RPM Automotive Group Limited

ABN: 34 002 527 906

Appendix 4D

Half-year ended 31st December 2019

(Previous corresponding period: Half-year ended 31st December 2018)

RPM Automotive Group Limited

(formerly known as Kairiki Energy Limited)

ABN: 34 002 527 906

ASX Half-year Report

31st December 2019

Lodged with the ASX under Listing Rule 4.2A.

Contents

Directors Report

The Board of Directors of RPM Automotive Group Limited is pleased to present their report on the consolidated entity for the half-year ended 31st December 2019.

1. Directors

The following persons were the Directors of RPM Automotive Group Limited during the whole of the half-year and up to the date of this report:

Mr Grant Carman (Chairman)

Mr Clive Finkelstein (Chief Executive Officer & Managing Director)

Mr Lawrence Jaffe

Mr Wei Liu

Mr Alex Goodman

Mr Scott Brown retired as a Director on 25th November 2019 and Mr Grant Carman was appointed as a Director on 25th November 2019. Mr Campbell Welch retired as a Director on 14th February 2020 and Mr Alex Goodman was appointed as a Director on 18th February 2020.

2. Review of Operations

The suspension of trading in the securities of RPM Automotive Group Limited was lifted on 28 August 2019 following RPM's re-compliance with Chapters 1 and 2 of the Listing Rules following the acquisition of the RPM Group as approved by shareholders at an Extraordinary meeting of shareholders on 27 May 2019.

The RPM Group provides the company with a nationwide footprint focusing on wholesale distribution and retail of tyres, auto parts and accessories and owns a variety of well-known and respected brands in the automotive market. The RPM Group is a group of unlisted businesses operating in the Australian automotive aftermarket.

The Company listed on the ASX on 28th August 2019 via a reverse take-over.

During the half year the Company has incorporated and expanded the RPM Group businesses and will continue to identify and evaluate other opportunities in the automotive space to increase its nationwide footprint.

The businesses continue to trade as expected with some distractions as a result of the listing. The company is focused on bedding operations down and ensuring that its foundations are strong in preparation for the roll-out of its expansion strategy.

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is set on the next page

4. Rounding

Amounts presented are rounded to the nearest $1.00 AUD

This report has been made in accordance with a resolution of the Directors.

Mr Grant Carman
Chairman

Mr Clive Finkelstein
Managing Director

27th February 2020

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**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF RPM AUTOMOTIVE GROUP LIMITED**

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2019, there have been:

a) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

Walker Wayland Advantage

**WALKER WAYLAND ADVANTAGE AUDIT PARTNERSHIP
CHARTERED ACCOUNTANTS**

**BEN BESTER
PARTNER**

Dated in Melbourne on this 28th day of February 2020

RPM Automotive Group Limited

(formerly known as Kairiki Energy Limited)

ABN: 34 002 527 906

Financial Statements

For the Half Year Ended

31st December 2019

Consolidated Statement of Comprehensive Income

For the half-year 31 December 2019

	Consolidated Group	
	Half-year Ended 31 December 2019	Half-year Ended 31 December 2018
Continuing operations		
Revenue	15,283,635	3,126,610
Other income	4,488	44,740
Interest income	-	363
Cost of Goods Sold	(10,154,998)	(1,682,138)
Employee benefits expense	(2,431,594)	(616,666)
Depreciation and amortisation expense	(398,600)	(25,135)
Share based expense Directors Fees	(40,000)	-
Finance costs	(142,596)	(63,106)
Occupancy expense	(292,959)	-
Other expenses	(1,327,294)	(493,004)
Profit/(loss)	500,082	291,664
Listing expense on reverse acquisition	(2,480,240)	-
Share Listing expense	(545,686)	-
Profit/(loss) before income tax	(2,525,844)	291,664
Income tax expense	76,673	(87,499)
Profit/(loss) from continuing operations attributable to the members	(2,602,517)	204,165
Other Comprehensive Income		
Items that will be reclassified subsequently to profit or loss		
Adjustment to opening retained earnings on adoption of new accounting standard	-	-
Other Comprehensive income for half-year, net of tax	-	-
Total Comprehensive Income (loss) attributable to members	(2,602,517)	204,165
Earnings per share		
From continuing operations:		
– basic loss per share (cents)	(4.90)	

The consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position
For the half-year 31 December 2019

	Note	Consolidated Group	
		As at 31 December 2019	As at 30 June 2019
		$	$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		2,093,940	81,334
Trade and other receivables		4,811,605	149,687
Inventories	6	5,607,984	2,853,727
Other financial assets		111,194	–
Other assets		51,790	88,409
TOTAL CURRENT ASSETS		12,676,513	3,173,157
NON-CURRENT ASSETS			
Right of use assets	5	2,169,749	–
Property, plant and equipment		2,361,254	341,695
Intangible assets		13,055,693	797,308
TOTAL NON-CURRENT ASSETS		17,586,696	1,139,003
TOTAL ASSETS		30,263,209	4,312,160
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		5,960,530	581,857
Lease liabilities		571,377	–
Borrowings		1,176,151	-
Current tax liabilities		137,026	285,583
Provisions		501,303	211,807
TOTAL CURRENT LIABILITIES		8,346,387	1,079,247

NON-CURRENT LIABILITIES			
Trade and other payables			-
Borrowings		2,992,173	1,600,000
Lease liabilities		1,629,591	-
Deferred tax liabilities		76,673	-
Related Party Loans		1,133,039	644,680
TOTAL NON-CURRENT LIABILITIES		5,831,476	2,244,680
TOTAL LIABILITIES		14,177,863	3,323,927
NET ASSETS		16,085,346	988,233
EQUITY			
Issued capital	8	17,699,647	18
Retained earnings		(1,614,301)	998,215
TOTAL EQUITY		16,085,346	988,233

The consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes of Equity

For the half-year 31 December 2019

	Issued Capital	Reserves	Retained Earnings	Total
	$	$	$	$
Balance at 1 July 2019	**18**	**-**	**988,215**	**988,233**
Comprehensive Income				
Profit/(Loss) for the year	-		(2,602,517,)	(2,602,517)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the year	-	-	(2,602,517)	(2,602,517)
Transactions with owners, in their capacity as owners, and other transfers				
Transfer to share based payment reserve	-			-
Deemed value of RPM shares upon acquisition	2,358,936	-	-	2,358,936
Shares issued during the period	15,492,109	-	-	15,492,109
Capital raising costs	(211,747)	-	-	(211,747)
Total transactions with owners and other transfers	17,699,629	-	-	17,699,629
Balance at 31 December 2019	**17,699,647**	**-**	**(1,614,301)**	**16,085,346**
Balance at 1 July 2018	18	(85,484)	328,945	243,479
Profit for the year	-	-	204,165	204,165
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the year	-		204,165	204,165
Transactions with owners, in their capacity as owners, and other transfers				
Dividends recognised for the period	-	-	-	-
Shares issued during the period	-	-	-	-
Total transactions with owners and other transfers	-	-	-	-
Balance at 31 December 2018	18	(85,484)	533,110	447,644

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

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Consolidated Statement of Cash Flows

For the half-year 31 December 2019

	Consolidated Group	
	Half-year Ended 31 December 2019	Half-year Ended 31 December 2018
	$	$
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from customers	16,063,960	3,506,337
Payments to suppliers and employees	(17,974,645)	(3,163,605)
Interest and dividends received	224	363
Finance costs	(142,596)	(61,315)
Income tax paid	(129,072)	(13,724)
Net cash provided by operating activities	(2,182,129)	268,056
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	-	21,000
Net cash outflow from business combination	(606,161)	
Net cash used in investing activities	(606,161)	21,000
CASH FLOW FROM FINANCIING ACTIVITIES		
Advanced from / (Repayment) of loan to related entities	790,632	(154,728)
Repayment of lease principal	(249,524)	-
Proceed from issue of shares	2,448,006	-
Proceeds from borrowings	1,076,350	-
Repayment for borrowings	(209,773)	(123,172)
Net cash used in financing activities	3,855,691	(277,900)
Net (decrease)/increase/ in cash held	1,067,401	11,156
Cash at beginning of financial year	81,334	70,644
Cash at end of financial year	1,148,734	81,800

The consolidated statement of cash flows should be read in conjunction with the accompanying notes.

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Notes to the Financial Statements

For the half-year 31 December 2019

Note 1: Summary of Significant Accounting Policies

Basis of Preparation

These general purpose interim financial statements for the half-year reporting period ended 31 December 2019 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting* . The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of RPM Automotive Group Limited and its controlled entities (referred to as the "Consolidated Group" or "Group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the Prospectus of the Group for the year ended 30 June 2019, together with any public announcements made during the following half-year.

These interim financial statements were authorised for issue on 28 February 2020.

Accounting Policies

The following accounting policies and methods of computation have been followed in this interim financial report.

a. **Principles of Consolidation**

The consolidated financial statements incorporate all of the assets, liabilities and results of the Parent RPM Automotive Group Limited and all of the subsidiaries (including any structured entities). Subsidiaries are entities the Parent controls. The Parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Reverse Asset Acquisition

In 2018 RPM Automotive Group Limited (formerly Kairiki Energy Limited) ("RPM1") entered into binding agreements to acquire 100% of the businesses that comprise the RPM Group. The proposed transaction enabled the RPM Group to obtain listing on the ASX via a Reverse Take-Over (RTO) of the Company. The vendors of the businesses being acquired received a mixture of shares in the Company and cash as consideration for the acquisitions. As a part of the proposed transaction the Company changed its name from Kairiki Energy Limited to RPM Automotive Group Limited. The transactions. The date for the acquisition transaction has been identified as 1 July 2019 being the date of effective control.

The acquisition has been accounted for using the principles for reverse acquisitions in AASB 3 Business Combinations because, as a result of the Acquisition, the former shareholders of the RPM group entities (the legal acquiree) obtained accounting control of RPM1 (the legal parent). RPM1 has been treated as the accounting acquiree. In accordance with the principles of AASB 3 in a multiple entity combination transaction, one of the combining entities that existed before the business combination shall be identified as the accounting acquirer for the transaction, this has been identified as Revolution Racegear Pty Ltd ('REV").

The Acquisition of REV did not meet the definition of a business combination in accordance with AASB 3 Business Combinations as the acquiree was deemed not to be a business for accounting purposes and, therefore, the transaction was not a business combination within the scope of AASB 3. Instead the Acquisition has been accounted for as a share-based payment transaction using the principles of share based payment transactions in AASB 2, and in particular the guidance in AASB 2 that any difference between the fair value of the shares issued by the accounting acquirer (REV) and the fair value of the accounting acquiree's (RPM1's) identifiable net assets represents a service received by REV, including payment for a service of an ASX stock exchange listing which will be expensed through the consolidated entity's profit and loss statement in the half year ended 31 December 2019.

The acquisition of the other RPM group entities have been assessed under AASB 3 and accounted for as business combinations in accordance with AASB 3 with REV as the accounting acquiror.

Accordingly the consolidated financial report of RPM1 has been prepared as a continuation of the business and operations of REV with one adjustment being the retrospective adjustment of the REV legal capital to reflect the capital of RPM1. The comparative information for the 6 months ended 31 December 2018 and as at 30 June 2019 presented in the financial report are those of REV only.

The impact of the reverse asset acquisition on each of the primary statements is as follows:

Consolidated statement of comprehensive income:

- The statement for the period ended 31 December 2019 comprises 6 months of operating results of RPM1 and all acquired RPM Group businesses
- The statement for the period to 31 December 2018 comprises 6 months of operating results REV.

Consolidated statement of financial position:

- The consolidated statement of financial position at 31 December 2019 contains the assets and liabilities of RPM1, including all acquired businesses, as at that date.
- The consolidated statement of financial position at 30 June 2019 represents the assets and liabilities of REV as at that date.

Statement of changes in equity:

- The consolidated statement of changes in equity for the period ended 31 December 2019 comprises the REV balance at 1 July 2019, the profit/loss for the 6 months and transactions with equity holders for the 6 months of RPM1.
- The consolidated statement of changes in equity for the period ended 31 December 2018 comprises 6 months of REV's changes in equity.

Statement of cash flows:

- The consolidated cash flow statement for the period ended 31 December 2019 comprises the cash balance of REV, as at 1 July 2019, the cash transactions for the 6 months of RPM Group and the cash balance of RPM Group at 31 December 2019.
- The consolidated cash flow statement for the period ended 31 December 2018 comprises 6 months of REV cash transactions.

References throughout the financial statements to "reverse acquisition" or "reverse takeover" are in reference to the above-mentioned Acquisition and the accounting treatment described above.

b. **Business combinations**

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is obtained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. 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 an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations, other than those associated with the issue of a financial instrument, are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

c. **Goodwill**

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

(i) the consideration transferred at fair value;

(ii) any non-controlling interest (determined under either the fair value or proportionate interest method); and

(iii) the acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of any identifiable assets acquired and liabilities assumed.

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.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored and not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

d. **Income Tax**

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

Current income tax expense charged to profit or loss is the tax payable on taxable income for the current period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year.

A deferred tax liability shall be recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from: (a) the initial recognition of goodwill; or (b) the initial recognition of an asset or liability in a transaction which: (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

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, unless the deferred tax asset relating to temporary differences arises from the initial recognition of an asset or liability in a transaction that:

– is not a business combination; and

– at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

e. **Fair Value of Assets and Liabilities**

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

f **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 proportion 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.

g. **Property, Plant and Equipment**

Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss .A formal assessment of recoverable amount is made when impairment indicators are present.

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.

h. **Depreciation**

The depreciable amount of all fixed assets including buildings and capitalised leased 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
Buildings	2%
Leasehold improvements	4–5%
Plant and equipment	5–33%
Leased plant and equipment	15%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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 recognised in profit or loss in the period in which they arise. Gains shall not be classified as revenue. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

i. **Leases**

The Group as lessee

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability are recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (ie a lease with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, any lease payments made at or before the commencement date and any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

The Group as lessor

The Group leases equipment to retailers for the demonstration of electrical components manufactured by the Group.

Upon entering into each contract as a lessor, the Group assesses if the lease is a finance or operating lease.

A contract is classified as a finance lease when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases not within this definition are classified as operating leases.

Rental income received from operating leases is recognised on a straight-line basis over the term of the specific lease.

Initial direct costs incurred in entering into an operating lease (for example, legal cost, costs to set up equipment) are included in the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

Rental income due under finance leases are recognised as receivables at the amount of the Group's net investment in the leases.

When a contract is determined to include lease and non-lease components, the Group applies AASB 15 to allocate the consideration under the contract to each component.

Initial Application of AASB 16:*Leases*

The Group has adopted AASB 16: *Leases* retrospectively with the cumulative effect of initially applying AASB 16 recognised at 1 July 2019. In accordance with AASB 16 the comparatives for the 2018 reporting period have not been restated.[3]

The Group has recognised a lease liability and right-of-use asset for all leases (with the exception of short-term and low-value leases) recognised as operating leases under AASB 117: *Leases* where the Group is the lessee.

Lease liabilities are measured at the present value of the remaining lease payments. The Group's incremental borrowing rate as at 1 July 2019 was used to discount the lease payments.

The right-of-use assets for manufacturing equipment was measured at its carrying amount as if AASB 16 had been applied since the commencement date, but discounted using the Group's incremental borrowing rate per lease term as at 1 July 2019.

The right-of-use assets for the remaining leases have been measured and recognised in the statement of financial position as at 1 July 2019 by taking into consideration the lease liability and the prepaid and accrued lease payments previously recognised as at 1 July 2019 (that are related to the lease).

The following practical expedients have been used by the Group in applying AASB 16 for the first time:

- For a portfolio of leases that have reasonably similar characteristics, a single discount rate has been applied.
- Leases that have remaining lease term of less than 12 months as at 1 July 2019 have been accounted for in the same was as short-term leases.
- The use of hindsight to determine lease terms on contracts that have options to extend or terminate.
- Applying AASB 16 to leases previously identified as leases under AASB 117: *Leases* and Interpretation 4: *Determining whether an arrangement contains a lease* without reassessing whether they are, or contain, a lease at the date of initial application.

- Not applying AASB 16 to leases previously not identified as containing a lease under AASB 117 and Interpretation 4.

The Group's weighted average incremental borrowing rate on 1 July 2019 applied to the lease liabilities was 4.4%.

j. **Financial Instruments**

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Group commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15.63 .

Classification and subsequent measurement

Financial liabilities

Financial instruments are subsequently measured at:

- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit and loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3: *Business Combinations* applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if:

- it is incurred for the purpose of repurchasing or repaying in the near term;

- part of a portfolio where there is an actual pattern of short-term profit taking; or

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship are recognised in profit or loss.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and are not subsequently reclassified to profit or loss. Instead, they are transferred to retained earnings upon de-recognition of the financial liability. If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

- the amount of loss allowance determined in accordance with AASB 9.3.25.3 ; and
- the amount initially recognised less the accumulative amount of income recognised in accordance with the revenue recognition policies.

Financial assets

Financial assets are subsequently measured at:

- amortised cost;

- fair value through other comprehensive income; or

- fair value through profit or loss.

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset; and

- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates;
- the business model for managing the financial assets comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The Group initially designates a financial instrument as measured at fair value through profit or loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance with the documented risk management or investment strategy, and information about the groupings was documented appropriately, so that the performance of the financial liability that was part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis;
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of the financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the Group's accounting policy.

De-recognition

De-recognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

De-recognition of financial liabilities

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

De-recognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for de-recognition of financial asset:

– the right to receive cash flows from the asset has expired or been transferred;

– all risk and rewards of ownership of the asset have been substantially transferred; and

– the Group no longer controls the asset (ie the Group has no practical ability to make a unilateral decision to sell the asset to a third party).

On de-recognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On de-recognition of a debt instrument classified as at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On de-recognition of an investment in equity which was elected to be classified under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Impairment

The Group recognises a loss allowance for expected credit losses on:

– financial assets that are measured at amortised cost or fair value through other comprehensive income;

loan commitments that are not measured at fair value through profit or loss; and

– financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

– financial assets measured at fair value through profit or loss; or

– equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cashflows that are due and all cashflows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Group uses the following approaches to impairment, as applicable under AASB 9: Financial Instruments:

- the simplified approach

Simplified Approach

The simplified approach does not require tracking of charges in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times. This approach is applicable to:

- trade receivables or contract assets that result from transactions within the scope of AASB 15 : *Revenue from Contracts with Customers* and which do not contain a significant financing component; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables was used taking into consideration various data to get to an expected credit loss (ie diversity of customer base, appropriate groupings of historical loss experience, etc).

Recognition of expected credit losses in financial statements

At each reporting date, the Group recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value, with changes in fair value recognised in other comprehensive income. Amounts in relation to change in credit risk are transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (eg loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

k. **Impairment of Assets**

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116 : *Property, Plant and Equipment*). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

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.

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

l. **Intangible Assets Other than Goodwill**

Trademarks and licences

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

m. **Foreign Currency Transactions and Balances**

Functional and presentation currency

The functional currency of each of the Group's entities is 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 currency.

Transactions and balances

Foreign currency transactions are translated into the 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 profit or loss, except exchange differences that arise from net investment hedges.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

n. Employee Benefits

Short-term employee benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any re-measurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

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 measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

p. **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are reported within borrowings in current liabilities on the statement of financial position.

r. **Revenue and Other Income**

Revenue recognition

Revenue generated by the Group is categorised into the following reportable segments:

1. **Motorsport**
    - Sale of specialised motorsport accessories
    - Manufacture and sale of FIA accredited motorsport racing suits using our trademarked RPM branding which is recognised and associated with our Revolution Racegear retail outlets.

2. **Repairs and Roadside**
    - Carline licensee of auto repair workshops
    - Roadside assistance specialising in Tyre repair and replacement for the Trucking and Large plant and equipment.
3. **Wheels and Tyres**
    - Wholesale and retail of tyres including two company owned retail outlets.
4. **Accessories**
    - Manufacture of specialised automotive accessories for the automotive aftermarket.

The Group recognises revenue as follows:

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to their customers. For each contract with a customer, the Group:

- identifies the contract with a customer;
- identifies the performance obligations in the contract;
- determines the transaction price which takes into account estimates of variable consideration and the time value of money;
- allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and
- recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price if any, reflects concessions provided to the customer such as discounts, rebates and refunds and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount method'. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate refund liability.

Motorsport

Revenue from the sale of motorsports clothing, parts and accessories is recognised at the point in time when the buyer obtains control of the goods, which is generally at the point of time of purchase of the goods by the customer.

Repairs and Roadside

Repairs and Roadside service work on customers vehicles is carried out under instructions from the customer. Repairs and Roadside service is recognised over time based on either a fixed price or hourly rate. Revenue arising from the sale of parts fitted to customers vehicles during the Repairs and Roadside service is recognised at the point of time upon delivery of the fitted part to the customer upon completion of the service.

Wheels and Tyres

Revenue from the wholesale of tyres is recognised at the point in time when the buyer obtains control of the goods, which is generally at the point of time of delivery of the goods.

Revenue from retail sale and fitment of tyres on customer's vehicles is carried out under instructions from the customer. Retail revenue is recognised over time based on either a fixed price or hourly rate. Revenue arising from the sale of parts fitted to customers vehicles during the retail sale and fitment service is recognised at the point of time upon delivery of the fitted part to the customer upon completion of the service.

Accessories

Revenue from accessories is recognised at the point of time when the buyer obtains control of the goods, which is generally at the time of delivery of the vehicle.

Commercial Rebates

Commercial rebates are recognised when the right to receive payment is established.

s. **Trade and Other Payables**

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability. Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

t. **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 profit or loss in the period in which they are incurred.

Goods and Services Tax (GST)

u. Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

v. **Comparative Figures**

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

The comparative figures are those of Revolution Racegear Pty Ltd.

Note 2: Reverse Take Over

On 1st July 2019, the Company formerly named Kairiki Energy Limited completed the 100% acquisition of Revolution Racegear Pty Ltd (REV) and changed its name to RPM Automotive Group Limited. The acquisition of REV resulted in the shareholders of REV obtaining control of the merged entity. In addition, the Board of Directors of the merged entity was restructured such that two of the four Directors was comprised of REV nominees.

Nominees of REV serve as Chief Executive Officer and the REV management team has assumed responsibility for the management of the merged entity. Consequently, the acquisition has been accounted for with reference to the guidance for reverse acquisitions set out in AASB 3 "Business Combinations".

The application of the reverse acquisition guidance contained in AASB 3 has resulted in the Company (the legal parent) being accounted for as the subsidiary and REV (the legal subsidiary) being accounted for as the parent entity.

At the time the Company's acquisition of REV completed, its operations did not fall within the scope of a "business" under AASB 3. Consequently, the acquisition did not meet the definition of a "business combination" under AASB 3, and the principles of AASB 3 could not be applied in their entirety.

Instead the acquisition has been accounted for as a "Share-based Payment" whereby REV is deemed to have issued shares in exchange for the net assets and listing status of RPM Automotive Group. In accordance with AASB 2, the difference between the fair value of the deemed consideration paid by REV and the fair value of the identifiable net assets of RPM Automotive Group, is required to be recognised as an expense.

Details of the fair value of the identifiable net assets acquired and the excess consideration are set out below.

	Consolidated Group
Deemed Purchase Consideration	Fair Value 2019
Deemed Fair Value of Consideration Shares paid on Acquisition	2,358,936
Cash and equivalents	(19,983)
Trade and other receivables	141,287
Listing expenses recognised on reverse acquisition	2,480,240

Note 3: Business Combination

Under the adopted accounting policy for the reverse acquisition on 1st July 2019, the Company formerly named Revolution Racegear Pty Ltd completed the 100% acquisition of RPM Automotive Group of entities.

Details of the fair value of the identifiable net assets acquired and the excess consideration are set out below.

	Consolidated Group
Deemed Purchase Consideration	Fair Value 2019
Fair value of cash and shares transferred	14,567,132
Less Fair Value of net identifiable assets acquired	2,146,173
Excess Consideration – Goodwill on Acquisition	12,420,959

The fair value of the identifiable assets and liabilities of the Company at the date of acquisition was as follows:

Cash and equivalents	498,844
Trade and other receivables	4,041,541
Inventory	2,648,682
Property Plant and Equipment	1,120,846
Intangibles	1,860
Other Assets	135,301
Liabilities	
Trade and other payables	4,160,198
Provisions	252,124
Taxation	117,584
Borrowings	1,770,995
Total identifiable net assets at fair value	2,146,173

The goodwill is attributable to the profitability of the acquired business, assembled workforce and significant synergies that are expected to arise from the group's operations.

The goodwill that arose from the business combination is not expected to be deductible for tax purposes.

The amounts at balance date have been included as provisional figures due to the complexity of the transaction and the resulting inability to finalize the fair value of the identifiable assets of the group at acquisition date. Any resulting adjustments from the finalisation of these fair values will be reflected in future financial statements of thegroup.

Note 4: Operating Segment

The Groups segments represent strategic business units that offer different products and operate in different segments of the automotive aftermarket. They are consistent with the way the CEO monitors and assesses the business performance in order to make decisions about resource allocation over the Group. Performance assessment is based on EBIT (Earnings Before Interest and Tax) and EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation). These measures are different from the profit and loss reported in the consolidated financial statements which is shown after net interest and tax expense. This is because decisions that affect the net interest expenses and tax expense are made a Group level. It is not considered appropriate to measure segment reporting at the net profit after tax level.

The Groups operating segments are detailed in significant accounting policies at Item r.

	Motorsport		Repairs and Roadside		Wheels and Tyres		Accessories		Consolidated	
	December 2019 $	December 2018 $	December 2019 $	December 2018 $	December 2019 $	December 2018 $	December 2019 $	December 2018 $	December 2019 $	December 2018 $
Sales	2,977,497	3,126,610	3,136,666	-	7,498,289	-	1,671,183	-	15,283,635	-
Other Income	408	44,503	185	-	329		3,560		4,488	
Total Segment Revenue	**2,977,905**		**3,136,851**	-	**7,014,18**	-	**1,647,743**	-	**15,288,123**	-
Segment Gross Profit	1,350,942	1,444,472	939,797	-	2,040,201	-	797,728	-	5,128,637	-
Segment Gross Profit %	45.4%	46.2%	30.0%	-	22.2%	-	47.7%	-	33.6%	-
Segment EBIT	171,180	352,979	254,437	-	(23,628)	-	39,278	-	642,678	-
Consolidated Operating Profit	-	**352,979**	-	-	-	-	-	-	**500,082**	-
Finance costs	-	61,315	-	-	-	-	-	-	142,596	-
Consolidated Profit(loss) before tax	-	**291,664**	-	-	-	-	-	-	**(2,525,844)**	-
Income tax expense	-	87,499	-	-	-	-	-	-	76,673	-
Consolidated net profit after tax	-	**204,165**	-	-	-	-	-	-	**(2,602,517)**	-
Amortisation	-	101	-	-	-	-	-	-	-	-
Depreciation		23,782		-		-		-	398,600	-
Share Listing Expenses		-		-		-		-	545,686	-
Listing Expenses on Reverse Acquisition		-		-		-		-	2,480,240	-
Segment EBITDA	**171,180**	**376,862**	**254,862**	-	**(23,628)**	-	**39,278**	-	**822,009**	-

Inter- Segment Sales

Inter-segment sales are carried out on an arm's length basis and reflect current market price.

Note 5: Leases

The Group's lease portfolio includes buildings, plant and equipment. These leases have an average term of 10 years.

Options to Extend or Terminate

The options to extend or terminate are contained in several of the property leases of the Group. These clauses provide the Group opportunities to manage leases in order to align with its strategies. All of the extension or termination options are only exercisable by the Group. The extension options or termination options which management were reasonably certain to be exercised have been included in the calculation of the lease liability.

(i) AASB 16 related amounts recognised in the statement of financial position:

	As at 31 December 2019
	$
Right-of-use assets	
Leased building	2,450,491
Accumulated depreciation	(280,743)
	2,169,748
Movement in carrying amounts:	
Leased buildings:	
Recognised on initial application of AASB 16 (previously classified as operating leases under AASB 117)	2,450,491
Depreciation expense for the half-year ended	(280,743)
Net carrying amount	2,169,748

(ii) AASB 16 related amounts recognised in the statement of profit or loss

	As at 31 December 2019
	$
Depreciation charge related to right-of-use assets	280,743
Interest expense on lease liabilities (under finance cost)	47,369
Short-term leases expense	163,135

	As at 31 December 2019	As at 31 December 2018
	$	$
Total half-yearly cash outflows for leases	392,120	-

Note 6: Inventories

	Consolidated Group	
	December 2019 $	June 2019 $
Raw Materials	313,366	-
Finished Products	5,294,618	2,853,727
Total Inventories	5,607,984	2,853,727

Note 7: Shareholders Returns

	Consolidated Group	
Earnings per share	December 2019 $	December 2018 $
Basic EPS: Weighted average number of ordinary shares	53,128,498	
Loss incurred	(2,602,517	
Loss Per Share	(4.90)	

Note 8: Equity and Reserves

(a) Share Capital	Consolidated Group December 2019 Number	Consolidated Group December 2018 Number
Ordinary Shares issued and fully paid	85,642,492	18
Total Contributed Equity	85,642,492	18

(b) Movements in Ordinary Shares on Issue	Consolidated Group December 2019 Number	Consolidated Group December 2019 $
At 30th June 2018	349,122,480	
Share consolidation on the basis of 37:1 on 30 May 2019	(339,688,024)	
At 30th June 2019	9,434,456	-
23rd August 2019 – Issued at$.20 – Public Offer	13,079,272	2,615,854
23rd August 2019 – Issued at$.10 – Noteholder conversion	3,000,000	300,000
23rd August 2019 – Issued at$.25 – Acquisition of Business	49,518,400	10,020,664
23rd August 2019 – Deemed shares on Reverse take-over	-	2,358,936
30th September 2019 – Issued at $.20 – Placement	62,500	12,500
30th September 2019 – Issued at $.25 – Exercise of options	7	2
24th October 2019 – Issued at $.25 – Performance and earnout shares	14,370,356	3,592,589
30th December 2019 – Issued at $.20 – Staff shares	275,000	55,000
30th December 2019 – Issued at $.20 – Acquisition of business	202,500	40,500
30th December 2019 – Issued at $.20 – Placement	200,000	40,000
30th December 2019 – Issued at $.25 –Exercise of options	1	-
Less Share Issue Expenses		(211,398)
Closing Balance	90,142,492	18,824,647

Shares Cancelled on Fix My Truck termination	4,500,000	1,125,000
	85,642,492	17,699,647

(c) Options at 31 December 2019

As at 31 December 2019 there were 8,982,698 listed options on issue which are exercisable at $.25 each with an expiry date of 28 August 2021 (30 June 2019: Nil)

	Consolidated Group	
	December 2019 $	December 2018 $
Beginning of the period	-	-
Issued during the period	8,982,706	-
Exercised during the period	(8)	-
End of period	8,982,698	-

During the period 8,982,706 listed options were issued at $nil which are exercisable at $.25 each with an expiry date of 28 August 2021 as part of the public offer and a bonus issue to shareholders

During the period 8 listed options were exercised (30 June 2019: Nil)

No unlisted options are outstanding as at 31st December 2019

(d) Terms and conditions of contributed equity

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on the shares held

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

Capital Management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits to other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

Management may in the future adjust the capital structure to take advantage of favourable costs of capital and issue further shares in the market. Management has no current plans to adjust the capital structure other than as disclosed in the financial statements.

RPM Automotive Group Limited

ABN: 34 002 527 906

Directors Declaration

In accordance with a resolution of the Directors RPM Automotive Group Limited the Directors of the Company declare that:

1. The financial statements and notes, as set out in the financial report are in accordance with Corporations Act 2001 including:

   I. Complying with Accounting Standard AASB 134 Interim Financial Reporting, and

   II. Giving a true and fair view of the Consolidated Group's financial position as at 31st December 2019 and of its performance for the half-year ended on that date.

2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Grant Carman
Chairman

Clive Finkelstein
Managing Director

Dated this 28th day of February 2020

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF RPM AUTOMOTIVE GROUP LIMITED

Report on the Half-Year Financial Report.

We have reviewed the accompanying half-year financial report of RPM Automotive Group Limited, which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entities comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year period.

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 consolidated financial report of RPM Automotive Group Limited and its controlled entities 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 2019 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard *AASB 134 Interim Financial Reporting and Corporations Regulations 2001*.

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 control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

walkerwaylandAdvantage

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF RPM AUTOMOTIVE GROUP LIMITED (Continued)

Auditor's Responsibility
Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements *ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 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 RPM Automotive Group Limited, *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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of RPM Automotive Group Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Walker Wayland Advantage

WALKER WAYLAND ADVANTAGE AUDIT PARTNERSHIP
CHARTERED ACCOUNTANTS

BEN BESTER
PARTNER

Dated in Melbourne on this 28th day of February 2020