant but hold some residual assets from their original undertakings.					
On 18 June 2007 the company demerged its Construction division into the Forge Group Limited. The impact of the demerger is detailed in note 4 of these accounts. This followed approval by members in general meeting on 25 May 2007.					
(b) Financial performance and cash flow information					
Revenue	5	116,397	71,896,893		
Expenses		(273,891)	(67,518,569)		
Profit/(Loss) before income tax		(157,494)	4,378,324		
Income tax expense		(1,352)	(1,394,639)		
Profit after income tax of discontinued operations		(158,846)	2,983,685		
Net cash inflow/(outflow) from operating activities		(388,913)	5,716,611		
Net cash inflow/(outflow) from investing activities		(100,000)	(1,242,092)		
Net cash inflow/(outflow) from financing activities		-	583,759		
Net increase/(decrease) in cash generated by discontinued operations		(488,913)	5,058,278		
(c) Carrying amounts of assets and liabilities					
Current Assets					
Cash Assets		483,789	872,702		
Other		12,680	7,419		
Total Current Assets		496,469	880,121		
Non-Current Assets					
Deferred Tax Assets		-	80,211		
Total Non-Current Assets		-	80,211		
Total Assets		496,469	960,332		
Current Liabilities					
Payables		50,632	120,107		
Current Tax Liabilities		(7,557)	185,148		
Total Current Liabilities		43,075	305,255		
Net Assets		453,394	655,077		

AUTODOM LIMITED
NOTES TO THE FINANCIAL STATEMENTS \Continued..

	Note	Economic Entity		Parent Entity	
		2008	2007	2008	2007
		\$	\$	\$	\$
10. CURRENT ASSETS - CASH AND CASH EQUIVALENTS					
Cash at bank and on hand		279,196	860,216	4,144	71,333
Deposits at call		458,045	648,487	27,000	27,000
		<u>737,241</u>	<u>1,508,703</u>	<u>31,144</u>	<u>98,333</u>
(a) Reconciliation to cash at the end of the year					
The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:					
Balances as above		737,241	1,508,703	31,144	98,333
Balance per statement of cash flows		<u>737,241</u>	<u>1,508,703</u>	<u>31,144</u>	<u>98,333</u>
11. CURRENT ASSETS - RECEIVABLES					
Trade receivables		13,521,964	14,907,338	8,800	-
Provision for doubtful receivables		(137,685)	-	-	-
		<u>13,384,279</u>	<u>14,907,338</u>	<u>8,800</u>	<u>-</u>
12. CURRENT ASSETS - INVENTORIES					
Raw Materials and stores - at cost		5,510,409	3,292,381	-	-
Work in Progress - at cost		5,220,160	2,846,895	-	-
Finished Goods - at cost		3,050,360	894,047	-	-
		<u>13,780,929</u>	<u>7,033,323</u>	-	-
Provision for Impairment losses		(1,258,029)	(507,024)	-	-
		<u>12,522,900</u>	<u>6,526,299</u>	<u>-</u>	<u>-</u>
13. CURRENT ASSETS - OTHER FINANCIAL ASSETS					
Prepayments		73,134	60,569	2,225	901
Security Deposits		186,781	1,184,758	-	-
Other		6,250,254	6,497,227	-	-
		<u>6,510,169</u>	<u>7,742,554</u>	<u>2,225</u>	<u>901</u>

Classification

The carrying amounts of the above financial assets are designated at fair value on initial recognition.

The security deposits relate to cash deposited with the landlord's of premises occupied by aiAutomotive Pty Ltd and in 2007 a \$1.0 million security deposit against amounts potentially owing to the vendors of Henderson Components Pty Ltd which has now been cleared.

Amounts included in "Other" relate to amounts advanced by the liquidator of Kai Pty Ltd (a 50% owned subsidiary) to minority equity holders pending final distributions together with amounts receivable from the Automotive Competitive Investment Scheme (ACIS).

AUTODOM LIMITED
NOTES TO THE FINANCIAL STATEMENTS \Continued..
14. NON CURRENT ASSETS - RECEIVABLES

Loans to related parties	-	-	15,508,682	17,914,730
Provision for doubtful receivables - related parties	-	-	(5,932,313)	(560,000)
	<u>-</u>	<u>-</u>	<u>9,576,369</u>	<u>17,354,730</u>

Non-Current assets consist of receivables from wholly owned entities. There are no repayment plans but repayments are made out of surplus profits retained in the subsidiary for these receivables. Hence, the directors consider these receivables to be an investment.

(a) Fair values

The carrying value and fair value of the non current assets - receivables are considered to be identical.

(b) Credit risk

There is credit risk attached to the non current assets - receivables which, in the main, comprise advances to related parties which are controlled by the parent entity.

15. OTHER FINANCIAL ASSETS

Shares in unlisted subsidiaries	-	-	3,599,827	3,649,827
Shares in associates (refer note 39)	-	-	-	-
Other	-	-	-	-
	<u>-</u>	<u>-</u>	<u>3,599,827</u>	<u>3,649,827</u>

The ultimate parent entity of the economic entity is Autodom Limited, a company incorporated in Western Australia.

The consolidated accounts represent a consolidation of the following controlled entities:-

	Place of Incorporation	% Voting rights/ ownership	Cost of Investment	
Shares in Unlisted Subsidiaries				
Group Five Australia Ltd (formerly A.I. CV Ltd)	WA	100	1,756,147	1,756,147
TVT Engineers Pty Ltd	WA	100	2	2
Rankin Industries Inc	USA	100	1,268,448	1,268,448
Australasian Copper Technologies Pty Ltd	WA	100	100	100
Timcast Unit Trust	WA	100	1,922,613	1,922,613
Conantville Pty Ltd	WA	100	100	100
Hector Street Unit Trust	WA	100	10	10
J & R Steel Fabrication Trust	WA	100	20	20
Kai Ltd	WA	50	1,175,000	1,225,000
aiAutomotive Pty Ltd	WA	100	1	1
			<u>6,122,441</u>	<u>6,172,441</u>
Less: Provision for diminution in value of investments			<u>(2,522,614)</u>	<u>(2,522,614)</u>
			<u>3,599,827</u>	<u>3,649,827</u>
Shares in Associates				
Micro Wind Turbines Australia Pty Ltd	39	NSW	50	300,000
				-
Less: Provision for diminution in value of investments				<u>(300,000)</u>
				<u>-</u>
Total Investments			<u>3,599,827</u>	<u>3,649,827</u>

During the previous year aiAutomotive acquired 100% control of the following companies:-

Henderson Components Pty Ltd acquired on 21 August 2006 with effect from 1 August 2006.

Motive Energy Pty Ltd acquired on 30 April 2007.

E-Motive Holdings Pty Ltd acquired on 30 April 2007.

De-merger in previous year

The Construction division was demerged by way of distribution in specie to shareholders on 18 June 2007.

The following companies were demerged:-

aiConstruction Pty Ltd

Cimeco Group Pty Ltd

Webb West Africa Ltd (incorporated in Ghana)

AUTODOM LIMITED
NOTES TO THE FINANCIAL STATEMENTS \Continued..
16. NON CURRENT ASSETS - PROPERTY, PLANT & EQUIPMENT

Consolidated:	PLANT & EQUIPMENT	LEASED PLANT & EQUIPMENT	LEASEHOLD IMPROVEMENTS	PLANT UNDER CONSTRUCTION	TOTAL
	\$	\$	\$	\$	\$
At 1 July 2006					
At cost	12,479,598	5,485,076	1,813,945	4,040	19,782,659
Accumulated depreciation	(5,796,297)	(2,907,670)	(649,477)	-	(9,353,444)
Opening net book amount	6,683,301	2,577,406	1,164,468	4,040	10,429,215
Year ended June 2007					
Opening net book amount	6,683,301	2,577,406	1,164,468	4,040	10,429,215
Additions	10,214,308	-	102,221	9,528	10,326,057
Disposals	(450,973)	-	-	-	(450,973)
Demerged assets	(5,435,493)	-	(164,833)	(11,583)	(5,611,909)
Depreciation expense	(2,715,454)	(551,293)	(123,477)	-	(3,390,221)
Re-allocations/transfers	-	-	-	-	(3)
Closing net book amount	8,295,689	2,026,113	978,379	1,985	11,302,166
At 30 June 2007					
At cost	14,556,713	5,485,077	1,733,014	1,985	21,776,789
Accumulated depreciation	(6,261,024)	(3,458,964)	(754,635)	-	(10,474,623)
Closing net book amount	8,295,689	2,026,113	978,379	1,985	11,302,166
Year ended June 2008					
Opening net book amount	8,295,689	2,026,113	978,379	1,985	11,302,166
Additions	6,840,053	-	288,706	254,643	7,383,402
Disposals	(35,556)	-	(4,245)	-	(39,801)
Depreciation expense	(2,830,606)	-	(373,261)	-	(3,203,867)
Re-allocations/transfers	2,026,115	(2,026,113)	-	-	1
Closing net book amount	14,295,695	-	889,579	256,628	15,441,901
At 30 June 2008					
At cost	25,849,950	-	2,009,674	256,628	28,116,252
Accumulated depreciation	(11,554,255)	-	(1,120,095)	-	(12,674,350)
Closing net book amount	14,295,695	-	889,579	256,628	15,441,902
Parent entity:					
At 1 July 2006					
At cost	125,742	-	12,046	3,750	141,538
Accumulated depreciation	(97,980)	-	(6,151)	-	(104,131)
Opening net book amount	27,762	-	5,895	3,750	37,407
Year ended June 2007					
Opening net book amount	27,762	-	5,895	3,750	37,407
Additions	9,010	-	-	(3,750)	5,260
Depreciation expense	(8,873)	-	(1,179)	-	(10,052)
Closing net book amount	27,899	-	4,716	-	32,615
At 30 June 2007					
At cost	134,752	-	12,047	-	146,799
Accumulated depreciation	(106,852)	-	(7,331)	-	(114,182)
Closing net book amount	27,900	-	4,716	-	32,617
Year ended June 2008					
Opening net book amount	27,900	-	4,716	-	32,616
Additions	69,124	-	253,221	-	322,345
Disposals	(16,979)	-	(4,245)	-	(21,224)
Depreciation expense	(12,674)	-	(253,692)	-	(266,366)
Closing net book amount	67,371	-	-	-	67,371
At 30 June 2008					
At cost	105,355	-	253,222	-	358,577
Accumulated depreciation	(37,984)	-	(253,222)	-	(291,206)
Closing net book amount	67,371	-	-	-	67,371

Non-current assets pledged as security

AUTODOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS \Continued..

Note	Economic Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
17. NON-CURRENT ASSETS - DEFERRED TAX ASSETS				
18. NON-CURRENT ASSETS - INTANGIBLE ASSETS				
Goodwill on consolidation	-	789,599	-	-
Provision for impairment losses	-	(789,599)	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Goodwill at cost	5,564,315	-	-	-
Provision for impairment losses	-	-	-	-
	<u>5,564,315</u>	<u>-</u>	<u>-</u>	<u>-</u>
Patents and licences at cost	13,684	-	-	-
Provision for impairment losses	-	-	-	-
	<u>13,684</u>	<u>-</u>	<u>-</u>	<u>-</u>
Intellectual property	300,020	300,000	-	-
Accumulated amortisation	(300,000)	-	-	-
	<u>20</u>	<u>300,000</u>	<u>-</u>	<u>-</u>
Computer software	284,037	245,024	25,100	34,645
Accumulated amortisation	(241,934)	(225,768)	(24,766)	(32,493)
	<u>42,103</u>	<u>19,256</u>	<u>334</u>	<u>2,152</u>
Net book amount	<u>5,620,122</u>	<u>319,256</u>	<u>334</u>	<u>2,152</u>
Intellectual property of \$300,000 was acquired through a business combination (refer note 37B) relates to the value of natural gas conversion technology for motor vehicles developed by Motive Energy Pty Ltd.				
At 1 July				
At cost	1,334,623	3,118,853	34,645	34,006
Accumulated amortisation and impairment	(1,015,367)	(3,076,141)	(32,493)	(31,353)
Net book amount	<u>319,256</u>	<u>42,712</u>	<u>2,152</u>	<u>2,653</u>
Year ended June				
Opening net book amount	319,256	42,711	2,152	2,653
Additions	5,630,405	3,414,562	-	639
Disposals	(4,761)	-	(930)	-
Amortisation/impairment charge	(324,778)	(90,267)	(888)	(1,140)
Amount demerged to Forge Group Limited on 18 June 2007	-	(3,047,750)	-	-
Closing net book amount	<u>5,620,122</u>	<u>319,256</u>	<u>334</u>	<u>2,152</u>
At 30 June				
At cost	5,862,056	1,334,624	25,100	34,645
Accumulated amortisation and impairment	(241,934)	(1,015,368)	(24,766)	(32,493)
Closing net book amount	<u>5,620,122</u>	<u>319,256</u>	<u>334</u>	<u>2,152</u>

AUTODOM LIMITED
NOTES TO THE FINANCIAL STATEMENTS \Continued..

Note	Economic Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
19. NON-CURRENT ASSETS - OTHER ASSETS				
Deferred expenses	109,835	173,332	-	-
Security deposits	-	-	-	-
	<u>109,835</u>	<u>173,332</u>	<u>-</u>	<u>-</u>
<p>The deferred assets comprise costs of investigating potential acquisitions for the Group which are still subject of due diligence. As the group has suspended it's industry consolidation strategy, all deferred expenses amounting to \$444,878 relating to this activity have been expensed. The remaining balance represents the group's involvement in developing a unique drive coupling device which the board believes has good prospects.</p>				
20. CURRENT LIABILITIES - PAYABLES				
Trade payables	19,064,775	13,126,718	28,384	8,399
Other payables	8,729,869	5,187,689	52,348	89,434
	<u>27,794,644</u>	<u>18,314,407</u>	<u>80,732</u>	<u>97,833</u>
<p>"Other Payables" relate to accruals for goods and services received for which supplier invoices are awaited.</p>				
21. CURRENT LIABILITIES - INTEREST BEARING LIABILITIES				
Secured Liabilities				
Bank overdraft	813,946	-	-	-
Bank bills of exchange	11,286,518	-	-	-
Hire purchase liability	-	131,257	-	-
	<u>12,100,464</u>	<u>131,257</u>	<u>-</u>	<u>-</u>
22. CURRENT LIABILITIES - PROVISIONS				
Employee benefits	1,801,427	1,373,234	43,575	16,360
	<u>1,801,427</u>	<u>1,373,234</u>	<u>43,575</u>	<u>16,360</u>
Movements in provisions :-				
Carrying amount at the start of year	1,354,038	1,485,802	16,360	37,096
Amounts acquired during the year	-	1,714,894	-	-
Additional provisions recognised	1,964,428	1,472,057	29,633	34,390
Amounts paid during the year	(1,517,039)	(2,451,180)	(2,418)	(55,126)
Amount demerged to Forge Group Limited on 18 June 2007	-	(848,339)	-	-
Carrying amount at the end of year	<u>1,801,427</u>	<u>1,373,234</u>	<u>43,575</u>	<u>16,360</u>
<p>The measurement and recognition criteria relating to employee benefits has been included in Note 1 to this report.</p>				
23. NON CURRENT LIABILITIES - PAYABLES				
Related party liabilities	-	-	6,176,823	7,114,945
	<u>-</u>	<u>-</u>	<u>6,176,823</u>	<u>7,114,945</u>

AUTODOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS \Continued..

Note	Economic Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
24. NON CURRENT LIABILITIES - INTEREST BEARING LIABILITIES				
25. NON CURRENT LIABILITIES - DEFERRED TAX LIABILITIES				
26. NON CURRENT LIABILITIES - PROVISIONS				
Employee benefits	<u>1,654,530</u>	<u>1,163,576</u>	<u>19,995</u>	<u>12,284</u>
Movements in provisions :-				
Carrying amount at the start of year	1,163,576	565,455	12,284	8,549
Additional provisions recognized	-	3,735	-	3,735
Amounts acquired during the year	-	1,371,418	-	-
Amounts demerged	-	(344,733)	-	-
Unused amounts reversed	490,954	(432,299)	7,711	-
Carrying amount at the end of year	<u>1,654,530</u>	<u>1,163,576</u>	<u>19,995</u>	<u>12,284</u>
The measurement and recognition criteria relating to employee benefits has been included in Note 1 to this report.				
27. CONTRIBUTED EQUITY				
(a) Share capital				
Fully paid ordinary shares	<u>17,916,201</u>	<u>18,007,651</u>	<u>17,916,201</u>	<u>18,007,651</u>
Number of ordinary shares on issue	<u>54,346,301</u>	<u>164,475,594</u>	<u>54,346,301</u>	<u>164,475,594</u>
On 16 August 2007 the parent entities share capital was consolidated on a 1 for 3 basis. This followed approval by members in general meeting on 25 May 2007. A total of 908 shares were cancelled as a result of the consolidation due to the rounding down of consolidated share entitlements.				
As a result of the share buy back scheme implemented during the year 477,989 shares were acquired and immediately cancelled.				
(b) Movements in ordinary share capital				
Opening balance 1 July	18,007,651	25,417,103	18,007,651	25,417,103
Demerger of aiConstruction Pty Ltd and Subsidiaries	-	(14,559,452)	-	(14,559,452)
Issue of 20.0 million ordinary shares on 5 September 2006 in settlement of the acquisition of Cimco Pty Ltd	-	7,150,000	-	7,150,000
477,989 Shares bought back on open market	(91,450)	-	(91,450)	-
Closing balance at 30 June	<u>17,916,201</u>	<u>18,007,651</u>	<u>17,916,201</u>	<u>18,007,651</u>

NOTES TO THE FINANCIAL STATEMENTS \Continued..

Note	Economic Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$

27. CONTRIBUTED EQUITY \Continued...
(c) Options
Ordinary share options

Opening balance 1 July	4,000,000	-	4,000,000	-
Consolidated on a 1 for 3 basis	(2,666,668)	-	-	-
Granted 22 June 2007	-	4,000,000	-	4,000,000
Closing balance at 30 June	<u>1,333,332</u>	<u>4,000,000</u>	<u>4,000,000</u>	<u>4,000,000</u>

At a general meeting of shareholders held 25 May 2007 approval was given to issue a total of 4.0m options equally to the then executive directors, namely, Mr AJ Dale and Mr PG Hutchinson. These were granted on 22 June 2007.

Each option was issued for no consideration and entitles the holder to subscribe for 1 ordinary share in AI Limited upon the payment of \$0.25 and will lapse at 5.00 pm, Western Standard Time on 30 May 2012.

Subsequent to balance date the share capital of Autodom Limited was reorganised by a consolidation of shares on a one for three basis. Post consolidation the total number of options are to be reorganised to 1,333,332 options with exercise price of \$0.75.

Employee share option plan

Granted 17 September 2007	2,000,000	-	2,000,000	-
Closing balance at 30 June	<u>2,000,000</u>	<u>-</u>	<u>2,000,000</u>	<u>-</u>

An Employee Option Plan was agreed by the directors to incentivise the two most senior executives within the group namely, Mr Chris Shellis and Mr Laurence Marshall.

Each of them has the right to subscribe for 500,000 shares at \$0.45 at any time before 30 June 2012 and a further 500,000 shares at \$0.54 at any time before 30 June 2012.

The right to participate in the plan is subject to them each remaining employees of the Company.

As a result of Mr Shellis's resignation in August 2008 the options granted to him have lapsed after balance date.

28. RESERVES
Foreign currency translation reserve

Opening balance 1 July	(103,241)	55,194	-	-
Currency translation differences arising during the year	103,241	(77,180)	-	-
Foreign currency reserve demerged to Forge Group Limited on 18 June 2007	-	(81,255)	-	-
Closing balance at 30 June	<u>-</u>	<u>(103,241)</u>	<u>-</u>	<u>-</u>

Exchange differences arising on translation of foreign controlled entities are taken to the foreign currency translation reserve, as described in note 1. The reserve will be recognised in profit and loss when the investments are disposed of.

Dividend reserve

Opening balance 1 July	239,908	3,096,554	239,908	3,096,554
Transfer from current year profits	-	2,500,000	-	2,500,000
Dividends paid	-	(5,356,646)	-	(5,356,646)
Closing balance at 30 June	<u>239,908</u>	<u>239,908</u>	<u>239,908</u>	<u>239,908</u>

Option reserve

Opening balance 1 July	168,000	-	168,000	-
Director options fully vesting on issue	-	168,000	-	168,000
Director options vesting in the future	-	168,202	-	-
Option reserve demerged	-	(168,202)	-	-
Employee share options vesting in the future	32,950	-	32,950	-
Closing balance at 30 June	<u>200,950</u>	<u>168,000</u>	<u>200,950</u>	<u>168,000</u>

The option reserve relates to the cost of granting options on 22 June 2007 to directors Mr Hutchinson and Mr Dale.

Total reserves	<u>440,858</u>	<u>304,667</u>	<u>440,858</u>	<u>407,908</u>
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The dividend reserve records prior year profits available for future distribution.

AUTODOM LIMITED
NOTES TO THE FINANCIAL STATEMENTS \Continued..

Notes	Economic Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$
29. ACCUMULATED LOSSES				
Opening balance 1 July	(595,364)	(1,532,838)	(4,380,894)	(4,473,659)
Current year profits	(7,397,519)	3,336,436	(6,227,512)	2,592,764
Transfer to dividend reserve	-	(2,500,000)	-	(2,500,000)
Gain on demerger of Forge Group Limited on 18 June 2007	-	92,092	-	-
Closing balance at 30 June	(7,992,883)	(604,310)	(10,608,406)	(4,380,895)
30. MINORITY INTERESTS				
Minority interest in equity comprises:				
Share Capital	1,175,100	1,225,100		
Retained Earnings/(Losses)	2,968,602	2,973,104		
	4,143,702	4,198,204		
Opening balance 1 July	4,198,204	3,973,559		
Adjustment to opening balance	-	51		
Share of operating profit/(loss) after tax	(4,502)	224,594		
Return of capital	(50,000)	-		
Closing balance at 30 June	4,143,702	4,198,204		
31. DIVIDENDS				
Fully franked dividends paid:-				
Final dividend paid 2.0 cents per share 19 September 2006	-	(2,889,512)	-	(2,889,512)
Interim dividend paid 1.5 cents per share 29 March 2007	-	(2,467,134)	-	(2,467,134)
	-	(5,356,646)	-	(5,356,646)
32. KEY MANAGEMENT PERSONNEL DISCLOSURES				
33. REMUNERATION OF AUDITORS				
34. CONTINGENCIES				
35. COMMITMENTS				
36. EVENTS OCCURRING AFTER BALANCE DATE				
Subsequent to balance date the CEO of the automotive group resigned. Subsequent to balance date the group has initiated a major organisational recovery and restructuring programme named "Project Refocus". This multi faceted initiative has been developed with input and assistance from customers and advisors.				
Autodom's bankers have regularly briefed on the recovery initiatives and are working with the company.				

AUTODOM LIMITED

NOTES TO THE FINANCIAL STATEMENTS \Continued..

Note	Economic Entity		Parent Entity	
	2008	2007	2008	2007
	\$	\$	\$	\$

37. BUSINESS COMBINATIONS
A. Henderson Components Pty Ltd
(a) Summary of Acquisition

The entire share capital of Henderson Components Pty Ltd - an Adelaide based automotive component manufacturer - was acquired on 19 August 2006 effective from 1 August 2006.

The operation continued as acquired until the end of the calendar year whereupon it was amalgamated with the operations of aiAutomotive Pty Ltd

As a result of the amalgamation of the businesses it is not practical to determine that separate entities result specifically. Revenues contributed were in the order of \$10.5 million for the eleven months of ownership in the 2007 fiscal year.

(b) Assets and Liabilities acquired

The following assets and liabilities have been acquired subject to final verification of the accounts.

This is subject of a dispute with the vendor with the most significant item in dispute being the inclusion of intangible future tax benefits whereas the share purchase agreement stipulates that only "Net Tangible Assets" are to be included.

	Pre-acquisition Carrying Amount	Fair Value Adjustments	Disputed Amounts	Expected Values on Acquisition
Current Assets				
Cash and cash equivalents	3,120,317	-	-	3,120,317
Trade and other receivables	3,140,195	(506,009)	(10,295)	2,623,891
Inventories	1,461,954	(443,883)	(129,270)	888,801
Inventories - Agreed settlement	-	-	60,116	60,116
Other assets	437,398	(1,322)	-	436,076
Total Current Assets	8,159,863	(951,214)	(79,449)	7,129,200
Non-Current Assets				
Deferred Tax Assets	393,770	317,791	(711,561)	-
Deferred Tax Assets - Agreed settlement	-	-	448,952	448,952
Other Financial Assets	1,150,000	-	-	1,150,000
Property	375,000	-	-	375,000
Plant and Equipment	2,000,000	-	-	2,000,000
Total Non-Current Assets	3,918,770	317,791	(262,609)	3,973,952
Total Assets	12,078,633	(633,423)	(342,058)	11,103,152
Current Liabilities				
Trade and other payables	2,180,422	23,696	101,001	2,305,119
Trade and other payables - Agreed settlement	-	-	(36,388)	(36,388)
Interest Bearing Liabilities	45,386	-	-	45,386
Current Tax Liabilities	-	-	-	-
Provisions	334,166	-	-	334,166
Total Current Liabilities	2,559,974	23,696	64,613	2,648,283
Non-Current Liabilities				
Interest Bearing Liabilities	25,898	-	-	25,898
Deferred Tax Liabilities	-	-	-	-
Provisions	634,776	19,196	-	653,972
Total Non-Current Liabilities	660,674	19,196	-	679,870
Total Liabilities	3,220,648	42,892	64,613	3,328,153
Net identifiable assets acquired	8,857,985	(676,315)	(406,671)	7,775,000

AUTODOM LIMITED
NOTES TO THE FINANCIAL STATEMENTS \Continued.
37. BUSINESS COMBINATIONS \Continued...

Expected price adjustment	(1,225,000)
Minimum net tangible asset value acquired	9,000,000
Contracted settlement price - cash	5,250,000
Expected price adjustment	(1,225,000)
Acquisition cost payable to vendors	4,025,000
Direct costs relating to the acquisition incurred	341,492
Total acquisition cost	4,366,492
Cost of re-structuring	1,580,256
Costs of resolving disputed items	21,135
Business combination total cost	5,967,883
Profit on acquisition/(Goodwill) - Recognised in 2007 accounts	1,785,010
Profit on acquisition/(Goodwill) - Additional recognised in current period	22,107
Net identifiable assets acquired	7,775,000

The pre-acquisition carrying amounts were determined by the vendor. The fair value adjustments to date agreed by the vendor represent adjustments to align those values in accord with the appropriate accounting standards.

The disputed items have been agreed during the current period resulting in a further profit of \$22,107.

The anticipated profit on the acquisition of Henderson Components reflects the groups ability to extract and enhance value from what would be a loss-making operation as a stand alone entity.

B. Motive Energy Pty Ltd
(a) Summary of Acquisition

On 30 April 2007 the group purchased the remaining 64% of the share capital of Motive Energy Pty Ltd for \$250,000 paid for in cash. This business is involved in the conversion of petrol and diesel engines to run on compressed natural gas.

The business contributed revenue of \$3,786 for the two months since the full acquisition. Had the acquisition occurred on 1 July 2006 revenues would have been \$68,901.

(b) Assets and Liabilities acquired

	Carrying Values on Acquisition
The following assets and liabilities have been acquired:-	
Cash Assets	341,190
Receivables	879,756
Property, Plant and Equipment	340,000
Deferred Tax Assets	416,000
Intangibles	300,000
Liability to Autodom Limited	(383,588)
Payables	(14,377)
Provisions	(8,303)
Provisions (NC)	(4,102)
Total carrying value of Investment	1,866,576

The pre-acquisition carrying amounts were determined based on an assessment of each item in accord with the relevant AASB's and represent estimated fair values.

AUTODOM LIMITED
NOTES TO THE FINANCIAL STATEMENTS \Continued.
37. BUSINESS COMBINATIONS \Continued...
C. Cimeco Group Pty Ltd
(a) Summary of Acquisition

The entire share capital of Cimeco Group Pty Ltd - a West Australian based civil construction and engineering services business - was acquired on 5 September 2006 with effect from 1 July 2006.

(b) Assets and Liabilities acquired

The following assets and liabilities have been acquired subject to final settlement agreement with the vendors.

Purchase consideration

Total consideration	(9,264,024)
Amount settled by related entity (Parent entity - Autodom Limited) via issue of shares	7,150,000
Amount provided under performance clause	2,000,000
Cash outflow	<u>(114,024)</u>
Cash acquired with subsidiary	<u>190,295</u>
Net consolidated cash inflow	<u><u>76,271</u></u>

The following assets and liabilities have been acquired subject to final settlement agreement with the vendors.

	Carrying Values on Acquisition
Cash and cash equivalents	190,295
Receivables	5,660,218
Inventories	1,362,399
Property, plant and equipment	3,596,887
Other assets	773,737
Payables	(2,456,586)
Income in advance	(1,453,427)
Financial liabilities	(1,782,055)
Current tax liabilities	(550,298)
Provisions	(899,176)
Other liabilities	(77,687)
Net identifiable assets acquired	<u>4,364,307</u>
Goodwill on consolidation	<u>(13,628,331)</u>
Total consideration	<u><u>(9,264,024)</u></u>

The goodwill is attributable to the profitability of the acquired business and the synergies expected to arise after the group's acquisition. Goodwill represents the difference between the business valuation and the net tangible assets purchased.

The assets and liabilities arising from the acquisition are recognised at fair value which is equal to its carrying value.

Profit after taxation of Cimeco Pty Ltd included in consolidated profit of the group since 1 July 2006 amounted to \$1,578,602 on revenues of \$52.7 million

20.0m ordinary shares at 35.75 cents per share were issued in satisfaction for the acquisition of all the equity in Cimeco Pty Ltd. This valuation was prepared by RSM Bird Cameron in their capacity as an independent expert in their report dated 6 July 2006.

The report and approval for the transaction was given at a general meeting of shareholders held 18 August 2006. At the date of settlement shares in the company traded on the Australian Stock Exchange in a range of 41 to 42 cents cum dividend of 2 cents.

AUTODOM LIMITED
NOTES TO THE FINANCIAL STATEMENTS \Continued.
37. BUSINESS COMBINATIONS \Continued...
D. Business undertakings of Dair Industries (SA) Pty Ltd
(a) Summary of Acquisition

The business assets were acquired and employee liabilities assumed of the business activities of Dair Industries (SA) Pty Ltd on 14 December 2007.

(b) Assets and Liabilities acquired

The following assets and liabilities have been acquired subject to final settlement agreement with the vendors.

Purchase consideration

Amount settled in cash	6,377,498
Amount provided under performance clause	1,000,000

Cash outflow

7,377,498

The following assets and liabilities have been acquired subject to final settlement agreement with the vendors.
Carrying Values on Acquisition

Cash and cash equivalents	
Receivables	
Inventories	1,028,344
Property, plant and equipment	2,389,802
Goodwill	4,017,249
Intellectual property	20
Other receivables	89,286
Provisions (Employee Entitlements)	(147,203)
Net identifiable assets acquired	<u><u>7,377,498</u></u>

E. Business undertakings of HPG Engineering Pty Ltd
(a) Summary of Acquisition

The business assets were acquired and employee liabilities assumed of the business activities of HPG Engineering Pty Ltd on 25 January 2008.

(b) Assets and Liabilities acquired

The following assets and liabilities have been acquired subject to final settlement agreement with the vendors.

Purchase consideration

Amount settled in cash	3,610,978
Amount provided under performance clause	250,000

Cash outflow

3,860,978

The following assets and liabilities have been acquired subject to final settlement agreement with the vendors.
Carrying Values on Acquisition

Cash and cash equivalents	
Receivables	
Inventories	1,610,978
Property, plant and equipment	2,000,000
Goodwill	300,000
Provisions (Employee Entitlements)	(300,000)
Net identifiable assets acquired	<u><u>3,610,978</u></u>