

Appendix 4D

(Rule 4.2A.3)

Half year report

Name of entity	ABN
Automotive Technology Group Ltd	38 106 337 599

1. Details of the Reporting Period and the Previous Corresponding Period

Financial period ended ("current period")	Financial period ended ("previous period")
31 December 2010	31 December 2009

2. Results for Announcement to the Market

					A\$'000
2.1	Revenues from ordinary activities	up	28%	to	458
2.2	Loss from ordinary activities after tax attributable to members	down	26%	to	1,729
2.3	Net loss for the period attributable to members	down	26%	to	1,729
2.4	Dividends	Amount per security		Franked amount per security	
	Interim dividend	A\$Nil		A\$Nil	
2.5	Record date for determining entitlements to the dividend			N/A	
2.6	Brief explanation of any of the figures in 2.1 to 2.4 above necessary to enable to figures to be understood				
	Please refer to the Directors' Report in the Half Year Report which has been subject to independent review by the Auditors, Ernst & Young for detailed explanation.				

3. NTA Backing

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	A\$0.0126	A0.0193

4. Control Gained or Lost Over Entities

4.1	Name of entity (group of entities)	N/A
4.2	Date control gained or lost	N/A
4.3	Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities during the period (where material)	N/A

5. Dividends

The Company has not declared or paid any final dividends for 2009/10 year or interim dividend for current period.

6. Dividend Reinvestment Plans

The Company has no dividend reinvestment plan.

7. Details of Associates and Joint Venture Entities

The Company has no investments in associates or joint ventures.

8. Foreign Entities

Not Applicable.

9. If the accounts are subject to audit dispute or qualification, a description of the dispute or qualification.

Not Applicable.



**AUTOMOTIVE TECHNOLOGY GROUP LIMITED
AND CONTROLLED ENTITIES**

HALF-YEAR REPORT

**FOR THE SIX MONTHS ENDED
31 DECEMBER 2010**

AUTOMOTIVE TECHNOLOGY GROUP LIMITED
AND CONTROLLED ENTITIES

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AUTOMOTIVE TECHNOLOGY GROUP LIMITED
AND CONTROLLED ENTITIES

CORPORATE INFORMATION

The Group's functional and presentation currency is AUD (\$).

ASX Code: ATJ
ABN 38 106 337 599

Directors

Mr R Siemens (Non-Executive Chairman)
Mr S Apedaile (Managing Director)
Mr M Wilson (Non-Executive Director)
Mr R O'Brien (Non-Executive Director)

Company Secretary

Mr J Stephenson

Chief Financial Officer

Mr M van Uffelen (joined 6 September 2010)
Ms E Chan (resigned 10 September 2010)

Registered Office

73 Resource Way
Malaga WA 6090
Phone: (08) 9262 7277

Share Registrar

Computershare Investor Services Pty Ltd
Level 2, 45 St Georges Terrace
Perth WA 6000
Ph: 1300 850 5051

Bankers

National Australia Bank
3 Exhibition Drive
Malaga WA 6090

Westpac Banking Corporation

116 James Street
Perth WA 6000

Auditors

Ernst & Young
11 Mounts Bay Road
Perth WA 6000

AUTOMOTIVE TECHNOLOGY GROUP LIMITED
AND CONTROLLED ENTITIES

DIRECTORS' REPORT

Your directors present their report on the Consolidated Entity consisting of Automotive Technology Group Limited and the entities it controlled for the six months ended 31 December 2010.

Directors

The names of the Company's Directors in office during the financial period and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Mr Richard John Siemens	Non-Executive Chairman
Mr Steven James Apedaile	Managing Director
Mr Michael John Wilson	Non-Executive Director
Mr Richard John O'Brien	Non-Executive Director

Principal Activities

The principal activity of Automotive Technology Group Limited ("ATG") and the entities it controlled for the six months ended 31 December 2010 was the manufacture and distribution of the patented range of Sprintex® superchargers and supercharger systems.

Review and Results of Operations

The results for the six months ended 31 December 2010 included the completion of the VeeTwo business closure with the sale of the remaining assets, combined with the focus on accelerating the development of supercharger systems. The Company introduced supercharger systems for Series 80/100 Toyota Landcruisers and the Honda Jazz/Fit/City and completed significant development of supercharger systems to be introduced during 2011, specifically for the BMW Mini Cooper S, Toyota 4 litre V6, Jeep Cherokee, and the JK Wrangler.

The Company continues to receive high levels of enquiry for its patented Sprintex® supercharging technology, in both after market and original equipment manufacturer ("OEM") applications.

The financial result for the first half of the 2011 financial year reflects an increase in revenue from the product launches mentioned above and the costs incurred in preparing for further product launches in 2011.

The Consolidated Entity recorded a reduction in operating loss from \$2,345,309 for the six months period ended 31 December 2009 to \$1,729,139 for the current six months. Sales for the half year were \$458,502 (2009: \$357,481) representing an increase of 29%. Gross profit on sales for the six months ended 31 December 2010 was \$51,873, compared to \$113,239 for the same period in 2009, the lower margin being due to the commencement of the sales cycle of new supercharger systems, which tend to have a lower initial margin until fully developed.

During the six months ended 31 December 2010, the Company made a one for one non-renounceable entitlement issue of fully paid ordinary shares in the Company at an issue price of \$0.03 per share ("Entitlement Offer") with one free 8 cent, 30 June 2012 option for every four participating shares. As a result, gross proceeds of A\$3,135,860 were raised, more details of which are disclosed in note 6 to the financial statements.

The Directors are currently investigating and undertaking discussions with various parties to secure further funding to support the Company's working capital requirements and growth plans for the coming two years.

Events after Balance Sheet Date

On 14 February 2011, the Company announced that it had entered into a memorandum of understanding with a tier one automotive component manufacturer, Proreka (M) Sdn Bhd to carry out a feasibility study on the establishment of a potential joint venture to produce the Sprintex superchargers range in Malaysia.

AUTOMOTIVE TECHNOLOGY GROUP LIMITED
AND CONTROLLED ENTITIES

DIRECTORS' REPORT (CONT'D)

Auditor's Independence Declaration

The auditor's independence declaration for the six months ended 31 December 2010 has been received and is included at Page 4 and forms part of this Directors' Report.

Signed in accordance with a resolution of the Board of Directors.



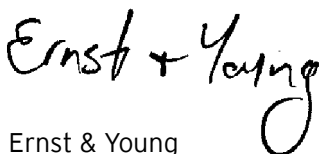
Steven Apedaile

Managing Director

Dated at Perth this 28th day of February 2011

Auditor's Independence Declaration to the Directors of Automotive Technology Group Limited

In relation to our review of the financial report of Automotive Technology Group Limited for the half-year ended 31 December 2010, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

A handwritten signature in black ink that reads 'Ernst + Young'.

Ernst & Young

A handwritten signature in black ink that reads 'P McIver'.

P McIver

Partner

Perth

28 February 2011

AUTOMOTIVE TECHNOLOGY GROUP LIMITED
AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010

	NOTES	31 December 2010 \$	30 June 2010 \$
CURRENT ASSETS			
Cash and cash equivalents	8	668,225	75,521
Pledged bank deposits	3	82,000	82,000
Trade and other receivables	4	1,131,164	787,730
Inventories		2,194,452	2,179,892
TOTAL CURRENT ASSETS		4,075,841	3,125,143
NON-CURRENT ASSETS			
Receivables		-	49,762
Property, plant and equipment		2,592,019	2,722,939
Goodwill & intellectual property		539,558	491,207
TOTAL NON-CURRENT ASSETS		3,131,577	3,263,908
TOTAL ASSETS		7,207,418	6,389,051
CURRENT LIABILITIES			
Trade and other payables		376,210	527,067
Interest bearing liabilities	5	1,900,742	2,641,127
Provisions		121,563	139,066
Other liabilities	7	25,698	116,964
TOTAL CURRENT LIABILITIES		2,424,213	3,424,224
NON-CURRENT LIABILITIES			
Interest bearing liabilities	5	54,027	76,448
TOTAL LIABILITIES		2,478,240	3,500,672
NET ASSETS		4,729,178	2,888,379
EQUITY			
Contributed equity	6	30,098,820	26,568,547
Reserves		1,367,373	1,327,708
Accumulated losses		(26,737,015)	(25,007,876)
TOTAL EQUITY		4,729,178	2,888,379

The Statement of Financial Position should be read in conjunction with the Notes to the Financial Statements.

AUTOMOTIVE TECHNOLOGY GROUP LIMITED
AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 DECEMBER 2010

	2010	2009
	\$	\$
Revenue	458,502	357,481
Cost of goods sold	(406,629)	(244,242)
Gross profit	51,873	113,239
Other gains	189,932	17,359
Distribution & marketing expenses	(173,457)	(169,581)
Occupancy expenses	-	(12,440)
Corporate expenses	(896,368)	(653,738)
Research & development expenses	(936,217)	(866,148)
Administration expenses	(142,947)	(687,490)
Other expenses	(59,730)	(49,750)
Finance costs	(203,277)	(74,112)
Loss before income tax expense	(2,170,190)	(2,382,661)
Income tax benefit	441,051	37,352
Net loss and total comprehensive loss for the period	(1,729,139)	(2,345,309)
Loss per share attributable to the ordinary equity holders of the Company		
Basic loss per share	0.57 cents	1.60 cents
Diluted loss per share	0.57 cents	1.60 cents

The Statement of Comprehensive Income should be read in conjunction with the Notes to the Financial Statements.

AUTOMOTIVE TECHNOLOGY GROUP LIMITED
AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 DECEMBER 2010

<i>For the six months ended 31 December 2010</i>	Contributed equity		Reserves		Share option reserve	Accumulated Losses	Total
	Ordinary shares	Convertible note equity	Asset revaluation reserve				
	\$	\$	\$		\$	\$	\$
Balance at 1 July 2010	26,568,547	41,254	752,154		534,300	(25,007,876)	2,888,379
Loss for the period	-	-	-		-	(1,729,139)	(1,729,139)
Total Comprehensive Income	-	-	-		-	(1,729,139)	(1,729,139)
Transactions with owners in their capacity as owners							
Issue of shares and options (note 6)	3,556,194	-	-		39,665	-	3,595,859
Share issue expenses (note 6)	(25,921)	-	-		-	-	(25,921)
Balance at 31 December 2010	30,098,820	41,254	752,154		573,965	(26,737,015)	4,729,178
 <i>For the six months ended 31 December 2009</i>							
Balance at 1 July 2009	21,622,916	10,886	832,088		458,550	(20,685,050)	2,239,390
Loss for the period	-	-	-		-	(2,345,309)	(2,345,309)
Total Comprehensive Income	-	-	-		-	(2,345,309)	(2,345,309)
Transactions with owners in their capacity as owners							
Issue of capital (note 6)	4,651,749	-	-		-	-	4,651,749
Share issue expenses (note 6)	(148,152)	-	-		-	-	(148,152)
Share-based payments	-	-	-		38,750	-	38,750
Balance at 31 December 2009	26,126,513	10,886	832,088		497,300	(23,030,359)	4,436,428

The Statement of Changes in Equity should be read in conjunction with the Notes to the Financial Statements.

AUTOMOTIVE TECHNOLOGY GROUP LIMITED
AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2010

	NOTES	2010 \$	2009 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		295,842	307,283
Payments to suppliers and employees		(2,224,689)	(3,359,404)
Interest and finance lease charges paid		(41,181)	(70,353)
Interest received		5,647	1,637
Net cash flows used in operating activities		<u>(1,964,381)</u>	<u>(3,120,837)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Advances to non-related parties		-	(11,652)
Placement of secured deposit		-	118,000
Proceeds from sale of property, plant and equipment		25,770	37,723
Payments for property, plant and equipment		(81,540)	(28,430)
Net cash flows (used in) / generated from investing activities		<u>(55,770)</u>	<u>115,641</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share capital raising		2,162,081	3,881,414
Capital raising costs		(25,921)	(148,152)
Proceeds from borrowings – related parties		735,045	764,668
Repayment of borrowings – related parties		(105,000)	(188,390)
Repayment of borrowings – finance leases		(95,274)	(247,874)
Repayment of borrowings – insurance premium funding		(58,076)	(49,324)
Net cash flows generated from financing activities		<u>2,612,855</u>	<u>4,012,342</u>
Net increase in cash and cash equivalents		592,704	1,007,146
Net foreign exchange differences		-	24,616
Cash and cash equivalents at the beginning of the financial period	8	<u>75,521</u>	<u>(1,014,194)</u>
Cash and cash equivalents at the end of the financial period	8	<u>668,224</u>	<u>17,568</u>

The Statement of Cash Flows should be read in conjunction with the Notes to the Financial Statements.

AUTOMOTIVE TECHNOLOGY GROUP LIMITED
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2010

1. Corporate information

Automotive Technology Group Limited (the “Company”) is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Stock Exchange. The Company’s registered office is 73 Resource Way, Malaga WA 6090.

The principal activity of the Company and the entities it controlled (the “Group” or “Consolidated Entity”) for the six months ended 31 December 2010 remained the same, being the manufacture and distribution of the patented range of Sprintex® superchargers and supercharger systems.

The general purpose condensed consolidated financial statements of Automotive Technology Group Limited for the six months ended 31 December 2010 were authorised for issue and approved by the Board of Directors on 28th of February 2011.

2. Significant accounting policies

(a) Basis of preparation

These general purpose condensed consolidated financial statements for the six months ended 31 December 2010 have been prepared in accordance with AASB 134 Interim Financial Reporting as issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

The condensed consolidated financial statements do not include all notes of the type normally included within the annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Consolidated Entity as the full financial statements.

It is recommended that the condensed consolidated financial statements be read in conjunction with the annual report for the year ended 30 June 2010 and considered together with any public announcements made by the Company during the six months ended 31 December 2010 in accordance with the continuous disclosure obligations of the *ASX listing rules*.

The accounting policies and methods of computation are the same as those adopted in the most recent annual financial statements, and the condensed consolidated financial statements have been prepared on the historical cost basis except for land and buildings, which have been measured at fair value.

Going concern

The Consolidated Entity has net assets and net current assets of \$4,729,178 and \$1,651,628 respectively as at 31 December 2010 and incurred an operating loss of \$1,729,139 for the six months ended 31 December 2010. The Consolidated Entity's ability to continue as a going concern and meet its debts and future commitments as and when they fall due is dependent on a number of factors, including:

- an increase in sales will increase following a programme to develop a range of new supercharger systems to enable increased after market sales which are expected to deliver positive cash flows;
- collection of receivables, specifically the R&D Tax Concession estimated at \$670k;
- the continued support of the Company’s financiers to provide sufficient facilities to enable the business to operate on a day to day basis;
- the ability to raise sufficient working capital for the continued implementation of the Company’s business plan; and
- reaching agreement in relation to the settlement of the convertible note which matures on 30 June 2011.

AUTOMOTIVE TECHNOLOGY GROUP LIMITED
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE SIX MONTHS ENDED 31 DECEMBER 2010

2. Significant accounting policies (continued)

Going concern (cont'd)

The Directors consider there are reasonable grounds to believe the above can be achieved and therefore the condensed consolidated financial statements have been prepared on a going concern basis. In arriving at this position the Directors have had regard to the fact that, in the Directors' opinion, the Company will have access to sufficient cash through increasing sales, raising capital in the financial markets, and/or obtaining loans to fund administrative and other committed expenditure for a period of not less than 12 months from the date of the condensed consolidated financial statements.

Should the Consolidated Entity not achieve the matters set out above, there is significant uncertainty whether it will be able to continue as a going concern and therefore whether it will be able to pay its debts as and when they fall due and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

The financial statements do not include any adjustments relating to the recoverability or classification of recorded asset amounts, or to the amounts or classification of liabilities that might be necessary should the Consolidated Entity not be able to continue as going concern.

(b) Adoption of new or revised accounting standards and interpretations

From 1 July 2010 the Group has adopted all relevant Standards and Interpretations, mandatory for annual periods beginning on or after 1 July 2010. Adoption of these standards and interpretations did not have any effect on the financial position or performance of the Group. The Group has not elected to early adopt any new standards or amendments.

(c) Operating segment

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. This includes start up operations which are yet to earn revenues. Management will also 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.

Operating segments have been identified based on the information provided to the chief operating decision makers, being the executive management team.

The Group operates in one segment, being the manufacture and distribution of the patented range of Sprintex® superchargers and supercharger systems. These products are complementary, produced using similar production processes and sold to similar customers through the same distribution channels.

AUTOMOTIVE TECHNOLOGY GROUP LIMITED
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE SIX MONTHS ENDED 31 DECEMBER 2010

3. Pledged bank deposits

Pledged bank deposits at 31 December 2010 represented a fixed deposit for a term of 6 months maturing on 22 February 2011 bearing interest at 1.5% per annum and is pledged against a guarantee in the amount of \$82,000 issued by a bank on behalf of the Company. Pledged bank deposits at 30 June 2010 represented fixed deposited for terms of 6 months and bear interest at a weighted average rate of 2.7% per annum. The deposits were pledged against bank facilities granted to the Company.

31 December 2010	30 June 2010
\$	\$

4. Trade and other receivables

Trade receivables	190,528	27,868
Less: Allowance for impairment loss	(22,854)	-
	167,674	27,868
Other receivables	806,385	332,284
Trade deposits	86,260	211,118
Prepayments	70,845	216,460
	1,131,164	787,730

Trade receivables are non-interest bearing and are generally on 0-30 day terms. An allowance for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired. The Group has recognised an impairment loss of \$22,854 in relation to trade debtors in the period ended 31 December 2010 (30 June 2010: \$nil).

31 December 2010	30 June 2010	
\$	\$	
Neither past due nor impaired	79,220	1,523
Less than 1 month past due	6,079	778
1 to 3 months past due	22,623	3,467
Over 3 months past due	82,606	22,100
	190,528	27,868

Trade receivable not expected to be collected are considered impaired and are provisioned against. Trade receivables that were neither past due nor impaired relate to a range of customers for whom there was no recent history of default. Trade receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there have not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

Other receivables include research and development tax benefit receivable and are considered fully recoverable

Trade deposits are considered fully recoverable.

AUTOMOTIVE TECHNOLOGY GROUP LIMITED
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE SIX MONTHS ENDED 31 DECEMBER 2010

	31 December 2010	30 June 2010
	\$	\$
5. Interest bearing liabilities		
<i>Current</i>		
Insurance premium funding (unsecured)	9,210	64,467
Finance lease liabilities (secured)	89,702	152,869
Convertible note (secured)	1,762,910	1,650,814
Loans from related parties (unsecured) (note 7)	38,920	772,977
	1,900,742	2,641,127
<i>Non-current</i>		
Finance lease liabilities (secured)	54,025	76,448

During the period \$105,000 was repaid to related parties and new loans of \$735,042 were advanced by related parties. Related parties then participated in an entitlement issue under which shareholders were eligible to acquire one new share at \$0.03 for each share they held (see note 6 (iii)) and \$1,392,779 of loans from related parties were converted into equity.

As at 31 December 2010, plant and equipment with total carrying value of \$447,196 (30 June 2010: \$508,554) is pledged as security for the related finance lease liabilities.

The convertible note is secured by a mortgage over the Company's land and building and building improvement with a total carrying amount of \$1,450,000 as at 31 December 2010. The convertible note carries a coupon interest rate of 10% per annum and entitles the holder to convert to ordinary shares of the Company at a price of \$0.10 per share for the period to 30 June 2011.

6. Contributed equity

	31 December 2010	30 June 2010
	\$	\$
Paid up capital – ordinary shares	30,947,015	27,240,821
Capital raising costs capitalised	(848,195)	(822,274)
	30,098,820	26,418,547
Subscription proceeds – shares to be issued (<i>note ii</i>)	-	150,000
	30,098,820	26,568,547

AUTOMOTIVE TECHNOLOGY GROUP LIMITED
AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE SIX MONTHS ENDED 31 DECEMBER 2010

6. Contributed equity (continued)

Movements in Ordinary Share Capital	Date	Number of shares	\$
Balance at 1 July 2010		212,461,866	26,418,547
Issue of Placement Shares at \$0.04 each (note i)	July 2010	11,500,000	460,000
Issue of Placement Shares at \$0.04 each (note ii)	July 2010	3,750,000	150,000
Entitlement Issue Shares at \$0.03 each (note iii)	November 2010	104,528,585	3,135,860
Less value ascribed to the Options under the Entitlement Issue		-	(39,666)
Less capital raising costs capitalised		-	(25,921)
Contributions to equity net of transaction costs during the period		119,778,585	3,680,273
Less: proceeds received in prior period		-	(150,000)
Net contributions to equity net of transaction costs during the period		119,778,585	3,530,273
Balance as at 31 December 2010		332,240,451	30,098,820

Holders of ordinary shares are entitled to receive dividends from time to time and are entitled to one vote per share at shareholders meetings.

In the event of a winding up of the Company, ordinary shareholders rank after all other shareholders and creditors, and are fully entitled to any surplus proceeds of liquidation

- (i) *Placement of 11,500,000 ordinary shares at \$0.04 per share*
In July 2010, 11,500,000 ordinary shares at \$0.04 were issued to non related parties
- (ii) *Placement of 3,750,000 ordinary shares at \$0.04 per share*
In July 2010, 3,750,000 ordinary shares at \$0.04 were issued to the holder of a convertible note in full satisfaction for settlement of the convertible note.
- (iii) *Entitlement Issue Shares at A\$0.03 per share*
On 4 October 2010, the Company announced a one for one non-renounceable rights issue of fully paid shares in the Company at an issue price of \$0.03 per share, with one free attaching option for every four shares subscribed for, exercisable at 8 cents and expiring on 30 June 2012 ("Entitlement Issue").

The Company issued 104,528,585 ordinary shares and 26,132,153 options, raising \$3,135,860 via this Entitlement Issue.

7. Related party disclosures

Other liabilities represent Directors' current accounts resulting from expenses paid by the Directors on the Group's behalf and accrued Directors' fees. The amounts are unsecured, interest free and repayable on demand.

During the period accrued Director's fees of \$85,999 were converted into equity as part of an entitlement issue under which shareholders were eligible to acquire one new share at \$0.03 for each share held (see note 6 (iii)).

AUTOMOTIVE TECHNOLOGY GROUP LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE SIX MONTHS ENDED 31 DECEMBER 2010

	31 December 2010	30 June 2010
	\$	\$
8. Cash and cash equivalents		
For the purpose of the Statement of Cash Flows, cash and cash equivalents comprise the following amounts:		
Cash and cash equivalents	668,225	75,521

9. Commitments

The only changes to the commitments disclosed in the most recent annual financial report are specified below.

(a) Finance lease and hire purchase commitments

Since 30 June 2010, the Group repaid several leases in respect of certain plant and equipment and motor vehicles under finance leases. The revised finance lease and hire purchase commitments for the Group are as follows:

	31 December 2010	30 June 2010
	\$	\$
Within one year	99,374	168,502
After one year but not more than five years	58,370	84,526
Total minimum lease payments	157,744	253,028
Less: amounts representing finance charges	(14,017)	(23,711)
Present value of minimum lease payments	143,727	229,317
Included in the financial statements as:		
Current interest-bearing liabilities	89,702	152,869
Non-current interest-bearing liabilities	54,025	76,448
	143,727	229,317

(b) Capital commitments

As at 31 December 2010, the Group had outstanding capital commitments in respect of acquisition of property plant and equipment contracted for but not provided for in the financial statements in the amount of US\$50,000 (30 June 2010: US\$50,000).

10. Events after the balance sheet date

No matter or circumstance has arisen since 31 December 2010 that has significantly affected or may significantly affect the operations, results or state of affairs of the Group in the following or future years except that on 14 February 2011, the Company announced that it had entered into a memorandum of understanding with a tier one automotive component manufacturer, Proreka (M) Sdn Bhd to carry out a feasibility study on the establishment of a potential joint venture to produce the Sprintex superchargers range in Malaysia.

AUTOMOTIVE TECHNOLOGY GROUP LIMITED
AND CONTROLLED ENTITIES

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Automotive Technology Group Limited, we state that:

In the opinion of the directors:

- (a) The financial statements and notes of the Consolidated Entity are in accordance with the Corporations Act 2001, including:
 - (i) complying with the Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
 - (ii) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2010 and of the performance for the six months ended on that date; and
- (b) Subject to the matters referred to in note 1 to the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Perth this 28th of February 2011.



Steven Apedaile
Managing Director

To the members of Automotive Technology Group Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Automotive Technology Group Limited, which comprises the statement of financial position as at 31 December 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

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

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

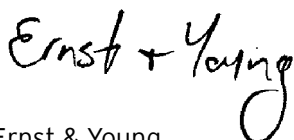
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Automotive Technology Group Limited is not in accordance with the *Corporations Act 2001*, including:


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

Material Uncertainty Regarding Continuation as a Going Concern

Without qualification to the conclusion expressed above, attention is drawn to the following matter. As a result of the matters described in Note 2 (a) to the financial report, there is significant uncertainty whether the consolidated entity will continue as a going concern, and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink that reads 'P McIver'.

P McIver
Partner

Perth

28 February 2011