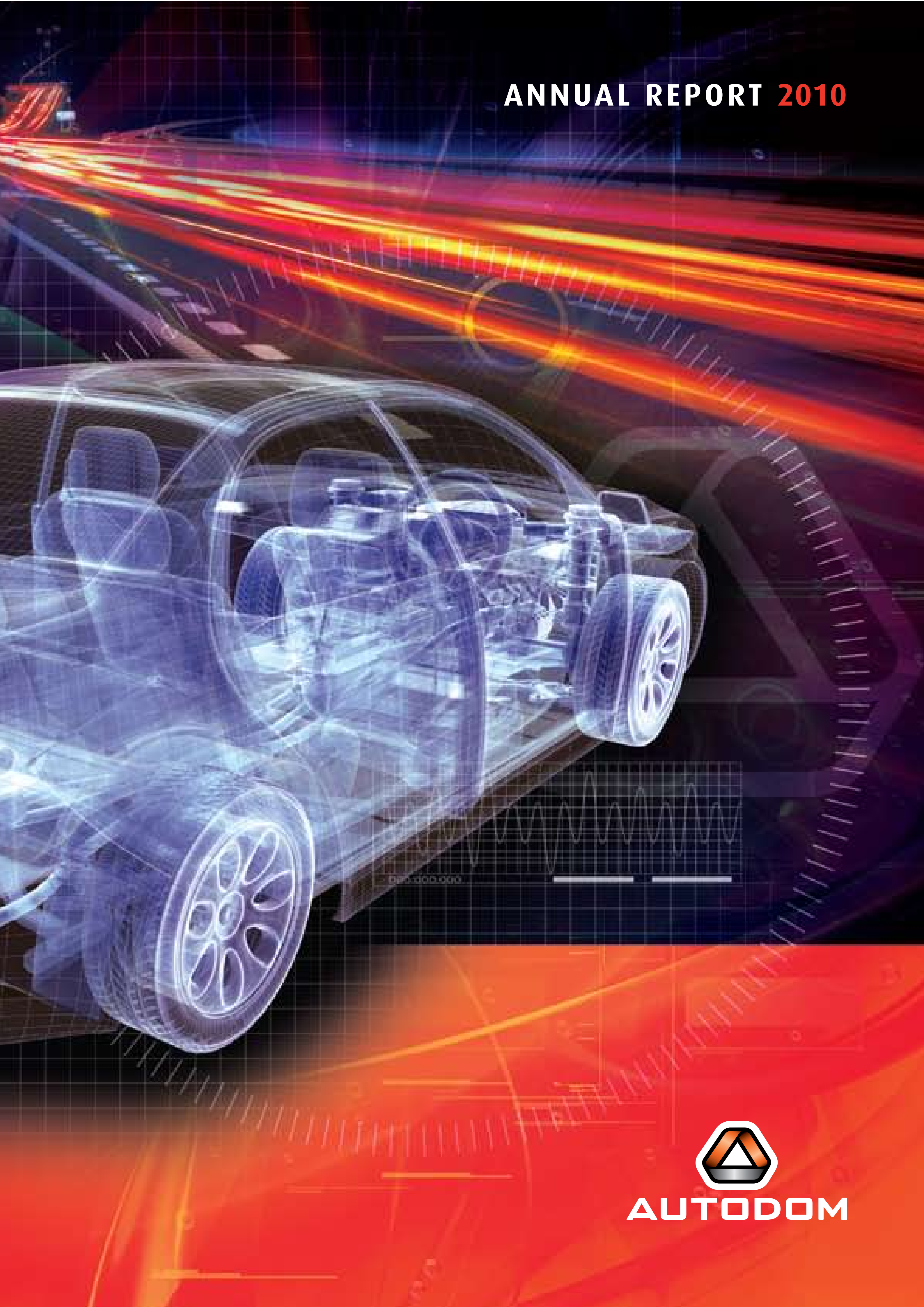

ANNUAL REPORT 2010

AUTODOM

Index

2010

DIRECTORS
Anthony Dale
Robert Martin
Scott Mutton

COMPANY SECRETARY
Peter Torre

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F (08) 9381 9888

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PO Box 1808
SUBIACO WA 6904

AUDITORS
RSM Bird Cameron Partners
8 St Georges Terrace
PERTH WA 6000

BANKERS
National Australia Bank Ltd
Level 1
22-28 King William Street
ADELAIDE SA 5000

STOCK EXCHANGE LISTING
Autodom Limited shares are listed on the Australian Stock Exchange. The company's listing code is AIE

A.B.N. 43 009 123 782
Autodom Limited and controlled entities

Managing Directors Report

The directors of Autodom report the company incurred a loss of $1.6m for the 2010 financial year. The year saw a decline in sales of 15% to $75m as the Australian car industry continued to produce at the lower levels first experienced during the global financial crisis. This reduction in demand for the products Autodom manufactures was the primary reason for the loss, however the company also took a decision at year end to write off around $1m of slow moving inventory. Costs associated with the acquisition of DAIR Industries of $300,000 were also incurred during the year.

For the past 2 financial years the company has focused on structural cost reduction and productivity improvement initiatives to mitigate the falling sales base. In the 2010 year $3.5m of factory overhead cost reduction was achieved. A further $600,000 in labour productivity improvements was also made. Unfortunately these gains were not enough to offset the sales decline.

Several good initiatives at the balance sheet level saw improvement in the company's working capital and inventory was reduced by $2.1m. The company was able to repay $2.3m in debt owing to its bankers and the South Australian Government.

A major focus during the latter half of the financial year was to complete the acquisition of DAIR Industries. This was achieved at the end of August 2010 and DAIR will be a very important part of the Autodom group moving forward.

DAIR is a highly regarded manufacturer of metal pressings and assemblies, injection and blow moulded plastic parts and cables. It is a key supplier to the Australian car manufacturers, in particular Ford and Toyota. Like Autodom, DAIR has been active in recent years in acquiring and consolidating other component manufacturers and shares a view that consolidation in the automotive component manufacturing sector is essential to underpin its economic viability.

When added to aiAutomotive sales DAIR's revenue base of $43m will see the combined total approximating $120m on an annualised basis. The acquisition has added 210 people to Autodom's subsidiary aiAutomotive's current workforce of 280. There are considerable synergistic benefits to the acquisition and it will have an immediate positive impact on aiAutomotive earnings.

The acquisition was completed at a cost of $11.1m. Funding was provided by a combination of a $5m bridging loan, a grant from the Automotive Industry Structural Adjustment Program (AISAP) of $4m, and vendor finance. No additional bank debt was required to complete the transaction. The bridging loan will be repaid via a fully underwritten rights issue to be undertaken in October 2010.

The acquisition of DAIR will have many positive consequences for Autodom and its subsidiary aiAutomotive including:

- a return to a level of revenue that enables profitable operations. This will counteract a decline over the past 3 years
- the addition of a highly competent and successful management team
- a more even spread of business between the three Australian car manufacturers and new business development opportunities with all three
- a more diverse product range offering
- valuable synergies to operations across 5 plants in South Australia and Victoria

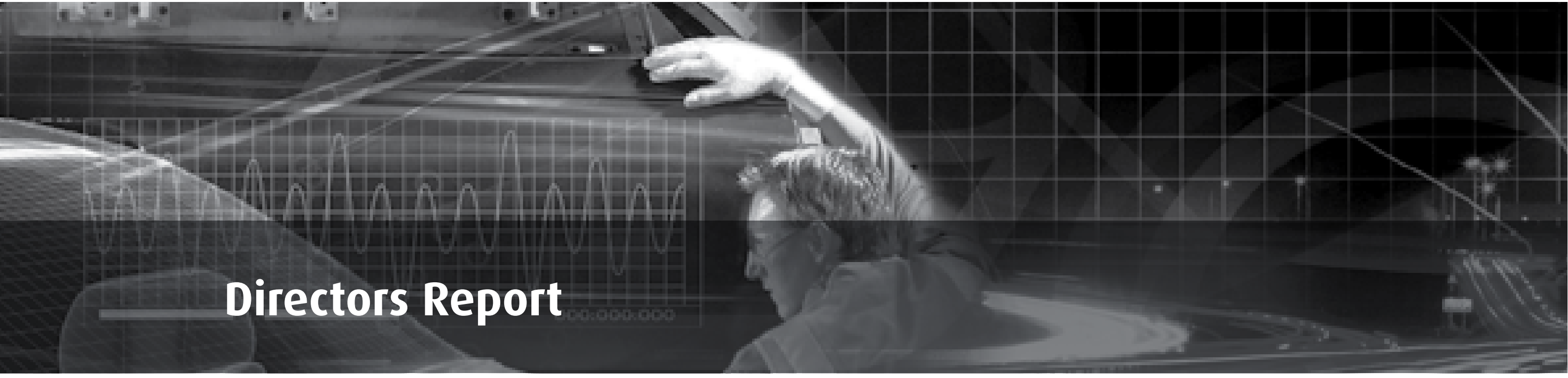
Managing Directors Report

Autodom plans to focus its activities for the remainder of the current financial year on carefully planning and executing the integration of DAIR with aiAutomotive. This includes identification and capture of synergies and opportunities for business development. The full impact of the synergies will flow in the latter part of this financial year and beyond.

As stated in previous reports automotive component manufacturing faces a number of challenges and the industry requires rationalisation. Nevertheless good opportunities exist as the three Australian based car manufacturers are investing large sums in new models and plant. Autodom's strategy is to be a key player in the industry rationalisation and to continue to be a leading supplier to the manufacturers. This strategy is well supported by government policy.

The board would like to thank the executive team of Calvin Stead, Paul Jones, Tom Spurling and their respective teams for their efforts and contribution over the past 12 months. The company is very fortunate to have such a committed group of people focused on the challenges it faces.

Tony Dale
Managing Director



Directors Report

Your directors present their report for the consolidated entity (referred to hereafter as the Group) consisting of Autodom Limited and the entities it controlled at the end of, or during, the year ended 30 June 2010.

DIRECTORS

The following persons were directors of Autodom Limited during the financial year and up to the date of this report

Anthony Dale
Robert Martin
Scott Mutton

PRINCIPAL ACTIVITIES

During the year the principal continuing activity of the group was automotive component manufacturing and painting of automotive componentry.

DIVIDENDS – AUTODOM LIMITED

No dividends were paid during the financial year.

REVIEW OF OPERATIONS

The loss after income tax for the group for the year ended 30 June 2010 was $1,618,829
(2009: profit $1,253,702).

Information on the operations of the group and future strategies and prospects are set out in the managing directors report on pages 2 to 3 of this annual report.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no acquisitions or divestments by the company or any significant changes in the state of affairs since the date of the last report.

There has been a significant change in the state of affairs of the company since balance date and this is described below under “Matters subsequent to the end of the financial year”.

ENVIRONMENTAL REGULATION

Areas of the group operations are required to operate under licences obtained from the Environmental Protection Agencies in their states. Compliance with the conditions of the licences is monitored by the Board and Management. Inspections of the sites by the respective agencies have not identified any areas of non compliance.

Other operations of the group are not subject to any particular and significant environmental regulation under a law of the Commonwealth of Australia or any state or territory.

The group from time to time may be subject to various state and local government environmental and town planning regulations incidental to the development of any of its operating sites. These regulatory requirements are addressed as and when they arise.

Directors Report

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

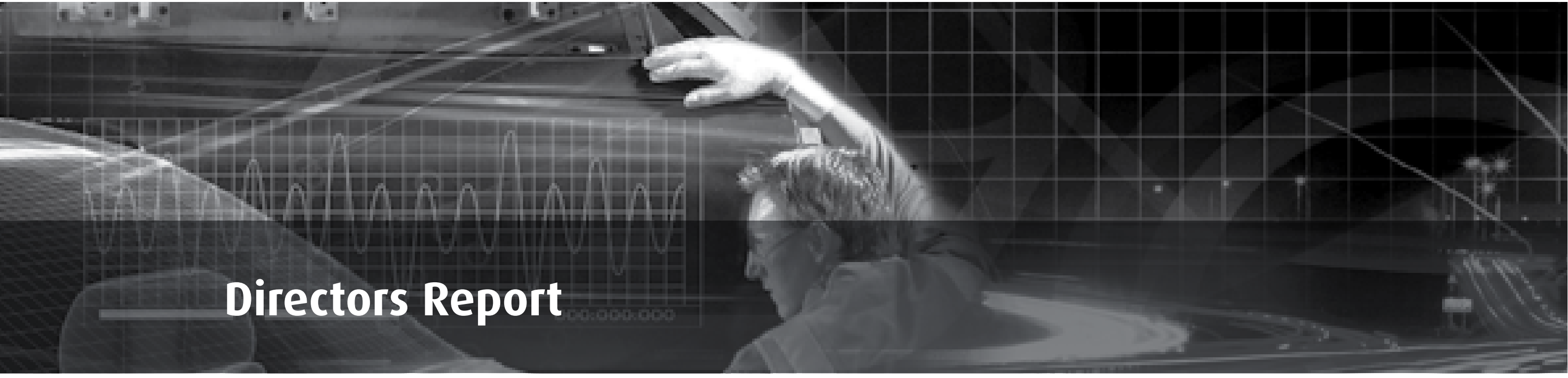
On 31 August 2010, the company, via two wholly owned subsidiaries, acquired the automotive component manufacturing businesses operated by DAIR Industries Pty Ltd and DAIR Industries (Victoria) Pty Ltd ("the DAIR Business"). Under the business purchase agreement the company acquired the plant and equipment and inventories of the DAIR Business and assumed the employee benefit obligations. The total acquisition price of the business was $11.1 million subject to final settlement adjustments. The fair market value of the net assets to be acquired is currently expected to be $8.9 million. Therefore, goodwill of $2.2 million will be brought to account. The final calculation of the fair market value of the net assets acquired and goodwill will be conducted after settlement adjustments are completed. The acquisition was funded by a loan from the Vendor of the business and a shareholder loan. A grant from the Australian Federal Government under the Automotive Industry Structural Assistance Program will also be received. The amount of this grant is expected to be $4 million. The shareholder loan, which is at arms length and on commercial terms, will be repaid via a fully underwritten rights issue to shareholders, the funds which will be received after the date of this report. The directors believe that the DAIR business and the grant, which is taxable, will improve the group's profitability and thereby enhance the recoverability of the carried forward losses included in the deferred tax asset.

On 12 July 2010, two wholly owned subsidiaries, AiDair Dandenong Pty Ltd and AiDair New Gisborne Pty Ltd, were incorporated for the purpose of acquiring the DAIR business.

INFORMATION ON DIRECTORS

Anthony John Dale B.Psych MBA
Managing Director (Appointed January 2001)
Mr Dale has over 30 years experience in consulting, planning, marketing and management roles over a broad industry base. He has held senior management positions in the banking and brewing sectors and worked as a management consultant with McKinsey & Company. In 1987 Mr Dale co-founded Vysarn Pty Ltd, previously a substantial shareholder in Autodom Limited.

Other current directorships:-	Nil
Former directorships in last 3 years:-	Nil
Interests in ordinary shares of Autodom Limited:-	
– at 30 June 2010	1,144,576
– at date of this report	1,144,576
Interests in options of Autodom Limited:-	
– Ordinary Share Options	666,666
– Class A Employee Options	500,000
– Class B Employee Options	500,000
Special responsibilities:-	Managing Director



Directors Report

Robert Paul Martin
Non-Executive Director (Appointed November 1993)
Mr Martin has over 40 years business experience in Western Australia in the management and operations of airline, mining and other commercial undertakings. He has extensive knowledge of the West Australian investment community.

As at the date of this report entities controlled by Mr Martin hold 18% of the issued capital of the company.

Other current directorships:-	Nil
Former directorships in last 3 years:-	Nil
Interests in ordinary shares of Autodom Limited:-	
– at 30 June 2010	9,800,617
– at date of this report	9,800,617
Interests in options of Autodom Limited:-	Nil

Scott Mutton B. Eng (Mech) MBA
Non-Executive Director (Appointed 15 September 2008)
Mr Mutton was appointed to the board in September 2008. He brings broad manufacturing experience from previously held positions in the steelmaking, foundry, machine manufacture and automotive component supply industries. He formerly worked at senior management level within the Nylex Group before leading a management buyout of one of their businesses, Henderson Components, a long established and well regarded manufacturer of pressed and welded assemblies for the automotive and whitegoods industries. Henderson Components was acquired by Autodom in August 2006.

Other current directorships:-	Nil
Former directorships in last 3 years:-	Nil
Interests in ordinary shares of Autodom Limited:-	
– at 30 June 2010	Nil
– at date of this report	Nil
Interests in options of Autodom Limited:-	Nil

COMPANY SECRETARY

The company secretary is Mr Peter Torre

Mr Torre holds a Bachelor of Business, is a Chartered Accountant, a Chartered Secretary and a Member of the Australian Institute of Company Directors. He is the Company Secretary of several ASX Listed Companies and is also a Director of ASX listed Mineral Commodities Limited and Neo Resources Limited.

Directors Report

MEETINGS OF DIRECTORS

The numbers of meetings of the company's board of directors and each board committee held during the year ended 30 June 2010, and the numbers of meetings attended by each director were:

	Full meetings	
	Held	Attended
Anthony Dale	11	11
Robert Martin	11	9
Scott Mutton	11	11

REMUNERATION REPORT

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

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

B. Details of remuneration

C. Service agreements

D. Share and/or option based compensation

A. Principles used to Determine the Nature and Amount of Remuneration

The objective of the company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered.

This framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders and conforms with market best practice for delivery of reward. The board ensures that executive reward satisfies the following:-

– competitiveness and reasonableness

– acceptability to shareholders

– results achieved from performance

– transparency

The company has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the organisation.

The remuneration framework is aligned to shareholders interests by:-

– having economic profit as a core component of the plan design

– focusing on sustained growth in shareholder wealth including dividends streams and share price growth

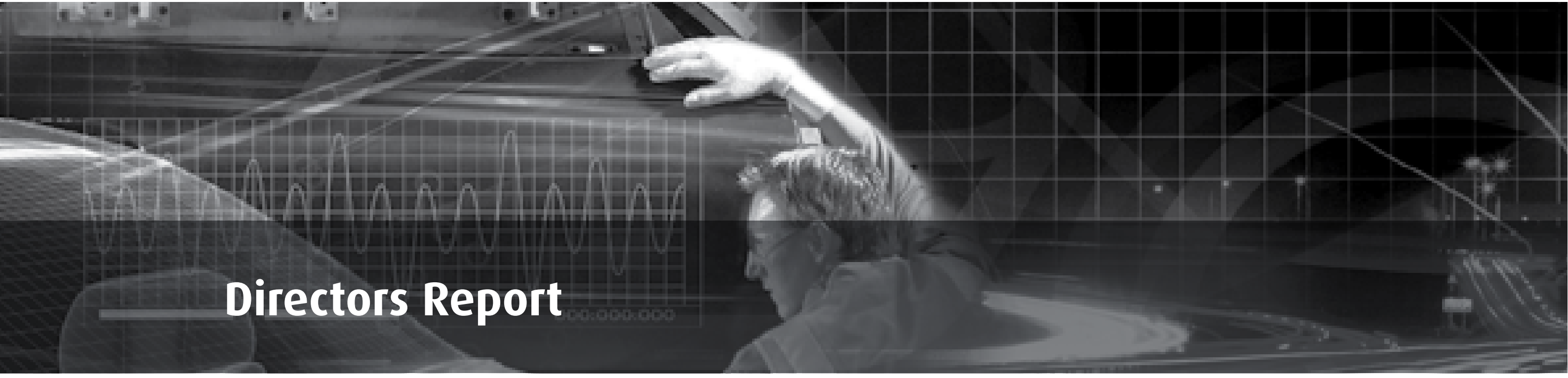
– attracting and retaining high calibre executives

The program is aligned to participants interests by:-

– rewarding capability and experience

– providing recognition for contribution

The framework provides a mix of fixed and variable pay with a blend of short and long-term incentives



Directors Report

(i) Non-Executive Directors

Fees and payments to non-executive directors reflect the demands which are made on and the responsibilities of those directors.

Non-executive directors fees and payments are reviewed periodically by the board.

(ii) Directors Fees

The current base remuneration was last reviewed with effect from July 2005.

(iii) Retirement Allowances for Directors

There are no retirement allowances payable to directors.

(iv) Executive Pay

The executive pay and reward framework has four components:-

– base pay and benefits

– short term performance incentives

– medium term performance incentives incorporating the share option plan

– other remuneration such as superannuation

The combination of these comprises the executives total remuneration.

Executive pay is structured as a total employment cost package which may be delivered as a combination of cash and benefits at the executives discretion.

Executive remuneration packages are reviewed annually to ensure the executives' pay is competitive with the market. An executives pay is also reviewed on promotion.

(v) Short Term Incentives

Should the operating company's performance (in the view of the board) be appropriate for market conditions prevailing during the period then incentives are paid to key executives and managers. These payments are purely at the board's discretion.

B. Details of Remuneration

Details of the remuneration of each director of Autodom Limited and each of the key management personnel of the group are set out in the following tables:-

(i) Directors of Autodom Limited	Short Term			Post Employment	Share-based payments	Total		
	Cash Salary & Fees	Cash Bonus	Non-monetary Benefits	Superannuation	Options	Total	Performance Related (%)	Options Related (%)
Executive Directors								
AJ Dale								
2010	307,300	–	–	14,462	–	321,762	0.0%	0.0%
2009	336,517	–	–	14,662	–	351,179	0.0%	0.0%
Total Executive Directors								
2010	307,300	–	–	14,462	–	321,762	0.0%	0.0%
2009	336,517	–	–	14,662	–	351,179	0.0%	0.0%
Non-Executive Directors								
RP Martin								
2010	–	–	–	43,600	–	43,600	0.0%	0.0%
2009	–	–	–	43,600	–	43,600	0.0%	0.0%
S Mutton (appointed 15 September 2008)								
2010	40,000	–	–	3,600	–	43,600	0.0%	0.0%
2009	31,667	–	–	2,850	–	34,517	0.0%	0.0%
Z Lendich (resigned 15 September 2008)								
2010	–	–	–	–	–	–	0.0%	0.0%
2009	10,000	–	–	900	–	10,900	0.0%	0.0%
Total Non-Executive Directors								
2010	40,000	–	–	47,200	–	87,200	0.0%	0.0%
2009	41,667	–	–	47,350	–	89,017	0.0%	0.0%
Total Directors								
2010	347,300	–	–	61,662	–	408,962	0.0%	0.0%
2009	378,184	–	–	62,012	–	440,196	0.0%	0.0%

	Short Term			Post Employment	Share-based payments	Total		
	Cash Salary & Fees	Cash Bonus	Non-monetary Benefits	Superannuation	Options	Total	Performance Related (%)	Options Related (%)
(ii) Other Key Management Personnel (All Non Parent Entity)								
C Stead								
2010	196,913	23,333	–	15,444	–	235,690	0.0%	0.0%
2009	80,641	–	–	7,257	–	87,898	0.0%	0.0%
P Jones								
2010	195,963	–	9,286	15,969	–	221,218	0.0%	0.0%
2009	79,340	50,000	34,966	66,494	–	230,800	21.7%	0.0%
P Heath								
2010	130,811	–	–	9,977	–	140,788	0.0%	0.0%
2009	127,323	–	–	11,459	–	138,782	0.0%	0.0%
T Spurling								
2010	290,526	–	–	–	–	290,526	0.0%	0.0%
2009	–	–	–	–	–	–	0.0%	0.0%
L Marshall (resigned December 2008)								
2010	–	–	–	–	–	–	0.0%	0.0%
2009	176,249	–	–	47,829	–	224,078	0.0%	0.0%
C Shellis (resigned July 2008)								
2010	–	–	–	–	–	–	0.0%	0.0%
2009	109,238	–	–	1,720	–	110,958	0.0%	0.0%
T Tabaka (resigned November 2008)								
2010	–	–	–	–	–	–	0.0%	0.0%
2009	90,122	–	–	8,438	–	98,560	0.0%	0.0%
Total other Key Management Personnel								
2010	814,213	23,333	9,286	41,390	–	888,222	0.0%	0.0%
2009	662,913	50,000	34,966	143,197	–	891,076	5.6%	0.0%
Total Directors and other Key Management Personnel Remuneration								
2010	1,161,513	23,333	9,286	103,052	–	1,297,184	1.8%	0.0%
2009	1,041,097	50,000	34,966	205,209	–	1,331,272	3.8%	0.0%

On 14 July 2009 the company entered into an agreement with Spurling Jamieson Corporate Pty Ltd for the provision of financial and accounting consulting services. These services included the provision of certain financial and accounting consulting services by Mr Tom Spurling, a director of Spurling Jamieson Corporate Pty Ltd. Under this agreement a total of $290,526 (excluding goods and services tax) was paid by the company to Spurling Jamieson Corporate Pty Ltd during the year ended 30 June 2010 of which $272,827 (excluding goods and services tax) related directly to the services provided by Mr Tom Spurling.

Payments to directors and officers' related entities are disclosed in note 6 "Key Management Personnel Compensation" and note 29 "Related Party Transactions".

C. Service Agreements

There are two service agreements in place with any of the directors, officers or key management personnel during the financial year: (i) Tony Dale. The service agreement sets out Mr Dale's remuneration arrangements including the performance-based bonus arrangements. The agreement also specifies that, in the event that Mr Dale is terminated without cause, he is entitled to a payment equivalent to 12 months salary. (ii) The service agreement in place with Spurling Jamieson Corporate Pty Ltd relating to the provision of financial and accounting consulting services, specifies a daily rate for services and that 2 months notice of termination is required by either Spurling Jamieson Corporate Pty Ltd or the company.

In August 2008 a three year service contract was entered into with Mr L Marshall. This contract was terminated in December 2008.

D. Share and/or Option Based Compensation

An option based incentive plan is in place for executive directors. Details of these are included in note 27 to the accounts. The managing director Mr Dale participates in the plan.

INSURANCE OF OFFICERS

During the financial year the company paid a premium in respect of a contract insuring the directors, the company secretary and all executive officers of the company and its subsidiaries against a liability incurred as such a Director, Company Secretary, or Executive Officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

PROCEEDINGS AGAINST THE COMPANY

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

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the Corporations Act 2001.

NON-AUDIT SERVICES

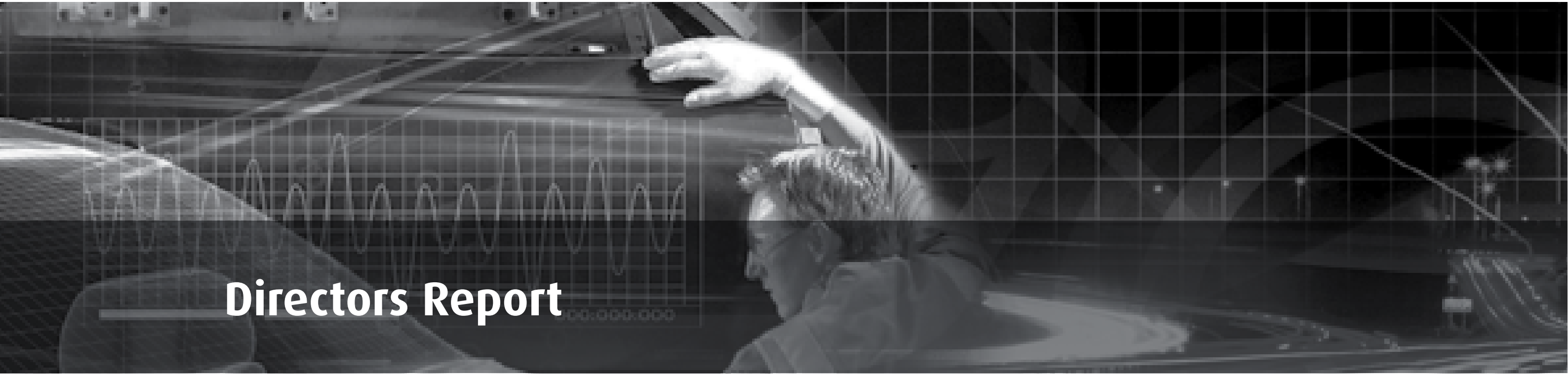
The company may decide to employ the auditor on assignments additional to the statutory audit duties where the auditor's expertise and experience with the company and/or the group are important.

Details of the amounts paid or payable to the auditor (RSM Bird Cameron) for audit and non-audit services provided during the year are set out below.

The board of directors, in accordance with the advice received from the audit committee, is satisfied that the provision of non-audit services is compatible with the general standard of independence required for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

– all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and

– the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.



Directors Report

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, it's related practices and non-related audit firms:

	Consolidated	
	2010	**2009**
(a) Assurance Services		
RSM Bird Cameron for audit services Audit and review of financial reports and other audit work under the *Corporations Act 2001*	144,173	136,793
(b) Taxation Services	–	–
(c) Other Services	–	–

A copy of the auditors independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 14.

AUDITOR

RSM Bird Cameron continues in office in accordance with section 327 of the Corporations Act 2001.

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

AJ Dale
Director

Perth
28th September 2010

AUTODOM

Auditors Independence Declaration

RSM Bird Cameron Partners
Chartered Accountants

RSM Bird Cameron Partners
8 St Georges Terrace Perth WA 6000
GPO Box R1253 Perth WA 6844
T +61 8 9261 9100 F +61 8 9261 9101
www.rsmi.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Autodom Limited for the year ended 30 June 2010, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM Bird Cameron Partners
RSM BIRD CAMERON PARTNERS
Chartered Accountants

Perth, WA
Dated: 28 September 2010

J A KOMNINOS
Partner

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2010

	NOTE	CONSOLIDATED GROUP		PARENT ENTITY	
		2010 $	2009 $	2010 $	2009 $
Revenue from Continuing Operations	2	75,079,833	87,924,597	–	–
Other income	3	1,861,326	5,226,154	13,457	27,759
Changes in inventories of finished goods and work in progress		(1,615,667)	(2,232,280)	–	–
Raw materials and consumables used		(54,151,217)	(63,671,060)	–	–
Employee benefits expense		(16,502,661)	(17,646,361)	(343,605)	(494,203)
Depreciation and amortisation expense		(2,386,423)	(3,473,023)	(12,787)	(13,442)
Finance costs		(759,614)	(687,990)	–	–
Other expenses		(3,795,527)	(3,776,320)	(1,099,252)	(930,473)
Profit/(Loss) Before Tax		**(2,269,950)**	**1,663,717**	**(1,442,187)**	**(1,410,359)**
Income tax benefit/(expense)	5	651,121	(410,015)	432,656	655,579
Profit/(Loss) for the Year		**(1,618,829)**	**1,253,702**	**(1,009,531)**	**(754,780)**
Other comprehensive income		–	–	–	–
Total Comprehensive Income for the Year		**(1,618,829)**	**1,253,702**	**(1,009,531)**	**(754,780)**
Profit/(loss) for the year attributable to:-					
Owners of the parent		(1,618,829)	1,261,769	(1,009,531)	(754,780)
Non-controlling interest		–	(8,067)	–	–
		(1,618,829)	**1,253,702**	**(1,009,531)**	**(754,780)**
Total Comprehensive Income Attributable to:					
Owners of the parent		(1,618,829)	1,261,769	(1,009,531)	(754,780)
Non-controlling interest		–	(8,067)	–	–
		(1,618,829)	**1,253,702**	**(1,009,531)**	**(754,780)**
Basic and diluted earnings/(loss) per share (Cents)	9	**(2.98)**	**2.32**		

The accompanying notes form part of these financial statements

AUTODOM

Consolidated Statement of Financial Position

FOR THE YEAR ENDED 30 JUNE 2010

	NOTE	CONSOLIDATED GROUP		PARENT ENTITY	
		2010	2009	2010	2009
		$	$	$	$
Current Assets					
Cash and cash equivalents	10	–	674,336	44,581	55,472
Trade and other receivables	11	12,404,826	10,179,392	1,652	49
Inventories	12	6,358,418	8,833,400	–	–
Other current assets	17	1,887,986	1,923,225	–	20,748
Total Current Assets		**20,651,230**	**21,610,353**	**46,233**	**76,269**
Non-Current Assets					
Receivables	11	4,135,682	4,135,682	578,123	2,015,357
Other financial assets	13	–	–	3,442,534	3,442,534
Property, plant and equipment	15	10,528,069	12,319,798	57,266	64,227
Deferred tax assets	20	4,717,845	4,066,723	1,494,372	1,061,716
Intangibles	16	5,358,289	5,372,086	–	93
Other non-current assets	17	452,098	828,224	–	23,781
Total Non-Current Assets		**25,191,983**	**26,722,513**	**5,572,295**	**6,607,708**
Total Assets		**45,843,213**	**48,332,866**	**5,618,528**	**6,683,977**
Current Liabilities					
Trade and other payables	18	14,761,523	14,171,585	132,652	201,970
Financial liabilities	19	12,380,808	12,824,300	–	–
Provisions	21	2,450,457	1,468,085	30,182	32,956
Total Current Liabilities		**29,592,788**	**28,463,970**	**162,834**	**234,926**
Non-Current Liabilities					
Financial liabilities	19	–	1,500,000	–	–
Deferred tax liabilities	20	1,016,212	1,016,212	–	–
Provisions	21	1,019,271	1,518,913	59,235	43,061
Total Non-Current Liabilities		**2,035,483**	**4,035,125**	**59,235**	**43,061**
Total Liabilities		**31,628,271**	**32,499,095**	**222,069**	**277,987**
Net Assets		**14,214,942**	**15,833,771**	**5,396,459**	**6,405,990**
Equity					
Issued capital	22	17,916,201	17,916,201	17,916,201	17,916,201
Reserves		440,858	440,858	440,858	440,858
Accumulated losses		(8,277,701)	(6,658,872)	(12,960,600)	(11,951,069)
Parent Entity Interest		**10,079,358**	**11,698,187**	**5,396,459**	**6,405,990**
Non Controlling Interest		4,135,584	4,135,584	–	–
Total Equity		**14,214,942**	**15,833,771**	**5,396,459**	**6,405,990**

The accompanying notes form part of these financial statements

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2010

	NOTE	ISSUED CAPITAL $	RESERVES OPTION RESERVE $	RESERVES DIVIDEND RESERVE	(ACCUMULATED LOSSES) $	NON CONTROLLING INTEREST	TOTAL $
Consolidated Group							
Balance at 1 July 2008		17,916,201	200,950	239,908	(7,920,641)	4,143,702	14,580,120
Total comprehensive income for the year		–	–	–	1,261,769	(8,067)	1,253,702
Transfers from retained earnings		–	–	–	–	(51)	(51)
Balance at 30 June 2009		17,916,201	200,950	239,908	(6,658,872)	4,135,584	15,833,771
Total comprehensive income for the year		–	–	–	(1,618,829)	–	(1,618,829)
Balance at 30 June 2010		**17,916,201**	**200,950**	**239,908**	**(8,277,701)**	**4,135,584**	**14,214,942**

	NOTE	ISSUED CAPITAL $	RESERVES OPTION RESERVE $	RESERVES DIVIDEND RESERVE	(ACCUMULATED LOSSES) $	NON CONTROLLING INTEREST	TOTAL $
Parent Entity							
Balance at 1 July 2008		17,916,201	200,950	239,908	(11,196,289)	–	7,160,770
Total comprehensive for the year		–	–	–	(754,780)	–	(754,780)
Balance at 30 June 2009		17,916,201	200,950	239,908	(11,951,069)	–	6,405,990
Total comprehensive for the year		–	–	–	(1,009,531)	–	(1,009,531)
Balance at 30 June 2010		**17,916,201**	**200,950**	**239,908**	**(12,960,600)**	**–**	**5,396,459**

The accompanying notes form part of these financial statements

AUTODOM

Consolidated Statement of Cash Flow

FOR THE YEAR ENDED 30 JUNE 2010

	NOTE	CONSOLIDATED GROUP		PARENT ENTITY	
		2010	2009	2010	2009
		$	$	$	$
Cash Flows from Operating Activities					
Receipts from customers		72,854,399	90,455,492	–	–
Payments to suppliers and employees		(72,644,348)	(95,042,736)	(1,479,631)	(1,273,004)
Other revenue		2,406,579	4,581,511	37,238	–
Interest paid		(759,614)	(687,990)	–	–
Income taxes refunded		–	234,209	–	234,209
Net Cash provided by/(used in) Operating Activities	26	**1,857,016**	**(459,514)**	**(1,442,393)**	**(1,038,795)**
Cash Flows from Investing Activities					
Payments for property, plant and equipment net of intangibles		(592,214)	(340,909)	(5,732)	(10,056)
Payment for purchase of subsidiaries net of cash acquired	32	–	(1,258,974)	–	–
Proceeds from sale of property, plant and equipment		4,355	12,000	–	–
Deferred expenses		–	(23,781)	–	(23,781)
Net related company balances		–	–	1,437,234	1,096,960
Repayment to related parties		–	(218,800)	–	–
Interest received		–	3,238	–	–
Net Cash provided by/(used in) Investing Activities		**(587,859)**	**(1,827,226)**	**1,431,502**	**1,063,123**
Cash Flows from Financing Activities					
Net (repayments)/proceeds from borrowings		(2,258,753)	3,037,781	–	–
Net Cash provided by/(used in) Financing Activities		**(2,258,753)**	**3,037,781**	**–**	**–**
Net (decrease)/increase in Cash Held and Cash Equivalents		**(989,596)**	**751,041**	**(10,891)**	**24,328**
Cash at beginning of financial year	10	674,336	(76,705)	55,472	31,144
Cash at end of Financial Year	10	**(315,260)**	**674,336**	**44,581**	**55,472**

The accompanying notes form part of these financial statements

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2010

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report includes the consolidated financial statements and notes of Autodom Limited and controlled entities ('Consolidated Group' or 'Group'), and the separate financial statements and notes of Autodom Limited as an individual parent entity ('Parent Entity').

The financial report was authorised for issue on 28th September 2010 by the board of directors.

Basis of Preparation and Going Concern

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001.

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. 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.

As disclosed in the financial statements, the consolidated entity recorded for the year ended 30 June 2010, a loss attributable to members of $1,618,829 (30 June 2009: profit $1,261,769 inclusive of a non-recurring government grant of $3,000,000), cash inflows from operations of $1,857,016 (30 June 2009: net cash outflow of $459,514) and at balance sheet date recorded net current liabilities of $8,941,559 (30 June 2009: net current liabilities of $6,853,617) due to the classification of loans from its banker of $10,330,808 (30 June 2009: $11,324,300) as a current liability. The current classification was required because the consolidated entity did not meet the bank's loan convenants, resulting in the loan facilities being subject to review and possible repayment at the bank's discretion.

While the above factors indicate material uncertainty as to the consolidated entity's ability to continue as a going concern, the directors are of the opinion the consolidated entity will continue as a going concern because of the following reasons: (i) The result for the year ended 30 June 2010 was comparable with the year ended 30 June 2009 after allowing for the effect of the $3,000,000 non-recurring grant, and was achieved despite a 15% fall in sales compared with the year ended 30 June 2009. The result for the year ended 30 June 2010 was achieved through reductions in the costs of the business; (ii) Cash flow from operations increased from an outflow of $459,514 for the year ended 30 June 2009 to an inflow of $1,857,016 due primarily to reductions in inventory levels; (iii) Subject to difficulties associated with predicting future demand arising from the global automotive industry, for the twelve month period from the date of this financial report, the group is budgeting to continue to generate positive cash flows from trading operations; (iv) As described in note 28 "Events after the balance sheet date", on 31 August 2010 the company acquired the automotive component manufacturing business owned by DAIR Industries Pty Ltd and DAIR Industries (Vic) Pty Ltd ("the DAIR Business"). As this acquisition will be funded substantially by a structural adjustment grant under the Australian Federal Government's Automotive Industry Structural Adjustment Program ("AISAP") and, ultimately, by a fully underwritten rights issue to shareholders, the Directors believe that the DAIR Business will improve the group's profitability and cash flows for the twelve month period from the date of this financial report; and (v) The consolidated entity's banker has not exercised its review discretion referred to above and has granted a letter of non-waiver dated 4 August 2010.

The financial report has also been prepared on an accruals basis and is based on historical costs, modified, where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Adoption of New and Revised Accounting Standards

The consolidated entity has adopted the following new and revised Australian Accounting Standards issued by the AASB which are mandatory to apply to the current financial year. Disclosures required by these Standards that are deemed material have been included in this financial report on the basis that they represent a significant change in information from those previously made available.

(i) Presentation of Financial Statements

The consolidated entity has applied the revised AASB 101 Presentation of Financial Statements (2007) from 1 January 2009. The revision of this standard now requires the consolidated entity to present all non-owner changes to equity (comprehensive income) in the statement of comprehensive income. The consolidated entity has presented the income statement and non-owner changes in equity in one statement of comprehensive income. All owner changes in equity are presented separately in the statement of changes in equity.

The presentation requirements have been applied for the entire reporting period and comparative information has been represented to also comply with the revised AASB 101.

(ii) Segment Reporting

The consolidated entity has applied AASB 8 Operating Segments with effect from 1 July 2009. AASB 8 requires the entity to identify operating segments and disclose segment information on the basis of internal reports that are provided to, and reviewed by, the chief operating decision maker of the consolidated entity to allocate resources and assess performance. In the case of the consolidated entity, the chief operating decision maker is the Board of Directors. Operating segments now represent the basis on which the company reports its segment information to the Board on a monthly basis. The change in policy has not resulted in a change to the disclosure presented.

(iii) Business Combinations

Revised AASB 3 Business Combinations and AASB 127 Consolidated and Separate Financial Statements apply prospectively from 1 July 2009. Changes introduced by these standards which are expected to affect the company include the following:

- Costs incurred that relate to the business combination are expensed instead of comprising part of the goodwill acquired on consolidation;
- Any non-controlling interest (previously known as minority interest) in an acquiree is measured at either fair value or as the non-controlling interest's proportionate share of net identifiable assets of the acquiree;
- The acquirer is prohibited from recognising contingent liabilities of the acquiree at acquisition date that do not meet the definition of liability;
- Consideration for the acquisition, including contingent consideration, must be measured at fair value at acquisition date. Subsequent changes in the fair value of contingent consideration payable are not regarded as measurement period adjustments but are rather recognised in accordance with other Australian Accounting Standards as appropriate;
- The proportionate interest in losses attributable to non-controlling interests is assigned to non-controlling interests irrespective of whether this results in a deficit balance. Previously, losses causing a deficit to non-controlling interest were allocated to the parent entity; and
- Where control of a subsidiary is lost, the balance of the remaining investment account shall be remeasured to fair value at the date control is lost.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Accounting Policies

(a) Principles of Consolidation

A controlled entity is any entity Autodom Limited has the power to control the financial and operating policies so as to obtain benefits from its activities. A list of controlled entities is contained in Note 14 to the financial statements. All controlled entities have a June financial year-end.

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

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

(b) Business Combinations

Business combinations occur where control over another business is obtained and results in the consolidation of its assets and liabilities. All business combinations, including those involving entities under common control, are accounted for by applying the acquisition method. The acquisition method requires that for each business combination one of the combining entities must be identified as the acquirer (i.e. parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent shall recognise, in the consolidated entity, and subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed. In addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and its fair value can be reliably measured.

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

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

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

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

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

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(c) Income Tax

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

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

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

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

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

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

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

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

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

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Tax Consolidation

Autodom Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under tax consolidation legislation. Each entity in the group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the ‘stand-alone taxpayer’ approach to allocation. Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity. The Group notified the Australian Tax Office that it had formed an income tax consolidated group to apply from 1 July 2003. The tax consolidated group has entered a tax funding arrangement whereby each company in the Group contributes to the income tax payable by the Group in proportion to their contribution to the group’s taxable income. Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding arrangement are recognised as either a contribution by, or distribution to the head entity.

(d) Inventories

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.

(e) Property, Plant and Equipment

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

Plant and Equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset’s employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the consolidated Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

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.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset’s useful life to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(e) Property, Plant and Equipment (cont.)

Depreciation (cont.)

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

Class of Fixed Assets	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. During the year ended 30 June 2010, the estimated useful lives and residual values of manufacturing plant and equipment were revised. The financial effect of this change was a decrease in depreciation expense of $726,118.

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.

(f) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that is transferred to entities in the consolidated group, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. 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 the shorter of their estimated useful lives or the lease term.

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.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(g) Financial Instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

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

Classification and Subsequent Measurement

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

Amortised cost is calculated as:

a. The amount at which the financial asset or financial liability is measured at initial recognition;

b. Less principal repayments;

c. Plus or minus the cumulative amortisation of the difference, if nay, between the amount initially recognised and the maturity amount calculated using the effective interest method;

d. Less any reduction for impairment

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

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

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(g) Financial Instruments (cont.)

Classification and Subsequent Measurement (cont.)

(i) Financial Assets at Fair Value through Profit or Loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a Group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise. The Group has no assets meeting this description.

(ii) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

(iii) Held-to-Maturity Investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the group's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method. The Group has no assets meeting this description.

(iv) Available-for-Sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments. These are measured at fair value with changes in fair value taken directly to equity.

(v) Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method. These liabilities include trade and other payables. These amounts represent liabilities for goods and services provided to the Group prior to the end of the year, but are unpaid. They are generally unsecured and are usually paid within 30 days of recognition.

Fair Value

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

Impairment of Financial Assets

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

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(h) Impairment of Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

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.

Non-financial assets, other than goodwill, that have suffered an impairment are reviewed for possible reversal of impairment at each reporting date.

(i) Intangibles

Goodwill

Goodwill is initially recorded at the amount by which the purchase price for a business combination exceeds the fair value attributed to the interest in the net fair value of identifiable assets, liabilities and contingent liabilities at date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. 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 goodwill relating to the entity sold.

Patents and Licences

Patents and licences are recognised at cost of acquisition. Patents and licences have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Patents and licences are amortised over their useful life of 10 to 20 years commencing from the time development of the patent or licence is complete. There is no amortisation in the current year as there are no projects complete.

Intellectual Property

The external cost of developing intellectual property developed by the group is capitalised and subject to annual impairment testing.

Computer Software

The cost of computer software is capitalised and amortised over its useful life, which is no longer than 4 years, subject to annual impairment testing.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(j) 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.

Transaction and Balances

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

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

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the income statement.

Group Companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

– assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;

– income and expenses are translated at average exchange rates for the period, and;

– retained earnings are translated at the exchange rates prevailing at the date of the transaction.

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.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(k) Employee Benefits

Provision is made for the companies liability arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

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 the binomial option 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.

(l) Cash and Cash Equivalents

Cash and cash equivalents include 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 short-term borrowings in current liabilities on the balance sheet.

(m) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. 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 recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at reporting date and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable. All revenue is stated net of the amount of goods and services tax (GST).

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(n) Interest-Bearing Loans and Borrowings

All loans and borrowings are initially recorded at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Fees paid on the establishment of the loan facilities that are yield related are included in the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

(o) 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.

(p) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(q) Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(r) Earnings per Share

(i) Basic Earnings per Share

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

(ii) Diluted Earnings per Share

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

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(s) 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 Tax 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 balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(t) Government Grants

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

(u) Segment Reporting

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

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment, assess its performance and for which discrete financial information is available. Management will consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

The group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in each of the following respects:

- Nature of the products and services
- Nature of the production process
- Type of class of customers for the products and services
- Nature of the regulatory environment

The consolidated entity manufactures automotive components at two manufacturing plants; one in South Australia and one in Victoria. Each area of operation has been aggregated and therefore the operations of the consolidated entity present one operating segment, Automotive, under AASB 8 Operating Segments.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(v) Comparative Figures

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

(w) Correction of Accounting Errors

There was a reclassification of other assets of $828,224 at 30 June 2009 from current assets to non-current assets. This balance is comprised solely of grants receivable via the Automotive Competitiveness and Investment Scheme (ACIS). There is no impact on the income statement.

There was also a reclassification of provisions for employee entitlements of $638,442 at 30 June 2009 from non-current liabilities to current liabilities. There is no impact on the income statement.

(x) Change in Accounting Estimates

During the year, the estimated useful lives of manufacturing plant and equipment were revised. The financial effect of the change in accounting estimate on the full year results was a decrease in depreciation expense of the consolidated entity of $726,118.

The financial effect of this change in estimates in future financial years cannot be estimated due to impracticalities.

(y) Significant Accounting Judgements, Estimates and Assumptions

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.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

(i) Significant Accounting Judgements

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.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(y) Significant Accounting Judgements, Estimates and Assumptions (cont.)

(i) Significant Accounting Judgements (cont.)

Impairment

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. Value in these calculations performed in assessing the recoverable amounts incorporate a number of key estimates.

Taxation

The Group's accounting policy for taxation requires management's judgement as to types of arrangements considered to be a tax on income in contrast to an operating cost. Judgement is also required in assessing whether deferred tax assets and certain deferred tax liabilities are recognised on the balance sheet. Deferred tax assets, including those arising from unrecouped tax losses, capital losses and temporary differences, are recognised only when it is considered more likely than not that they will be recovered, which is dependant on the generation of sufficient future taxable profits. Deferred tax liabilities arising from temporary differences in investments, caused principally by retained earnings held in foreign tax jurisdictions, are recognised unless repatriation of retained earnings can be controlled and are not expected to occur in the foreseeable future.

Assumptions about the generation of future taxable profits and repatriation of retained earnings depend on management's estimates of future cash flows. These depend on estimates of future production and sales volumes, operating costs, restoration costs, capital expenditure, dividends and other capital management transactions. Judgements are also required about the application of income tax legislation. These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the balance sheet and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amounts of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the income statement.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(y) Significant Accounting Judgements, Estimates and Assumptions (cont.)

(ii) Significant Accounting Estimates and Assumptions

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. No impairment has been recognised in respect of goodwill for the year ended 30 June 2010 (2009: Nil).

The group operates in only one segment, automotive, and trades under the name “aiAutomotive” from operations in Victoria and South Australia. The following cash generating units were tested for impairment using a value in use calculation using cash flow projections as at 30 June based on financial projections approved by senior management covering no more than a five-year period.

aiAutomotive - South Australia

aiAutomotive - Victoria

Key assumptions used in value in use calculations:-

(i) Sales volumes were projected at levels forecast for the year ending 30 June 2010, which are approximately the same as the level achieved for the year ended 30 June 2009.

(ii) Sales revenue has been estimated using current unit selling prices.

(iii) Costs have been projected to decline in real terms over the five-year period.

(iii) Estimates of residual asset values were made allowing for the type of equipment and historical experience in relation to values. An allowance was made for “make good” of facilities at the end of the expected useful life but no longer than 5 years.

(iv) The cash flows resulting from the assessment were then discounted to current values using a discount rate of 15.72% (2009: 14.23%). This discount rate was determined using information on the global automotive industry included in a report prepared by the parent company of group’s major customer; “General Motors Corporation, 2009 to 2014 Restructuring Plan”, dated 17 February 2009 and was augmented by more recent economic data.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(y) Significant Accounting Judgements, Estimates and Assumptions (cont.)

(ii) Significant Accounting Estimates and Assumptions (cont.)

Sensitivity to Changes in Assumptions

There are reasonable possible changes in key assumptions that could cause the carrying value of the unit to exceed its recoverable amount.

The key sensitivity revolves around the volumes the automotive manufacturers produce dependent on demand for their locally produced product.

The implication of the key volume assumption on the recoverable amount is that:-

A fall in volume of 5% would result in the aiAutomotive - South Australia business unit's carrying value of $13,525,004 to exceed it's value in use calculated amount of $13,665,417.

A fall in volume of 35% would result in the aiAutomotive - Victoria business unit's carrying value of $2,241,294 to exceed it's value in use calculated amount of $2,266,708.

Share-Based Payment Transactions

The Group measures the cost of cash-settled share-based payments at fair value at the grant date using the Binomial 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 a 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.

	NOTE	CONSOLIDATED GROUP		PARENT ENTITY	
		2010 $	2009 $	2010 $	2009 $
2. REVENUE					
Sales Revenue					
Sale of goods		74,644,458	86,884,145	–	–
Services		435,375	1,037,214	–	–
		75,079,833	**87,921,359**	**–**	**–**
Other Revenue					
Interest revenue from other persons		–	3,238	–	–
		–	**3,238**	**–**	**–**
		75,079,833	**87,924,597**	**–**	**–**

Sales directly to General Motors Holden Australia were 58% (2009: 60%) and indirectly a further 5% (2009: 10%) of group revenue.

3. OTHER INCOME				
Government grants	1,325,249	4,737,421	–	–
Other Income	536,077	488,733	–	27,759
	1,861,326	**5,226,154**	**–**	**27,759**

In 2009, government grants include $3,000,000 received from the Commonwealth of Australia in February 2009 pursuant to the Automotive Industry Structural Assistance Program. The balance of $1,737,421 relates to grants received and receivable under the Automotive Competition and Investment Scheme and the Automotive Industry Transition Scheme.

	NOTE	CONSOLIDATED GROUP 2010 $	CONSOLIDATED GROUP 2009 $	PARENT ENTITY 2010 $	PARENT ENTITY 2009 $
4. PROFIT FOR THE YEAR					
(a) Expenses					
Cost of sales		69,500,702	80,382,918	–	–
Finance costs					
- External		759,614	687,990	–	–
Depreciation of plant and equipment and amortisation of intangibles		2,386,423	3,473,023	12,787	13,442
Net loss on disposal of plant and equipment		6,962	–	–	–
Rental expense on operating leases					
- Minimum lease payments		2,957,869	2,906,902	57,686	63,245
(b) Significant Revenue and Expenses					
The following significant revenue and expense items are relevant in explaining the financial performance:					
Grant received from the Commonwealth under the Automotive Industry Structural Assistance Program	3	–	3,000,000	–	–
Impairment of inventories net of inventory scrapped during the year	12	651,420	150,843	–	–
Due diligence and advisory costs associated with the acquisition of the DAIR business	28	390,926	–	390,926	–

	NOTE	CONSOLIDATED GROUP		PARENT ENTITY	
		2010 $	2009 $	2010 $	2009 $
5. INCOME TAX EXPENSE					
(a) The components of tax expense/(credit) comprise:					
Current tax		–	–	–	–
Deferred tax	20	(651,121)	644,224	(432,665)	(421,370)
Under/(over) provision in prior years		–	(234,209)	–	(234,209)
		(651,121)	**410,015**	**(432,665)**	**(655,579)**
(b) The Prima Facie Tax on Operating Profit from Ordinary Activities before Income Tax is Reconciled to the Income Tax as follows:					
Profit/(Loss) from before income tax expense		(2,269,950)	1,663,717	(1,442,187)	(1,410,359)
Prima facie tax expense/(benefit) on profit before income tax at 30% (2009 - 30%)					
- consolidated group		(680,985)	499,115	–	–
- parent entity		–	–	(432,656)	(423,108)
Tax effects of amounts which are not deductible (taxable) in calculating taxable income					
Depreciation and amortisation		–	44,872	–	–
Other non-allowable items		29,864	100,237	–	1,738
		(651,121)	**644,224**	**(432,656)**	**(421,370)**
Under/(over) provision in prior years		–	(234,209)	–	(234,209)
Income Tax Attributable to Entity		**(651,121)**	**410,015**	**(432,656)**	**(655,579)**
The applicable weighted average effective tax rates are as follows:		28.68%	24.64%	30.00%	46.48%

6. KEY MANAGEMENT PERSONNEL COMPENSATION

(a) Names and positions held of consolidated and parent entity key management personnel in office at any time during the financial year are:

KEY MANAGEMENT PERSON	POSITION
AJ Dale	Managing Director
RP Martin	Non-Executive Director
S Mutton	Non-Executive Director
C Stead	Executive General Manager
P Jones	General Manager Business Development
P Heath	HR Manager
T Spurling	Chief Financial Officer

	CONSOLIDATED GROUP		PARENT ENTITY	
	2010 $	2009 $	2010 $	2009 $
(b) Remuneration				
Short-term	1,132,132	1,126,063	347,300	378,184
Post-employment	103,052	205,209	61,662	62,012
Share-based payments	–	–	–	–
	1,235,184	**1,331,272**	**408,962**	**440,196**

Detailed information on key management personnel remuneration has been included in the Remuneration Report section of the Director's Report.

(c) Options Holdings

Number of Options held by Directors	Balance 1 July 2008	Granted as Compensation	Options Exercised	Net Change Other *
AJ Dale	1,666,666	–	–	–
L Marshall (resigned December 2008)	1,000,000	–	–	(1,000,000)
C Shellis (resigned July 2008)	1,000,000	–	–	(1,000,000)
RP Martin	–	–	–	–
S Mutton	–	–	–	–
Total	**3,666,666**	**–**	**–**	**(2,000,000)**

	CONSOLIDATED GROUP		PARENT ENTITY	
	Balance 30 June 2009	Total Vested 30 June 2009	Total Exercisable 30 June 2009	Total Unvested 30 June 2009
6. KEY MANAGEMENT PERSONNEL COMPENSATION (cont.)				
(c) Options Holdings (cont.)				
AJ Dale	1,666,666	–	–	–
L Marshall (resigned December 2008)	–	–	–	–
C Shellis (resigned July 2008)	–	–	–	–
RP Martin	–	–	–	–
S Mutton	–	–	–	–
Total	**1,666,666**	**–**	**–**	**–**

Number of Options held by Directors	Balance 1 July 2009	Granted as Compensation	Options Exercised	Net Change Other *
AJ Dale	1,666,666	–	–	–
RP Martin	–	–	–	–
S Mutton	–	–	–	–
Total	**1,666,666**	**–**	**–**	**–**

	Balance 30 June 2010	Total Vested 30 June 2010	Total Exercisable 30 June 2010	Total Unvested 30 June 2010
AJ Dale	1,666,666	1,666,666	1,666,666	–
RP Martin	–	–	–	–
S Mutton	–	–	–	–
Total	**1,666,666**	**1,666,666**	**1,666,666**	**–**

*For L Marshall and C Shellis, the Net Change Other reflects the lapsing of the options consequent upon their resignations from the Company.

6. KEY MANAGEMENT PERSONNEL COMPENSATION (cont.)

(d) Shareholdings

	CONSOLIDATED GROUP		PARENT ENTITY	
Number of Shares held by Key Management Personnel	Balance 1 July 2008	Received as Compensation	Other Changes	Balance 30 June 2009
AJ Dale	1,144,576	–	–	1,144,576
L Marshall (resigned December 2008)	–	–	–	–
C Shellis (resigned July 2008)	–	–	–	–
RP Martin	9,800,617	–	–	9,800,617
S Mutton	–	–	–	–
C Stead	–	–	–	–
P Jones	–	–	–	–
P Heath	–	–	–	–
	10,945,193	**–**	**–**	**10,945,193**

Number of Shares held by Key Management Personnel	Balance 1 July 2009	Received as Compensation	Other Changes	Balance 30 June 2010
AJ Dale	1,144,576	–	–	1,144,576
RP Martin	9,800,617	–	–	9,800,617
S Mutton	–	–	–	–
C Stead	–	–	–	–
P Jones	–	–	–	–
P Heath	–	–	–	–
T Spurling (from 14 July 2009)	–	–	–	–
	10,945,193	**–**	**–**	**10,945,193**

	CONSOLIDATED GROUP		PARENT ENTITY	
	2010 $	2009 $	2010 $	2009 $
7. REMUNERATION OF AUDITORS				
(a) Remuneration of the Auditor of the Parent Entity for:				
Auditing or reviewing the financial report	144,173	136,793	66,273	54,000
(b) Other Services	–	–	–	–
8. DIVIDENDS				
Distributions paid	–	–	–	–
(a) Balance of Franking Account at year end adjusted for Franking Credits arising from:				
– payment of provision for income tax	(1,322,002)	(1,322,002)	(1,322,002)	(1,322,002)
9. EARNINGS PER SHARE				
(a) Basic and Diluted Earnings per Share:				
Profit/(Loss) attributable to the ordinary equity holders of the company in cents	(2.98)	2.32		
(b) Reconciliation of Earnings used in calculating Earnings per Share				
Profit/(loss) for the year	(1,618,829)	1,253,702		
Profit/(loss) attributable to minority equity interest	–	8,067		
Profit/(loss) attributable to the ordinary equity holders of the company used in calculating basic earnings per share	**(1,618,829)**	**1,261,769**		
(c) Weighted number of Ordinary Shares outstanding during the Year used in calculating basic EPS (denominator)				
Number of shares at beginning of year	54,346,301	54,346,301		
Changes during the year	–	–		
Number of shares at end of year	**54,346,301**	**54,346,301**		
Weighted number of shares on issue	**54,346,301**	**54,346,301**		
(d) Weighted number of Ordinary Shares outstanding during the Year used in calculating dilutive EPS (denominator)				
Weighted number of shares on issue	54,346,301	54,346,301		
Weighted number of options outstanding for calculating diluted EPS	–	–		
Weighted number of ordinary shares outstanding during the year in calculating dilutive EPS. The weighted number of options outstanding at 30 June 2010 of 2,333,332 (2009: 2,864,839) are excluded from the calculation of diluted EPS as they are not dilutive in nature.	**54,346,301**	**54,346,301**		

	CONSOLIDATED GROUP		PARENT ENTITY	
	2010	2009	2010	2009
	$	$	$	$
10. CASH AND CASH EQUIVALENTS				
Cash at bank and on hand	–	674,336	17,581	28,472
Deposits at call	–	–	27,000	27,000
	–	**674,336**	**44,581**	**55,472**
(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	–	674,336	44,581	55,472
Balance per Statement of Cash Flows	**–**	**674,336**	**44,581**	**55,472**
(b) Cash at Bank and on hand				
These are at call and bear interest at:	0.00%	3.12%	0.00%	0.00%
(c) Deposits at call				
The effective rate on short-term bank deposits was:	0.00%	3.70%	3.50%	3.70%
11. TRADE AND OTHER RECEIVABLES				
CURRENT				
Trade receivables	12,588,249	10,403,607	1,652	49
Provision for doubtful receivables (a)	(183,423)	(224,215)	–	–
	12,404,826	**10,179,392**	**1,652**	**49**
NON-CURRENT				
Amounts advanced to shareholders by Kai Limited (c)	4,135,682	4,135,682	–	–
Amounts receivable from wholly owned subsidiaries (b)	–	–	6,803,165	8,240,399
Provision for doubtful receivables - related parties (b)	–	–	(6,225,042)	(6,225,042)
	4,135,682	**4,135,682**	**578,123**	**2,015,357**

11. TRADE AND OTHER RECEIVABLES (cont.)

As the amount has not been repaid within the financial year nor is it certain to be repaid within current year, the amount has been classified as a non-current receivable.

(a) Provision for Impairment of Receivables

Current trade and term receivables are non-interest bearing and generally on 30 day terms. Non-current trade and term receivables are assessed for recoverability based on the underlying terms of the contract. A provision for impairment is recognised when there is objective evidence that an individual trade or term receivable is impaired. These amounts have been included in the other expenses item.

Movement in the provision for impairment of receivables is as follows:

	CONSOLIDATED GROUP		PARENT ENTITY	
	2010 $	2009 $	2010 $	2009 $
(i) Current trade receivables				
Opening Balance	224,215	137,685	–	–
Charge for the Year	–	86,530	–	–
Amounts Written-Off	(40,792)	–	–	–
Closing Balance	**183,423**	**224,215**	**–**	**–**
Balances within trade and other receivables that contain assets that are not impaired and are past due are shown below. It is expected these balances will be received when due. Impaired assets are provided for in full. Refer to note 31 for further information.				
(ii) Ageing analysis of Trade Receivables				
31 - 60 days	4,390,296	1,499,385	–	–
61 - 90 days past due not impaired	248,431	341,937	–	–
91+ days past due not impaired	373,431	2,730,659	–	–

(b) Non-Current Receivables - Parent

Non-current receivables in the parent entity consist of amounts owing 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.

(c) Non-Current Receivables - Consolidated Group

Non-current receivables in the consolidated group consist of amounts advanced by the liquidator of Kai Limited to shareholders pending final distributions on liquidation. In August 2008 Kai Limited was withdrawn from voluntary liquidation delayed due to a claim being made against Kai Limited by a former employee. This claim was settled during the year ended 30 June 2010 and in February 2010 the process of voluntary liquidation was recommenced. No provision for impairment is required for this receivable.

	NOTE	CONSOLIDATED GROUP		PARENT ENTITY	
		2010	2009	2010	2009
		$	$	$	$
12. INVENTORIES					
Raw Materials and stores - at cost		4,447,454	4,847,164	–	–
Work in Progress - at cost		3,410,951	3,731,556	–	–
Finished Goods - at cost		1,277,491	2,172,843	–	–
		9,135,896	10,751,563	–	–
Provision for Impairment losses		(2,778,737)	(2,127,317)	–	–
		6,357,159	**8,624,246**	**–**	**–**
Projects in Progress at Cost		1,259	209,154	–	–
		1,259	**209,154**	**–**	**–**
Total Inventories		**6,358,418**	**8,833,400**	**–**	**–**
Impairment of Inventories					
Re-assessment of obsolescence of inventories recognised as an expense during the year amounted to:		651,420	150,843	–	–
These expenses have been included as ‘raw materials and consumables used’ in the income statement.					
13. FINANCIAL ASSETS					
(a) Available-for-sale Financial Assets Comprise					
Unlisted investments, at cost					
- Shares in controlled entities	14	–	–	3,442,534	3,442,534
		–	**–**	**3,442,534**	**3,442,534**

Available-for-sale financial assets comprise investments in the ordinary issued capital of various entities. There are no fixed returns or fixed maturity date attached to these investments.

The fair value of unlisted available-for-sale financial assets cannot be reliably measured as variability in the range of reasonable fair value estimates is significant. As a result, all unlisted investments are reflected at cost. Unlisted available-for-sale financial assets exist within active markets and could be disposed of if required. No intention to dispose of any unlisted available-for-sale financial assets existed at 30 June 2010 or 30 June 2009.

14. CONTROLLED ENTITIES

	Place of Incorporation	% Voting rights/ ownership	Cost of Investment 2010 $	Cost of Investment 2009 $
Parent Entity: Autodom Limited	WA			
Ultimate Parent Entity: Autodom Limited	WA			
Subsidiaries of Autodom Limited:				
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	1,175,000
aiAutomotive Pty Ltd	WA	100	1	1
Subsidiaries of aiAutomotive Pty Ltd:				
Henderson Components Pty Ltd	VIC	100	–	–
Motive Energy Pty Ltd	WA	100	–	–
aiAutomotive (Victoria) Pty Ltd	WA	100	–	–
			6,122,441	**6,122,441**
Less: Provision for impairment of investments				
Group Five Australia Ltd (formerly A.I. CV Ltd)			(608,050)	(608,050)
Rankin Industries Inc			(149,244)	(149,244)
Timcast Unit Trust			(1,922,613)	(1,922,613)
			(2,679,907)	**(2,679,907)**
			3,442,534	**3,442,534**

Acquisition and Disposal of Controlled Entities

There were no Controlled Entities acquired or disposed during the year ended 30 June 2010 or the year ended 30 June 2009. The ownership percentages of all subsidiaries within the consolidated group have not changed from the previous year.

	CONSOLIDATED GROUP		PARENT ENTITY	
	2010	2009	2010	2009
	$	$	$	$
15. PROPERTY, PLANT & EQUIPMENT				
Plant and equipment:				
At cost	26,858,053	26,654,596	103,411	100,569
Accumulated depreciation	(17,168,460)	(15,108,579)	(46,145)	(36,342)
	9,689,593	**11,546,017**	**57,266**	**64,227**
Leasehold improvements:				
At cost	1,772,611	1,756,453	–	–
Accumulated depreciation	(1,098,824)	(982,672)	–	–
	673,787	**773,781**	**–**	**–**
Plant and equipment under construction:				
At cost	164,689	–	–	–
Accumulated depreciation	–	–	–	–
	164,689	**–**	**–**	**–**
Total Property, Plant and Equipment	**10,528,069**	**12,319,798**	**57,266**	**64,227**

(a) Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the financial year

Consolidated:	Plant & Equipment $	Leasehold Improvements $	Plant under Construction $	Total $
Balance at 30 June 2008	14,295,696	889,579	256,628	15,441,903
Additions	340,909	–	–	340,909
Disposals	(31,761)	–	–	(31,761)
Depreciation expense	(3,357,225)	(115,798)	–	(3,473,023)
Re-allocations/transfers	298,398	–	(256,628)	41,770
Balance at 30 June 2009	**11,546,017**	**773,781**	**–**	**12,319,798**
Additions	543,047	16,159	164,689	723,895
Disposals	(129,202)	–	–	(129,202)
Depreciation expense	(2,270,270)	(116,153)	–	(2,386,423)
Balance at 30 June 2010	**9,689,593**	**673,787**	**164,689**	**10,528,069**
Parent Entity:				
Balance at 30 June 2008	67,372	–	–	67,372
Additions	10,056	–	–	10,056
Disposals	–	–	–	–
Depreciation expense	(13,201)	–	–	(13,201)
Balance at 30 June 2009	**64,227**	**–**	**–**	**64,227**
Additions	6,590	–	–	6,590
Disposals	(764)	–	–	(764)
Depreciation expense	(12,787)	–	–	(12,787)
Balance at 30 June 2010	**57,266**	**–**	**–**	**57,266**

	CONSOLIDATED GROUP		PARENT ENTITY	
	2010 $	2009 $	2010 $	2009 $
16. INTANGIBLE ASSETS				
Goodwill on consolidation	5,358,289	5,358,289	–	–
Accumulated impairment losses	–	–	–	–
	5,358,289	**5,358,289**	**–**	**–**
Patents and licences at cost	–	13,684	–	–
Accumulated amortisation and impairment	–	–	–	–
	–	**13,684**	**–**	**–**
Intellectual property	–	300,020	–	–
Accumulated amortisation and impairment	–	(300,000)	–	–
	–	**20**	**–**	**–**
Computer software	639	639	639	639
Accumulated amortisation	(639)	(546)	(639)	(546)
	–	**93**	**–**	**93**
Total Intangibles	**5,358,289**	**5,372,086**	**–**	**93**

Intellectual property of $300,000 was acquired through a business combination prior to the year ended 30 June 2009.

(a) Movements in Carrying Amounts

Consolidated Group:	Goodwill	Patents & Licences	Intellectual Property	Computer Software	Total
Balance at 1 July 2008	5,474,315	13,684	20	42,103	5,530,122
Additions	–	–	–	–	–
Adjustments with final settlement payments on acquisition of Dair and HPG	(116,026)	–	–	–	(116,026)
Reallocation/transfer to Property, Plant and Equipment	–	–	–	(41,770)	(41,770)
Amortisation/impairment charge	–	–	–	(240)	(240)
Balance at 30 June 2009	**5,358,289**	**13,684**	**20**	**93**	**5,372,086**
Writen off	–	(13,684)	(20)	(93)	(13,797)
Balance at 30 June 2010	**5,358,289**	**–**	**–**	**–**	**5,358,289**

Intangible assets, other than goodwill, have finite useful lives. The current amortisation charges for intangible assets are included under depreciation and amortisation expense per the income statement. Goodwill has an infinite life.

The assessment of impairment of assets was determined on a business cash generating unit basis. The cash generating units assets included all respective plant and equipment together with all associated intangible assets. The assumptions used to derive the future cash flows from each of the cash generating units is described in note 1 to the financial statements.

	NOTE	CONSOLIDATED GROUP		PARENT ENTITY	
		2010	2009	2010	2009
		$	$	$	$
17. OTHER ASSETS					
CURRENT					
Prepayments		327,681	71,445	–	748
Security Deposits		181,519	208,531	–	20,000
Other		1,378,786	1,643,249	–	–
		1,887,986	**1,923,225**	**–**	**20,748**

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 landlords of premises occupied by aiAutomotive Pty Ltd.

	CONSOLIDATED GROUP 2010 $	CONSOLIDATED GROUP 2009 $	PARENT ENTITY 2010 $	PARENT ENTITY 2009 $
NON-CURRENT				
Other	452,098	804,443	–	–
Deferred expenses	–	23,781	–	23,781
	452,098	**828,224**	**–**	**23,781**

$1,820,975 (2009: $2,426,293) of "Other" relate to amounts receivable from the Automotive Competitive Investment Scheme (ACIS) and its successor program. Of this amount $1,368,877 has been classified as current (2009: $1,621,850) and $452,098 has been classified as non current (2009: $804,443).

The deferred assets comprise costs of investigating potential acquisitions for the Group which as of 30 June 2009 were still the subject of due diligence. These costs were expensed during the year ended 30 June 2010. All similar costs incurred during the year ended 30 June 2010 have been charged to expense as they were incurred.

	CONSOLIDATED GROUP 2010 $	CONSOLIDATED GROUP 2009 $	PARENT ENTITY 2010 $	PARENT ENTITY 2009 $
18. TRADE AND OTHER PAYABLES				
CURRENT				
Unsecured Liabilities				
Trade payables	11,503,742	9,718,955	66,838	46,086
Accrued expenses and sundry payables	3,257,781	4,452,630	65,814	155,884
	14,761,523	**14,171,584**	**132,652**	**201,970**

	NOTE	CONSOLIDATED GROUP 2010 $	CONSOLIDATED GROUP 2009 $	PARENT ENTITY 2010 $	PARENT ENTITY 2009 $
19. FINANCIAL LIABILITIES					
CURRENT					
Secured Liabilities					
Bank overdraft		315,261	–	–	–
Loan from State of South Australia		2,050,000	1,500,000	–	–
Bills of exchange		10,015,547	11,324,300	–	–
		12,380,808	**12,824,300**	**–**	**–**
NON CURRENT					
Secured Liabilities					
Loan from State of South Australia		–	1,500,000	–	–
		–	**1,500,000**	**–**	**–**
(a) Total Current and Non-Current Secured Liabilities					
Bank overdraft		315,261	–	–	–
Bank bills of exchange		10,015,547	11,324,300	–	–
		10,330,808	**11,324,300**	**–**	**–**
(b) The carrying amount of Assets pledged as Security are:					
CURRENT					
Cash Assets		–	674,336	44,581	55,472
Receivables		12,404,826	10,179,392	1,652	49
Inventories		6,358,418	8,833,400	–	–
Other		1,887,986	1,923,225	–	20,748
Total Current Assets pledged as Security		**20,651,230**	**21,610,353**	**46,233**	**76,269**
NON-CURRENT					
Other Financial Assets		–	–	3,442,534	3,442,534
Property, Plant and Equipment		10,528,069	12,319,798	57,266	64,227
Deferred Tax Assets		4,717,845	4,066,723	1,494,372	1,061,716
Intangibles		5,358,289	5,372,086	–	93
Other Assets		452,098	828,224	–	23,781
Total Non-Current Assets pledged as Security		**21,056,301**	**22,586,831**	**4,994,172**	**4,592,351**
Total Assets pledged as Security		**41,707,531**	**44,197,184**	**5,040,405**	**4,688,620**

19. FINANCIAL LIABILITIES (cont.)

(a) The bank facilities of AiAutomotive Pty Ltd and its wholly owned subsidiaries totalling $11,677,000 (2009: $12,400,000) are secured by a first registered mortgage debenture over the respective assets and undertakings of each of the individual entities. The covenants within the bank facility require the group to comply with specified financial ratios - “bank senior debt to EBITDA ratio” and a “debt service cover ratio”. The covenants were not met for either of the years ended 30 June 2009 and 30 June 2010 and the group’s bankers have provided a letter of non-waiver with respect to these covenants. As a result the bank is entitled to require repayment of facilities, accordingly, the bank debt has been classified as current.

(b) In February 2009 the Company entered into an agreement with the Government of South Australia, the Commonwealth of Australia, its bankers and a major customer which included the provision of a loan by the Government of South Australia of $3,000,000 of which $2,050,000 is repayable during the next 12 months. This loan is unsecured and is interest free. The repayment schedule for this loan was amended pursuant to a letter agreement dated 10 December 2009.

(c) The premises occupied by aiAutomotive are subject to an operating lease and have two years rental and outgoings secured by a second charge over the assets and undertakings of aiAutomotive Pty Ltd and Autodom Limited. This security is the subject of a deed of priority between the lessor and the group’s bankers.

(d) Bills payable have been drawn as a source of long-term finance subject to the bank agreeing to continuing to extend their facilities to the group. They have an average maturity of 30 days rolled over every month and bear variable interest at a weighted average rate of 7.82% (2009: 5.89%).

(e) For further details on the fair value of borrowings see note 31.

	NOTE	CONSOLIDATED GROUP		PARENT ENTITY	
		2010	2009	2010	2009
		$	$	$	$
20. TAX					
(a) Liabilities					
CURRENT					
Income Tax		–	–	–	–
NON-CURRENT					
Deferred tax liabilities					
Opening balance		1,016,212	1,016,212	–	–
Charged / (credited) to income statement		–	–	–	–
		1,016,212	1,016,212	–	–
Deferred tax liabilities represented by:					
- Gain on acquisition of subsidiary		1,016,212	1,016,212	–	–
		1,016,212	**1,016,212**	**–**	**–**
(b) Assets					
CURRENT					
Income Tax		–	–	–	–
NON-CURRENT					
Deferred tax assets					
Opening balance		4,066,724	4,710,948	1,061,716	640,346
(Charged) / credited to income statement		651,121	(644,224)	432,656	421,370
		4,717,845	**4,066,724**	**1,494,372**	**1,061,716**
Deferred tax assets represented by:					
- Payables		221,564	88,977	9,247	9,755
- Provisions		1,801,530	1,639,604	186,243	186,243
- Property, plant and equipment		539,749	535,753	68,257	68,257
- Government grants		(581,663)	(763,212)	–	–
- Tax losses		2,363,894	2,051,221	1,239,967	797,461
- Other		372,771	514,380	(9,342)	–
		4,717,845	**4,066,723**	**1,494,372**	**1,061,716**

	CONSOLIDATED GROUP		PARENT ENTITY	
	2010	2009	2010	2009
	$	$	$	$
21. PROVISIONS				
CURRENT				
Employee benefits	2,450,458	1,468,085	30,181	32,956
	2,450,458	**1,468,085**	**30,181**	**32,956**
NON-CURRENT				
Employee benefits	1,019,271	1,518,913	59,235	43,061
	1,019,271	**1,518,913**	**59,235**	**43,061**

Provision for Employee Benefits

A provision has been recognised for employee entitlements relating to long service leave, annual leave and other entitlements. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits has been included in Note 1 to this report.

22. ISSUED CAPITAL

(a) Share Capital

Fully paid ordinary shares	**17,916,201**	**17,916,201**	**17,916,201**	**17,916,201**
	No.	**No.**	**No.**	**No.**
Number of ordinary shares on issue	**54,346,301**	**54,346,301**	**54,346,301**	**54,346,301**
(b) Movements in Ordinary Share Capital				
At the beginning of reporting period	54,346,301	54,346,301	54,346,301	54,346,301
Movements during the year	–	–	–	–
At reporting date	**54,346,301**	**54,346,301**	**54,346,301**	**54,346,301**

Ordinary shares participate in dividends and the proceeds of winding up of the parent entity in proportion to the number of shares held.

At shareholders' meetings each ordinary share is entitled to vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

(c) Options

For information relating to the Autodom Limited employee option plan, including details of options issued, exercised and lapsed during the financial year and the options outstanding at year-end, refer to Note 27 Share-based Payments.

22. ISSUED CAPITAL (cont.)

(d) Capital Management

Management controls the capital of the group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the group can fund its operations and continue as a going concern.

The group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements other than the bank covenants detailed in note 19.

Management effectively manages the group's capital by assessing the group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the group since the prior year. This strategy is to ensure that the group's gearing ratio remains within a range considered acceptable by the directors. The gearing ratios for the year ended 30 June 2010 and 30 June 2009 are as follows:

	CONSOLIDATED GROUP		PARENT ENTITY	
	2010 $	2009 $	2010 $	2009 $
Total borrowings (including trade payables)	27,142,331	28,495,885	132,652	201,970
Less cash and cash equivalents	–	(674,336)	44,581	(55,472)
Net debt	27,142,331	27,821,549	177,233	146,498
Total equity	14,214,942	15,833,771	5,396,459	6,405,990
Total capital	41,357,273	43,655,320	5,573,692	6,552,488
Gearing ratio	65.6%	63.7%	3.2%	2.2%

The increase in the gearing ratio for 2010 for both the group and the parent entity reflects the reduction in equity caused by the loss for the year.

23. RESERVES

(a) Dividend Reserve

The dividend reserve records prior year profits available for future distribution.

(b) Option Reserve

The option reserve records items recognised as expenses on valuation of employee share options.

	CONSOLIDATED GROUP		PARENT ENTITY	
	2010	2009	2010	2009
	$	$	$	$
24. CAPITAL AND LEASING COMMITMENTS				
(a) Capital Commitments				
Capital Expenditure contracted for at the reporting date but not recognised as liabilities is as follows:-				
Property, plant and equipment payable:-				
- Not later than 12 months	9,600	–	–	–
(b) Lease Commitments				
(i) Operating lease commitments				
The group has various non-cancellable real property leases. The leases have varying terms, escalation clauses and renewal rights.				
Non-cancellable operating leases contracted for but not capitalised in the financial statements:-				
Payable - minimum lease payments				
- Not later than 12 months	3,953,496	3,823,262	–	87,250
- Between 12 months and 5 years	15,479,478	11,889,048	–	116,333
- Greater than five years	705,842	6,106,247	–	–
Total commitment	**20,138,816**	**21,818,557**	**–**	**203,583**

25. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent Liabilities

The parent entity and group had no material contingent assets at 30 June 2010 and 30 June 2009:-

(a) Claims

Rankin Industries Inc. has been joined as a co-defendant in respect of a claim by former employees relating to welding fume related health issues. The group's insurers are the primary defendants and to date have acted in accordance with their obligations. No further liability by the group is anticipated.

(b) Related Party Guarantees Provided

(i) aiAutomotive Pty Ltd and its controlled entities have provided a fully inter-locking guarantee and indemnity in respect of bank facilities totalling $16,807,000 (2009: $16,807,000) supported by a first registered mortgage debenture over all the assets and undertakings of the automotive entities.

(ii) The parent entity has provided a charge over the assets and undertakings of the parent entity in favour of the owner of leased premises occupied by a controlled entity, aiAutomotive Pty Ltd. The charge is limited to two years rental and outgoings with an approximate cost of $5.6 million.

No material losses are anticipated in respect to any of the above contingent liabilities.

Contingent Assets

The parent entity and group had no material contingent assets at 30 June 2010 or 30 June 2009.

	CONSOLIDATED GROUP		PARENT ENTITY	
	2010	2009	2010	2009
	$	$	$	$
26. CASH FLOW INFORMATION				
(a) Reconciliation of Cash Flow from Operations with Profit after Income Tax				
Profit/(loss) after income tax	(1,618,829)	1,253,702	(1,009,531)	(754,780)
Non-cash flows in profit/(loss)	–	–	–	–
Depreciation and amortisation	2,386,423	3,473,022	12,787	13,443
Non-operating cash flows in profit/(loss) after tax	–	–	–	–
Interest received	–	(3,238)	–	–
Net (gain)/loss on sales of property, plant and equipment	6,962	–	–	–
Changes in assets and liabilities, net of effects of purchase and disposal of subsidiaries	–	–	–	–
(Increase)/decrease trade and other debtors	(2,225,434)	2,411,634	(1,603)	8,751
(Increase)/decrease in inventories	2,474,982	3,538,657	–	–
(Increase)/decrease in other financial assets	411,365	109,835	44,529	(18,523)
(Increase)/decrease in deferred tax assets	(651,122)	644,224	(432,656)	(421,370)
Increase/(decrease) in trade payables and accruals	589,938	(11,655,765)	(69,318)	121,237
Increase/(decrease) in other provisions	482,731	(231,585)	13,399	12,447
Cash Flows from Operations	**1,857,016**	**(459,514)**	**(1,442,393)**	**(1,038,795)**

(b) Acquisition of Entities

No entities were acquired during the year ended 30 June 2010. During the year ended 30 June 2009 final payments were made to the previous owners of the Dair and HPG businesses that were acquired during the year ended 30 June 2008.

	CONSOLIDATED GROUP 2010 $	CONSOLIDATED GROUP 2009 $	PARENT ENTITY 2010 $	PARENT ENTITY 2009 $
(c) Credit Standby Arrangements with Banks				
Credit facility	11,677,000	16,807,000	–	–
Amount utilised	(10,482,918)	(10,649,964)	–	–
Undrawn facility	1,194,082	6,157,036	–	–

The bank has indicated that due to the breach of lending covenants undrawn bill totalling $544,453 will not be available for drawdown.

The major facilities are summarised as follows:

(i) Overdraft Facility

The facility incorporates a bank overdraft facility with a maximum overdraft drawdown of $1,000,000.

(ii) Commercial Bill Facilities

The facility incorporates 3 commercial bill facilities with a maximum limit of $10,860,000, which were drawn to $10,015,547 at balance date.

26. CASH FLOW INFORMATION (cont.)

(iii) Business Card Facilities

The facility incorporates a maximum $40,000 limit.

(iv) Guarantee Facility

The facility incorporates a bank guarantee facility with a limit of $77,000.

27. SHARE-BASED PAYMENTS

There were no share based payments made during the year ended 30 June 2010 or 30 June 2009.

	NOTE	2010		2009	
		Number of Options	Weighted Average Exercise Price $	Number of Options	Weighted Average Exercise Price $
Employee Share Option Plan					
Outstanding at the beginning of the year		2,333,332	0.64	4,333,332	0.57
Issued during the year		–	–	–	–
Lapsed on resignation of employees		–	–	(2,000,000)	0.50
Exercised during the year		–	–	–	–
Outstanding at year-end		**2,333,332**	**0.64**	**2,333,332**	**0.64**
Vested and exercisable at year-end		**2,333,332**	**0.64**	**2,333,332**	**0.64**

There were no options exercised during the year (2009: Nil).

The options outstanding at 30 June 2010 had a weighted average exercise price of $0.64 (2009: $0.64) and a weighted average remaining contractual life of 2 years. Exercise prices range from $0.45 to $0.75 in respect of options outstanding at 30 June 2010.

28. EVENTS AFTER THE BALANCE SHEET DATE

On 31 August 2010, the company, via two wholly owned subsidiaries, acquired the automotive component manufacturing businesses operated by DAIR Industries Pty Ltd and DAIR Industries (Victoria) Pty Ltd ("the DAIR Business"). Under the business purchase agreement the company acquired the plant and equipment and inventories of the DAIR Business and assumed the employee benefit obligations. The total acquisition price of the business was $11.1 million subject to final settlement adjustments. The fair market value of the net assets to be acquired is currently expected to be $8.9 million. Therefore, goodwill of $2.2 million will be brought to account. The final calculation of the fair market value of the net assets acquired and goodwill will be conducted after settlement adjustments are completed. The acquisition was funded by a loan from the Vendor of the business and a shareholder loan. A grant from the Australian Federal Government under the Automotive Industry Structural Assistance Program will also be received. The amount of this grant is expected to be $4 million. The shareholder loan, which is at arms length and on commercial terms, will be repaid via a fully underwritten rights issue to shareholders, the funds which will be received after the date of this report. The directors believe that the DAIR business and the grant, which is taxable, will improve the group's profitability and thereby enhance the recoverability of the carried forward losses included in the deferred tax asset.

On 12 July 2010, two wholly owned subsidiaries, AiDair Dandenong Pty Ltd and AiDair New Gisborne Pty Ltd, were incorporated for the purpose of acquiring the DAIR business.

	NOTE	CONSOLIDATED GROUP		PARENT ENTITY	
		2010	2009	2010	2009
		$	$	$	$
29. RELATED PARTY TRANSACTIONS					
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.					
(a) Subsidiaries					
Interests in subsidiaries are set out in note 14.					
(b) Transactions with Related Parties					
The following loan transactions took place with related parties:					
Loans to related parties					
Loans advanced to subsidiaries:		–	–	–	–
Loans repaid by subsidiaries:		–	218,800	1,437,230	7,273,783
Loans from related parties		–	–	–	–
Loans advanced to parent entity:		–	–	204,224	–
Loans repaid by parent entity:		–	–	–	(6,176,823)

	CONSOLIDATED GROUP		PARENT ENTITY	
	2010	2009	2010	2009
	$	$	$	$
29. RELATED PARTY TRANSACTIONS (cont.)				
(c) Outstanding Balances				
The following balances are outstanding at the reporting date in relation to transactions with related parties (subsidiaries):				
Current receivables	–	–	–	–
Non-current receivables	–	–	13,189,909	14,627,139
Current payables	–	–	–	–
Non-current payables	–	–	(6,182,516)	(6,386,740)
Doubtful debt provisions	–	–	(6,225,042)	(6,225,042)
The loans are interest free and carry no fixed terms for repayment.				
(d) Key Management Personnel				
Consulting fees paid to Temorex Pty Ltd, a company controlled by Mr RP Martin	54,313	88,749	–	–
Consulting fees paid to Hensman Nominees Pty Ltd, a company controlled by Mr Z Lendich	–	27,500	–	–
Fees paid to Kirraminga X Pty Ltd, a company controlled by Mr S Mutton for the following:				
Consulting services	61,625	118,880	–	–
Pass through of government grants in accordance with the agreement for the acquisition of Henderson Components (acquired during the year ended 30 June 2007)	5,060	145,407	–	–
Equipment rental	269,076	246,653	–	–
	335,761	510,940	–	–
Payments made to Mr P Jones with respect to the final settlement of the acquisition by the group of the HPG business (acquired during the year ended 30 June 2008).	–	629,368	–	–

Disclosures relating to directors and key management personnel are set out in note 6.

30. SEGMENT REPORTING

The consolidated entity manufactures automotive components at two manufacturing plants: one in South Australia and one in Victoria. Each area of operation has been aggregated and therefore the operations of the consolidated entity present one operating segment, Automotive, under AASB 8 “Operating Segments”.

The consolidated entity is domiciled in Australia. The amount of its revenue from external customers in Australia is $75,079,833 (2009: $87,921,359). Revenues of $42,327,770 (2009: $41,087,285) are derived from a single external customer. All non-current assets of the consolidated entity are located in Australia.

31. FINANCIAL RISK MANAGEMENT

(a) Financial Risk Management Policies

The group’s financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans to and from subsidiaries and bills of exchange.

The main purpose of non-derivative financial instruments is to raise finance for group operations.

(i) Treasury Risk Management

Senior executives of the group meet on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

(ii) Financial Risks Exposures and Management

The main risks the group is exposed to through its financial instruments are interest rate risk, liquidity risk, credit risk and price risk.

Interest Rate Risk

Interest rate risk is managed utilising floating rate debt. At 30 June 2010 100% (2009: 100%) of group debt is floating. For further details on interest rate risk refer to Note 33(b) (i) & (ii).

Liquidity Risk

The group manages liquidity risk by monitoring forecast cash flows and ensuring that appropriate funds are maintained to cover debts as and when they fall due.

31. FINANCIAL RISK MANAGEMENT (cont.)

(a) Financial Risk Management Policies (cont.)

Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

No material amounts of collateral were held as security at 30 June 2010 or 30 June 2009.

Credit risk is managed on a group basis and reviewed regularly by senior executives. It arises from exposures to customers as well as through deposits with financial institutions.

Senior executives monitor credit risk by actively assessing the rating quality and liquidity of counter parties:

- only banks and financial institutions with an ‘A’ rating are utilised;
- all potential customers are rated for credit worthiness taking into account their size, market position and financial standing; and
- customers that do not meet the group’s strict credit policies may only purchase after pre-payment of the groups cost exposure determined on a case by case basis.

The credit risk for counterparties included in trade and other receivables at 30 June 2010 is detailed below:

	NOTE	CONSOLIDATED GROUP		PARENT ENTITY	
		2010 $	2009 $	2010 $	2009 $
Trade and Other Receivables					
A+ rated counterparties		4,331,948	2,754,896	–	–
B rated counterparties		7,323,015	5,540,568	–	–
Counterparties not rated		749,863	1,883,928	1,652	49
Total		**12,404,826**	**10,179,392**	**1,652**	**49**

The consolidated group has material credit risk exposure to the automotive industry in Australia. The ‘A’ and ‘B’ ratings included in the above table relate to the rating of the global parent of the respective domestic operations.

Price Risk

The group is exposed to commodity price risk arising from purchase of raw materials. The group does not currently hedge the price at which it purchases raw material but negotiates with customers to mitigate such exposures.

31. FINANCIAL RISK MANAGEMENT (cont.)

(b) Financial Instruments

(i) Financial Instrument Composition and Maturity Analysis

The tables below reflect the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the balance sheet.

	Floating Interest Rate		Non Interest Bearing Within 1 Year	
Financial Assets:				
Cash and cash equivalents	–	674,336	–	–
Receivables	–	–	12,404,826	10,179,392
Inventories	–	–	6,358,418	8,833,400
Other assets	–	–	1,378,786	1,643,249
Total Financial Assets	**–**	**674,336**	**20,142,030**	**20,656,041**
Financial Liabilities:				
Payables	–	–	14,761,523	14,171,585
Bank overdrafts	315,261	–	–	–
Bank loans	10,015,547	11,324,300	–	–
Loan from State of South Australia	2,050,000	1,500,000	2,050,000	1,500,000
Total Financial Liabilities	**12,380,808**	**12,824,300**	**2,050,000**	**1,500,000**

	Non Interest Bearing 1 to 5 years		Total		Weighted Average 2010 %	Interest Rate 2009 %
Financial Assets:						
Cash and cash equivalents	–	–	–	674,336	3.26%	2.75%
Receivables	–	–	12,404,826	10,179,392	–	–
Inventories	–	–	6,358,418	8,833,400	–	–
Other assets	–	–	1,378,786	1,643,249	–	–
Total Financial Assets	**–**	**–**	**20,142,030**	**21,330,377**		
Financial Liabilities:						
Payables	–	–	14,761,523	14,171,585	–	–
Bank overdrafts	–	–	315,261	–	10.33%	–
Bank loans	–	–	10,015,547	11,324,300	7.82%	5.89%
Loan from State of South Australia	–	1,500,000	4,100,000	4,500,000	–	–
Total Financial Liabilities	**–**	**1,500,000**	**29,192,331**	**29,995,885**		

31. FINANCIAL RISK MANAGEMENT (cont.)

(b) Financial Instruments (cont.)

(ii) Net Fair Values

The net fair values of:

Loans and amounts due are determined by discounting the cash flows, at market interest rates of similar borrowings, to their present value.

Other assets and other liabilities approximate their carrying value.

No financial assets and financial liabilities are readily traded on organised markets in standardised form.

Aggregate net fair values which equate to carrying amounts of financial assets and financial liabilities at balance date:

	NOTE	CONSOLIDATED GROUP		PARENT ENTITY	
		2010 $	2009 $	2010 $	2009 $
Financial Assets					
Cash and cash equivalents		–	674,336	44,581	55,472
Loans and receivables		12,404,826	10,179,392	1,652	49
Inventories		6,358,418	8,833,400	–	–
Other assets		1,378,786	1,643,249	–	–
		20,142,030	**21,330,377**	**46,233**	**55,521**
Financial Liabilities					
Payables		14,761,523	14,171,585	132,652	201,970
Bank overdrafts		315,261	–	–	–
Bank loans		10,015,547	11,324,300	–	–
Loan from State of South Australia		2,050,000	3,000,000	–	–
		27,142,331	**28,495,885**	**132,652**	**201,970**

(iii) Sensitivity Analysis

Interest Rate Risk and Price Risk

The group has performed sensitivity analysis relating to its exposure to interest rate risk, foreign currency risk and price risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

31. FINANCIAL RISK MANAGEMENT (cont.)

(b) Financial Instruments (cont.)

Interest Rate Sensitivity Analysis

At 30 June 2010, the effect on profit and equity as a result of changes in the interest rate on bank borrowings, with all other variables remaining constant would be as follows:

	NOTE	CONSOLIDATED GROUP		PARENT ENTITY	
		2010 $	2009 $	2010 $	2009 $
Change in profit					
- Increase in interest rate by 1%		(90,000)	(82,929)	–	–
- Decrease in interest rate by 1%		90,000	82,929	–	–
Change in equity					
- Increase in interest rate by 1%		–	–	–	–
- Decrease in interest rate by 1%		–	–	–	–
Price Risk Sensitivity Analysis					
At 30 June 2010, the effect on profit and equity as a result of changes in the price risk, with all other variables remaining constant would be as follows:					
Change in profit					
- Increase in raw material price by 1%		(365,000)	(307,008)	–	–
- Decrease in raw material price by 1%		365,000	307,008	–	–
Change in equity					
- Increase in raw material price by 1%		–	–	–	–
- Decrease in raw material price by 1%		–	–	–	–

The above interest rate and price risk sensitivity analysis has been performed on the assumption that all other variables remain unchanged. Should there be a rise in raw material prices, the above price risk analysis would be affected by the Group's ability to negotiate with customers to pass on any price rises.

32. BUSINESS COMBINATIONS

There were no businesses acquired during the years ended 30 June 2009 and 30 June 2010. During the year ended 30 June 2009 a final payment of $1,258,974 was made with respect to the acquisition of the HPG business that was settled during the year ended 30 June 2009. Of this amount $629,368 was paid to Mr P Jones who was the vendor of the HPG business and who is now an executive of the company. Since balance date there has been a business acquired and this is described in note 28.

33. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

At the date of this financial report, the following standards and interpretations, which may impact the consolidated entity in the period of initial application, have been issued but are not yet effective:

Reference	Title	Summary	Application date (financial years beginning)
AASB 2009-5	Further amendments to Australian Accounting Standards arising from the Annual Improvements Project (AASB 5, 8, 101, 107, 117, 118, 136, 139)	Amends a number of standards as a result of the annual improvements project.	1 January 2010
AASB 9	Financial Instruments	Replaces the requirements of AASB 139 for the classification and measurement of financial assets. This is the result of the first part of Phase 1 of the IASB's project to replace IAS 39.	1 January 2013
AASB 124	Related Party Disclosures	Revised standard. The definition of a related party is simplified to clarify its intended meaning and eliminate inconsistencies from the application of the definition.	1 January 2011
2009-11	Amendments to Australian Accounting Standards arising from AASB 9	Amends AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 and 1038 and Interpretations 10 and 12 as a result of the issuance of AASB 9.	1 January 2013
2009-12	Amendments to Australian Accounting Standards	Amends AASB 8 Operating Segments as a result of the revised AASB 124. Amends AASB 5, 108, 110, 112, 119, 133, 137, 139, 1023, & 1031 and Interpretations 2, 4, 16, 1039 & 1052 as a result of the annual improvement project.	1 January 2011
2010-3	Amendments to Australian Accounting Standards arising from the Annual Improvements Project	Amends AASB 3, AASB 7, AASB 121, AASB 128, AASB 131, AASB 132 & AASB 139 as a result of the annual improvements project.	1 July 2010
2010-4	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project	Further amends AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13 as a result of the annual improvements project.	1 January 2010

The expected impact on the consolidated entity of the above standards and interpretations are currently being assessed by management. A final assessment has not been made on the expected impact of these standards and interpretations, however, it is expected that there will be no significant changes to the accounting policies of the consolidated entity.

34. COMPANY DETAILS

The Registered Office of the Company is:

Autodom Limited
Suite 4, Henry James Building
8 Alvan Street
SUBIACO WA 6008

The Principal Places of Business are:

Autodom Limited
Suite 4, Henry James Building
8 Alvan Street
SUBIACO WA 6008

aiAutomotive Pty Ltd
853 - 867 Port Road
WOODVALE SA 5011

aiAutomotive (Victoria) Pty Ltd
383 Bayswater Road
BAYSWATER VIC 3153

Directors' Declaration

The directors of the company declare that in the opinion of the directors:

1. The financial statements and notes, as set out on pages 15 to 66, are in accordance with the Corporations Act 2001 including:
   (a) complying with Australian Accounting Standards, including the Interpretations, and the Corporations Regulations 2001;
   (b) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of their performance for the year then ended;
2. The financial statements and notes thereto also comply with International Financial Reporting Standards, as disclosed in Note 1;
3. The directors have been given the declarations required by s295A of the Corporations Act 2001; and
4. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Tony Dale
Director

Perth
28th September 2010

AUTODOM

Independent Audit Report

RSM Bird Cameron Partners
Chartered Accountants

RSM Bird Cameron Partners
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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

AUTODOM LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Autodom Limited ("the company"), which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independent Audit Report

RSM Bird Cameron Partners
Chartered Accountants

Independence

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

Basis for Qualified Auditor's Opinion

The company and consolidated entity have recognised deferred tax assets in respect of unused tax losses and temporary differences, of $1,494,372 and $4,717,845 respectively, in the balance sheet. Under Australian Accounting Standard AASB 112 *Income Taxes*, a deferred tax asset can only be recognised if it is probable that future taxable profits will be available against which the balance can be utilised.

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

Qualified Auditor's Opinion

In our opinion, except for the effect on the financial report of the matter referred to in the preceding paragraph,

(a) the financial report of Autodom Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2010 and of their performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Material Uncertainty Regarding Continuation as a Going Concern

Without further qualifying our opinion expressed above, we draw attention to Note 1 in the financial report, which indicates that the company and consolidated entity recorded a net loss attributable to members of $1,009,531 and $1,618,829 respectively. At balance date, the company and consolidated entity's current liabilities exceeded their current assets by $116,601 and $8,941,558 respectively. In addition, during the year, the consolidated entity did not meet the banker's loan covenants, resulting in the bank's loan facility being subject to review and possible repayment at its discretion. These conditions, along with other matters as set out in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the company's and consolidated entity's ability to continue as going concerns and, therefore, whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report.

The financial report does not include adjustments relating to the recoverability and classification of recorded assets amounts or to the amounts and classification of liabilities that might be necessary if the company and consolidated entity do not continue as going concerns.

Report on the Remuneration Report

We have audited the Remuneration Report which is included within the directors' report for the financial year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

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AUTODOM

Independent Audit Report

RSM Bird Cameron Partners
Chartered Accountants

Auditor's Opinion

In our opinion the Remuneration Report of Autodom Limited for the financial year ended 30 June 2010 complies with section 300A of the *Corporations Act 2001*.

RSM Bird Cameron Partners
RSM BIRD CAMERON PARTNERS
Chartered Accountants

Perth, WA
Dated: 28 September 2010

J A KOMNINOS
Partner

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Additional Information for Listed Public Companies

A. Distribution of Shareholders at 29 September 2010

Analysis of numbers of equity security holders by size of holding:

ORDINARY SHARES	NUMBER OF SHAREHOLDERS	NUMBER ORDINARY
1 - 1,000	647	370,178
1,001 - 5,000	712	1,801,988
5,001 - 10,000	184	1,406,282
10,001 - 100,000	255	8,820,014
100,001 - and over	57	41,947,839
	1,855	**54,346,301**

B. There were 1,384 holders of 2,312,041 ordinary shares which were less than a marketable parcel.

C. 20 Largest Shareholders - Ordinary Shares as at 29 September 2010

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

NAME	NUMBER	% HELD
Mr Robert Paul Martin + Mrs Susan Pamela Martin (R + S Martin Super A/C)	5,000,000	9.20
Mr Victor John Plummer	5,000,000	9.20
Saurbrey Investments Pty Ltd (Saurbrey Super Fund A/C)	3,032,342	5.58
Mr Andrew Blair Ellison + Mrs Serena Maxine Ellison (BA & SM Ellison S/F A/C)	2,818,640	5.19
Mr Peter Maxwell Wells (Peter Heather Wells S/F A/C)	2,429,325	4.47
RPM Super Pty Ltd (Rpm Super Fund A/C)	1,741,999	3.21
Mr Richard Keller (The Keller Super Fund A/C)	1,700,000	3.13
Auro Pty Ltd	1,545,516	2.84
Anniversary Nominees Pty Ltd (Top Of The Town Unit A/C)	1,485,147	2.73
Mr David Webster + Mrs Janine Florence Webster (The D & J Webster S/Fund A/C)	1,146,666	2.11
Teesdale Investment & Management Pty Ltd (Montage Super Fund A/C)	1,144,576	2.11
Mr Keith Ronald Luestner + Mrs Mitsuko Sunshine Luestner	1,053,014	1.94
Mr Robert Paul Martin + Mrs Susan Pamela Martin (R & S Martin Super A/C)	1,006,666	1.85
Mr Robert Maxwell Rex + Mrs Elizabeth Mary Rex + Mr Benjamin Richard Rex (Rex Family Pension Plan A/C)	1,000,000	1.84
Citicorp Nominees Pty Limited	871,079	1.60
Mr John Martin + Mrs Anne Martin (John Martin Family S/F A/C)	847,775	1.56
Zerrin Investments Pty Ltd (Jms Super Fund A/C)	569,162	1.05
Kamala Holdings Pty Ltd (Kamala 1994 Super Fund A/C)	567,660	1.04
Richcab Pty Ltd	567,038	1.04
Nitro Super Fund	566,805	1.04
	34,093,410	62.73%

Additional Information for Listed Public Companies

D. Substantial Holders

The names of the substantial shareholders in the holding company's register as at 29 September 2010 are set out below

SHAREHOLDER	ORDINARY SHARE NUMBERS	%
Mr Robert Paul Martin + Mrs Susan Pamela Martin (R + S Martin Super A/C)	9,800,617	18.14
Mr Victor John Plummer	5,000,000	9.20
Saurbery Investments Pty Ltd	3,032,342	5.58
Mr Andrew Blair Ellison + Mrs Serena Maxine Ellison (BA & SM Ellison S/F A/C)	2,818,640	5.19

E. Voting Rights

The voting rights attaching to ordinary shares is:-
- on a show of hands each member in person or by proxy shall have one vote; and
- upon a poll each share shall have one vote.

The options issued prior to balance date carry no voting rights.

Corporate Governance Statement

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

In accordance with the Australian Stock Exchange (ASX) Corporate Governance Council's ("CGC") "Principles of Good Corporate Governance and Best Practice Recommendations" the Corporate Governance Statement must contain certain specific information and must disclose the extent to which the Company has followed the guidelines during the period. Where a recommendation has not been followed, that fact must be disclosed together with the reasons for the departure.

The Company's corporate governance practices were in place throughout the year and are compliant, unless otherwise stated, with the Corporate Governance Council's principles and recommendations, which are noted below.

Principle 1. Lay solid foundations for management and oversight

Principle 2. Structure the Board to add value

Principle 3. Promote ethical and responsible decision making

Principle 4. Safeguard integrity in financial reporting

Principle 5. Make timely and balanced disclosure

Principle 6. Respect the rights of shareholders

Principle 7. Recognise and manage risk

Principle 8. Remunerate fairly and responsibly

A summary of the corporate governance policies and practices adopted by Autodom is set out below.

ROLE OF THE BOARD OF DIRECTORS

The Board of Autodom is responsible for setting the Company's strategic direction and providing effective governance over Autdom's affairs in conjunction with the overall supervision of the Company's business with the view of maximising shareholder value. The Board's key responsibilities are to:

(a) chart the direction, strategies and financial objectives for Autodom and monitor the implementation of those policies, strategies and financial objectives;

(b) monitor compliance with regulatory requirements, ethical standards and external commitments;

(c) appoint, evaluate the performance of, determine the remuneration of, plan for the succession of and, where appropriate, remove the managing director if in place or similar person acting in the executive capacity; and

(d) ensure that the Board continues to have the mix of skills and experience necessary to conduct Autodom's activities, and that appropriate directors are selected and appointed as required.

In accordance with Autodom's Constitution, the Board delegates responsibility for the day–to–day management of Autodom to the managing director (subject to any limits of such delegated authority as determined by the Board from time to time). Management as a whole is charged with reporting to the Board on the performance of the Company.

AUTODOM

Corporate Governance Statement

BOARD STRUCTURE AND COMPOSITION

The Board currently is comprised of 3 directors, none of which are independent non–executive Directors. Details of each directors skill, expertise and background are contained within the directors report included with the Company's annual financial statements.

Independence, in this context, is defined to mean a non–executive Director who is free from any interest and any business or other relationship that could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of Autodom. The definition of independence in ASX Recommendation 2.1 is taken into account for this purpose.

The Company has structured its Board to comprise those individuals who possess both long-term strategic and day-to-day operations expertise relevant to the Company. The Board acknowledges that a greater proportion of independent directors may be desirable in the future and will continue to monitor its composition and make appropriate changes as and when the Board deems appropriate.

Details of Director's shareholdings are disclosed in the Director's report and financial report. There are no retirement schemes other than the payment of statutory superannuation contributions.

Any equity based compensation of directors is required to be approved in advance by shareholders.

Presently, the roles of chairman and managing director are not always separated. The Company has not appointed a chairperson. The Board elects a chairperson prior to each Board meeting. At times the same individual exercises the roles of chairperson and managing director.

The Company notes that there should be a separation between the roles of chairman and managing director, however the Company is not yet of a size which would necessitate the separation of these roles. It is the Board's intention that separate individuals hold these roles when it reaches an appropriate phase in the Company's development.

The managing director is responsible for supervising the management of the business as designated by the Board. This ensures the appropriate independent functioning of the Board and management.

Autodom's non–executive Directors may not hold office for a continuous period in excess of three years or past the third annual general meeting following their appointment, whichever is longer, without submitting for re–election. Directors are elected or re–elected, as the case may be, by shareholders in a general meeting. Directors may offer themselves for re–election. A Director appointed by the Directors (e.g., to fill a casual vacancy) will hold office only until the conclusion of the next annual general meeting of Autodom but is eligible for re–election at that meeting.

Under Autodom's Constitution, voting requires a simple majority of the Board. The Chairman holds a casting vote.

The Company has procedures enabling any director or committee of the Board to seek external professional advice as considered necessary, at the Company's expense subject to prior consultation with the Chairman. A copy of any advice sought by a director would be made available to all directors.

BOARD AND MANAGEMENT EFFECTIVENESS

Responsibility for the overall direction and management of Autodom, its corporate governance and the internal workings of Autodom rests with the Board notwithstanding the delegation of certain functions to the managing director and management generally (such delegation effected at all times in accordance with Autodom's Constitution and its corporate governance policies).

An evaluation procedure in relation to the Board and individual Directors did not take place during the year as it was not considered to provide any benefit given the size and composition of the Board. In addition, a formal performance review for the managing director was not undertaken, however his performance in measured in line with the overall performance of the Company in meeting its planned activities and objectives.

Corporate Governance Statement

FINANCIAL REPORTING, INTERNAL CONTROL AND RISK MANAGEMENT

The Board has overall responsibility for Autodom's systems of internal control. These systems are designed to ensure effective and efficient operations, including financial reporting and compliance with laws and regulations, with a view to managing the risk of failure to achieve business objectives. It must be recognised, however, that internal control systems can provide only reasonable and not absolute assurance against the risk of material loss.

The Board regularly receives information about the financial position and performance of Autodom. For annual accounts released publicly, the managing director and the Chief Financial Officer sign-off to the Board:

- the accuracy of the accounts and that they represent a true and fair view, in all material respects, of Autodom's financial condition and operational results, and have been prepared in accordance with applicable accounting standards; and
- that the representations are based on a system of risk management and internal compliance and control relating to financial reporting which implements the policies adopted by the Board, and that those systems are operating efficiently and effectively in all material respects.

Management has not reported to the Board on the effectiveness of the Company's management of its material business risks as required by Principal 7. The Company is currently in the process of assessing its business risk management framework and will implement further procedures and reporting structures in the coming periods. Risk is currently considered on an informal, day-to-day basis across the financial, operational and organisation aspects of the Company's business. The operating subsidiaries have established systems of internal control, which takes account of key business exposures. The systems are designed to ensure that assets are safeguarded, proper accounting records are maintained and financial information is reliable.

COMMITTEES OF THE BOARD OF DIRECTORS

The Board has not established any permanent committees, namely an Audit and Risk Committee and a Remuneration and Nomination Committee. The Board is not of a sufficient size to warrant separate committees in this regard.

In the absence of an audit committee, the entire Board undertakes the function of an audit committee.
The duties of this committee include:

- to be the focal point of communication between the Board, management and the external auditor;
- to recommend and supervise the engagement of the external auditor and monitor auditor performance;
- review the effectiveness of management information and other systems of internal control;
- review all areas of significant financial risk and arrangements in place to contain those to acceptable levels;
- review significant transactions that are not a normal part of the Company's business;
- review the year end and interim financial information and ASX reporting statements;
- to monitor the internal controls and accounting compliance with the Corporations Act, ASX Listing Rules, external audit reports and ensure prompt remedial action where required; and
- review the Company's financial statements and accounting procedures.

The Company's auditor is invited to attend the annual general meeting and the Company supports the principle of the auditor being available to answer questions on the conduct of the audit and the content of the audit report.

In addition, the role of a Remuneration and Nomination Committee is carried out by the entire Board.
The remuneration policy which sets out the terms and conditions for the Managing Director and other senior executives is set out in the Remuneration Report included in the Directors Report contained within the Company's annual report.

Corporate Governance Statement

TIMELY AND BALANCED DISCLOSURE

Autodom is committed to promoting investor confidence and ensuring that shareholders and the market have equal access to information and are provided with timely and balanced disclosure of all material matters concerning the Company. Additionally, Autodom recognises its continuous disclosure obligations under the ASX Listing Rules and the Corporations Act.

The Company's shareholders are responsible for voting on the appointment of directors. The Board informs shareholders of all major developments affecting the Company by:

- preparing half yearly and annual financial reports and making these available to all shareholders;
- advising the market of matters requiring disclosure under Australian Stock Exchange Continuous Disclosure Rules;
- maintaining a record of significant ASX announcements on the Company's website;
- submitting proposed major changes in the Company's affairs to a vote of shareholders, as required by the Corporation Law;
- reporting to shareholders at annual general meetings on the Company's activities during the year. All shareholders that are unable to attend these meetings are encouraged to communicate issues or ask questions by writing to the Company.

To assist with these matters, the Board has adopted a Continuous Disclosure Compliance Procedure.

The procedure allocates roles to the Board and management in respect of identifying material information and coordinating disclosure of that information where required by the ASX Listing Rules.

The procedure also identifies authorised Company spokespersons and the processes Autodom has adopted to communicate effectively with its shareholders. In addition to periodic reporting, Autodom will ensure that all relevant information concerning the Company is placed on its website.

ETHICAL AND RESPONSIBLE DECISION–MAKING

Code of Conduct

The Board has created a framework for managing the Company including internal controls, business risk management processes and appropriate ethical standards.

The Board has adopted practices for maintaining confidence in the Company's integrity including promoting integrity, trust, fairness and honesty in the way employees and Directors conduct themselves and Autodom's business, avoiding conflicts of interest and not misusing Company resources. A formal Code of Conduct has been adopted for all employees and Directors of Autodom.

Securities Trading Policy

A Securities Trading Policy has been adopted by the Board to set a standard of conduct, which demonstrates Autodom's commitment to ensuring awareness of the insider trading laws, and that employees and Directors comply with those laws. The Securities Trading Policy mirrors the Corporations law provisions in respect to insider trading.

Other Information

Autodom Limited will include on its website www.autodom.com.au full details of its corporate governance regime.

AUTODOM

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