

AUTRON CORPORATION LIMITED

31 August 2007

**THE MANAGER
COMPANY ANNOUNCEMENTS OFFICE
ASX LIMITED**

Dear Sir

re : APPENDIX 4E : PRELIMINARY FINAL REPORT

**AUTRON CORPORATION LIMITED
AND ITS CONTROLLED ENTITIES FOR YEAR ENDED 30 JUNE 2007**

Enclosed for release to the market is the Company's Appendix 4E Report for the year ended 30 June 2007, which is subject to the completion of the audit process, and incorporating:

- Summary of Activities and Results
- Results for Announcement to the Market
- Consolidated Income Statement
- Consolidated Balance Sheet
- Consolidated Statement of Cash Flows
- Statement of Changes in Equity

and Notes thereto.

Yours faithfully
Autron Corporation Limited

per Mourice Garbutt
Company Secretary
autron\asx\final report 30 06 07

copy to: The Singapore Exchange Securities Trading Limited
for the attention of Ms June Sim/Ms Darrell Lam

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Autron Corporation Limited is an unrelated and distinct entity to Autron Electronics Pty Ltd



For Immediate Release

NEWS RELEASE

Autron Completes its Restructuring and Invests for the Future

- Restructuring exercise continues from the first half of FY07 with disposal of the remaining SMT related businesses
- Discontinued SMT related businesses registered A\$76.4 million loss, of which A\$36.5 million is related to goodwill
- Short term borrowings reduced from A\$103.5 million to A\$19.8 million
- New businesses to have positive contributions in FY08

Singapore, August 31, 2007 - Autron Corporation Limited ("Autron" or "The Group"), a mainboard-listed company on the Australian Exchange and Singapore Exchange, announced today its financial results ended 30 June 2007 ("FY07").

The Group reported a net loss of A\$98.3 million in FY07 as compared to A\$4.7 million in FY06. The loss was mainly attributed to the one time write-off of its discontinued operations in its distribution of SMT equipment businesses. Autron has disposed its entire SMT related businesses and written off a significant amount of goodwill, which is non-cash in nature.

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AUTRON CORPORATION LIMITED

Autron achieved revenue of A\$22.2 million in FY07 compared to A\$23.4 million in FY06. Gross profit margin registered a respectable 18% despite higher cost of materials and labour. The Group's short-term borrowings have reduced significantly from A\$103.5 million in FY06 to A\$19.8 million in FY07.

Commenting on the Group's results, Group CEO Mr. Eric Lim said, "This restructuring of the Group's old businesses is a one-off exercise. During the financial year, the new management has identified new cash generating businesses. Since financial year end, the Group has completed the acquisition of the new business and embarked on a second investment."

"We are very pleased with the addition of DBG Holding Group of Companies and our very recent buyout of Putrajaya Perdana Berhad ("PPB"), a listed Company in Malaysia. As these new businesses have been completed in the new financial year, it did not contribute to FY07. However these new assets will contribute positively to the top and bottom line of the Company in FY08," Mr Lim added.

In August 2007, the Group acquired 80% stake in Da Ya Bay Development, a leading EMS Services Provider in China. This acquisition will complement the Group's Malaysia's subsidiary, Fine Pulse Sdn Bhd ("Fine Pulse") through sharing of technological expertise and processes. Fine Pulse will also be able to offer manufacturing facilities in China to its existing customer base. All in all, the acquisition is able to open doors into the growing EMS Service industry in China.

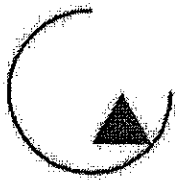
In addition, the Group set up a subsidiary, Autron Investment Co. Ltd ("Autron Investment"), to be the new strategic arm of property development and construction. In August 07, Autron Investment formed Swan Symphony Sdn. Bhd. with prominent

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Middle East and Malaysian investors to acquire a 50.6% majority stake in KLSE-listed PPB. PPB allows Autron to tap on the construction and development boom in Malaysia, Middle East and South East Asia. This boom is estimated to be worth in excess of US\$200 billion.

In addition, the Group has also entered into a Memorandum of Understanding with The Wynton Private Equity Group, Mubadala Development Company and ALDAR Properties PJSC for real estate investment projects in Malaysia.

Moving on, the Group has put in place new strategies to focus on acquiring good assets with good cash flows generating capability. It is expected that the Group will acquire more such assets over the next 12 months.

Said Professor CC Hang, the Chairman of the Board, "The new management has shown great vision and the Board is very confident that the divestment of the old distribution businesses, coupled with the new foray into the booming development and construction business, will greatly enhance shareholders' values."

-- END --

Issued on behalf of Autron Corporation Limited by iGlobal Investor Relations Pte Ltd

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RESULTS FOR ANNOUNCEMENT TO THE MARKET				
		30 June 2007		30 June 2006
		A\$'000	%	A\$'000
1	Revenue from ordinary activities from continuing operations	22,185	Down 5 %	23,360
2	Loss after tax from continuing operations	(32,223)	Down -423 %	(6,164)
3	Net loss for the year attributable to members	(98,313)	Down -1998 %	(4,685)
	NM - Not meaningful (Percentage is not being in used, where the results goes from a negative to a positive).			
4	Dividends (distributions)	Amount per security	Unfranked amount per security	
	Final dividend	NA	NA	
	Interim dividend	NA	NA	
5	Dividend - Record Date of establishing of entitlement of dividend:		NA	
6	Dividend - Dividend Re-investment Plan: NA Share Purchase Plan: NA			
7	Explanatory Comment : The Group's revenue from continuing operations for FY2007 amounted to be AUD 22.2 million was 5% lower than FY 2006, its corresponding period of AUD23.4million. Gross profit margin has dropped from 22.0% in FY 2006 to 17.9% in FY 2007, mainly due to higher cost of materials and labour. Operating expenses were higher than FY2006 due to higher administrative expenses and finance costs. The group reporting net loss after tax of AUD98.3million was largely contributed from the one time write off of its discontinued operations in its distribution of SMT equipment business that amounted to be A\$ 76.4million, the write off included its inventories, accounts receivables and intangibles. In additional, the group has also written off AUD14.8mil of goodwill in its continuous operations Subsequent to the financial year end, the Group has entered several cash generating businesses that would contribute positively to the top and bottom line in FY2008. The recent acquisition in DBG Holdings Limited has a net tangible assets of AUD45.7million and cash at bank amounted to be AUD8.3million. The buyout of Putrajaya Perdana Berhad has also been encouraging where it has benefited from the construction and development boom in Malaysia. This report is based on accounts which have not yet been audited.			

Appendix 4E
Condensed Income Statement
for the year ended 30 June 2007

Notes	Consolidated	
	2007 \$'000	2006 \$'000
Continuing operations		
Revenue	3 21,867	22,851
Cost of Sales	(17,949)	(17,824)
Gross Profit	3,918	5,027
Other income	3 318	509
	4,236	5,536
Selling expenses	(227)	(135)
Administrative expenses	(12,203)	(9,040)
Occupancy expenses	(693)	(1,231)
Finance costs	4(c) (2,950)	(2,281)
	(16,073)	(12,687)
Loss from continuing operations before tax and significant items	(11,837)	(7,151)
Significant items:-		
Goodwill/Licence Impairment	(14,831)	-
Bridging finance cost	(437)	-
Foreign exchange losses	(4,112)	1,414
Provision for doubtful debts	(733)	-
	(31,950)	(5,737)
Loss from continuing operations before income tax expense	(31,950)	(5,737)
Income tax expense	5 (273)	(427)
Loss after tax from continuing operations	(32,223)	(6,164)
Discontinued operations		
Gain on sale of discontinued operations	6 10,890	-
(Loss)/Profit after tax from discontinued operations	6 (76,413)	1,556
Total profit/(loss) from discontinued operations	6 (65,523)	1,556
Net Loss for the period	(97,746)	(4,608)
Attributable to:		
Minority Interest	567	77
Parent Members	(98,313)	(4,685)
	(97,746)	(4,608)
Earnings per share (cents per share)		
-basic, for loss for the year attributable to ordinary equity holders of the parent	7 (14.16)	(0.65)
-basic, for loss from continuing operations attributable to ordinary equity holders of the parent	7 (4.72)	(0.88)
-diluted, for loss for the year attributable to ordinary equity holders of the parent	7 (14.16)	(0.65)
-diluted, for loss from continuing operations attributable to ordinary equity holders of the parent	7 (4.72)	(0.88)

Appendix 4E
Condensed Balance Sheet
as at 30 June 2007

	Notes	Consolidated 2007 \$'000	2006 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	8	2,222	6,050
Trade and other receivables	9	10,546	125,029
Inventories	10	3,013	43,162
Finance lease receivables	11	-	6,863
Available-for-sale investments	13	41	50
Asset classified as held for sale	6	5,850	-
Total Current Assets		21,672	181,154
Non-current Assets			
Investment in associate	12	29	29
Trade and other receivables	9	4,787	14,230
Finance lease receivables	11	-	2,180
Property, plant and equipment	15	26,176	46,199
Intangible assets and goodwill	16	3,343	53,469
Development cost	16	389	516
Deferred tax assets	5	38	74
Total Non-current Assets		34,762	116,697
TOTAL ASSETS		56,434	297,851
LIABILITIES			
Current Liabilities			
Trade and other payables	17	10,887	70,447
Interest-bearing loans and borrowings	18	19,774	103,525
Finance lease payables	19	-	364
Income tax payable	5	2,733	3,332
Provisions	20	336	1,004
Total Current Liabilities		33,730	178,672
Non-current Liabilities			
Trade and other payables	17	188	2,462
Interest-bearing loans and borrowings	18	16,404	21,840
Finance lease payables	19	-	168
Deferred tax liabilities	5	1,115	1,389
Total Non-current Liabilities		17,707	25,859
TOTAL LIABILITIES		51,437	204,531
NET ASSETS		4,996	93,320
EQUITY			
Equity attributable to equity holders of the parent			
Contributed equity	21	76,839	76,838
Warrants	21	-	3,222
Reserves	22	10,044	(2,767)
Retained earnings/(Accumulated losses)	22	(83,660)	14,653
Parent Interests		3,223	91,946
Minority Interests	23	1,773	1,374
TOTAL EQUITY		4,996	93,320

Appendix 4E
Consolidated Statement of cash flows
for the year ended 30 June 2007

Notes	Consolidated	
	2007 \$'000	2006 \$'000
Cash flow from operating activities		
Receipts from customers	96,975	243,251
Payments to suppliers and employees	(93,704)	(231,138)
Interest received	352	1,197
Interest and other cost of finance paid	(12,843)	(8,714)
Income tax paid	(1,536)	(1,687)
Net cash flows from/(used in) operating activities	(10,756)	2,909
Cash flows from investing activities		
Purchase of property, plant and equipment	(978)	(10,933)
Proceeds from sale of property, plant and equipment	352	1,355
Additional investment in subsidiaries	(131)	(1,768)
Proceed on disposal of subsidiary, net of cash disposed	6 70,974	-
Amount due on purchase of subsidiaries	(4,313)	(5,348)
Net cash flows from/(used in) investing activities	65,904	(16,694)
Cash flows from financing activities		
Proceeds from issues of warrants	1	-
Proceeds from/(repayment of) finance lease principal	(609)	(265)
Proceeds from (repayment of)/borrowings	(79,786)	12,031
Proceeds from sale of receivables	17,976	-
Short term loan provided	(878)	-
Proceeds from issue of convertible bonds	9,764	-
Net cash flows from/(used in) financing activities	(53,532)	11,766
Net (decrease) / increase in cash held	1,616	(2,019)
Cash and Cash Equivalents as at beginning of financial year	(2,685)	(663)
Net Foreign Exchange Difference	527	(3)
Cash as at the end of the financial year	8 (542)	(2,685)

Appendix 4E
Statement of Changes in Equity

FOR FULL YEAR ENDED 30 Jun 2007

	Issued Capital	Warrants	Retained Earnings	Foreign Currency Reserve	Other Reserve	Total	Minority Interest	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening Balance As at 1 Jul 2006	76,838	3,222	14,653	(2,767)	-	91,946	1,374	93,320
Currency Translation Difference				9,589		9,589	(168)	9,421
Total Income and expense for the year recognised directly in equity	76,838	3,222	14,653	6,822	-	101,535	1,206	102,741
Profit / (Loss) for the year			(98,313)			(98,313)	567	(97,746)
Total Income / expense for the year	76,838	3,222	(83,660)	6,822	-	3,222	1,773	4,995
Transfer upon expiry of warrants					3,222	-		-
Conversion of warrants to ordinary shares	1	(3,222)				1		1
Closing Balance As at 30 Jun 07	76,839	-	(83,660)	6,822	3,222	3,223	1,773	4,996

FOR FULL YEAR ENDED 30 Jun 2006

	Issued Capital	Warrants	Retained Earnings	Revaluation Reserve	Other Reserve	Total	Minority Interest	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening Balance As at 1 Jul 2005	76,838	3,222	18,852	(6,255)	-	92,657	1,265	93,922
Currency Translation Difference				3,488		3,488	32	3,520
Total Income and expense for the year recognised directly in equity	76,838	3,222	18,852	(2,767)	-	96,145	1,297	97,442
Change in fair value of available for sale financial assets					-	-		-
AIFRS Balance as at 1 July 2005	76,838	3,222	18,852	(2,767)	-	96,145	1,297	97,442
Profit / (Loss) for the year			(4,684)			(4,684)	77	(4,607)
AIFRS adjustment for the year			485			485		485
Closing Balance As at 30 Jun 06	76,838	3,222	14,653	(2,767)	-	91,946	1,374	93,320

**Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2007**

1. CORPORATE INFORMATION

The financial report of Autron Corporation Limited for the year ended 30 June 2007 was authorised for issue in accordance with a resolution of the directors on 31 August 2007. Autron Corporation Limited is a company incorporated in Australia and limited by shares, which are publicly traded on the Australian Stock Exchange.

The principal activities for the year of entities within the consolidated entity were those of agency representation; distribution of capital equipment; project management and consultancy; servicing; installation & logistical support; manufacturing of electronics accessories and development; manufacturing of Diode light emitting products; design and manufacture of industrial machinery and robotic and automated systems and assembly of printed circuit boards.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards. The financial report is prepared on a going concern basis.

The financial report has been prepared on a historical cost basis, except for investment properties, land and buildings, derivative financial instruments and available-for-sale financial assets that have been measured at fair value.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated under the option available to the company under ASIC Class Order 98/0100.

(b) Significant accounting policies

Trade and other receivables

Trade receivables, which generally have 30-300 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

Certain of the Group's trade debtors relating to the discontinued operations, recorded at \$5.5 million net (after provision), have exceeded their extended credit terms, which has caused the company to recognise a significant provision against those debtors. Subsequent to balance sheet date the company has signed an agreement for these debts for a cash consideration of USD 22 million, due over 4 years.

The company has significant scheduled payments for lease liabilities, loans and bank debt, due in the next 12 months. The company currently has no unconditional right to defer these payments.

Consequently, the company has implemented or is implementing a number of initiatives to improve cashflow which the directors expect will be successful in conjunction with the continuing support of creditors.

Changes in accounting policies

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). The financial report also complies with International Financial Reporting Standards (IFRS).

Except for the amendments to AASB101 Presentation of Financial Statements, which the Group has early adopted, Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ending 30 June 2007. There are outlined in the table below.

The following Amendments to Australian Accounting Standards are not applicable to the Group and therefore have no impact:

- AASB2007-2 Amendments to Australian Accounting Standards arising from AASB Interpretation 12 [AASB 1, AASB 117, AASB 118,
- AASB 2007-5 Amendments to Australian Accounting Standard - Inventories Held for Distribution by Not-for-Profit Entities [AASB 102]

The following interpretations are not applicable to the Group and therefore have no impact:

- UIG 7 Applying the Restatement Approach under AASB 129 Financial Reporting in Hyperinflationary Economies
- AASB Interpretation 12 Service Concession Arrangements
- IFRIC Interpretation 13 Customer Loyalty Programmes
- IFRIC Interpretation 14 IAS 19 - The Asset Ceiling: Availability of Economic Benefits and Minimum Funding Requirements.

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date to Group
AASB 2005-10	Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]	Amendments arise from the release in August 2005 of AASB 7 <i>Financial Instruments : Disclosures</i>	1/01/07	AASB 7 is a disclosure standard so will have no direct impact on the amounts included in the Group's financial statements. However, the amendments will result in changes to the financial instrument disclosures included in the Group's financial report.	1/07/07

**Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2007**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

AASB 2007-1	Amendments to Australian Accounting Standards arising from AASB Interpretation 11 [AASB 2]	Amending standard issued as a consequence of AASB Interpretation 11 <i>AASB 2 - Group and Treasury Share Transactions</i> .	1/01/07	This is consistent with the Group's existing accounting policies for share-based payments, so the amendments are not expected to have any impact on the Group's financial report.	1/07/07
AASB 2007-3	Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038]	Amending standard issued as a consequence of AASB 8 <i>Operating Segments</i> .	1/01/09	AASB 8 is a disclosure standard so will have no direct impact on the amounts included in the Group's financial statements. However the amendments may have an impact on the Group's segment disclosures as segment information included in internal management reports is more detailed than is currently reported under AASB 114 <i>Segment Reporting</i> .	1/07/09
AASB 2007-4	Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments [AASB 1, 2, 3, 4, 5, 6, 7, 102, 107, 108, 110, 112, 114, 116, 117, 118, 119, 120, 121, 127, 128, 129, 130, 131, 132, 133, 134, 136, 137, 138, 139, 141, 1023 & 1038]	Amendments arising as a result of the AASB decision that, in principle, all options that currently exist under IFRSs should be included in the Australian equivalents to IFRSs and additional Australian disclosures should be eliminated, other than those now considered particularly relevant in the Australian reporting environment.	1/07/07	These amendments are expected to reduce the extent of some disclosures in the Group's financial report.	1/07/07
AASB 2007-6	Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]	Amending standard issued as a consequence of revisions to AASB 123 <i>Borrowing Costs</i> .	1/01/09	These amendments to AASB 123 require that all borrowing costs associated with a qualifying asset be capitalised. The Group has no borrowing costs associated with qualifying assets and as such the amendments are not expected to have any impact on the Group's financial report.	1/07/09
AASB 2007-7	Amendments to Australian Accounting Standards [AASB 1, AASB 2, AASB 4, AASB 5, AASB 107 & AASB 128]	Amending standards for wording errors, discrepancies and inconsistencies.	1/07/07	The amendments are minor and do not affect the recognition, measurement or disclosure requirements of the standards. Therefore the amendments are not expected to have any impact on the Group's financial report.	1/07/07
AASB 7	<i>Financial instruments: Disclosures</i>	New standard replacing disclosure requirements of AASB 130 <i>Disclosures in the Financial Statements of Banks and Similar Financial Institutions</i> and AASB 132 <i>Financial Instruments: Disclosure and Presentation</i> .	1/01/07	Refer to AASB 2005-10 above.	1/07/07
AASB 8	<i>Operating Segments</i>	New standard replacing AASB 114 <i>Segment Reporting</i> , which adopts a management approach to segment reporting.	1/01/09	Refer to AASB 2007-3 above	1/07/09
AASB 123 (amended)	<i>Borrowing Costs</i>	The amendments to AASB 123 require that all borrowing costs associated with a qualifying asset must be capitalised.	1/01/09	Refer to AASB 2007-6 above.	1/01/09
AASB Interpretation 10	<i>Interim Financial Reporting and Impairment</i>	Addresses an inconsistency between AASB 134 <i>Interim Financial reporting</i> and the impairment requirements relating to goodwill in AASB 136 <i>Impairment of Assets</i> and equity instruments classified as available for sale in AASB 139 <i>Financial Instruments: Recognition and Measurement</i> .	1/11/06	The prohibitions on reversing impairment losses in AASB 136 and AASB 139, which are to take precedence over the more general statement in AASB 134, are not expected to have any impact on the Group's financial report.	1/01/07
AASB Interpretation 11	<i>AASB 2 - Group and Treasury Share Transactions</i>	Addresses whether certain types of share-based payment transactions with employees (or other suppliers of goods and services) should be accounted for as equity-settled or as cash-settled transactions under AASB 2 <i>Share-based Payment</i> . It also specifies the accounting in a subsidiary's financial statements for share-based payment arrangements involving equity instruments of the parent.	1/03/07	Refer to AASB 2007-1 above	1/07/07

** designates the beginning of the annual reporting period.

**Notes to the Financial Statements (continued)
FOR THE YEAR ENDED 30 JUNE 2007**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Basis of Consolidation

The consolidated financial statements comprise the financial statements of Autron Corporation Ltd and its subsidiaries as at 30 June each year (the Group).

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

(d) Business combinations

The purchase method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the combinations. Where equity instruments are issued in a business combination, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Except for non-current assets or disposal groups classified as held for sale (which are measured at fair value less costs to sell), all identifiable assets acquired and liabilities and contingent liabilities assumed in a business combinations are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of the business combination over the net fair value of the Group's share of the identifiable net assets acquired is recognised as goodwill. If the cost of acquisition is less than the Group's share of the net fair value of the identifiable net assets of the subsidiary, the difference is recognised as a gain in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of the consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(e) Segment reporting

A business segment is a distinguishable component of the entity that is engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is a distinguishable component of the entity that is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different than those of segments operating in other economic environments.

(f) Foreign currency translation

(i) Functional and presentation currency

Both the functional and presentation currency of Autron Corporation Ltd and its Australian subsidiaries is Australian dollars (\$). Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(ii) Transactions & balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All exchange differences in the consolidated financial report are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

As at the reporting date the assets and liabilities of these subsidiaries are translated into the presentation currency of AUTRON GROUP at the rate of exchange ruling at the balance sheet date and their income statements are translated at the weighted average exchange rate for the year.

The exchange differences arising on the translation are taken directly to a separate component of equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

Notes to the Financial Statements (continued)
FOR THE YEAR ENDED 30 JUNE 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included within interest-bearing loans and borrowings in current liabilities on the balance sheet.

(h) Inventories

Inventories including raw materials, work in progress and finished goods are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials – purchase cost on a first-in, first-out basis;

Finished goods and work-in-progress – cost of direct materials and labour and a proportion of variable and fixed manufacturing overheads

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(i) Derivative financial instruments and hedging

The Group has not engaged in derivative financial instruments and hedging during the current year.

(j) Non-current assets and disposal groups held for sale and discontinued operations

Non-current assets and disposal groups are classified as held for sale and measured at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction. They are not depreciated or amortised. For an asset or disposal group to be classified as held for sale, it must be available for immediate sale in its present condition and its sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

A discontinued operation is a component of the entity that has been disposed of and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the income statement.

(k) Investments and other financial assets

Financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transactions costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

(i) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

(ii) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification.

Investments that are intended to be held-to-maturity, such as unit trusts, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Notes to the Financial Statements (continued)
FOR THE YEAR ENDED 30 JUNE 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Investments and other financial assets (continued)

(iv) Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible and keeping judgemental inputs to a minimum.

(l) Investment in associate

The Group's investment in its associate is accounted for using the equity method of accounting in the consolidated financial statements. The associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture.

Under the equity method, the investment in the associate is carried in the consolidated balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The consolidated income statement reflects the Group's share of the results of operations of the associate.

Where there has been a change recognised directly in the associate's equity, the Group recognises its share of any changes and discloses this in the consolidated statement of recognised income and expense.

The reporting dates of the associate and the Group are identical and the associate's accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

(m) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred.

Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Land and buildings are measured at cost less accumulated depreciation on buildings and less any impairment losses recognised at the date of the balance sheet.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

	2007	2006
Freehold & Leasehold property	1% - 3%	1% - 3%
Plant and Equipment	6% - 33%	6% - 33%
Leasehold Improvements	13% - 22%	13% - 22%
Motor Vehicles	15%	15%

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

(i) Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the income statement in the cost of sales line item.

(iii) Disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

Notes to the Financial Statements (continued)
FOR THE YEAR ENDED 30 JUNE 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Investment properties

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the balance sheet date. Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the year in which they arise.

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

(n) Investment properties (continued)

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale.

For a transfer from investment property to owner-occupied property or inventories, the deemed cost of property for subsequent accounting is its fair value at the date of change in use. If the property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under Property, plant and equipment up to the date of change in use. For a transfer from inventories to investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognised in profit or loss. When the Group completes the construction or development of a self-constructed investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognised in profit and loss.

(o) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

(i) Group as a lessee

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. Lease incentives are recognised in the income statement as an integral part of the total lease expense.

(ii) Group as a lessor

Leases in which the Group retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as rental income.

(p) Impairment of non-financial assets other than goodwill

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

(q) Goodwill and intangibles

Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated:

Notes to the Financial Statements (continued)
FOR THE YEAR ENDED 30 JUNE 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Goodwill and Intangibles (continued)

Goodwill

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment based on either the Group's primary or the Group's secondary reporting format determined in accordance with AASB 114 Segment Reporting.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates. When the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. When goodwill forms part of a cash-generating unit (group of cash-generating units) and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the cash generating unit retained.

Impairment losses recognised for goodwill are not subsequently reversed.

Intangibles

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

Research and development costs

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an internal project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure so capitalised is amortised over the period of expected benefits from the related project.

The carrying value of an intangible asset arising from development expenditure is tested for impairment annually when the asset is not yet available for use, or more frequently when an indication of impairment arises during the reporting period.

A summary of the policies applied to the Group's intangible assets is as follows:

	Patents and Licences	Development Costs
Useful lives	Finite	Finite
Amortisation method used	Amortised over the coverage life of the patent/licence being 10 years	Amortised over the period of expected future sales from the related project on a straight-line basis
Internally generated or acquired :	Acquired	Internally generated
Impairment testing	Annually and more frequently when an indication of impairment exists	Annually for assets not yet available for use and more frequently when an indication of impairment exists. The amortisation method is reviewed at each financial year-end

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Notes to the Financial Statements (continued)
FOR THE YEAR ENDED 30 JUNE 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Pensions and other post-employment benefits

The defined benefit pension plan requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit actuarial valuation method. Actuarial gains and losses are recognised in retained earnings. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The defined benefit asset or liability recognised in the balance sheet represents the present value of the defined benefit obligation, adjusted for unrecognised past service cost, net of the fair value of the plan assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

(s) Trade and other payables

Trade payables and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(t) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

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

Borrowing costs

Borrowing costs are recognised as an expense when incurred.

(u) Provisions and employee leave benefits

Provisions are recognised when the Group has a present obligation (Legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

Employee leave benefits

Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(v) Contributed equity

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

(w) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

(ii) Rendering of services

Revenue from the maintenance contracts of Surface Mount Technology (SMT) machinery and equipment, contract manufacturing and other value-adding services is recognised by reference to the stage of completion.

Stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract. When the contract outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Notes to the Financial Statements (continued)
FOR THE YEAR ENDED 30 JUNE 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Revenue recognition (continued)

(iii) Interest income

Revenue is recognised as the interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(iv) Dividends

Revenue is recognised when the Group's right to receive payment is established.

(v) Rental income

Rental income from investment properties is accounted for on a straight-line basis over the lease term. Contingent rental income is recognised as income in the periods in which it is earned. Lease incentives granted are recognised as an integral part of the total rental income.

(x) Income tax and other taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference 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 the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Notes to the Financial Statements (continued)
FOR THE YEAR ENDED 30 JUNE 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Income tax and other taxes (continued)

Other taxes

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(y) Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. They are not credited directly to shareholders equity.

When the grant relates to an asset, the fair value is credited to a deferred income account and is released to the income statement over the expected useful life of the relevant asset by equal annual instalments.

(z) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

Notes to the Financial Statements (continued)
FOR THE YEAR ENDED 30 JUNE 2007

3. Revenue, income and expenses from continuing operations

	Notes	Consolidated	
		2007	2006
		\$'000	\$'000
Revenues from operating activities			
Sale of machinery and equipment		11,874	2,324
Sale of spare parts and services		632	602
Sale of assembly services		8,831	7,263
Sale of equipment manufacturing		530	12,662
Revenue from sale of goods		21,867	22,851
Income from non-operating activities			
Rent		140	157
Commission		-	10
Interest income		172	78
Profits from disposal of non current assets		6	17
Others		-	172
Government Grant		-	75
Total Income from non-operating activities		318	509
Total Income from ordinary activities		22,185	23,360

4. Expenses and losses / (gains) from continuing operations

(a) Other expenses

Depreciation of non-current assets			
Plant and equipment		3,692	4,589
Motor vehicles		80	189
Leasehold and freehold property		279	291
Leasehold improvements		331	455
Leasehold land		10	7
Total depreciation of non-current assets		<u>4,392</u>	<u>5,531</u>

Amortisation of non-current assets

Patents and Licences		262	256
Other		144	282
Total amortisation of non-current assets		<u>406</u>	<u>538</u>

Total depreciation and amortisation expenses

<u>4,799</u>	<u>6,069</u>
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Doubtful debts provided			
- trade		739	110

Bad debts written off		433	21
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Provision for stock obsolescence		241	29
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Operating lease rental			
- minimum lease payments		70	75

(b) Losses / (gains)

Net losses/(gains) on disposal of property, plant and equipment		53	70
Net foreign currency losses/(gains)		4,112	(1,414)

(c) Finance costs

Bank overdraft interest		211	520
Finance lease interest		45	54
Term loan interest		2,790	1,591
Trade financing interest		10	17
Others		(106)	99
		<u>2,950</u>	<u>2,281</u>

Notes to the Financial Statements (continued)
FOR THE YEAR ENDED 30 JUNE 2007

5. Income Tax

Consolidated
2007 2006
\$'000 \$'000

The major components of income tax expense are:

Current income tax		
Current income tax charge	461	103
Deferred income tax		
Relating to origination and reversal of temporary differences	(188)	324
Income tax expense reported in the income statement	<u>273</u>	<u>427</u>

Numerical reconciliation between aggregate tax expense recognised in the income statement and tax expense calculated per the statutory income tax rate

A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:

Accounting losses before tax from continuing operations	(31,950)	(5,737)
Loss before tax from discontinued operations	(65,142)	3,311
Total accounting profit before income tax	<u>(97,092)</u>	<u>(2,426)</u>

At the Group's statutory income tax rate of 30% (2006: 30%)	(29,128)	(728)
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Adjustment in respect of current income tax of previous years

Foreign tax rate adjustment	9,677	(40)
Unrecognised tax losses	3,912	3,273
Expenses not allowable for income tax purpose	1,205	18
Non taxable income	(50)	(240)
Tax incentive	-	(101)
Goodwill/licence impairment	15,038	-
Others	-	-
	<u>654</u>	<u>2,182</u>

Aggregate income tax expense is attributable to:

Continuing operations	273	427
Discontinued operations	381	1,755
	<u>654</u>	<u>2,182</u>

Deferred tax assets and liabilities

Current tax payable	2,733	3,332
Provision for deferred income tax - non-current	1,115	1,389
Future income tax benefit - non-current	38	74

Income tax losses

Future income tax benefit arising from tax losses not brought to account at balance sheet date as realisation of the benefit is not regarded as virtually certain	<u>17,982</u>	<u>14,070</u>
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This future income tax benefit will only be obtained if:

- (a) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
- (b) the conditions for deductibility imposed by tax legislation continue to be complied with; and
- (c) no changes in tax legislation adversely affect the consolidated entity in realising the benefit

The amount of unused tax losses for which no deferred tax asset is recognised in the balance sheet is equal to \$17,982,000.

**Notes to the Financial Statements (continued)
FOR THE YEAR ENDED 30 JUNE 2007**

6. Discontinued operations

Autron previously classified its subsidiary Fine Pulse Sdn Bhd ("Fine Pulse") as "held for sale" in the 30 June 2006 financial report. Autron terminated the disposal process of Fine Pulse subsequent to 30 June 2006 as management decided to further develop this business. A depreciation charge of \$2.3 million, that was withheld in the 30 June 2006 financial year due to the business being classified as "held for sale", has been recorded in the current financial period. The prior period "held for sale" and discontinued operation disclosures have been restated to continuing operations in this financial period.

On 2 August 2006, Autron Corporation Limited entered into a sales agreement to dispose of American TEC Company Limited ('Amtec') and Autron India Private Limited ('AIP'). The disposal was completed on 3 November 2006. Both of these companies operated in the equipment distribution segment.

The divestment of American TEC Company Limited represents Autron's exit from the equipment distribution business. Autron remaining equipment distribution businesses are not allowed to directly compete with the purchaser of Amtec and AIP.

On 3 November 2006, Autron Corporation Limited entered into a sales agreement to dispose of Taiwan Autron Corporation ('TAC') and Austratech Corporation (Labuan) Bhd ('Austratech'). Both of these companies operated in the equipment distribution segment. These businesses were in the process of being wound down after the disposal of Amtec and AIP.

On 27 August 2007, Autron Corporation Limited entered into a sale agreement to dispose of AGS Pte Ltd ('AGS') and Autron (S.E.A.) Pte Ltd ('ASEA'). Both of these companies operated in the equipment distribution segment. The sale agreement is expected to be completed on or before 30 September 2007. These businesses have been disclosed as discontinued operations and held for sale as at 30 June 2007.

The results of the discontinued operations for the year until disposal are presented below:

	2007						2006							
	Amtec A\$'000	TAC A\$'000	Austratech A\$'000	AIP A\$'000	AGS A\$'000	ASEA A\$'000	Total A\$'000	Amtec A\$'000	TAC A\$'000	Austratech A\$'000	AIP A\$'000	AGS A\$'000	ASEA A\$'000	Total A\$'000
Revenue	17,403	873	1,153	64	2,281	2,523	24,297	163,135	595	11,921	251	52,351	19,004	247,257
Cost of sales	(13,825)	(652)	(1,018)	(5)	(9,392)	(4,291)	(29,183)	(133,684)	(523)	(8,258)	(9)	(45,585)	(13,159)	(201,218)
Gross profit/(loss)	3,578	221	135	59	(7,111)	(1,768)	(4,886)	29,451	72	3,663	242	6,766	5,845	46,039
Other income	33	476	2	-	3,256	227	3,994	639	-	22	-	1,342	182	2,185
Operating Expenses	(2,361)	(3,600)	(4,418)	(50)	(41,175)	(12,930)	(64,534)	(17,998)	(1,794)	(1,846)	(520)	(12,681)	(3,553)	(38,392)
Total operating profit/(loss)	1,250	(2,903)	(4,281)	9	(45,030)	(14,471)	(65,426)	12,092	(1,722)	1,839	(278)	(4,573)	2,474	9,832
Finance Cost	(4,982)	(5)	(1,098)	-	(2,251)	(2,270)	(10,606)	(1,741)	(4)	(510)	-	(2,681)	(1,585)	(6,521)
Loss before tax	(3,732)	(2,908)	(5,379)	9	(47,281)	(16,741)	(76,032)	10,351	(1,726)	1,329	(278)	(7,254)	889	3,311
Taxation	(380)	(12)	-	-	(75)	86	(381)	(987)	42	(7)	-	(803)	-	(1,755)
Loss before MI	(4,112)	(2,920)	(5,379)	9	(47,356)	(16,655)	(76,413)	9,364	(1,684)	1,322	(278)	(8,057)	889	1,556
MI	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net profit/(loss) attributable to discontinued operations	(4,112)	(2,920)	(5,379)	9	(47,356)	(16,655)	(76,413)	9,364	(1,684)	1,322	(278)	(8,057)	889	1,556
Gain/(loss) on sale of discontinued entities	17,485	(6,595)	-	-	-	-	10,890	-	-	-	-	-	-	-
Total profit/(loss) attributable to discontinued operations	-	-	-	-	-	-	-	-	-	-	-	-	-	1,556

Notes to the Financial Statements (continued)
FOR THE YEAR ENDED 30 JUNE 2007

6. Discontinued operations (continued)

The major classes of assets and liabilities of American TEC Company Limited and Autron India Private Limited are as follows:

	2007 \$'000
Assets	
Cash	2,874
Receivables	61,725
Inventories	20,542
Property, plant and equipment	<u>3,477</u>
	88,618
Liabilities	
Payables	37,500
Interest bearing liabilities	38,717
Deferred tax liabilities	<u>84</u>
	76,301
Net assets attributable to discontinued operations	<u><u>12,317</u></u>
Consideration received or receivable	
Cash	77,922
Less net assets disposed of	(12,317)
Less goodwill write off (equipment distribution group)	(36,529)
Less inventory write off/discount	(10,630)
Less transaction costs	(678)
Less gross margin transferred (to purchaser)	<u>(283)</u>
Gain on disposal	<u><u>17,486</u></u>
Net cash inflow on disposal	
Cash	79,883
Less cash used to settle Amtec/AIP creditors	(5,983)
Less cash balances disposed	<u>(2,874)</u>
Reflected in the cash flow statement	<u><u>71,026</u></u>

The sale of Amtec/AIP resulted in Autron writing off its equipment distribution business goodwill balance (\$ 36,529,000). The transaction also involved non-sale group companies transferring inventory to the purchaser (at a discount) or writing this inventory off due to non-complete conditions (\$ 10,630,000)

Autron was required to settle Amtec/AIP creditors of \$ 5,983,000 using sales proceeds. An equivalent amount of Amtec/AIP trade receivables was transferred by the purchaser to Autron (in lieu of this payment).

The major classes of assets and liabilities of Taiwan Autron Corporation and Austratech Corporation (Labuan) Bhd are as follows:

	2007 \$'000
Assets	
Cash	52
Receivables	15,982
Inventories	156
Property, plant and equipment	<u>78</u>
	16,268
Liabilities	
Payables	992
Interest bearing liabilities	-
Deferred tax liabilities	<u>-</u>
	992
Net assets attributable to discontinued operations	<u><u>15,276</u></u>

Notes to the Financial Statements (continued)
FOR THE YEAR ENDED 30 JUNE 2007

6. Discontinued operations (continued)

	2007 \$'000
Consideration received or receivable	
Cash	9,548
Less present value of deferred sales proceeds	(867)
	<u>8,681</u>
Less net assets disposed	(15,276)
Loss on disposal	<u>(6,595)</u>
Net cash inflow on disposal	
Cash and cash equivalents consideration	-
Less cash and cash equivalents balances disposed	(52)
Reflected in the cash flow statement	<u>(52)</u>

Autron has not received any cash proceeds in relation to this divestment at 30 June 2007. On 6 August 2007, subsequent to Balance Sheet date, Autron has received the 1st instalment of USD 1,500,000. Autron will receive the remaining equal instalment of cash proceeds (USD 1,500,000) on the following dates: 1 December 2007, 1 December 2008, 1 December 2009 and 1 December 2010.

Discontinued/held for sale operations

The major classes of assets and liabilities of AGS Pte Ltd and Autron (S.E.A.) Pte Ltd measured at the lower of carrying amount and fair value less costs to sell as at 30 June 2007 are as follows:

	2007 \$'000
Assets	
Cash and cash equivalents (note 8)	144
Trade and other receivables	5,520
Inventories	195
Property, plant and equipment (note 15)	1,458
Assets classified as held for sale	<u>7,317</u>
Liabilities	
Trade and other payables	1,465
Deferred tax liabilities	2
Liabilities directly associated with non current assets classified as held for sale	<u>1,467</u>
Net assets attributable to discontinued operations	<u>5,850</u>

The net cash flows of AGS Pte Ltd and Autron (S.E.A.) Pte Ltd are as follows:

	2007 \$'000
Operating activities	31,540
Investing activities	868
Financing activities	(32,987)
Net cash inflows	<u>(579)</u>

7. Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year

Diluted earnings per share amounts are calculated by dividing the net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares, only when their conversion would decrease earnings per share or increase loss per share from continuing operations.

Notes to the Financial Statements (continued)
FOR THE YEAR ENDED 30 JUNE 2007

7. Earnings per share (continued)

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	Consolidated	
	2007	2006
	\$'000	\$'000
The following reflects the income and share data used in the calculations of basic and diluted earnings per share:		
Net profit attributable to ordinary equity holders of the parent from continuing operations	(32,790)	(6,164)
(Loss) / Profit attributable to ordinary equity holders of the parent from discontinued operations	(65,523)	1,479
Net profit attributable to ordinary equity holders of the parent	(98,313)	(4,685)
Net (profit) / loss attributable to minority interest	567	77
Earnings used in the calculation of basic and diluted earnings per share	(97,746)	(4,608)
Weighted average number of ordinary shares used in the calculation of basic earnings per share	694,161,852	694,157,370
Effect of dilutive securities:		
Opening balance	694,157,370	694,157,370
Warrants converted to share during the year	344	-
Convertible bonds	26,696,664	-
Closing balance	720,854,378	694,157,370
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	720,854,378	694,157,370

There have been no other transactions involving ordinary share or potential ordinary shares between reporting date and the date of completion of these financial statements.

To calculate earnings per share amounts for the discontinued operation, the weighted average number of ordinary shares for both basic and diluted amounts is as per the table above. The following table provides the profit figure used as the numerator:

Net profit attributable to ordinary equity holders of the parent from discontinued operations (note 6):		
- for basic earnings per share	(65,523)	1,479
- for diluted earnings per share	(65,523)	1,479

8. Cash and cash equivalents

	Consolidated	
	2007	2006
	\$'000	\$'000
Current		
Cash at bank and on hand	1,020	4,668
Deposits at financial institutions	1,202	1,382
	2,222	6,050

Cash at bank earns interest at floating rates based on the various bank rates offered by Autron's bankers.

Short term deposits are made for varying periods of between one day to less than 1 year depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

(i) Reconciliation of Cash

Cash at the end of the year is shown in the financial statement as:

Cash at bank and on hand	1,020	4,668
Deposits with financial institutions	1,202	1,382
Bank overdraft (note 18)	(2,907)	(8,735)
	(685)	(2,685)
Cash at bank and in hand attributable to discontinued operations (note 6)	144	-
	(542)	(2,685)

Notes to the Financial Statements (continued)
FOR THE YEAR ENDED 30 JUNE 2007

8. Cash and cash equivalents (continued)

	Consolidated	
	2007	2006
	\$'000	\$'000
(ii) Reconciliation of Net Cash Flows from operating activities with operating profit after income tax expense		
(Loss)/Profit from ordinary activities after income tax expenses	(97,746)	(4,608)
Non cash items:		
Depreciation and amortisation	7,075	3,707
Loss on sale of property, plant & equipment	133	50
Increase/(Decrease) in income tax provision	(655)	764
Increase/(Decrease) in deferred tax liability	127	(269)
Increase/(Decrease) in doubtful debts provision	32,612	9,719
Bad debts written off	1,609	548
Foreign exchange difference	8,782	1,839
Provision for stock obsolescence/stock written off	-	1,883
Impairment of goodwill & intangibles	50,643	-
Property, Plant & equipment written off	-	3
Inventories written off	22,292	249
Changes in assets & liabilities		
Debtors	(38,721)	(34,877)
Inventories	(19,451)	9,133
Creditors	22,442	14,768
Other	102	-
Net cash flows from operating activities	(10,756)	2,909

(iv) Financing facilities available

At balance sheet date, the following financing facilities had been negotiated and were available:

Total facilities available at balance sheet date

Bank overdraft	5,884	12,525
Bank loans/Finance company loans	14,935	42,920
Trade finance	7,592	134,136
Convertible bonds	9,764	-
	38,174	189,581

Facilities used at balance sheet date

Bank overdraft	2,907	8,589
Bank loans/Finance company loans	14,935	37,472
Trade finance	139	58,593
Convertible bonds	9,764	-
	27,745	104,654
External loans	8,168	6,251
	35,913	110,905

Facilities unused at balance sheet date

Bank overdraft	2,977	3,937
Bank loans/Finance company loans	-	5,448
Trade finance	7,453	75,543
Convertible bonds	-	-
	10,430	84,928

The trade finance facility of the controlled entities is secured by certain assets of the Group and a corporate guarantee from parent entity - Autron Corporation Limited.

9. Trade and other receivables

	Consolidated	
	2007	2006
	\$'000	\$'000
Current		
Trade debtors	6,752	125,830
Less provision for doubtful debts	(515)	(11,291)
Bills receivable	262	4,217
	6,499	118,756
Other debtors	3,759	5,298
Deposits	288	975
	4,047	6,273
	10,546	125,029

Notes to the Financial Statements (continued)
FOR THE YEAR ENDED 30 JUNE 2007

9. Trade and other receivables (continued)

	Consolidated	
	2007	2006
	\$'000	\$'000
Non-Current		
Other debtors	4,787	-
Trade debtors	-	14,230
	<u>4,787</u>	<u>14,230</u>

Terms and conditions relating to the above financial instruments

- (i) Trade debtors are non-interest bearing and generally on 30 to 90 days terms.
(ii) Sundry debtors and other receivables are non-interest bearing and have repayment terms between 30 to 90 days.
(iii) Other debtors include receivables from the sale of Taiwan Autron Corporation and Austratech Corporation (Labuan) Bhd.

10. Inventories

	Consolidated	
	2007	2006
	\$'000	\$'000
Current		
Finished goods - at cost	765	32,015
Provision for diminution in value	(285)	(2,768)
Finished goods - at net	<u>480</u>	<u>29,247</u>
Work In Progress - at cost	2,682	13,762
Provision for diminution in value	(565)	(589)
Work In Progress - at net	<u>2,117</u>	<u>13,173</u>
Raw materials - at cost	416	742
	<u>3,013</u>	<u>43,162</u>

11. Finance lease receivables

At 30 June 2007, the Group has nil balance of net finance lease receivables.

	Consolidated	
	2007	2006
	\$'000	\$'000
	Net Finance	Net Finance
	Lease Receivable	Lease Receivable
Amount receivable under finance lease:		
Within one year	-	6,040
Later than one year and not later than five years	-	3,524
Total minimum finance lease receivable	-	9,564
Unearned finance income	-	(521)
	<u>-</u>	<u>9,043</u>
	Present Value of	Present Value of
	minimum lease	minimum lease
	payments	payments
Amount receivable under finance lease:		
Within one year	-	6,863
Later than one year and not later than five years	-	2,180
Total minimum finance lease receivable	-	9,043

Notes to the Financial Statements (continued)
FOR THE YEAR ENDED 30 JUNE 2007

12. Investment in associate

	Consolidated	
	2007	2006
	\$'000	\$'000
Unquoted shares at fair value	29	29

13. Available-for-sale investments

	Consolidated	
	2007	2006
	\$'000	\$'000
Shares quoted in Malaysia at cost	107	107
Less: Allowance for diminution in value	(87)	(78)
Shares quoted in Malaysia, at fair value	20	29
Unit trust, unquoted	21	369
Disposals	-	(348)
	21	21
	41	50

Notes to the Financial Statements (continued)
FOR THE YEAR ENDED 30 JUNE 2007

14. Other financial assets

	Interest Held		Country of Incorporation
	2007 %	2006 %	
Controlled Entities of Autron Corporation Limited			
Australasian Technology (Properties) Corporation Pty Limited	100	100	Australia
Australasian Technology Corporation (Australia) Pty Limited	100	100	Australia
Microtel Australia Pty Limited	100	100	Australia
Vision Tech (Australia) Pty Limited	100	100	Australia
Autron (Suzhou) Technology Co Ltd	100	100	China
Info-Tek Technology (Suzhou) Co., Ltd.	100	100	China
American Tec Company Limited *	-	100	Hong Kong
Austratech Corporation (L) Bhd *	-	100	Malaysia
Australasian Technology Corporation NZ Limited	100	100	New Zealand
AFD Pte Ltd	100	100	Singapore
AGS Pte. Ltd.	100	100	Singapore
Autron (S.E.A.) Pte Ltd	100	100	Singapore
Autron Singapore Pte Ltd	100	100	Singapore
I.C. Equipment Pte Ltd	100	100	Singapore
Taiwan Autron Corporation *	-	100	Taiwan
Yo Hua Corporation **	80	-	Taiwan
Autron Mauritius Corporation ***	100	-	Mauritius
Controlled Entities of AGS Pte Ltd			
AGS (Shanghai) Co., Ltd.	100	100	China
AGS (Shenzhen) Co., Ltd.	100	100	China
Autron India Pte Ltd *	-	100	India
Controlled Entities of Autron (S.E.A.) Pte Ltd			
ER Mekatron Manufacturing Sdn Bhd	80	80	Malaysia
ER Mekatron Sdn Bhd	80	80	Malaysia
Niche Tech (Malaysia) Sdn. Bhd.	100	100	Malaysia
Autron (Thailand) Co., Ltd.	49	49	Thailand
Controlled Entities of American Tec Company Limited			
Autron American Technology Co., Ltd. *	-	100	China
Shenzhen American Tec Co., Ltd. *	-	100	China
Tianjin American Tec Trading Company Limited *	-	100	China
Controlled Entities of I.C. Equipment Pte Ltd			
I.C. Equipment (Shanghai) Co., Ltd.	100	100	China
Fine Pulse Sdn. Bhd.	100	100	Malaysia
Controlled Entities of Taiwan Autron Corporation			
Yo Hua Corporation **	-	80	Taiwan
Yo Hua (Suzhou) Opto-electronics Technology Ltd **	-	100	China
Charming Star Technology Co., Ltd **	-	100	China
Controlled Entities of Yo Hua Corporation			
Yo Hua (Suzhou) Opto-electronics Technology Ltd **	100	-	China
Charming Star Technology Co., Ltd **	100	-	China

* Company has been disposed during the financial year

** Shareholding of the companies have been transferred to Autron Corporation Limited

*** Company incorporated at Republic of Mauritius on 13 June 2007 and remained dormant during the financial period

15. Property, plant and equipment

	Consolidated	
	2007 \$'000	2006 \$'000
Plant and equipment - at cost	27,501	40,959
Less: accumulated depreciation	(11,420)	(9,348)
Less: assets included in discontinued operations held for sale (note 6)	(73)	-
	16,008	31,611
Plant and equipment under lease	554	1,538
Less: accumulated depreciation	(142)	(532)
Less: assets included in discontinued operations held for sale (note 6)	-	-
	412	1,006

Notes to the Financial Statements (continued)
FOR THE YEAR ENDED 30 JUNE 2007

15. Property, plant and equipment (continued)

	Consolidated	
	2007 \$'000	2006 \$'000
Motor vehicles - at cost	69	405
Less: accumulated depreciation	(57)	(355)
Less: assets included in discontinued operations held for sale (note 6)	-	-
	12	50
Motor vehicles under lease	178	465
Less: accumulated depreciation	(125)	(190)
Less: assets included in discontinued operations held for sale (note 6)	-	-
	53	275
Freehold and leasehold property - at cost	10,280	11,126
Less: accumulated depreciation	(653)	(319)
Less: assets included in discontinued operations held for sale (note 6)	(1,209)	-
	8,418	10,807
Freehold and leasehold land - at cost	950	1,037
Less: accumulated depreciation	(18)	(9)
Less: assets included in discontinued operations held for sale (note 6)	(40)	-
	892	1,028
Leasehold improvements - at cost	1,735	3,175
Less: accumulated depreciation	(1,218)	(1,753)
Less: assets included in discontinued operations held for sale (note 6)	(136)	-
	381	1,422
	26,176	46,199

Plant and equipment - at cost		
Carrying amount at beginning	31,611	24,597
Additions	831	9,254
Additions through acquisition of controlled entity	-	-
Disposals	(8,707)	(848)
Assets included in discontinued operations held for sale (note 6)	(73)	-
Depreciation expense	(5,769)	(2,360)
Exchange Adjustment	(1,885)	969
	16,008	31,611

Plant and equipment under lease		
Carrying amount at beginning	1,006	494
Additions	-	1,049
Additions through acquisition of controlled entity	-	-
Disposals/Settlement	(259)	(514)
Assets included in discontinued operations held for sale (note 6)	-	-
Depreciation expense	(119)	(30)
Exchange Adjustment	(216)	7
	412	1,006

Motor vehicles at cost		
Carrying amount at beginning	50	13
Additions	-	59
Additions through acquisition of controlled entity	-	-
Disposals	100	24
Assets included in discontinued operations held for sale (note 6)	-	-
Depreciation expense	(16)	(40)
Exchange Adjustment	(122)	(6)
	12	50

Motor vehicles under lease		
Carrying amount at beginning	275	445
Additions	27	-
Additions through acquisition of controlled entity	-	-
Disposals/Settlement	(275)	(62)
Assets included in discontinued operations held for sale (note 6)	-	-
Depreciation expense	(79)	(136)
Exchange Adjustment	105	28
	53	275

Notes to the Financial Statements (continued)
FOR THE YEAR ENDED 30 JUNE 2007

15. Property, plant and equipment (continued)

Freehold and leasehold property

Carrying amount at beginning	10,807	9,994
Additions	64	390
Additions through acquisition of controlled entity	-	-
Disposals	(49)	-
Assets included in discontinued operations held for sale (note 6)	(1,209)	-
Depreciation expense	(417)	(153)
Exchange Adjustment	(778)	576
	<u>8,418</u>	<u>10,807</u>

Freehold and leasehold land

Carrying amount at beginning	1,028	990
Additions	-	-
Additions through acquisition of controlled entity	-	-
Disposals	-	-
Assets included in discontinued operations held for sale (note 6)	(40)	-
Depreciation expense	(10)	(7)
Exchange Adjustment	(86)	45
	<u>892</u>	<u>1,028</u>

Leasehold improvements

Carrying amount at beginning	1,422	1,621
Additions	55	172
Additions through acquisition of controlled entity	-	-
Disposals	(185)	(7)
Disposals through sale of controlled entity	(356)	-
Assets included in discontinued operations held for sale (note 6)	(136)	-
Depreciation expense	(331)	(455)
Exchange Adjustment	(88)	91
	<u>381</u>	<u>1,422</u>

16. Intangible assets and goodwill

	Consolidated	
	2007	2006
	\$'000	\$'000
Goodwill at cost (Gross carrying amount)	15,500	49,575
Add: Addition	89	1,547
Less: Impairment on goodwill	(12,246)	-
	<u>3,343</u>	<u>51,122</u>
Licence fees	2,736	2,736
Less: Impairment on licence fees	(2,084)	-
Less: Accumulated amortisation	(652)	(389)
	<u>-</u>	<u>2,347</u>
Total Intangibles Net carrying amount	<u>3,343</u>	<u>53,469</u>
Development costs	2,138	1,693
Add: Addition	5	445
Less: Accumulated amortisation	(1,754)	(1,622)
Total Development Costs Net carrying amount	<u>389</u>	<u>516</u>

17. Trade and other payables

	Consolidated	
	2007	2006
	\$'000	\$'000
Current		
Trade creditors and bills payable	4,074	45,444
Business/controlled entity acquisition - consideration payable	5,461	9,678
Other creditors & accruals	(115)	15,325
Liabilities associated with asset classified as held for sale	1,467	-
	<u>10,887</u>	<u>70,447</u>
Non current		
Other creditors & accruals	188	2,462

Terms & conditions

Terms and conditions relating to the above financial instruments:

- (i) Trade creditor and accruals are non-interest bearing and are normally settled on 30 days - 150 days terms.
- (ii) Consideration and performance consideration payable in relation to business/controlled entity acquisitions are generally non-interest bearing.

Notes to the Financial Statements (continued)
FOR THE YEAR ENDED 30 JUNE 2007

18. Interest-bearing loans and borrowings

	Consolidated	
	2007 \$'000	2006 \$'000
Currents		
Term loan (secured)*	8,372	23,076
Other loan	8,168	12,397
Hire purchase creditors	188	379
	<u>16,728</u>	<u>35,852</u>
Trust receipts	139	34,849
Trade debtors financing	-	23,925
Bank overdraft *	2,907	8,735
Financial instruments	-	164
	<u>19,774</u>	<u>103,525</u>
Non-Current		
Term loan (secured)*	6,563	14,922
Other loan **	-	6,431
Convertible bonds	9,764	-
Hire purchase creditors	77	487
	<u>16,404</u>	<u>21,840</u>

* Bank overdraft facilities of the controlled entities and term loans are secured by corporate guarantee from parent entity.
A controlled entity of Autron Corporation Limited, AGS Pte Ltd, has a loan facility of \$3.1 million that is in breach at 30 June 2007. A waiver for this breach is being sought. This facility has been classified as current in accordance with Australian Accounting Standards - AASB 101.

** Other external loans include AUD 6.2 million of cash injection from Jafco Asia Technology Fund (JATF) in exchange of 255,793 issued convertible preference shares. This amount is due for repayment in October 2007.

Terms and conditions

Terms and conditions relating to the above financial instruments:

- (i) Hire purchase liabilities have an average lease of 3 years with option to purchase the asset at the completion of the contract at the asset's agreed value. The average discounted rate implicit in the contract is 4.9% Hire purchase liabilities are secured by a charge over the assets.
- (ii) Term loans and other loans are interest bearing at an average of 6% and 6.2% per annum respectively
- (iii) Trade financing are interest bearing at an average of 5.5 % per annum each.
- (iv) On 8 March 2007, the Company entered into a bond subscription agreement with an investor in relation to an issue of US\$7,500,000 aggregate principal amount of zero coupon convertible bonds (the "Convertible Bonds") due on 21 March 2010 (the "Maturity Date") with rights attaching to convert into ordinary shares in the capital of the Company at the conversion price of A\$0.101 per share (and S\$0.120 per share) (the "Conversion Price"). Based on the Conversion Price and assuming full conversion of the Convertible Bonds, up to approximately 104.1 million Shares are expected to be allotted and issued to the holders of the Convertible Bonds. However, under the terms and conditions of the Convertible Bonds, the Conversion Price is subject to adjustments upon the occurrence of certain events including but not limited to any consolidation, subdivision or reclassification of the shares as well as the issuance of capitalisation of profits or reserves and issuance of shares in the capital of the Company. If the Convertible Bonds are not converted, they will be redeemed on 21 March 2010 at par. Interest is payable on the settlement date at 28.37% (cumulative) of the principal.

19. Finance lease payables

At 30 June 2007, the Group has nil balances of lease payments.

	Consolidated	
	2007 \$'000	2006 \$'000
	Minimum Lease Payments	Minimum Lease Payments
Amount payable under finance lease:		
Within one year	-	396
In the second to fifth years, inclusive	-	168
	<u>-</u>	<u>564</u>
Total minimum finance lease receivable	-	564
Future finance charges	-	(32)
	<u>-</u>	<u>532</u>

Notes to the Financial Statements (continued)
FOR THE YEAR ENDED 30 JUNE 2007

19. Finance lease payables (continued)

Amount payable under finance lease:

Within one year

In the second to fifth years, inclusive

Total minimum finance lease receivable

Consolidated	
2007 \$'000	2006 \$'000
Present Value of minimum lease payments	Present Value of minimum lease payments
-	364
-	168
-	532

20. Provisions

Current

As at 1 July

Provision for the year

Used within the year

Employee benefits as at 30 June

Consolidated	
2007 \$'000	2006 \$'000
1,004	556
336	1,004
(1,004)	(556)
336	1,004

21. Contributed equity

(a) Issued and paid up capital

Ordinary shares fully paid

Consolidated	
2007 \$'000	2006 \$'000
76,839	76,838

(b) Movements in shares on issue

	30-Jun-07 Number of shares	\$'000
Beginning and end of the financial year	694,157,369	76,838
Exercise of warrants (options)	4,483	1
	694,161,852	76,839

	30-Jun-06 Number of shares	\$'000
Beginning and end of the financial year	694,157,369	76,838

Notes to the Financial Statements (continued)
FOR THE YEAR ENDED 30 JUNE 2007

21. Contributed equity (continued)

(c) Share warrants (options)

As at 30 June 2007, there are no share warrants (options) on issue (2006: 230,826,957).

(d) Terms and condition of contributed equity

Ordinary shares

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 shares held.

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

(e) Warrants (options) issue

	Consolidated	
	2007	2006
	\$'000	\$'000
Warrants (options) issue	-	3,222

(f) Movements in warrants (options) on issue

	30 June 2007	
	Number of shares	\$'000
Beginning and end of the financial year	230,826,957	3,222
Warrants (options) exercised	(4,483)	-
Warrants (options) expired	(230,822,474)	(3,222)
less: transaction cost	-	-
End of the year	-	-

	30 June 2006	
	Number of shares	\$'000
Beginning and end of the financial year	230,826,957	3,222

22. Reserves and retained profits

	Consolidated	
	2007	2006
	\$'000	\$'000
Other reserve	3,222	-
Foreign currency translation reserve	6,822	(2,767)
Total reserves	10,044	(2,767)
Retained profits	(83,660)	14,653

(a) Foreign currency translation reserve

(i) Nature and purpose of reserve

The foreign currency translation reserve is used to record exchange differences arising from the loss on translation of the financial statements of self-sustaining foreign operations.

(ii) Movements in reserve

Balance at beginning of year	(2,767)	(6,255)
Other reserve	3,222	-
Translation of overseas controlled entities	9,589	3,488
Balance at end of year	10,044	(2,767)

(b) Retained profits/(Accumulated losses)

Balance at the beginning of year	14,653	18,852
AIFRS adjustment for the period - AASB 139	-	485
Net (loss)/profit attributable to members of Autron Corporation Limited	(98,313)	(4,684)
Total available for appropriation	(83,660)	14,653
Dividends paid	-	-
Balance at end of year	(83,660)	14,653

(c) Other reserve

Unexercised warrants amounting to \$3,222,000 as at 3 June 2007 have expired and have been transferred to other reserve during the year.

Balance at beginning of year	-	-
Transfer from warrants	3,222	-
Balance at end of year	3,222	-

Notes to the Financial Statements (continued)
FOR THE YEAR ENDED 30 JUNE 2007

23. Minority Interests

	Consolidated	
	2007 \$'000	2006 \$'000
Ordinary share capital of controlled entities issued to minority interests are:		
ER Mekatron Sdn Bhd	160	103
ER Mekatron Manufacturing Sdn Bhd*	-	-
Yo Hua Corporation	264	243
Autron (Thailand) Co., Ltd	1,349	733
	1,773	1,079
Interest in retained profits and reserves	-	295
Total minority interests	1,773	1,374
Reconciliation of minority interest in controlled entities:		
Opening balance	1,374	1,265
Currency realignment	(168)	32
Add: share of operating profit / (loss)	567	77
Closing balance	1,773	1,374

*Note: The share capital of ER Mekatron Manufacturing Sdn Bhd is A\$3

24. Events after the balance sheet date

On 12 July 2007, the Company drew down on a finance facility USD 10 million established at that date to repay debt in accordance with the disposal of AGS/ASEA and for corporate purposes.

On 6 August 2007, the Company announced that it has completed the acquisition of an 80% interest in DGB Holdings Limited at a cost of US\$ 34 million as referred to in the Company's announcement on 25 June 2007. The Company has drawn down on a new finance facility of USD 26 million on that date to support this acquisition.

On 8 August 2007, the Company announced that its subsidiary, Autron Investment Co. Ltd, has entered into a joint venture with Middle East and Malaysian investors to form Swan Symphony Sdn. Bhd. to acquire a 50.6% stake in Putrajaya Perdana Berhad, a company listed on Main Board of Bursa Malaysia Securities Berhad for approximately RM 199 million (\$ 66.86 million).

On 10 August 2007, the Company announced that its strategic investor, IFS Capital Limited, would take up 25% stake of its subsidiary, Autron Investment Co. Ltd, for RM 10 million (\$ 3.325 million).

On 28 August 2007, the Company has signed an agreement to sell its wholly owned subsidiaries, AGS Pte Ltd and Autron (S.E.A) Pte Ltd, for a cash consideration of USD 22 million which is payable over a period of 4 years.

25. Contingent Liability

Yo Hua Corporation

According to the S&P agreement between the Group and Yo Hua Corporation's vendor, the Group is required to pay a portion of the Performance Consideration for financial year ended 31 December 2005, 31 December 2006 and 31 December 2007 based on the net profit before tax (NPBT) of Yo Hua Corporation.

The amount payable for FY2005 is \$114,000.

The amount payable for FY2006 is \$283,000 and no provision for half year of FY2007.

ER Mekatron Sdn Bhd and ER Mekatron Manufacturing Sdn Bhd

According to the S&P agreement between the Group and ER Mekatron's vendor, the Group is required to pay a Performance Consideration for financial year ended 31 March 2006 based on the net profit after tax (NPAT) of ER Mekatron Sdn Bhd and ER Mekatron Manufacturing Sdn Bhd.

The amount payable for year ended 31 March 2006 is \$1,352,000

In the event that the ER Mekatron Sdn Bhd and ER Mekatron Manufacturing Sdn Bhd shall not be listed by 31 December 2007, the Group has undertaken to purchase the remaining 300,600 shares of the vendors at a purchase price per share of 7 times of the net profit after tax for the financial year ended 31 March 2007 over the aggregate number of shares issued in both ER Mekatron Sdn Bhd and ER Mekatron Manufacturing Sdn Bhd.

It is also stated in the same agreement that the vendors shall be entitled to a profit share of 5% of the net profit after tax (NPAT) of ER Mekatron Sdn Bhd and ER Mekatron Manufacturing Sdn Bhd for three financial years commencing with the financial year ending 31 March 2008 (in the event of no listing occurring before 31 December 2007).

American Tec Co Ltd

The amount of performance consideration outstanding as at 30 June 2006 (\$1,982,000) has been fully settled and the outstanding balance is nil as at 30 June 2007