



**RPM Automotive Group**  
**Consolidated Financial Statements**  
**For the Year Ended 30 June 2017**

**RPM Automotive Group**  
**Consolidated Statement of Profit or Loss**  
**For the Year ended 30 June 2017**



	2017	2016
	\$	\$
Income	22,492,759	21,119,329
Cost of Goods Sold	13,678,629	13,091,330
<b>Gross Profit</b>	<b>8,814,130</b>	<b>8,027,999</b>
Other Revenue	465,014	227,278
Distribution Expenses	278,764	230,613
Selling Expenses	213,991	382,900
Administration Expenses	1,694,740	1,940,156
Finance Costs	259,115	344,882
Occupancy Costs	1,006,642	843,293
Employments Costs	4,575,741	4,610,794
Other Expenses	-	-
<b>Profit before Income Tax Expense</b>	<b>1,250,151</b>	<b>(97,361)</b>
<b>Income Tax Expenses</b>	<b>134,956</b>	<b>119,745</b>
<b>Profit from Operations</b>	<b>1,115,195</b>	<b>(217,106)</b>



**RPM Automotive Group  
Consolidated Balance Sheet  
As at 30 June 2017**

	Note	2017 \$	2016 \$
<b>Current Assets</b>			
Cash and Cash Equivalents	3	705,924	447,374
Trade and Other Receivables	4	3,152,386	2,417,078
Inventories	5	4,539,682	3,512,186
Other Current Assets	7	25,564	42,095
<b>Total Current Assets</b>		<b>8,423,556</b>	<b>6,418,733</b>
<b>Non-Current Assets</b>			
Trade and Other Receivables	4	82,804	78,904
Property, Plant and Equipment	8	1,046,709	1,182,276
Intangible Assets	9	911,406	909,698
<b>Total Non-Current Assets</b>		<b>2,040,919</b>	<b>2,170,878</b>
<b>Total Assets</b>		<b>10,464,475</b>	<b>8,589,611</b>
<b>Current Liabilities</b>			
Trade and Other Payables	10	3,890,969	3,858,423
Current Tax Liabilities	6	376,386	304,403
Financial Liabilities	11	3,197,442	703,205
Short Term Provisions	12	462,972	564,389
<b>Total Current Liabilities</b>		<b>7,927,769</b>	<b>5,430,420</b>
<b>Non-Current Liabilities</b>			
Financial Liabilities	11	1,343,520	1,589,614
<b>Total Liabilities</b>		<b>9,271,289</b>	<b>7,020,034</b>
<b>Net Assets</b>		<b>1,193,186</b>	<b>1,569,577</b>
<b>Equity</b>			
Issued Capital		4,189,902	4,189,902
Reserves	13	(3,648,332)	(2,156,745)
Retained Profits/(Accumulated Losses)	14	651,616	(463,580)
<b>Total Equity</b>		<b>1,193,186</b>	<b>1,569,577</b>

*This document contains information that is confidential to the issuer.*



# RPM Automotive Group

## Notes to the Consolidated Financial Statements

### For the Year ended 30 June 2017

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#### 1 Significant Accounting Policies

The directors of RPM Australasia Pty Ltd have prepared the consolidated financial statements on the basis that the company is a non-reporting entity because there are no users dependent on general purpose financial statements. The consolidated financial statements are therefore special purpose financial statements that have been prepared in order to meet the needs of members.

The consolidated financial statements have been prepared in accordance with the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous period unless stated otherwise.

#### Basis of Preparation

The consolidated financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The accounting policies that have been adopted in the preparation of the statements are as follows:

##### (a) Cash and Cash Equivalents

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

##### (b) Provisions

Provisions are recognised when the company 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.

##### (c) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

##### (d) Property, Plant and Equipment

Property, plant and equipment are carried at cost, independent or management valuation. All assets, excluding freehold land and buildings held for investment, are depreciated over their useful lives.

The depreciation method and useful life used for items of property, plant and equipment (excluding freehold land) reflects the pattern in which their future economic benefits are expected to be consumed by RPM Automotive Group. Depreciation commences from the time the asset is held ready for use. Any leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The useful lives used for each class of depreciable asset are considered to fall within standard parameters. Standard rates of depreciation have been used for each class of asset.

The carrying value of plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amount. 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 not been discounted in determining recoverable amounts.



**RPM Automotive Group**  
**Notes to the Consolidated Financial Statements**  
**For the Year ended 30 June 2017**

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(e) **Foreign Currency Transactions and Balances**  
**Functional and Presentation Currency**

Both the functional and presentation currency for the company is Australian dollars.

**Transactions and Balances**

Transactions in foreign currency are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction.

(f) **Income Tax**

The income tax expense (revenue) for the reporting period comprises current income tax expense (income). The company does not apply deferred tax.

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

(g) **Borrowings**

Loans are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and is recorded as part of current payables.

(h) **Intangibles**

Goodwill is initially recorded at the amount by which the purchase price for a business combination exceeds the fair value attributed to the interest in the net fair value of identifiable assets, liabilities and contingent liabilities acquired at date of acquisition.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(i) **Trade and Other Receivables**

Trade receivables are recognised initially at the transaction price (i.e. cost) and are subsequently measured at cost less provision for impairment.

At the end of each reporting period, the carrying value of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in the financial statements.



**RPM Automotive Group**  
**Notes to the Consolidated Financial Statements**  
**For the Year ended 30 June 2017**

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(j) **Impairment of Assets**

Property (including investment property), plant and equipment, intangible assets and investments measured at cost are reviewed at the end of each reporting period to determine whether there is any indication that those assets have suffered an impairment loss.

If there is an indication of possible impairment, the recoverable amount of the affected asset (or group of related assets) is estimated by reference to disposal value and compared with its carrying value. The recoverable amount is the higher of the asset's fair value less costs to sell and the present value of the asset's future cash flows discounted at the expected rate of return. If estimated recoverable amount is lower, the carrying value is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

(k) **Inventories**

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on a first-in first-out basis and include direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenses.

(l) **Leases**

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

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset (but not the legal ownership) are transferred to the company, are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the reporting period.

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

(m) **Revenue and Other Income**

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

Revenue is measured at the value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. For this purpose, deferred consideration is not discounted to present values when recognising revenue.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

All revenue is stated net of the amount of goods and services tax (GST).



**RPM Automotive Group**  
**Notes to the Consolidate Financial Statements**  
**For the Year ended 30 June 2017**

(n) **Trade and Other Payables**

Trade payables are obligations on the basis of normal credit terms and do not bear interest. They are recognised at their transaction price.

(o) **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the balance sheet.

(p) **Comparative Figures**

Where appropriate, comparative figures have been adjusted to confirm to changes in the presentation for the current financial period.

(q) **Principles of Consolidation**

The consolidated financial statements incorporate all of the assets, liabilities and results of the entities. A list of the entities is provided in the Notes.

The assets, liabilities and results of all entities are fully consolidated into the financial statements of the Group. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of entities have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

2	<b>Revenue</b>	<b>2017</b>	<b>2016</b>
		\$	\$
	<b>Sales Revenue</b>		
	Sale of Goods	22,492,759	21,119,329
	<b>Other Income</b>		
	Discounts Received	3,195	-
	Dividends Received	24	530
	Interest Received	2,482	2,349
	Rebates	340,358	71,935
	Recoveries	46,803	77,886
	Other Revenue	54,748	36,627
	Government Subsidies	6,802	-
	Foreign Currency Exchange Gain	10,602	26,912
	Profit on Sale of Non-current Assets	-	11,039
		<u>465,014</u>	<u>227,278</u>
		<u>22,957,773</u>	<u>21,346,607</u>



**RPM Automotive Group**  
**Notes to the Consolidated Financial Statements**  
**For the Year ended 30 June 2017**

3	<b>Cash and Cash Equivalents</b>	<b>2017</b> \$	<b>2016</b> \$
	<b>Cash and Cash Equivalents</b>		
	Cash on Hand	706	706
	Cash in transit	(712)	4,511
	Petty Cash Imprest	400	2,389
	Cash at Bank	265,607	244,109
	Cash at Bank	64,560	51,024
	Cash at Bank	89,355	78,120
	Cash at Bank	203,526	792
	Cash at Bank	-	65,723
	Cash at Bank	82,006	-
	Cash at Bank	100	-
	Cash at Bank	376	-
	<b>Total Cash and Cash Equivalents</b>	<b>705,924</b>	<b>447,374</b>
	<b>Cash Reconciliation</b>		
	Cash and Cash Equivalents	705,924	447,374
	Bank Overdrafts	(29,109)	(17,644)
		<b>676,815</b>	<b>429,730</b>
4	<b>Trade and Other Receivables</b>	<b>2017</b> \$	<b>2016</b> \$
	<b>Current</b>		
	Sundry Debtors	7,549	7,549
	Trade Debtors	3,103,094	2,372,633
	Less Provision for Doubtful Debts	(3,200)	(3,200)
	Other Debtors	22,975	-
	Loans to Directors	20,000	-
	Loans - Unsecured	1,968	22,861
	Loans - Related Parties	-	17,235
		<b>3,152,386</b>	<b>2,417,078</b>
	<b>Non-Current</b>		
	Deposits	82,804	78,904
		<b>82,804</b>	<b>78,904</b>
	<b>Total Trade and Other Receivables</b>	<b>3,235,190</b>	<b>2,495,982</b>
5	<b>Inventories</b>	<b>2017</b> \$	<b>2016</b> \$
	<b>Current</b>		
	Stock on Hand	4,220,002	3,154,649
	Stock on Hand	64,000	64,000
	Finished Goods	32,896	172,535
	Raw Materials	222,784	121,002
		<b>4,539,682</b>	<b>3,512,186</b>
	<b>Total Inventories</b>	<b>4,539,682</b>	<b>3,512,186</b>

*The accompanying notes form part of these financial statements.*



**RPM Automotive Group**  
**Notes to the Consolidated Financial Statements**  
**For the Year ended 30 June 2017**

6	Tax Assets and Liabilities	2017 \$	2016 \$
	<b>Liabilities</b>		
	Current Tax Liability	138,712	50,532
	PAYG Withholding Payable	237,674	237,673
	PAYG Instalment Payable	-	16,198
		<u>376,386</u>	<u>304,403</u>
	<b>Net Tax Liabilities</b>	<u><b>(376,386)</b></u>	<u><b>(304,403)</b></u>
7	Other Assets	2017 \$	2016 \$
	<b>Current</b>		
	Prepayments	15,956	38,176
	Prepaid Borrowing Expenses	13,531	6,531
	Less Amortisation	(3,923)	(2,612)
		<u>9,608</u>	<u>3,919</u>
	<b>Total Other Assets</b>	<u><b>25,564</b></u>	<u><b>42,095</b></u>
8	Property, Plant and Equipment	2017 \$	2016 \$
	Property Improvements	267,834	267,834
	Less Accumulated Depreciation & Impairment	(61,914)	(56,634)
		<u>205,920</u>	<u>211,200</u>
	<b>Total Land and Buildings</b>	<u><b>205,920</b></u>	<u><b>211,200</b></u>
	Plant & Equipment	1,601,012	1,584,615
	Less: Accumulated Depreciation	(1,112,318)	(1,002,195)
		<u>488,694</u>	<u>582,420</u>
	Motor Vehicles	591,333	536,635
	Less: Accumulated Depreciation	(381,915)	(304,606)
		<u>209,418</u>	<u>232,029</u>
	Office Furniture & Equipment	358,649	348,514
	Less: Accumulated Depreciation	(229,925)	(206,575)
		<u>128,724</u>	<u>141,939</u>
	Low Value Pool	13,953	14,688
	<b>Total Plant and Equipment</b>	<u><b>840,789</b></u>	<u><b>971,076</b></u>
	<b>Total Property, Plant and Equipment</b>	<u><b>1,046,709</b></u>	<u><b>1,182,276</b></u>



**RPM Automotive Group**  
**Notes to the Consolidated Financial Statements**  
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9	<b>Intangible Assets</b>	<b>2017</b>	<b>2016</b>
		\$	\$
	Formation Expenses	33,378	33,378
	Goodwill	872,727	872,727
	Patents & Trademarks	5,301	3,593
	<b>Total Intangible Assets</b>	<b>911,406</b>	<b>909,698</b>
10	<b>Trade and Other Payables</b>	<b>2017</b>	<b>2016</b>
		\$	\$
	<b>Current</b>		
	Sundry Creditors	51,294	15,094
	Trade Creditors	3,617,473	3,514,361
	Other Creditors	91,820	49,445
	Customer Deposits	7,604	7,604
	Provision for GST	122,778	271,919
		<b>3,890,969</b>	<b>3,858,423</b>
	<b>Total Trade and Other Payables</b>	<b>3,890,969</b>	<b>3,858,423</b>
11	<b>Financial Liabilities</b>	<b>2017</b>	<b>2016</b>
		\$	\$
	<b>Current</b>		
	<i>Credit Cards</i>		
	Credit Cards	29,109	17,644
	<i>Related Parties Loans</i>		
	Loans - Related Parties	1,085,641	214,149
	<b>Hire Purchase</b>		
	Hire Purchase Liability	82,884	52,928
	Less Unexpired Charges	7,957	6,537
		<b>74,927</b>	<b>46,391</b>
	Loans - Bank	2,000,000	425,021
	Loans - Related Parties	7,765	-
	<b>Total Current</b>	<b>3,197,442</b>	<b>703,205</b>
	<b>Non-current</b>		
	<b>Hire Purchase</b>		
	Hire Purchase Liability	147,045	113,968
	Less Unexpired Charges	19,937	14,522
		<b>127,108</b>	<b>99,446</b>
	Loans - Bank	308,560	229,709
	Loans - Unsecured	393,477	601,681
	Loans - Related Parties	514,375	658,778
	<b>Total Non-current</b>	<b>1,343,520</b>	<b>1,589,614</b>
	<b>Total Financial Liabilities</b>	<b>4,540,962</b>	<b>2,292,819</b>

This document is intended to be read in conjunction with the consolidated financial statements.



**RPM Automotive Group**  
**Notes to the Consolidated Financial Statements**  
**For the Year ended 30 June 2017**

12	<b>Provisions</b>	<b>2017</b>	<b>2016</b>
		\$	\$
	<b>Current</b>		
	<i>Other Provision</i>		
	Opening Balance for the year	11,202	11,512
	Provisions added	10,460	-
	Provisions used	(1,893)	(310)
	<i>Provision for Holiday Pay</i>		
	Opening Balance for the year	170,819	244,723
	Provisions added	29,710	31,249
	Provisions used	(19,713)	(75,443)
	<i>Provision for Long Service Leave</i>		
	Opening Balance for the year	133,452	135,870
	Provisions used	(28,974)	(2,418)
	<i>Superannuation Contributions Surcharge</i>		
	Superannuation Contributions Surcharge	173,793	173,793
	Opening Balance for the year	45,413	45,813
	Provisions added	-	4,137
	Provisions used	(61,297)	(4,537)
		<u>462,972</u>	<u>564,389</u>
	<b>Total Provisions</b>	<u>462,972</u>	<u>564,389</u>
		<b>2017</b>	<b>2016</b>
		\$	\$
13	<b>Reserves</b>		
	<b>Capital Redemption Reserve</b>		
	Opening Balance	(3,077,656)	(3,000,022)
	Movements	(1,491,587)	(77,634)
	Closing Balance	<u>(4,569,243)</u>	<u>(3,077,656)</u>
	<b>Share Premium Reserve</b>		
	Opening Balance	920,911	920,911
	Closing Balance	<u>920,911</u>	<u>920,911</u>
	<b>Total Reserves</b>	<u>(3,648,332)</u>	<u>(2,156,745)</u>
14	<b>Retained Profits / Accumulated Losses</b>	<b>2017</b>	<b>2016</b>
		\$	\$
	Accumulated Losses at Beginning of Financial Year	(463,579)	(246,474)
	<b>Add</b>		
	Net profit attributable to members	1,250,151	-
	<b>Less</b>		
	Net loss attributable to members	-	97,361
	Income Tax Expense	134,956	119,745
	Retained Profits at 30 June 2017	<u>651,616</u>	<u>(463,580)</u>

For more information, please refer to the notes to these financial statements.



**RPM Automotive Group  
Notes to the Consolidated Financial Statements  
For the Year ended 30 June 2017**

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**15 Company Details**

**The principal place of business is:**

RPM Automotive Group  
592 Whitehorse Road, Mitcham Victoria 3132

**The principal activities of the company include:**

Tyre wholesale and retail  
Specialised automotive accessory manufacture  
Motor racing accessory supplier

**The consolidated financial statements include  
the assets, liabilities and result of:**

- Revolution Racegear Pty Ltd (ABN 31 144 082 262)
- EJ Anywhere Pty Ltd (ABN 36 601 183 984)
- Fix My Truck Pty Ltd (ABN 19 608 713 631)
- W&M Patterson Trust (ABN 64 799 819 374)
- Riley Street Automotive Pty Ltd (ABN 52 069 219 894)
- Spider GT Pty Ltd (ABN 97 156 074 289)
- Wildcat (Aust) Pty Ltd (ABN 21 112 579 772)

Walker Wayland Advantage Audit Partnership  
Audit & Assurance Services  
Level 7, 114 William Street  
Melbourne VIC 3000  
Australia  
ABN 47 075 804 075  
T +61 3 9274 0600  
F +61 3 9274 0660  
audit@wwadvantage.com.au  
wwadvantage.com.au

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

**Qualified Opinion**

We have audited the accompanying financial report, being a special purpose financial report, of RPM Automotive Group, which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial report presents fairly, in all material respects, the financial position of the entity as at 30 June 2017 and its performance for the year then ended in accordance with the accounting policies described in Note 1 of the financial statements.

**Basis for Qualified Opinion**

We were not appointed as auditors for the entity until after 30 June 2017 and thus did not observe the counting of physical inventories at the beginning and end of the year. We were unable to satisfy ourselves by alternative means concerning the inventory quantities held at 30 June 2016 and 2017, which are stated in the statements of financial position at \$3,512,186 and \$4,539,682 respectively. We therefore are unable to express an opinion on the existence of the recorded inventory and since inventories enter into the determination of the financial performance, we were unable to determine whether adjustments might have been necessary in respect of the income for the year reported in the statement of profit or loss.

We were not appointed as auditors for the entity until after 30 June 2017 and were unable to obtain sufficient appropriate audit evidence regarding the opening balances carried forward from the unaudited 30 June 2015 balances. We were therefore unable to determine whether adjustments to the results of operations and opening retained earnings might be necessary for the year ended 30 June 2016.

Our audit opinion on the financial report for the period 30 June 2016 was modified accordingly. Our opinion on the current period's financial report is also modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RPM AUTOMOTIVE GROUP (Continued)**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the group in accordance with the auditor independence the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

### **Emphasis of Matter - Basis of Accounting**

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

### **Directors' Responsibility for the Financial Report**

The directors of the group are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the stakeholders and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

### **Auditor's Responsibility for the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit.

We identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

We conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation. We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

  
**WALKER WAYLAND ADVANTAGE AUDIT PARTNERSHIP  
CHARTERED ACCOUNTANTS**

  
**BEN BESTER  
PARTNER**

Dated in Melbourne on this *11<sup>th</sup>* day of October 2018