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Autodom Financial Report for the year ended 30 June 2011

Chief Executive Officers report

Autodom reports a loss from operations of $640,000 before tax and non recurring items for the 2011 year. This was achieved on revenue which increased 24.7% to $94m. Revenue was boosted by the acquisition of the Dair Industries businesses (Dair) on 31 August 2010. These businesses contributed $30.2m in revenue for the 10 months to 30 June 2011.

Following a review of the Company's trading circumstances the Board considered it prudent to write off the full value of the company's deferred tax asset of $4.2m. This action does not preclude the company from using carried forward losses into the future. In addition, $1.2m of one off due diligence, legal and consulting costs associated with the Dair acquisition were expensed. These resulted in the company reporting a net loss after tax of $6.1m for the 2011 financial year.

Australian passenger vehicle production continues to face volume difficulties due in part to Australia's widely reported and acknowledged "two speed" economy, the continued move in consumer preferences towards SUV's and smaller vehicles and the high Australian dollar. The Board recognises that these are longer term factors requiring structural change to the revenue base of the Company. While the Dair businesses took the non passenger automotive annual revenue percentage from around 5% to over 20%, the Board and management acknowledge the need to further diversify revenue streams beyond the Australian passenger vehicle production market. This will remain the main area of growth for the Company, while still improving its operational performance across all sites to take advantage of future opportunities that may arise in the local automotive production sector.

The Dair acquisition provides further opportunities to capitalise on the resulting scale of the group in the area of procurement management. The management team continues to actively pursue improved input costs, via long term contract management through volume purchasing. This activity will continue to have high priority in the 2012 financial year (FY12).

Working capital management remained a major focus for the Company and continues to be so into FY12. Cash flow from operations was up $2.8m due to the acquisition of Dair and working capital management, while the business paid down debt of $2.6m. Given that management believes that inventory levels remain relatively high through the Group, future additional cash flow generation will centre on further reduction initiatives.

The latter half of the reporting period was spent planning the integration of the Bayswater plant into the recently acquired Dair Dandenong facility. Relocation of tools and equipment commenced in June 2011 and final completion is set for the end of February 2012. While savings will be enjoyed in the FY12 period, these will be offset by integration expenses. The

Bayswater and Dandenong integration will result in the rationalisation of overhead costs and productivity gains through the upgrade of plant and equipment. Annualised savings are expected to be in the order of $2.5m with the full financial benefit being delivered in the FY13 period. This remains the single most important structural consolidation to the business over the past three years and is essential to the business for managing through lower production volumes while diversification initiatives begin to yield substantial benefits.

The Board and management are committed to a diversification strategy which will come from growth of existing competencies into new markets and new products in non passenger automotive industries. To this end, several opportunities are being investigated and a non automotive business to business sales specialist has been recruited.

The Dair acquisition also brought about the opportunity to move towards an integrated group management structure allowing synergistic savings to be made where duplicated activities exist. Management continues to explore opportunities to rationalise costs in this regard, as well as streamlining and enhancing service delivery.

In summary, the Board and management expect earnings and cash flow to improve in the coming financial year driven by the Bayswater integration, continuing productivity improvements, working capital management, procurement initiatives and new business diversification. The Group's core competencies, available capacity and engineering and technical capabilities place it in a sound position to take advantage of these growth opportunities in both the automotive and non automotive markets.

The Board and management would like to thank its customers for their continued patronage of the business and look forward to growing our relationships through mutual growth opportunities.

It is also important to acknowledge the contributions of our management and staff who are tirelessly working towards becoming a successful Company.

We believe and trust that we are taking the right steps today towards our future success tomorrow.

Yours faithfully

Calvin Stead
Chief Executive Officer

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

FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

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AUTODOM LIMITED

CORPORATE DIRECTORY

Directors	Anthony Dale Robert Martin Scott Mutton Tom Spurling
Company Secretary	Peter Torre
Principal registered office	Suite 4, Henry James Building 8 Alvan Street SUBIACO WA 6000 Telephone : 08 9381 8888 Facsimile : 08 9381 9888
Auditors	RSM Bird Cameron Partners 8 St Georges Terrace PERTH WA 6000
Bankers	National Australia Bank Limited Level 1 22-28 King William St ADELAIDE SA 5000
Stock Exchange listing	Autodom Limited shares are listed on the Australian Securities Exchange. The company's listing code is AIE
Web address	www.autodom.com.au

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 2011.

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
Tom Spurling (Appointed 6 April 2011)

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 and likely developments

The loss after income tax for the group for the year ended 30 June 2011 was $6,068,191 (2010: loss $1,618,829)
The net assets of the group as as 30 June 2011 was $10,116,860 (2010: $14,214,942).
Information on the operations of the group and future strategies and prospects are set out in the CEO's review of operations in the Annual Report.

Significant changes in the state of affairs

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

Other than the acquisition of the DAIR business, 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.

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.

Matters subsequent to the end of the financial year

During July 2011, wholly owned subsidiaries of the Group aiDair Dandenong Pty Ltd and aiDair New Gisborne Pty Ltd initiated legal proceedings against the vendors of the DAIR Businesses. The Group is seeking compensation in relation to valuation disagreements between the Group and the vendors. At the date of preparing this Report, the Directors are unable to determine the likely outcome of the proceedings. The Directors believe that disclosure of any additional information at this stage could materially prejudice the outcome of the proceedings.

DIRECTORS REPORT

On 29 July 2011, the South Australian Government Financing Authority approved a variation of the Facility Agreement dated 10 February 2009. The variation comprised a revised repayment schedule for the $1,750,000 outstanding at 30 June 2011 that was otherwise due for repayment during the year ending 30 June 2012. The revised payment schedule results in $1,500,000 of current liabilities at 30 June 2011 transferring to non-current liabilities.

Other than the matters discussed above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

Information on directors

Anthony John Dale B.Psych MBA - Non Executive 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 2011	3,433,728
- at date of this report	3,433,728
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 until end February 2011

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.

Other current directorships:-	Nil
Former directorships in last 3 years:-	Nil
Interests in ordinary shares of Autodom Limited:-	
- at 30 June 2011	59,533,643
- at date of this report	59,533,643
Interests in options of Autodom Limited:-	Nil

Scott Mutton B. Eng (Mech) MBA - Non-Executive Director (Appointed 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

DIRECTORS REPORT

Interests in ordinary shares of Autodom Limited:-	
- at 30 June 2011	Nil
- at date of this report	Nil
Interests in options of Autodom Limited:-	Nil

Tom Spurling - Non-Executive Director (Appointed April 2011)

Mr Spurling holds a Bachelor of Economics from the University of Adelaide and is a member of the Institute of Chartered Accountants in Australia. With 30 years of business experience, his roles have covered both professional accounting and managerial activities. Mr Spurling worked with the Autodom business between July 2009 and March 2011 in the role of Chief Financial Officer. In April 2011 he was appointed Chief Executive of Ellex Medical Lasers Limited, a manufacturer of medical lasers listed on the Australian Securities Exchange. Also in April 2011 Mr Spurling was appointed to the Board of Autodom.

Other current directorships:-	Nil
Former directorships in last 3 years:-	Nil
Interests in ordinary shares of Autodom Limited:-	
- at 30 June 2011	250,000
- at date of this report	250,000
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. Subsequent to year end, Mr Torre gave notice of resignation from the Company sercretary position effective 24 November 2011. Mr Justin Mellett (Chief Financial Officer) will take over as Company Secretary.

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 2011, and the numbers of meetings attended by each director were:

	Full meetings	
	Held	**Attended**
Anthony Dale	11	10
Robert Martin	11	11
Scott Mutton	11	11
Tom Spurling	3	3

Remuneration report (audited)

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.

(Ii) 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.

(iii) Directors fees

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

(iv) Retirement allowances for directors

There are no retirement allowances payable to directors

(v) 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.

(vi) Short term incentives

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

DIRECTORS REPORT

B. Details of remuneration

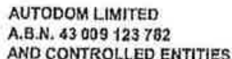
Details of the remuneration of each director of Autodom Limited and each of the key management personnel of the group are set out in the following tables:-

(i) Directors of Autodom Limited		Short Term		Post Employment	Share-based Payments	Total		
	Cash Salary & Fees	Cash Bonus	Non-monetary Benefits	Super-annuation	Options	Total	Performance Related (%)	Options Related %
Non-executive directors								
AJ Dale (Non-executive director from 1 Mar 2011)								
2011	282,292			11,333		293,625	0.0%	0.0%
2010	307,300			14,462		321,762	0.0%	0.0%
RP Martin								
2011	-	-	-	43,600	-	43,600	0.0%	0.0%
2010	-	-	-	43,600	-	43,600	0.0%	0.0%
S Mutton								
2011	40,000	-	-	3,600	-	43,600	0.0%	0.0%
2010	40,000	-	-	3,600	-	43,600	0.0%	0.0%
T Spurling (Appointed 6 Apr 2011)								
2011	6,667	-	-	600	-	7,267	0.0%	0.0%
2010	-	-	-	-	-	-	0.0%	0.0%
Total non-executive directors								
2011	328,959	-	-	59,133	-	388,092	0.0%	0.0%
2010	347,300	-	-	61,662	-	408,962	0.0%	0.0%
Total Directors								
2011	328,959	-	-	59,133	-	388,092	0.0%	0.0%
2010	347,300	-	-	61,662	-	408,962	0.0%	0.0%
(ii) Other Key Management Personnel (All non parent entity)								
Justin Mellett (joined 14 Jun 2011)								
2011	9,312	-	-	838	-	10,150	0.0%	0.0%
2010	-	-	-	-	-	-	0.0%	0.0%
T Spurling (resigned 5 Apr 2011)								
2011	208,888	-	-	-	-	208,888	0.0%	0.0%
2010	290,526	-	-	-	-	290,526	0.0%	0.0%
C Stead								
2011	198,234	15,000	-	19,928	-	233,162	6.4%	0.0%
2010	196,913	23,333	-	15,444	-	235,690	9.9%	0.0%
Total other key management personnel								
2011	416,434	15,000	-	20,766	-	452,200	0	0.0%
2010	487,439	23,333	-	15,444	-	526,216	0	0.0%
Total directors and other key management personnel remuneration								
2011	745,393	15,000	-	79,899	-	840,292	1.8%	0.0%
2010	834,739	23,333	-	77,106	-	935,178	2.5%	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 $268,974 (2010: 290,526) (excluding goods and services tax) was paid by the company to Spurling Jamieson Corporate Pty Ltd during the year ended 30 June 2011 of which $208,888 (2010:290,526) (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 28 "Related Party Transactions".

C. Service agreements

There were three service agreements in place with any of the directors, officers or key management personnel during the financial year:
(i) Tony Dale. Mr Dale previously was subject to specific remuneration details in his capacity as Managing Director.
(ii) Upon reverting to a non-executive director, Mr Dale's remuneration package was altered to that of a non-executive director.
(iii) Spurling Jamieson Corporate Pty Ltd relating to the provision of financial and accounting consulting services. This contract ceased prior to 30 June 2011.



AUTODOM LIMITED
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AND CONTROLLED ENTITIES

DIRECTORS REPORT

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 26 to the accounts.

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 on behalf of the company

Other than that disclosed in note 27 to the accounts, 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

No non-audit services were provided to the company by the company's external auditor during the financial year.

Auditor

RSM Bird Cameron Partners 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

29/9/11

AUTODOM LIMITED
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AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011

	Note	Consolidated Group 2011	2010
		$	$
Revenue	2	94,411,112	75,079,833
Other income	3	2,599,807	1,861,326
Changes in inventories of finished goods and work in progress		(1,888,875)	(1,615,667)
Raw materials and consumables used		(62,893,745)	(54,151,217)
Employee benefits expense		(24,772,834)	(16,502,661)
Depreciation and amortisation expense		(2,687,734)	(2,386,423)
Finance costs		(1,332,549)	(759,614)
Other expenses		(5,272,808)	(3,795,527)
Loss before income tax expense		**(1,837,625)**	**(2,269,950)**
Income tax benefit/(expense)	5	(4,230,566)	651,121
Loss after income tax expense		**(6,068,191)**	**(1,618,829)**
Other comprehensive income		-	-
Total Comprehensive Income for the Year		**(6,068,191)**	**(1,618,829)**
Loss for the year attributable to:-			
Owners of the parent		(6,068,191)	(1,618,829)
Non-controlling interest		-	-
		(6,068,191)	(1,618,829)
Total comprehensive income attributable to:			
Owners of the parent		(6,068,191)	(1,618,829)
Non-controlling interest		-	-
		(6,068,191)	(1,618,829)
Basic and diluted earnings/(loss) per share (cents)	9	(5.95)	(2.98)

The accompanying notes form part of these financial statements

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011

	Note	Consolidated Group 2011 $	Consolidated Group 2010 $
Current Assets			
Cash and cash equivalents	10	944,884	-
Trade and other receivables	11	15,644,405	12,404,826
Inventories	12	9,254,145	6,358,418
Other assets	16	2,264,954	1,887,986
Total Current Assets		**28,108,387**	**20,651,230**
Non-Current Assets			
Receivables	11	-	4,135,682
Property, plant and equipment	14	12,858,237	10,528,069
Deferred tax assets	19	-	4,717,845
Intangibles	15	6,822,126	5,358,289
Other assets	16	607,315	452,098
Total Non-Current Assets		**20,287,678**	**25,191,984**
Total Assets		**48,396,066**	**45,843,214**
Current Liabilities			
Trade and other payables	17	19,659,878	14,761,523
Financial liabilities	18	11,409,648	12,380,808
Provisions	20	6,143,040	2,450,458
Total Current Liabilities		**37,212,566**	**29,592,789**
Non-Current Liabilities			
Financial liabilities	18	778,260	-
Deferred tax liabilities	19	-	1,016,212
Provisions	20	288,379	1,019,271
Total Non-Current Liabilities		**1,066,639**	**2,035,483**
Total Liabilities		**38,279,205**	**31,628,272**
Net Assets		**10,116,860**	**14,214,942**
Equity			
Issued capital	21	24,021,894	17,916,201
Reserves	22	440,858	440,858
Accumulated losses		(14,345,892)	(8,277,701)
Parent Entity Interest		**10,116,860**	**10,079,358**
Non Controlling Interest		-	4,135,584
Total Equity		**10,116,860**	**14,214,942**

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011

	Note	Issued Capital	Reserves		(Accumulated Losses)	Non Controlling Interest	Total
			Option Reserve	Dividend Reserve			
		$	$		$		$
Consolidated Group							
Balance at 1 July 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
Proceeds of share issue		6,105,693	-	-	-	-	6,105,693
De-consolidation of Kai Limited		-	-	-	-	(4,135,584)	(4,135,584)
Total comprehensive income for the year		-	-	-	(6,068,191)	-	(6,068,191)
Balance at 30 June 2011		**24,021,894**	**200,950**	**239,908**	**(14,345,892)**	**-**	**10,116,860**

The accompanying notes form part of these financial statements

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2011

	Note	Consolidated Group 2011 $	Consolidated Group 2010 $
Cash flows from operating activities			
Receipts from customers		90,762,269	72,854,399
Payments to suppliers and employees		(86,982,207)	(72,644,348)
Other revenue		2,203,758	2,406,579
Interest paid		(1,332,549)	(759,614)
Net cash provided by /(used in) operating activities	25	**4,651,271**	**1,857,016**
Cash flows from investing activities			
Payments for property, plant and equipment net of intangibles		(489,857)	(592,214)
Payment for purchase of business		(10,386,569)	-
Proceeds from sale of property, plant and equipment		24,766	4,355
Government grants received under AISAP		3,970,000	-
Net cash provided by /(used in) investing activities		**(6,881,660)**	**(587,859)**
Cash flows from financing activities			
Proceeds on the issue of shares		6,105,693	-
Net (repayments)/proceeds from borrowings		(2,615,160)	(2,258,753)
Net cash provided by/ (used in) financing activities		**3,490,533**	**(2,258,753)**
Net increase/(decrease) in cash held and cash equivalents		**1,260,144**	**(989,596)**
Cash at beginning of financial year		(315,260)	674,336
Cash at end of financial year	10	**944,884**	**(315,260)**

The accompanying notes form part of these financial statements

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'). The separate financial statements of the parent entity have not been presented within this financial report as permitted by the *Corporations Act 2001*.

The financial report was authorised for issue on 28 September 2011 by the board of directors.

Basis of Preparation and Going concern

The financial statements are general purpose financial statements that have 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 statements 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 these financial statements are presented below. They have been consistently applied unless otherwise stated.

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

As disclosed in the financial statements, the consolidated entity and the company recorded for the year ended 30 June 2011 net losses of $6,068,191 and $4,169,594 respectively (2010: $1,618,829 and $1,009,531) and at balance sheet date the consolidated entity and the company had net current liabilities of $9,104,179 and $572,411 respectively (2010: $8,941,559 and $116,601). The net current liabilities of the consolidated entity resulted primarily from the classification of the consolidated entity's bank loans of $8,015,648 as a current liability, because during the period, the consolidated entity did not meet the bank's loan covenants, resulting in the loan facilities being subject to review and possible repayment at the bank's discretion.

While the above factors indicate significant uncertainty as to whether the consolidated entity and the company will 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 statements, the Directors believe that there are reasonable grounds to believe that the consolidated entity and the company will be able to continue as going concerns, after consideration of the following factors:

- The DAIR business, which was acquired during the financial year, will provide a full 12 months earnings as compared to 10 months in this financial period. The DAIR business provides the company with an expanded and more diverse customer base;
- The consolidated entity's banker has not exercised its review discretion at the date of this report;
- Subject to the difficulties associated with predicting future demand from the global automotive industry, the consolidated entity is budgeting to generate positive trading cash flows from operations in the twelve month period from the date of this financial report;
- A restructure of the management team, which included a change in the CEO and appointment of an in-house CFO, will reduce costs for subsequent financial years;
- Initiatives have been identified to streamline manufacturing operations, targeted to be delivered over the 2012
- There is a forecast reduction in interest expense for the 2012 financial year following the repayment of short-term loans incurred in the first half of the financial year to acquire the DAIR business, and principal repayments that have been made to the consolidated entity's principal financier amounting to $2,000,000 during this financial year;
- The consolidated entity expects further consolidation in the automotive component manufacturing sector and is positioning itself to be an active participant in the consolidation process.

Accordingly the directors believe that the consolidated entity and the company will be able to continue as going concerns and that it is appropriate to adopt the going concern basis in the preparation of the financial statements.

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

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

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 13 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.

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.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are reported separately within the equity section of the consolidated statement of the financial position and statement of comprehensive income. The non-controlling interests in the net assets comprise their interest at the date of the original business combination and their share of changes in equity since that date.

(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.

(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.

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.

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

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

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

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

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

(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.

(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 determine 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 measure 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.

(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.

Loans and receivables are included in current assets, where they are expected to mature within 12 months after the end of the reporting period.

(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.

Held-to-maturity investments are included in current assets, where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as current assets.

(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.

Available-for-sale financial assets are included in non-current assets, where they are expected to mature within 12 months after the end of the reporting period. All other financial assets are classified as current assets.

(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.

(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.

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.

(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.

(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).

(n) 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.

Provisions are recognised using the latest best estimate of the amounts required to settle the obligation at the end of the reporting period.

(p) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of 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.

(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 against the carrying amount of the assets. The grant is recognised in the statement of comprehensive income over the life of the depreciable asset as a reduced depreciation expense.

(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 and 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 four manufacturing plants: one in South Australia and three 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.

(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) 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.

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 use 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 dependent 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.

(ii) Significant Accounting Estimates and Assumptions

Impairment of Goodwill and Plant and Equipment.
The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the group that may be indicative of impairment. 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 plant and equipment are allocated. No impairment has been recognised in respect of goodwill and plant and equipment for the year ended 30 June 2011 (2010: Nil).

The group operates in only one segment, automotive, and is a single cash generating unit. This single cash generating unit was 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.

Key assumptions used in value in use calculations:

The assessment of impairment of assets was determined on a business cash generating unit basis. The cash generating unit included all respective plant and equipment together with any associated goodwill.

(i) Sales volumes were projected using the levels forecast for the year ending 30 June 2012 as a baseline, which are 2.95% higher than the level achieved for the year ended 30 June 2011, albeit with a full 12 month's contribution from the DAIR businesses.

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

(iii) Costs are projected to decline in real terms over the five-year period as a result of productivity improvement initiatives.

(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 16.10% (2010: 15.72%). This discount rate was determined based on an estimate of the company's weighted average cost of capital.

Sensitivity to changes in assumptions

There are reasonably 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 value in use is that:-

A fall in revenue of 5% would result in a value in use of $22,016,208 which would be greater than the carrying value of $19,680,363.

A fall in revenue of 10% would result in a value in use of $18,907,511 which would be less than the carrying value of $19,680,683.

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 Transformation Scheme ("ATS"), formerly called 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 2011	2010
		$	$

2. REVENUE

	Note	2011 $	2010 $
Sales revenue			
Sale of goods		93,093,728	74,644,458
Services		1,317,384	435,375
		94,411,112	**75,079,833**

Sales directly to General Motors Holden Australia were 42% (2010: 58%) and indirectly a further 6% (2010: 5%) of group revenue.

3. OTHER INCOME

	2011 $	2010 $
Government grants	1,285,812	1,325,249
Other Income	1,313,995	536,077
	2,599,807	1,861,326

Government grants relate to amounts received in relation to the Automotive Transformation Scheme ("ATS") and the former Automotive Competition and Investment Scheme ("ACIS").

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

4. LOSS FOR THE YEAR

	Note	Consolidated Group 2011	2010
		$	$
(a) Expenses			
Cost of sales		85,122,079	69,500,702
Finance costs			
- External		1,332,549	759,614
Depreciation of plant and equipment and amortisation of intangibles		2,687,734	2,386,423
Net loss on disposal of plant and equipment		43,128	6,962
Rental expense on operating leases			
- Minimum lease payments		4,661,812	2,957,869

(b) Significant Revenue and Expenses
The following significant revenue and expense items are relevant in explaining the financial performance:

	Note	2011 $	2010 $
Impairment of inventories net of inventory scrapped during the year	12	284,479	651,420
Due diligence and advisory costs associated with the acquisition of the DAIR business		186,031	390,926

	Note	Consolidated Group 2011 $	2010 $
5. INCOME TAX EXPENSE			
(a) The components of tax expense/(credit) comprise:			
Current tax			
Deferred tax	19	4,230,566	(651,121)
Under/(over) provision in prior years		-	-
		4,230,566	(651,121)
(b) The prima facie tax on operating profit from ordinary activities before income tax is reconciled to the income tax as follows:			
Profit/(loss) before income tax expense		(1,837,625)	(2,269,950)
Total profit before income tax expense		(1,837,625)	(2,269,950)
Prima facie tax expense/(benefit) on profit before income tax at 30% (2009 - 30%)			
- consolidated group		(551,288)	(680,985)
Tax effects of amounts which are not deductible (taxable) in calculating taxable income			
Other non-allowable items		23,277	29,864
		(528,011)	(651,121)
Deferred tax assets on acquisition of business not recognised		528,933	-
Prior year deferred tax assets derecognised		3,701,633	-
Deferred tax assets not brought to account		528,011	-
Income tax attributable to entity		4,230,566	(651,121)
The applicable weighted average effective tax rates are as follows:		(230.22%)	28.68%

During the year ended 30 June 2011, the company made the decision to derecognise net deferred tax assets of $3,701,633 carried forward from the prior year as it no longer considers realisation is probable at this time. Potential net deferred tax assets attributable to tax losses and temporary differences carried forward amount to approximately $6,717,416 at 30 June 2011. They will only be received by the company if future assessable income is derived of a nature and amount sufficient to enable the benefits to be realised, the conditions for deductibility imposed by the tax legislation continue to be complied with and the company is able to meet the continuity of ownership and/ or continuity of business tests.

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 to 28 February 2011, Non-executive director from 1 March 2011
RP Martin	Non-executive director
S Mutton	Non-executive director
T Spurling	Chief Financial Officer to 5 April 2011, Non-executive director from 6 April 2011
C Stead	Executive General Manager to 28 February 2011, Chief Executive Officer from 1 March 2011
J Mellett	Chief Financial Officer from 14 June 2011

(b) Remuneration

	Consolidated	
	2011	2010
	$	$
Short-term	760,393	858,072
Post-employment	79,899	77,106
Share-based payments	-	-
	840,292	935,178

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

(c) Options Holdings

Number of Options held by Key Management Personnel	Balance 1 July 2009	Granted as Compensation	Options Excercised	Net Change Other
AJ Dale	1,666,666	-	-	-
RP Martin	-	-	-	-
S Mutton	-	-	-	-
T Spurling	-	-	-	-
Total	**1,666,666**	**-**	**-**	**-**

	Balance 30 June 2010	Total Vested 30 June 2010	Total Excercisable 30 June 2010	Total Vested 30 June 2010
AJ Dale	1,666,666	1,666,666	1,666,666	-
RP Martin	-	-	-	-
S Mutton	-	-	-	-
T Spurling	-	-	-	-
Total	**1,666,666**	**1,666,666**	**1,666,666**	**-**

Number of Options held by Key Management Personnel	Balance 1 July 2010	Granted as Compensation	Options Excercised	Net Change Other
AJ Dale	1,666,666	-	-	-
RP Martin	-	-	-	-
S Mutton	-	-	-	-
T Spurling	-	-	-	-
C Stead	-	-	-	-
J Mellett	-	-	-	-
Total	**1,666,666**	**-**	**-**	**-**

	Balance 30 June 2011	Total Vested 30 June 2011	Total Excercisable 30 June 2011	Total Vested 30 June 2011
AJ Dale	1,666,666	1,666,666	1,666,666	-
RP Martin	-	-	-	-
S Mutton	-	-	-	-
T Spurling	-	-	-	-
C Stead	-	-	-	-
J Mellett	-	-	-	-
Total	**1,666,666**	**1,666,666**	**1,666,666**	**-**

(d) Shareholdings

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	9,850,618	-	-	9,850,618
S Mutton	-	-	-	-
T Spurling	-	-	-	-
C Stead	-	-	-	-
J Mellett	-	-	-	-
	10,995,194	**-**	**-**	**10,995,194**

Number of Shares held by Key Management Personnel	Balance 1 July 2010	Received as Compensation	Other changes	Balance 30 June 2011
AJ Dale	1,144,576	-	2,289,152	3,433,728
RP Martin	9,850,618	-	49,683,025	59,533,643
S Mutton	-	-	-	-
T Spurling	-	-	250,000	250,000
C Stead	-	-	-	-
J Mellett	-	-	-	-
	10,995,194	**-**	**52,222,177**	**63,217,371**

	Consolidated Group 2011 $	Consolidated Group 2010 $
7. REMUNERATION OF AUDITORS		
(a) Remuneration of the auditor of the parent entity for:		
Auditing or reviewing the financial report	188,285	144,173
(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	**(1,084,332)**	**(1,084,332)**

9. EARNINGS PER SHARE

	Consolidated Group 2011 $	Consolidated Group 2010 $
(a) Basic and diluted earnings per share: (Loss) attributable to the ordinary equity holders of the company in cents	(5.95)	(2.98)

	Consolidated Group 2011 $	Consolidated Group 2010 $
(b) Reconciliation of earnings used in calculating earnings per share		
(Loss) for the year	(6,068,191)	(1,618,829)
(Loss) attributable to non controlling interest	-	-
(Loss) attributable to the ordinary equity holders of the company used in calculating basic earnings per share	**(6,068,191)**	**(1,618,829)**
(d) 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	108,692,601	-
Number of shares at end of year	**163,038,902**	**54,346,301**
Weighted number of shares on issue	**102,011,627**	**54,346,301**
(e) Weighted number of ordinary shares outstanding during the year used in calculating dilutive EPS (denominator)		
Weighted number of shares on issue	102,011,627	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 2011 of 2,333,333 (2010: 2,333,332) are excluded from the calculation of diluted EPS as they are not dilutive in nature.	**102,011,627**	**54,346,301**

	Note	Consolidated Group 2011 $	2010 $
10. CASH AND CASH EQUIVALENTS			
Cash at bank and on hand		917,884	-
Deposits at call		27,000	-
		944,884	-

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:

	2011 $	2010 $
Balances as above	944,884	-
Bank overdraft (Refer to Note 18)	-	(315,260)
Balance per statement of cash flows	**944,884**	**(315,260)**

(b) Cash at bank and on hand

	2011	2010
These are at call and bear interest at:	4.34%	0.00%

(c) Deposits at call

	2011	2010
The effective rate on short-term bank deposits was:	5.66%	0.00%

11. TRADE AND OTHER RECEIVABLES

	2011 $	2010 $
CURRENT		
Trade receivables	15,799,431	12,588,249
Provision for doubtful receivables (a)	(155,026)	(183,423)
	15,644,405	**12,404,826**
NON-CURRENT		
Amounts advanced to shareholders by Kai Limited (a)	-	4,135,682
	-	**4,135,682**

(a) Provision for Impairment of Receivables

Current trade and term receivables are non-interest bearing and generally on 7 to 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:

(i) Current trade receivables	2011 $	2010 $
Opening Balance	183,423	224,215
Charge for the Year	27,572	-
Amounts Written-Off	(55,969)	(40,792)
Closing Balance	**155,026**	**183,423**

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 30 for further information.

	Consolidated Group 2011 $	2010 $
(ii) Ageing analysis of trade receivables		
0 - 30 days	9,074,061	7,392,666
31 - 60 days	6,017,181	4,390,296
61 - 90 days past due not impaired	367,948	248,431
91+ days past due not impaired	185,214	373,431
	15,644,404	12,404,824

(b) 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's voluntary liquidation was 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 on 16 December 2010 the process of voluntary liquidation was recommenced. No provision for impairment is required for this receivable.

	Note	Consolidated Group 2011 $	Consolidated Group 2010 $
12. INVENTORIES			
Raw Materials and stores - at cost		4,976,442	4,447,454
Work in Progress - at cost		3,401,682	3,410,951
Finished Goods - at cost		2,206,216	1,277,491
		10,584,340	9,135,896
Provision for Impairment losses		(1,330,195)	(2,778,737)
		9,254,145	**6,357,159**
Projects in Progress at Cost		-	1,259
		-	**1,259**
Total Inventories		**9,254,145**	**6,358,418**

Impairment of inventories

	2011 $	2010 $
Re-assessment of obsolescence of inventories recognised as an expense during the year amounted to:	284,479	651,420

	Parent 2011 $	Parent 2010 $	Parent 2011 $	Parent 2010 $

13. CONTROLLED ENTITIES

	Place of Incor-poration	% Voting rights/ ownership	Cost of Investment 2011 $	Cost of Investment 2010 $
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 (b)	WA	50	1,175,000	1,175,000
aiAutomotive Pty Ltd	WA	100	1	1
aiDair Dandenong (a)	WA	100	10	-
aiDair New Gisborne (a)	WA	100	10	-
Subsidiaries of aiAutomotive Pty Ltd:				
Henderson Components Pty Ltd	VIC	100	-	-
Motive Energy Pty Ltd	WA	100	-	-
aiAutomotive (Victoria) Pty Ltd	WA	100	-	-
			6,122,461	**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)**
			3,442,554	**3,442,534**

(a) Acquisition of the DAIR business

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

Manufacturing plant and equipment	8,522,810
Inventories	4,784,742
Government Grants Receivable (ACIS and ATS)	807,706
Goodwill	1,463,837
Deferred tax assets	528,933
Assets acquired	16,108,028
Employee benefit provisions assumed	(3,299,196)
Total Consideration Paid	12,808,832

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

The consideration was also partly funded by a loan of approximately $7.3 million from DAIR Industries Pty Ltd and DAIR Industries (Vic) Pty Ltd ("the Vendors"). Since 31 August 2010 $4.9 million of this loan has been repaid. The balance of the loan is repayable in various amounts over a period of time from 31 August 2010.

(b) Non Controlling Interest

On 16 December 2010 the share holders of KAI Limited resolved to commence a members voluntary liquidation of KAI Limited. The Company owns 50% of the issued share capital of KAI Limited and in previous reporting periods has had effective control of KAI Limited. Accordingly the results and assets of KAI Limited have been consolidated and a non-controlling interest reflecting the interest of the other 50% shareholder in the assets of KAI Limited has been recognised. Control of KAI Limited no longer resides with the Company on the appointment of the liquidator and accordingly the assets as at 30 June 2011 have been de-consolidated from the consolidated balance sheet as at 30 June 2011. Furthermore, as KAI Limited did not trade during the period and has not traded for several years, there was no profit or loss for the period from 1 July 2010 to 16 December 2010.

	Consolidated Group 2011 $	2010 $
Plant and equipment:		
At cost	32,378,130	26,858,053
Accumulated depreciation	(20,215,209)	(17,168,460)
	12,162,921	**9,689,593**
Leasehold improvements:		
At cost	1,810,789	1,772,611
Accumulated depreciation	(1,215,536)	(1,098,824)
	595,253	**673,787**
Plant and equipment under construction:		
At cost	100,063	164,689
Accumulated depreciation	-	-
	100,063	**164,689**
Total Property, Plant and Equipment	**12,858,237**	**10,528,069**

(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:

	PLANT & EQUIPMENT $	LEASEHOLD IMPROVEMENTS $	PLANT UNDER CONSTRUCTION $	TOTAL $
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
Additions	5,015,552	38,178	47,165	5,100,895
Disposals	(82,993)	-	-	(82,993)
Depreciation expense	(2,571,022)	(116,712)	-	(2,687,734)
Re-allocations/transfers	111,791	-	(111,791)	-
Re-allocations/transfers	-	-	-	-
Balance at 30 June 2011	12,162,921	595,253	100,063	12,858,237

Subsequent to 30 June 2011, the company has identified plant and equipment with a net carrying value of $0.3 million from the DAIR acquisition that would not be used. As the disposal proceeds are estimated to be $0.1 million, the difference of $0.2 million will be adjusted against the goodwill balance in financial year 2012 as the company has made the identification within 12 months from the acquisition date of 31 August 2010.

15. INTANGIBLE ASSETS

	2011 $	2010 $
Goodwill acquired	6,822,126	5,358,289
Accumulated impairment losses	-	-
	6,822,126	**5,358,289**
Computer software	-	639
Accumulated amortisation	-	(639)
	-	-
Total Intangibles	**6,822,126**	**5,358,289**

(a) Movements in Carrying Amounts

	Goodwill	Patents & Licences	Intellectual Property	Computer Software	Total
Balance at 1 July 2009	5,358,289	13,684	20	93	5,372,086
Written off	-	(13,684)	(20)	(93)	(13,797)
Balance at 30 June 2010	5,358,289	-	-	-	5,358,289
Additions	1,463,837	-	-	-	1,463,837
Balance at 30 June 2011	6,822,126	-	-	-	6,822,126

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.

16. OTHER ASSETS

	Consolidated Group 2011 $	2010 $
CURRENT		
Prepayments	263,429	327,681
Security Deposits	181,519	181,519
Other	1,820,006	1,378,786
	2,264,954	**1,887,986**

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 the premises occupied by aiAutomotive Pty Ltd.

	2011 $	2010 $
NON-CURRENT		
Other	607,315	452,098
	607,315	**452,098**

$2,085,058 (2010:$1,820,975) of "Other" relates to amounts receivable from the Automotive Competitive Investment Scheme ("ACIS") and its successor program the Automotive Transformation Scheme ("ATS"). Of this amount $1,477,743 has been classified as current (2010 $1,368,877) and $607,315 has been classified as non current (2010: $452,098).

17. TRADE AND OTHER PAYABLES

	2011 $	2010 $
CURRENT		
Unsecured Liabilities		
Trade payables	16,403,123	11,503,742
Accrued expenses and sundry payables	3,256,755	3,257,781
	19,659,878	**14,761,523**

18. FINANCIAL LIABILITIES

	2011 $	2010 $
CURRENT		
Bank overdraft	-	315,261
Loan from State of South Australia	1,750,000	2,050,000
Bills of exchange	8,015,648	10,015,547
Vendor Loan	1,644,000	-
	11,409,648	**12,380,808**
NON-CURRENT		
Vendor Loan	778,260	-
	778,260	**-**

(a) Total current and non-current secured liabilities

	2011 $	2010 $
Bank overdraft	-	315,261
Bank bills of exchange	8,015,648	10,015,547
Vendor Loan	2,422,260	-
	10,437,908	**10,330,808**

(b) The carrying amount of assets pledged as security are:

CURRENT		
Cash Assets	944,884	-
Receivables	15,644,405	12,404,826
Inventories	9,254,145	6,358,418
Other	2,264,954	1,887,986
Total Current Assets pledged as security	**28,108,388**	**20,651,230**
NON-CURRENT		
Property, Plant and Equipment	12,858,237	10,528,069
Deferred Tax Assets	-	4,717,845
Intangibles	6,822,126	5,358,289
Other Assets	607,315	452,098
Total Non-Current Assets pledged as security	**20,287,678**	**21,056,301**
Total Assets pledged as security	**48,396,066**	**41,707,531**

(a) The bank facilities of AiAutomotive Pty Ltd and its wholly owned subsidiaries totalling $12,237,000 (2010: $14,577,000) 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 - "Capital Adequacy", "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 2010 and 30 June 2011 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 was repayable in 12 months at the time. 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, 5 August 2010 and 29 July 2011. Refer to Note 27 for amendments to the loan term agreed post 30 June 2011.

(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 5.62% (2010: 7.82%).

(e) For further details on the fair value of borrowings see note 30.

	Consolidated Group	
	2011	**2010**
	$	**$**
19. 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

(b) Assets

CURRENT		
Income Tax	-	-
NON-CURRENT		
Deferred tax assets		
Opening balance	4,717,845	4,066,724
Deferred tax assets on acquisitioin of business	528,933	
Deferred tax asset derecognised	(5,246,778)	651,121
	-	4,717,845
Deferred tax assets represented by:		
- Payables	-	221,564
- Provisions	-	1,801,530
- Property, plant and equipment	-	539,749
- Government grants	-	(581,663)
- Tax losses	-	2,363,894
- Other	-	372,771
	-	4,717,845

On 30 June 2011, the Directors assessed the carrying amount of the deferred tax assets in accordance with AASB 112. The Directors considered it appropriate to reduce the carrying value of the deferred tax asset to zero given that the company was unable to adequately satisfy the probability criteria required to carry forward such assets as at 30 June 2011 as specified in the Australian Accounting Standards. The accounting treatment of carry forward tax losses does not preclude the Group from utilising carry forward tax losses to reduce further income tax liabilities.

20. PROVISIONS

CURRENT		
Employee benefits	6,143,040	2,450,458
	6,143,040	**2,450,458**
NON-CURRENT		
Employee benefits	288,379	1,019,271
	288,379	**1,019,271**

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.

	Consolidated Group	
	2011	**2010**
	$	**$**
21. ISSUED CAPITAL		
(a) Share capital		
Fully paid ordinary shares	**24,021,894**	**17,916,201**
	No.	**No.**
Number of ordinary shares on issue	**163,038,902**	**54,346,301**

(b) Movements in ordinary share capital

At the beginning of reporting period	54,346,301	54,346,301
Movements during the year	108,692,601	-
At reporting date	**163,038,902**	**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.

On 6 December 2010, as a result of a pro rata renounceable entitlement issue of 2 shares for every 1 share held by shareholders at the relevant date (fully underwritten by a related party - refer note 28), 47,960,169 ordinary shares were issued.

On 28 February 2011, as a result of a pro rata renounceable entitlement issue of 2 shares for every 1 share held by shareholders at the relevant date (fully underwritten by a related party - refer note 28), 60,732,432 ordinary shares were issued.

(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 26 Share-based Payments.

(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 18.

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 2011 and 30 June 2010 are as follows:

Total borrowings (including trade payables)	28,591,031	27,142,331
Less cash and cash equivalents	(944,884)	-
Net debt	27,646,147	27,142,331
Total equity	10,116,860	14,214,942
Total capital	37,763,007	41,357,273
Gearing ratio	73.2%	65.6%

The increase in the gearing ratio for 2011 for the group reflects the reduction in equity caused by the loss for the year, which included the full impairment of the net deferred tax assets at 30 June 2011 of $4,230,566.

	Consolidated Group	
	2011	2010
22. 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.

23. 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	51,444	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	6,459,804	3,953,496
- Between 12 months and five years	16,995,203	15,479,478
- Greater than five years	4,661,873	705,842
Total commitment	**28,116,880**	**20,138,816**

24. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent Liabilities

The parent entity and group had contingent liabilities at 30 June 2011 in respect of :

(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 $12,237,000 (2010: $14,577,000) 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 $6.01 million.

(iii) Pursuant to the business sale and purchase agreement dated 31 August 2010, between aiDAIR Dandenong Pty Ltd and aiDAIR New Gisborne Pty Ltd and Dair Industries Pty Ltd, Dair Industries (Vic) Pty Ltd and Vendor ("the BPA") , aiDAIR New Gisborne Pty Ltd provided a first ranking fixed and floating charge over all of its assets and undertakings. This security relates to future payments due from the company to Dair Industries Pty Ltd pursuant to the BPA.

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

Contingent Assets
The group had no material contingent assets at 30 June 2011 and 30 June 2010.

	Consolidated Group	
	2011	2010
	$	$
25. CASH FLOW INFORMATION		
(a) Reconciliation of Cash Flow from Operations with Profit after Income Tax		
Profit/(loss) after income tax	(6,068,191)	(1,618,829)
Non-cash flows in profit/(loss)		
Depreciation and amortisation	2,687,734	2,386,423
Non-operating cash flows in profit/(loss) after tax		
Net (gain)/loss on sales of property, plant and equipment	43,128	6,962
Changes in assets and liabilities, net of effects of purchase and disposal of subsidiaries		
(Increase)/decrease trade and other debtors	(3,239,579)	(2,225,434)
(Increase)/decrease in inventories	1,845,844	2,474,982
(Increase)/decrease in other financial assets	275,520	411,365
(Increase)/decrease in deferred tax assets	4,230,704	(651,122)
Increase/(decrease) in trade payables and accruals	5,213,616	589,938
Increase/(decrease) in other provisions	(337,505)	482,731
Cash Flows from operations	**4,651,271**	**1,857,016**

(b) Acquisition of Business
On 31 August 2010, the company acquired the business assets of Dair Industries Pty Ltd and Dair Industries (Vic) Pty Ltd. Details of this transaction are:

	2011	2010
Purchase consideration	12,808,832	-
Amount due to vendors under contract of sale	(2,422,263)	-
Cash outflow	10,386,569	-

See Note 13(a) for the details of assets acquired and liabilities assumed on purchase of the business assets.

(c) Credit Standby Arrangements with Banks	2011	2010
Credit facility	12,237,000	14,577,000
Amount utilised	(8,137,000)	(10,482,918)
Undrawn facility	4,100,000	4,094,082

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 (2010: $1,000,000).

(ii) Commercial bill facilities
The facility incorporates one commercial bill facilities with a maximum limit of $8,560,000 (2010: $10,860,000), which were drawn to $8,015,648 (2010: $10,015,547) at balance date.

(iii) Business card facilities
The facility incorporates a maximum Nil (2010: $40,000) limit.

(iv) Guarantee facility
The facility incorporates a bank guarantee facility with a limit of $77,000 (2010: 77,000).

(v) Transaction negotiation authority

The facility incorporates a transaction negotiation authority with a limit of $2,600,000 (30 June 2010: $2,600,000).

26. SHARE-BASED PAYMENTS

There were no share based payments made during the year ended 30 June 2011 or 30 June 2010.

	2011		2010	
	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	2,333,332	0.64
Issued during the year	-	-	-	-
Lapsed on resignation of employees	-	-	-	-
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 (2010: Nil).

The options outstanding at 30 June 2011 had a weighted average exercise price of $0.64 (2010: $0.64) and a weighted average remaining contractual life of 1 year (2010: 2 years). Exercise prices range from $0.45 to $0.75 in respect of options outstanding at 30 June 2011 and 30 June 2010.

27. EVENTS AFTER THE BALANCE SHEET DATE

During July 2011, wholly owned subsidiaries of the Group aiDair Dandenong Pty Ltd and aiDair New Gisborne Pty Ltd initiated legal proceedings against the vendors of the DAIR Businesses. The Group is seeking compensation in relation to valuation disagreements between the Group and the vendors. At the date of preparing this Report, the Directors are unable to determine the likely outcome of the proceedings. The Directors believe that disclosure of any additional information at this stage could materially prejudice the outcome of the proceedings.

On 29 July 2011, the South Australian Government Financing Authority approved a variation of the Facility Agreement dated 10 February 2009. The variation comprised a revised repayment schedule for the $1,750,000 outstanding at 30 June 2011 that was otherwise due for repayment during the year ending 30 June 2012. The revised payment schedule results in $1,600,000 of current liabilities at 30 June 2011 transferring to non-current liabilities subsequent to year end.

Other than the matters discussed above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

28. RELATED PARTY TRANSACTIONS

	Consolidated Group	
	2011	2010
	$	$
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 13.		
(b) Related Parties and Key Management Personnel		
Consulting fees paid to Temorex Pty Ltd, a company controlled by Mr RP Martin.	41,938	54,313
On 31 August 2010 Temorex Pty Ltd (a company controlled by Mr RP Martin) advanced the Company $5,000,000 to assist in the acquisition of the DAIR business. The loan was repaid on 24 December 2010. In consideration for the advance an establishment fee of $200,000 and interest of $36,021 was paid to Temorex.	236,021	-
On 2 November 2010, Temorex Pty Ltd entered into an agreement with the Company to underwrite a share entitlements issue made by the Company pursuant to the prospectus dated 3 November 2010. In consideration the Company agreed to pay Temorex an underwriting fee.	326,100	-
On 17 December 2010 the Company entered into a loan agreement with Accord Investment Corporation Pty Ltd (a company controlled by Mr RP Martin). The Company was advanced $3,643,946 by Accord to assist the Company to repay the advance due to Temorex above. The amount of $3,643,946 equated to the shortfall of the share entitlements issue as at 31 December 2010. Under the terms of the agreement with Accord, and in conjunction with the underwriting agreement with Temorex, the advance was repaid on 28 February 2011 after the Company received applications and proceeds for the full amount of the $3,643,946 shortfall and after the allotment of shares. Interest of $111,271 was accrued for the period from the date of the advance to 7 March 2011 when the loan was repaid.	111,271	-
Fees paid to Kirraminga X Pty Ltd, a company controlled by Mr S Mutton for the following:		
Consulting services	48,525	61,625
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
Equipment rental	269,076	269,076
	317,601	335,761
Consulting fees paid to HPG Engineering & Associates P/L, a company controlled by Mr Paul Jones	130,507	62,655
Payments made to Spurling Jamieson Corporate Pty Ltd, a company where Mr Tom Spurling is a partner	268,974	290,526

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

(c) Outstanding balances
The following balances are outstanding at the reporting date in relation to transactions with related parties (subsidiaries):

	2011	2010
Current receivables	-	-
Non-current receivables	-	-
Current payables	523,545	-
Non-current payables	-	-
Doubtful debt provisions	-	-

The loans are interest free and carry no fixed terms for repayment.

29. SEGMENT REPORTING

The consolidated entity manufactures automotive components at four manufacturing plants: one in South Australia and three 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 $94,411,112 (2010: $75,079,833). Revenues of $37,902,960 (2010:$42,237,770) are derived from a single external customer. All non-current assets of the consolidated entity are located in Australia.

30. 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

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 2011 100% (2010: 100%) of group debt is floating. For further details on interest rate risk refer to Note 30(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.

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 2011 and 30 June 2010.

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
- 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 2011 is detailed below:

	Consolidated Group	
	2011	2010
	$	$
Trade and other receivables		
A+ rated counterparties	-	4,331,948
A- rated counterparties	833,937	-
B rated counterparties	8,912,090	7,323,015
Counterparties not rated	5,898,378	749,863
Total	15,644,405	12,404,826

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.

Counterparties not rated pertain to debtors for which an external rating cannot be obtained. The company has long standing relationships with most of these customers and has not had any major concerns.

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.

(b) Financial Instruments

	Consolidated Group		Consolidated Group		Consolidated Group	
	2011	2010	2011	2010	2010	2009
	$	$	$	$	$	$

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	944,884	-	-	-
Receivables	-	-	15,644,405	12,404,826
Inventories	-	-	9,254,145	6,358,418
Other assets	-	-	1,820,006	1,378,786
Total Financial Assets	944,884	-	26,718,556	20,142,030
Financial Liabilities:				
Payables	-	-	19,659,878	14,761,523
Bank overdrafts	-	315,261	-	-
Bank loans	8,015,648	10,015,547	-	-
Vendor loans	-	-	1,644,000	-
Loan from State of South Australia	-	-	1,750,000	2,050,000
Total Financial Liabilities	8,015,648	10,330,808	23,053,878	16,811,523

	Non Interest Bearing 1 to 5 years		Total		Weighted Average Interest Rate	
					2011	2010
					%	%
Financial Assets:						
Cash and cash equivalents	-	-	944,884	-	4,34	3.26
Receivables	-	-	15,644,405	12,404,826	-	-
Inventories	-	-	9,254,145	6,358,418	-	-
Other assets	-	-	1,820,006	1,378,786	-	-
Total Financial Assets	-	-	27,663,440	20,142,030		
Financial Liabilities:						
Payables	-	-	19,659,878	14,761,523	-	-
Bank overdrafts	-	-	-	315,261	14,76	10.33
Bank loans	-	-	8,015,648	10,015,547	5.60	7.82
Vendor loans	-	-	1,644,000	-	-	-
Loan from State of South Australia	-	-	1,750,000	2,050,000	-	-
Total Financial Liabilities	-	-	31,069,526	27,142,331		

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:

	Consolidated Group	
	2011	2010
	$	$
Financial Assets		
Cash and cash equivalents	944,884	-
Loans and receivables	15,644,405	12,404,826
Inventories	9,254,145	6,358,418
Other assets	1,820,006	1,378,786
	27,663,440	20,142,030
Financial Liabilities		
Payables	19,659,878	14,761,523
Bank overdrafts	-	315,261
Bank loans	8,015,648	10,015,547
Vendor loans	1,644,000	-
Loan from State of South Australia	1,750,000	2,050,000
	31,069,526	27,142,331

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.

Interest Rate Sensitivity Analysis

At 30 June 2011, 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:

Change in profit		
- Increase in interest rate by 1%	(237,955)	(90,000)
- Decrease in interest rate by 1%	237,955	90,000
Change in equity		
- Increase in interest rate by 1%	237,955	90,000
- Decrease in interest rate by 1%	(237,955)	(90,000)

Price Risk Sensitivity Analysis

At 30 June 2011, 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%	(470,900)	(365,000)
- Decrease in raw material price by 1%	470,900	365,000
Change in equity		
- Increase in raw material price by 1%	(470,900)	(365,000)
- Decrease in raw material price by 1%	470,900	365,000

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.

31. PARENT ENTITY DISCLOSURES

Parent Entity Disclosures

Financial Information	Parent Entity 2011	2010
Profit/(loss) before tax	(2,675,222)	**(1,442,187)**
Income tax benefit/(expense)	(1,494,372)	432,656
Profit/(loss) from continuing operations	**(4,169,594)**	**(1,009,531)**
Total comprehensive income for the year	**(4,169,594)**	**(1,009,531)**
Current Assets	176,991	46,233
Total Current Assets	**176,991**	**46,233**
Non-Current Assets	7,905,202	5,572,295
Total Non-Current Assets	**7,905,202**	**5,572,295**
Total Assets	**8,082,193**	**5,618,528**
Current Liabilities	749,402	162,834
Total Current Liabilities	**749,402**	**162,834**
Non-Current Liabilities	233	59,235
Total Non-Current Liabilities	**233**	**59,235**
Total Liabilities	**749,635**	**222,069**
Net Assets	**7,332,558**	**5,396,459**
Equity		
Issued capital	24,021,894	17,916,201
Reserves	440,858	440,858
Accumulated losses	(17,130,194)	(12,960,600)
Parent Entity Interest	**7,332,558**	**5,396,459**
Non Controlling Interest	-	-
Total Equity	**7,332,558**	**5,396,459**

(a) Contingent Liabilities

The parent entity contingent liabilites are disclosed in Note 24.

(b) Commitments

The parent entity has no capital expenditure commimtments as at 30 June 2011 (2010: Nil).

32. BUSINESS COMBINATIONS

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

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 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
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

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

aiDair Dandenong Pty Ltd
6-24 Monash Drive
DANDENONG SOUTH VIC 3175

aiDair New Gisborne Pty Ltd
209 Hamilton Road
NEW GISBORNE VIC 3431

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

DIRECTORS' DECLARATION

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

1. the financial statements and notes thereto 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 positiion as at 30 June 2011 and of its 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.

Signed in accordance with a resolution of the directors made pursuant to s295(5) of the Corporations Act 2001.

On behalf of the Directors:

AJ Dale
Director

29/9/11

RSM! Bird Cameron Partners
Chartered Accountants

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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, which comprises the consolidated statement of financial position as at 30 June 2011, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply 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 about 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.

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Chartered Accountants

Independence

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

Opinion

In our opinion:

(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 consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

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

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial report, which indicates that the consolidated entity and the company incurred net losses of $6,068,191 and $4,169,594 respectively during the year ended 30 June 2011, and as at that date, the consolidated entity's and company's current liabilities exceeded their current assets by $9,104,179 a nd $572,411 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 consolidated entity's and the company's ability to continue as going concerns and, therefore, the consolidated entity and the company may be unable to realise their assets and discharge their liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report contained within the directors' report for the year ended 30 June 2011. 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.

Opinion

In our opinion the Remuneration Report of Autodom Limited for the year ended 30 June 2011 complies with section 300A of the *Corporations Act 2001*.

RSM Bird Cameron Partners
RSM BIRD CAMERON PARTNERS
Chartered Accountants

Perth, WA
Dated: 29 September 2011

JAMES KOMNINOS
Partner

RSM Bird Cameron Partners
Chartered Accountants

RSM Bird Cameron Partners
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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Autodom Limited for the year ended 30 June 2011, 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
Chartered Accountants

JAMES KOMNINOS
Partner

Perth, WA
Dated: 29 September 2011

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ABN 36 965 185 036

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