



AUTRON CORPORATION LIMITED

29 August 2008

**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 2008**

Enclosed for release to the market is the Company's Appendix 4E Report for the year ended 30 June 2008, 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 08

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

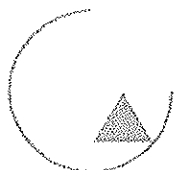
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Autron Corporation Limited is an unrelated and distinct entity to Autron Electronics Pty Ltd



**AUTRON CORPORATION LIMITED**

## NEWS RELEASE

# **Autron's FY08 Revenue Soars by 2,143% to New Record High of A\$253.2 million**

- Total revenue soars by approximately 2,143% to A\$253.2 million
- The Group's gross profit margin increases to 12.5%
- Autron regains strong profitability, with net profit attributable to members amounting to A\$6.3 million
- Cash at end of financial year is healthy at a hefty A\$4.4 million

Financial Highlights (in A\$'M)	Full Year Ended 30 June 2008		
	FY08	FY07	Change (%)
<b>Total Revenue from Ordinary Activities from Continuing Operations</b>	253.2	11.3	+2,143%
<b>Profit after Tax from Continuing Operations</b>	15.9	(28.2)	N.A
<b>Net Profit Attributable to Members</b>	6.3	(98.3)	N.A
<b>Earnings Per Share (in cents)</b>	2.29	(4.07)	N.A

Global Headquarters

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**Singapore, August 29, 2008** – Autron Corporation Limited (“Autron” or the “Group”), a Mainboard listed company on the Australian Stock Exchange and The Singapore Exchange, is pleased to announce its positive set of results for the year ended 30 June 2008 (“FY08”).

The Group’s total revenue from ordinary activities from continuing operations recorded A\$253.2 million, a 2,143% jump from the corresponding year of A\$11.3 million. The strong growth was mainly due to its newly acquired entity, DGB Holdings Limited (“DBG”) in August 2007.

In line with the impressive increase in total revenue and a gross profit margin of 12.5%, the Group’s total net income amounted to A\$43.4 million, a leap of 22 times as compared to FY07’s total net income of A\$1.9 million.

Operating expenses for its continued operations were reduced by 28.0%, principally due to the non-recurring costs incurred in FY07 and offset by the operating expenses attributable from DBG. Finance costs increased as a result of the term loan for the acquisition of DBG.

Correspondingly, the Group regained profitability, with net profit from its continued operations rising strongly to A\$15.9 million, as compared to a loss of A\$28.2 million in FY07.

Overall, the Group’ net profit attributable to equity members increased to A\$6.3 million in FY08.

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Group CEO, Mr Eric Lim, gave an insight to the improvements in the Group's FY08 results: "In an attempt to bring the Group back to profitability, we made a major decision to dispose almost all of our non core businesses, namely, in the design and manufacturing of industrial equipment, distribution of SMT equipment and manufacturing of Diode light emitting products. We counted our risks and ventured into new opportunistic businesses in the electronic manufacturing services, property development, and construction industries. Within a span of just one year, we are not just back to profitability, but have also seen a remarkable increase in both our topline and bottomline."

Such strong results have boosted earnings per share to 2.29 Australian cents from a negative 4.07 Australian cents in FY07. Cash and cash equivalents in FY08 also experienced an increase of 903% to A\$4.4 million from a negative A\$0.5 million in the previous corresponding period.

**-- END --**

*Issued on behalf of Autron Corporation Limited by iGlobal Consultancy Pte Ltd*

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**iGlobal Consultancy Pte Ltd**

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RESULTS FOR ANNOUNCEMENT TO THE MARKET				
		30 June 2008		30 June 2007
		A\$'000	%	A\$'000
1	Revenue from ordinary activities from continuing operations	253,178	Up 2143 %	11,289
2	Profit after tax from continuing operations	15,900	NM	(28,245)
3	Net Profit for the year attributable to members	6,314	NM	(98,313)
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 for its continued operations for FY2008 amounted to \$253,178,000 was a significant increase as compared to its continued operations for FY2007 of \$11,289,000. The strong growth was mainly attributable from its newly acquired entity, DBG Holdings Limited ("DBG") on 6 August 2007.  With the high revenue and gross profit margin of 12.5%, the Group reported a total net income of \$43,428,000, a 22 times rise as compared to FY2007, a total income of \$1,856,000.  The Group's total operating expenses for its continued operations has reduced by 28% mainly due to the non recurring costs incurred in FY2007 and offset by the operating expenses attributable from DBG. The higher finance costs reported is resulted from the term loan for the acquisition of DBG.  FY2008's net profit from the Group's continued operations amounted to a strong profit of \$15,900,000, a significant come back from its red position in FY2007 with net loss from continued operations of \$28,245,000  In FY2008, the Group has disposed almost all its non core businesses, namely in the design and manufacturing of industrial equipment, distribution of SMT equipment and manufacturing of Diode light emitting products . The total net loss from the disposal of these non core businesses amounted to \$4,572,000  Net profits attributable to the equity members is \$6,314,000 in FY2008.  <i>Note: The audit process has not been completed at the time of releasing this report.</i>			

**Appendix 4E**  
**Condensed Income Statement**  
**for the year ended 30 June 2008**

	Notes	<b>Consolidated</b>	
		<b>2008</b>	<b>2007</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Continuing operations</b>			
Revenue	3	239,661	11,289
Cost of Sales		(209,750)	(9,433)
<b>Gross Profit</b>		<b>29,911</b>	<b>1,856</b>
Other income	3	13,517	-
		<b>43,428</b>	<b>1,856</b>
Selling expenses		(894)	(227)
Administrative expenses		(17,763)	(25,588)
Occupancy expenses		(406)	(693)
Finance costs	4(c)	(7,448)	(3,379)
		<b>(26,511)</b>	<b>(29,887)</b>
<b>Profit/(Loss) from continuing operations before income tax expense</b>		<b>16,917</b>	<b>(28,031)</b>
Income tax expense	5	(1,017)	(214)
<b>Profit/(Loss) after tax from continuing operations</b>		<b>15,900</b>	<b>(28,245)</b>
<b>Discontinued operations</b>			
Profit/(Loss) on sale of discontinued operations	6	(1,961)	8,890
Profit/(Loss) after tax from discontinued operations	6	(2,611)	(78,391)
Total Profit/(Loss) from discontinued operations	6	(4,572)	(69,501)
<b>Net Profit/(loss) for the period</b>		<b>11,328</b>	<b>(97,746)</b>
Attributable to:			
Minority Interest		5,014	567
Parent Members		6,314	(98,313)
		<b>11,328</b>	<b>(97,746)</b>
<b>Earnings per share (cents per share)</b>			
-basic, for Profit/(loss) for the year attributable to ordinary equity holders of the parent	9	0.91	(14.16)
-basic, for Profit/(loss) from continuing operations attributable to ordinary equity holders of the parent	9	2.29	(4.07)
-diluted, for Profit/(loss) for the year attributable to ordinary equity holders of the parent	9	0.91	(14.16)
-diluted, for Profit/(loss) from continuing operations attributable to ordinary equity holders of the parent	9	2.29	(4.07)

**Appendix 4E**  
**Condensed Balance Sheet**  
**as at 30 June 2008**

	Notes	<b>Consolidated</b>	
		<b>2008</b>	<b>2007</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	10	5,403	2,366
Trade and other receivables	11	39,872	14,390
Inventories	12	7,069	3,208
Available-for-sale investments	14	-	41
Asset classified as held for sale		-	6,922
<b>Total Current Assets</b>		<b>52,344</b>	<b>26,927</b>
<b>Non-current Assets</b>			
Investment in associate	13	1,902	29
Trade and other receivables	11	4,411	4,787
Property, plant and equipment	16	54,314	26,769
Intangible assets and goodwill	17	4,236	3,343
Development cost	17	-	389
Deferred tax assets	5	5	38
<b>Total Non-current Assets</b>		<b>64,868</b>	<b>35,355</b>
<b>TOTAL ASSETS</b>		<b>117,212</b>	<b>62,282</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	18	27,194	16,703
Interest-bearing loans and borrowings	19	19,338	19,774
Income tax payable	5	1,928	2,763
Provisions	20	900	336
<b>Total Current Liabilities</b>		<b>49,360</b>	<b>39,576</b>
<b>Non-current Liabilities</b>			
Trade and other payables	18	-	189
Interest-bearing loans and borrowings	19	43,236	16,404
Deferred tax liabilities	5	912	1,117
<b>Total Non-current Liabilities</b>		<b>44,148</b>	<b>17,710</b>
<b>TOTAL LIABILITIES</b>		<b>93,508</b>	<b>57,286</b>
<b>NET ASSETS</b>		<b>23,704</b>	<b>4,996</b>
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the parent</b>			
Contributed equity	21	76,839	76,839
Reserves	22	7,531	10,044
Retained earnings/(Accumulated losses)	22	(77,347)	(83,660)
<b>Parent Interests</b>		<b>7,023</b>	<b>3,223</b>
<b>Minority Interests</b>	23	<b>16,681</b>	<b>1,773</b>
<b>TOTAL EQUITY</b>		<b>23,704</b>	<b>4,996</b>

**Appendix 4E**  
**Consolidated Statement of cash flows**  
**for the year ended 30 June 2008**

		<b>Consolidated</b>	
		<b>2008</b>	<b>2007</b>
	<b>Notes</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flow from operating activities</b>			
Receipts from customers		238,524	67,828
Payments to suppliers and employees		(202,850)	(66,441)
Interest received		87	352
Interest and other cost of finance paid		(8,275)	(12,448)
Income tax paid		(2,152)	(1,576)
<b>Net cash flows from/(used in) operating activities</b>		<b>25,334</b>	<b>(12,285)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(10,260)	(978)
Proceeds from sale of property, plant and equipment		1,820	352
Additional investment in subsidiaries		(26,915)	(131)
Proceed on disposal of subsidiary, net of cash disposed	6	11,814	70,974
Amount due on purchase of subsidiaries		-	(4,313)
Amount receivable on sales of subsidiaries		(18,075)	-
Payment for investments		(5,714)	-
<b>Net cash flows from/(used in) investing activities</b>		<b>(47,330)</b>	<b>65,904</b>
<b>Cash flows from financing activities</b>			
Proceeds from issues of warrants		-	1
Proceeds from/(repayment of) finance lease principal		1,211	(609)
Proceeds from (repayment of)/borrowings		(2,218)	(78,257)
Proceeds from sale of receivables		-	17,976
Short term loan provided		27,895	(878)
Proceeds from issue of convertible bonds		-	9,764
<b>Net cash flows from/(used in) financing activities</b>		<b>26,888</b>	<b>(52,003)</b>
<b>Net (decrease) / increase in cash held</b>		<b>4,892</b>	<b>1,616</b>
Cash and Cash Equivalents as at beginning of financial year		(542)	(2,685)
Net Foreign Exchange Difference		1	527
<b>Cash as at the end of the financial year</b>	<b>10</b>	<b>4,351</b>	<b>(542)</b>



**Appendix 4E**  
**Statement of Changes in Equity**

FOR FULL YEAR ENDED 30 Jun 2008

	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 2007	76,839	-	(83,660)	6,822	3,222	3,223	1,773	4,996
Total Income and expense for the year recognised directly in equity	-	-	-	(3,177)	664	(2,513)	9,894	7,381
Profit / (Loss) for the year	-	-	6,314	-	-	6,314	5,014	11,328
Total Income and expense for the year	-	-	6,314	(3,177)	664	3,800	14,908	18,708
Transfer upon expiry of warrants	-	-	-	-	-	-	-	-
Conversion of warrants to ordinary shares	-	-	-	-	-	-	-	-
Closing Balance As at 30 Jun 08	76,839	-	(77,347)	3,645	3,886	7,023	16,681	23,704

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
Total Income and expense for the year recognised directly in equity	-	-	-	9,589	-	9,589	(168)	9,421
Profit / (Loss) for the year	-	-	(98,313)	-	-	(98,313)	567	(97,746)
Total Income and expense for the year	-	-	(98,313)	9,589	-	(88,724)	399	(88,325)
Transfer upon expiry of warrants	-	(3,222)	-	-	3,222	-	-	-
Conversion of warrants to ordinary shares	1	-	-	-	-	1	-	1
Closing Balance As at 30 Jun 07	76,839	-	(83,660)	6,822	3,222	3,223	1,773	4,996

**Notes to the Financial Statements  
FOR THE YEAR ENDED 30 JUNE 2008**

**1. CORPORATE INFORMATION**

The financial report of Autron Corporation Limited for the year ended 30 June 2008 was authorised for issue in accordance with a resolution of the directors on 29 August 2008. 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 assembly & manufacturing of printed circuit boards; design and manufacture of industrial machinery and robotic and automated systems; project management and consultancy; servicing; installation & logistical support; manufacturing of electronics accessories and development; manufacturing of Diode light emitting products;

**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 60 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. Non-current trade and other receivables are discounted to their present value based on market rates of interest.

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.

**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 2008. 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 120, AASB 121, AASB 127, AASB 131 & AASB 139]
- 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.

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Reference	Title	Summary	Application date of standard **	Impact on Group financial report	Application date for Group **
AASB 2007-3	Amendments to Australian Accounting Standards arising from AASB 8 [ AASB 5, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136 ]	Amending standard issued as a consequence of AASB 8 <i>Operating Segments</i> .	1/01/09	The disclosure requirements of AASB114: Segment Reporting have been replaced of AASB 8: Segment Reporting in February 2007. These amendments will involve changes to segment reporting disclosures within the financial report. However, it is anticipated there are no direct impact on recognition and measurement criteria amounts included in the financial report	1/07/09
AASB 2007-6	Amendments to Australian Accounting Standards arising from AASB 123 [AASB 101, AASB 107, AASB 116 & AASB 138]	Amending standard issued as a consequence of revisions to AASB 123 <i>Borrowing Costs</i> .	1/01/09	These amendments to AASB 123 require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. However, there will be no direct impact to the amounts included in the financial Group as the Group already capitalise borrowing costs related to qualifying assets	1/07/09
AASB 2007-8	Amendments to Australian Accounting Standards arising from AASB101	Amending standards issued as a consequence of AASB 101 <i>Presentation of Financial Statements</i>	1/01/09	The revised AASB 101: Presentation of Financial Statements issued in September 2007 requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity	1/07/09
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 101	<i>Presentation of Financial Statements</i>	Presentation of Financial Statements	1/01/09	Refer to AASB 2007-8 above.	1/01/09

**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.

**Notes to the Financial Statements (continued)**  
**FOR THE YEAR ENDED 30 JUNE 2008**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(d) Business combinations (continued)**

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 2008**

**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 based

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 2008**

**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:

	2008	2007
Freehold & Leasehold property	1% - 5%	1% - 3%
Plant and Equipment	6% - 33%	6% - 33%
Leasehold Improvements	13% - 22%	13% - 22%
Motor Vehicles	10% - 20%	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 2008**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(n) Investment properties**

The Group has no investment properties during this financial year.

**(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 2008**

**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 Income Statement 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.

**(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.



**Notes to the Financial Statements (continued)**  
**FOR THE YEAR ENDED 30 JUNE 2008**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(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 2008**

**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 recognized 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 2008**

**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) 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 2008**

**3. Revenue, income and expenses from continuing operations**

	Notes	Consolidated	
		2008	2007
		\$'000	\$'000
<b>Revenues from operating activities</b>			
Sale of assembly and manufacturing services		239,661	8,831
Sale of machinery and equipment		-	2,458
Sale of spare parts and services		-	-
Sale of equipment manufacturing		-	-
Revenue from sale of goods & services		<u>239,661</u>	<u>11,289</u>
<b>Income from non-operating activities</b>			
Rent		13	-
Interest income		84	-
Profits from disposal of non current assets		1,417	-
Profits from sale of investments		7,197	-
Tax proceeds recovered		146	-
Foreign Reserve		3,013	-
Other income		1,648	-
Total Income from non-operating activities		<u>13,517</u>	<u>-</u>
Total Income from ordinary activities		<u>253,178</u>	<u>11,289</u>

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

**(a) Other expenses**

<b>Depreciation of non-current assets</b>			
Plant and equipment		6,163	3,692
Motor vehicles		55	80
Leasehold and freehold property		474	279
Leasehold improvements		101	331
Leasehold land		48	10
<b>Total depreciation of non-current assets</b>		<u>6,841</u>	<u>4,392</u>
<b>Amortisation of non-current assets</b>			
Patents and Licences		-	262
Other		911	144
<b>Total amortisation of non-current assets</b>		<u>911</u>	<u>406</u>
<b>Total depreciation and amortisation expenses</b>		<u>7,752</u>	<u>4,799</u>
<b>Doubtful debts provided</b>			
- trade		95	739
Bad debts written off		1,064	433
Provision for stock obsolescence		(14)	241
<b>Operating lease rental</b>			
- minimum lease payments		405	70
<b>(b) Losses / (gains)</b>			
Net losses/(gains) on disposal of property, plant and equipment		(9)	53
Net foreign currency losses/(gains)		(1,372)	4,268
<b>(c) Finance costs</b>			
Bank overdraft interest		218	211
Finance lease interest		23	45
Term loan interest		3,983	2,684
Trade financing interest		56	10
Others		3,168	429
		<u>7,448</u>	<u>3,379</u>

**Notes to the Financial Statements (continued)**  
**FOR THE YEAR ENDED 30 JUNE 2008**

**5. Income Tax**

Consolidated	
2008	2007
\$'000	\$'000

The major components of income tax expense are:

Current income tax		
Current income tax charge	814	461
Deferred income tax		
Relating to origination and reversal of temporary differences	203	(247)
Income tax expense reported in the income statement	<u>1,017</u>	<u>214</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/(loss) before income tax multiplied by the Group's applicable income tax rate is as follow:

Accounting profit/(loss) before tax from continuing operations	16,917	(28,031)
Loss before tax from discontinued operations	(4,458)	(69,061)
Total accounting profit/(loss) before income tax	<u>12,459</u>	<u>(97,092)</u>

Aggregate income tax expense is attributable to:

Continuing operations	1,017	214
Discontinued operations	115	440
	<u>1,132</u>	<u>654</u>

**Deferred tax assets and liabilities**

Current tax payable	1,928	2,763
Provision for deferred income tax - non-current	912	1,117
Future income tax benefit - non-current	5	38

**Notes to the Financial Statements (continued)  
FOR THE YEAR ENDED 30 JUNE 2008**

**6. Discontinued operations**

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 was completed on 30 September 2007. These businesses have been disclosed as discontinued operations and held for sale since 30 June 2007.

On 3 December 2007, Autron Corporation Limited entered into a definitive agreement to dispose of the business and assets of its wholly owned subsidiary, I.C. Equipment Pte Ltd, and its 100% equity stake in I.C. Equipment (Shanghai) Co., Ltd (collectively, 'ICE Group'). ICE Group operated in the high technology business of designing, engineering and manufacturing of Electro-Mechanical modules and machines for different segments of the industry. These businesses have been discontinued operations as at 31 December 2007.

On 29 February 2008, Autron Corporation Limited entered into two separate sales agreements to dispose its 80% equity stake in Yo Hua Corporation('YH') and its 100% equity stake in Info Tek Technology (Suzhou) Co., Ltd ('ITTC').

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

	2008						
	AGS AS'000	ASEA AS'000	ICE AS'000	YH AS'000	ITTC SZ AS'000	Amtec AS'000	Total AS'000
Revenue	-	3	2,944	2,925	321	-	6,193
Cost of sales	(2)	-	(2,667)	(2,129)	(280)	-	(5,278)
Gross profit/(loss)	(2)	3	77	796	41	-	915
Other income	1,886	-	600	106	15	-	2,607
Operating Expenses	(3,917)	(41)	(487)	(632)	(115)	-	(5,192)
Total operating profit/(loss)	(2,033)	(38)	190	270	(59)	-	(1,670)
Finance Cost	(102)	(30)	(690)	(4)	-	-	(826)
Loss before tax	(2,135)	(68)	(500)	266	(59)	-	(2,496)
Taxation	(69)	20	(33)	(33)	-	-	(115)
Loss before MI	(2,204)	(48)	(533)	233	(59)	-	(2,611)
MI	-	-	-	-	-	-	-
Net profit/(loss) attributable to discontinued operations	(2,204)	(48)	(533)	233	(59)	-	(2,611)
Gain/(loss) on sale of discontinued entities	(719)	-	1,656	(1,289)	(1,609)	-	(1,961)
Total profit/(loss) attributable to discontinued operations	-	-	-	-	-	-	(4,572)

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.

	2007						
	AGS AS'000	ASEA AS'000	ICE AS'000	YH AS'000	ITTC SZ AS'000	Amtec AS'000	Total AS'000
Revenue	2,281	2,523	5,421	4,527	630	17,403	34,875
Cost of sales	(9,392)	(4,291)	(4,908)	(3,029)	(579)	(13,825)	(37,699)
Gross profit/(loss)	(7,111)	(1,768)	513	1,498	51	3,578	(2,824)
Other income	3,256	227	339	80	10	33	4,423
Operating Expenses	(40,139)	(15,610)	(1,025)	(1,407)	(325)	(2,361)	(68,935)
Total operating profit/(loss)	(43,994)	(17,151)	(173)	171	(264)	1,250	(67,336)
Finance Cost	(2,251)	(2,270)	(2)	(7)	-	(4,982)	(10,815)
Loss before tax	(46,245)	(19,421)	(175)	164	(264)	(3,732)	(77,951)
Taxation	(75)	86	-	(59)	-	(380)	(440)
Loss before MI	(46,320)	(19,335)	(175)	105	(264)	(4,112)	(78,391)
MI	-	-	-	-	-	-	-
Net profit/(loss) attributable to discontinued operations	(46,320)	(19,335)	(175)	105	(264)	(4,112)	(78,391)
Gain/(loss) on sale of discontinued entities	-	-	-	-	-	15,485	8,690
Total profit/(loss) attributable to discontinued operations	-	-	-	-	-	-	(69,501)

**Notes to the Financial Statements (continued)**  
**FOR THE YEAR ENDED 30 JUNE 2008**

**6. Discontinued operations (continued)**

The major classes of assets and liabilities of AGS and Autron (SEA) are as follows:

	2008 \$'000
<b>Assets</b>	
Cash	202
Receivables	134
Inventories	197
Property, plant and equipment	1,299
	<u>1,832</u>
<b>Liabilities</b>	
Trade payables	88
Other payables	79
Interest bearing liabilities	25
Provision for income tax	(7)
Deferred tax liabilities	33
	<u>218</u>
Net assets attributable to discontinued operations	<u><u>1,614</u></u>
<b>Consideration received or receivable</b>	
Cash	25,904
Less net assets disposed of	(1,614)
Less : provision for sales proceed	(19,159)
Less: provision for doubtful debts(trade)	(5,850)
Loss on disposal	<u><u>(719)</u></u>
<b>Net cash inflow on disposal</b>	
Cash	
Less cash used to settle Amtec/AIP creditors	6,745
Less cash balances disposed	(202)
Reflected in the cash flow statement	<u><u>6,543</u></u>

Autron has received the cash proceeds of \$6,745,000 and the remaining balances which should have been in 17 installments from January 2008 to January 2010, has then been fully impaired as the purchaser has defaulted in payment.

The major classes of assets and liabilities of ICE Group are as follows:

	2008 \$ 000
<b>Assets</b>	
Cash	267
Trade receivables	946
Other receivables	163
Receivables from IC Shanghai	435
Inventories & Provisions	1,666
Property, plant and equipment	108
Intangible asset	268
Investment - IC Shanghai	672
	<u>4,525</u>
<b>Liabilities</b>	
Trade payables	1,557
Other payables & Accruals	379
Provisions	49
	<u>1,985</u>
Net assets attributable to discontinued operations	<u><u>2,541</u></u>
<b>Cash</b>	3,964
Less: Cost incurred in CEI shares sold	(197)
Less: net assets disposed of	(2,541)
Less: provision for staff benefit	(78)
Less: additional cost	(153)
Add: Cost of Investment - IC Shanghai	661
Gain/(Loss) on disposal	<u><u>1,656</u></u>

**Notes to the Financial Statements (continued)**  
**FOR THE YEAR ENDED 30 JUNE 2008**

**6. Discontinued operations (continued)**

Net cash inflow on disposal	
Cash	3,575
Less: cash and cash equivalents balances disposed	(302)
Reflected in the cash flow statement	<u>3,273</u>

The total sale consideration was \$4,000,000 (S\$5,100,000) payable as to 30% cash consideration and 70% by way of the issue of 19,833,333 ordinary shares in CEI Contract Manufacturing Limited valued at \$2,800,000. These shares were subsequently disposed off during the financial year. Of the total cash consideration of \$1,200,000, an amount of \$425,000 is still outstanding at the balance date.

The major classes of assets and liabilities of Yo Hua Corporation is as follows:

	2008 \$'000
<b>Assets</b>	
Cash	198
Trade Receivables	1,493
Inventories	919
Other receivables	57
Property, plant and equipment	<u>2,139</u>
	4,806
<b>Liabilities</b>	
Trade Payables	956
Other Payables	1,227
Interest bearing liabilities	160
Deferred tax liabilities	<u>63</u>
	2,406
Net assets	2,400
Less : Minority Interests	<u>480</u>
Net assets attributable to discontinued operations	<u>1,920</u>

	2008 \$'000
Consideration received or receivable	
Cash	1,477
Less net assets disposed	(1,920)
Less debt written off owing by Yo Hua	<u>(846)</u>
Loss on disposal	<u>(1,289)</u>
Net cash inflow on disposal	
Cash and cash equivalents consideration	1,477
Less cash and cash equivalents balances disposed	<u>(198)</u>
Reflected in the cash flow statement	<u>1,279</u>

Consideration of sale of Yo Hua has used to offset an amount owing to Purchaser of A\$1,477,000

The major classes of assets and liabilities of ITTC (Suzhou) is as follows:

	2008 \$'000
<b>Assets</b>	
Cash	32
Receivables	330
Inventories	90
Goodwill	70
Property, plant and equipment	<u>679</u>
	1,201
<b>Liabilities</b>	
Payables	443
Interest bearing liabilities	-
Deferred tax liabilities	<u>-</u>
	443
Net assets attributable to discontinued operations	<u>758</u>



**Notes to the Financial Statements (continued)**  
**FOR THE YEAR ENDED 30 JUNE 2008**

**6. Discontinued operations (continued)**

	2008 \$'000
Consideration received or receivable	17
Less net assets disposed	(758)
Less loss in foreign currency reserve	(680)
Less debt written off owing by ITTC (SZ)	(188)
Loss on disposal	<u>(1,609)</u>
Net cash inflow on disposal	
Cash and cash equivalents consideration	17
Less cash and cash equivalents balances disposed	(32)
Reflected in the cash flow statement	<u>(15)</u>

**Discontinued operations in prior year comparatives**

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

	2007 \$'000
<b>Assets</b>	
Cash	2,874
Receivables	61,725
Inventories	20,542
Property, plant and equipment	<u>3,477</u>
	88,618
<b>Liabilities</b>	
Payables	37,500
Interest bearing liabilities	38,717
Deferred tax liabilities	<u>84</u>
	76,301
Net assets attributable to discontinued operations	<u>12,317</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 Capital gain tax	(2,000)
Less transaction costs	(678)
Less gross margin transferred (to purchaser)	<u>(283)</u>
Gain on disposal	<u>15,485</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>71,026</u>

Notes to the Financial Statements (continued)  
FOR THE YEAR ENDED 30 JUNE 2008

6. Discontinued operations (continued)

Discontinued operations in prior year comparatives (continued)

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

	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	<u>(15,276)</u>
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>

Discontinued operations in prior year comparatives

Net cash flows of American TEC Company Limited and Autron India Private Limited are as follows:

	2007 \$ 000
Net cash flow from discontinued operations	
Investing activities	71,026
Net cash inflow reflected in the cash flow statement	<u>71,026</u>
	<u>\$ 000</u>
Earnings per share (cents per share):	
- Basic from discontinued operations	(0.54)
- Diluted from discontinued operations	(0.54)

Net cash flows of Taiwan Autron Corporation and Austratech Corporation (Labuan) Bhd are as follows:

	2007 \$ 000
Net cash flow from discontinued operations	
Investing activities	(52)
Net cash outflow reflected in the cash flow statement	<u>(52)</u>
	<u>\$ 000</u>
Earnings per share (cents per share):	
- Basic from discontinued operations	(1.19)
- Diluted from discontinued operations	(1.19)

**Notes to the Financial Statements (continued)**  
**FOR THE YEAR ENDED 30 JUNE 2008**

**7. Acquisition of subsidiaries**

On 6 August 2007, the Group's wholly owned subsidiary, Autron Mauritius Corporation acquired 80% equity interest in DBG Holdings Limited ("DBG"). Upon the acquisition, DBG became a subsidiary of the Group.

The fair values of the identifiable assets and liabilities of DBG as at the date of acquisition were:

	Recognised values on acquisition \$ 000	Pre-acquisition carrying amounts \$ 000
<b>Acquiree's net assets at the acquisition date</b>		
Cash and bank balances	5,183	5,183
Trade receivables	1,830	1,830
Other receivables and prepayment	4,012	4,012
Inventories	1,027	1,027
Land, Property, plant and equipment	24,459	23,275
Trade payables	(855)	(855)
Other payables and accrual	(1,156)	(1,156)
Income tax payable	(198)	(198)
Net identifiable assets and liabilities	<u>34,302</u>	<u>33,118</u>

Net cash outflow on acquisition:

	<b>\$ 000</b>
Cash paid on acquisition	26,915
Less: Cash of subsidiary acquired	(5,183)
Reflected in the cash flow statement	<u>21,732</u>

The acquisition of 80% equity interest in DBG on 6 August 2007 give rise to a goodwill of \$ 894,000 upon valuing the identifiable assets, liabilities and contingent liabilities of this acquisition and is attributable to the fair value of strong customers relation and manufacturing capabilities which are initially not recognised.

**8. Investments in associates**

The group previously held 80% interest in ERM & ERMM. On 1 August 2007, the group has entered into an agreement with the previous vendors of ERM & ERMM to sell back to them 50% of its investment in the companies.

With this agreement, the group will not have any further claims and obligations to the ERM & ERMM vendors, as stated in the original agreement entered on 5 April 2005. Likewise, the vendors will no longer be giving any representation and warranties to the group.

With the above sale, the group share in the companies equity is reduce to 40%, and therefore it has lost its control over ERM & ERMM. The group recorded a total profit of \$1,949,898 on account of the sale and resulting loss of control. This profit is reported as part of continuing operations in the financial statements.

With effect from 1 July 2007, the Group has applied equity accounting for the balance of its investment in ERM & ERMM, recognizing its share of the profit and loss of the associate.

**9. 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 2008

9. Earnings per share (continued)

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

	Consolidated	
	2008	2007
	\$'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	15,900	(28,245)
(Loss) / Profit attributable to ordinary equity holders of the parent from discontinued operations	(4,572)	(69,501)
Net profit attributable to ordinary equity holders of the parent	11,328	(97,746)
Net (profit) / loss attributable to minority interest	(5,014)	(567)
Earnings used in the calculation of basic and diluted earnings per share	6,314	(98,313)
Weighted average number of ordinary shares used in the calculation of basic earnings per share	694,161,852	694,161,852
Effect of dilutive securities:		
Opening balance	720,854,366	694,157,370
Warrants converted to share during the year	-	332
Convertible bonds	95,532,178	26,696,664
Closing balance	816,386,544	720,854,366
Potential ordinary shares not included in the calculation of diluted earnings per share because they are antidilutive	816,386,544	720,854,366

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	(4,572)	(69,501)
- for diluted earnings per share	(4,572)	(69,501)

10. Cash and cash equivalents

	Consolidated	
	2008	2007
	\$'000	\$'000
Current		
Cash at bank and on hand	5,403	1,164
Deposits at financial institutions	-	1,202
	5,403	2,366

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	5,403	1,164
Deposits with financial institutions	-	1,202
Bank overdraft	(1,052)	(2,908)
	4,351	(542)

Notes to the Financial Statements (continued)  
FOR THE YEAR ENDED 30 JUNE 2008

10. Cash and cash equivalents (continued)

	Consolidated	
	2008	2007
	\$'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	12,345	(97,746)
Non cash items:		
Depreciation and amortisation	6,841	4,799
Loss on sale of property, plant & equipment	(9)	133
Increase/(Decrease) in income tax provision	(2,037)	1,345
Increase/(Decrease) in deferred tax liability	(169)	127
Increase/(Decrease) in doubtful debts provision	(1,128)	39,681
Bad debts written off	3,046	1,609
Foreign exchange difference	(1,126)	8,782
Provision for stock obsolescence/stock written off	(14)	2,376
Impairment of goodwill & intangibles	962	12,151
Property, Plant & equipment written off	-	-
Inventories written off	1	19,202
Disposal of subsidiaries	(3,525)	8,890
Changes in assets & liabilities	-	-
Trade & other receivables	4,994	(23,652)
Inventories	(3,848)	(1,998)
Trade & other payables	9,001	12,016
Net cash flows from operating activities	25,334	(12,285)
(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	1,489	5,884
Bank loans/Finance company loans	44,766	14,935
Trade finance	3,587	7,592
Convertible bonds	8,720	9,764
	58,562	38,175
Facilities used at balance sheet date		
Bank overdraft	1,052	2,907
Bank loans/Finance company loans	44,766	14,935
Trade finance	473	139
Convertible bonds	8,720	9,764
	55,011	27,745
External loans	6,089	8,168
	61,100	35,913
Facilities unused at balance sheet date		
Bank overdraft	437	2,977
Bank loans/Finance company loans	-	-
Trade finance	3,115	7,453
Convertible bonds	-	-
	3,552	10,430

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.

Notes to the Financial Statements (continued)  
FOR THE YEAR ENDED 30 JUNE 2008

11. Trade and other receivables

	2008 \$'000	2007 \$'000
<b>Current</b>		
Trade receivables	8,321	6,752
Less provision for doubtful debts	-	(515)
Bills receivable	823	262
	<u>9,144</u>	<u>6,499</u>
 Other receivables	 22,263	 7,503
Deposits	8,465	388
	<u>30,728</u>	<u>7,891</u>
	<u>39,872</u>	<u>14,390</u>

Subsequent to the balance sheet date, the Group received A\$19,106,000 from other receivables

	Consolidated	
	2008 \$'000	2007 \$'000
<b>Non-Current</b>		
Other receivables	4,411	4,787
	<u>4,411</u>	<u>4,787</u>

Terms and conditions relating to the above financial instruments

- (i) Trade receivables are non-interest bearing and generally on 30 to 90 days terms.
- (ii) Sundry receivables and other receivables are non-interest bearing and have repayment terms between 30 to 90 days.
- (iii) Other receivables include receivables from the sale of its distribution business

12. Inventories

	Consolidated	
	2008 \$'000	2007 \$'000
<b>Current</b>		
Finished goods - at cost	1,710	765
Provision for diminution in value	-	(285)
Finished goods - at net	<u>1,710</u>	<u>480</u>
Work In Progress - at cost	625	2,877
Provision for diminution in value	-	(565)
Work In Progress - at net	<u>625</u>	<u>2,312</u>
Raw materials - at cost	4,734	416
	<u>7,069</u>	<u>3,208</u>

13. Investment in associate

	Consolidated	
	2008 \$'000	2007 \$'000
Unquoted shares at fair value	<u>1,902</u>	<u>29</u>

14. Available-for-sale investments

	Consolidated	
	2008 \$'000	2007 \$'000
Shares quoted in Malaysia at cost	41	107
Less: Allowance for diminution in value	-	(87)
Less: Shares quoted not consolidated	<u>(41)</u>	
Shares quoted in Malaysia, at fair value	<u>-</u>	<u>20</u>
 Unit trust, unquoted	 -	 21
	<u>-</u>	<u>21</u>
	<u>-</u>	<u>41</u>

Notes to the Financial Statements (continued)  
FOR THE YEAR ENDED 30 JUNE 2008

15. Other financial assets

13. Other financial assets	Interest Held		Country of Incorporation
	2008 %	2007 %	
<b>Controlled Entities of Autron Corporation Limited</b>			
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	China
Info-Tek Technology (Suzhou) Co., Ltd. *	-	100	China
Australasian Technology Corporation NZ Limited	100	100	New Zealand
AFD Pte Ltd	100	100	Singapore
AGS Pte. Ltd. *	-	100	Singapore
Autron (S.E.A.) Pte Ltd *	-	100	Singapore
Autron Singapore Pte Ltd	100	100	Singapore
I.C. Equipment Pte Ltd ****	100	100	Singapore
Yo Hua Corporation *	-	80	Taiwan
Autron Mauritius Corporation	100	100	Mauritius
Autron Investment Co. Ltd	75	-	Mauritius
Autron Global Investment Co. Ltd *** (1)	100	-	Mauritius
<b>Controlled Entities of Autron Mauritius Corporation</b>			
DBG Holdings Limited	80	-	HongKong
<b>Controlled Entities of DBH Holdings Limited</b>			
Hui Zhou Daya Bay Guanghong Electronics Co. Ltd	100	-	China
Hui Zhou Zhong Lian Electronics Co., Ltd	100	-	China
<b>Controlled Entities of AGS Pte Ltd</b>			
AGS (Shanghai) Co., Ltd.	-	100	China
AGS (Shenzhen) Co., Ltd.	-	100	China
<b>Controlled Entities of Autron (S.E.A.) Pte Ltd</b>			
ER Mekatron Manufacturing Sdn Bhd **	-	80	Malaysia
ER Mekatron Sdn Bhd **	-	80	Malaysia
Niche Tech (Malaysia) Sdn. Bhd.	-	100	Malaysia
Autron (Thailand) Co., Ltd.	-	49	Thailand
<b>Controlled Entities of AFD Pte Ltd</b>			
ER Mekatron Manufacturing Sdn Bhd **	40	-	Malaysia
ER Mekatron Sdn Bhd **	40	-	Malaysia
Pandangan Prima Sdn Bhd *** (2)	100	-	Malaysia
Simfoni Simetrik Sdn Bhd	100	-	Malaysia
<b>Controlled Entities of Simfoni Simetrik Sdn Bhd</b>			
Prompt Symphony Sdn Bhd *** (3)	100	-	Malaysia
<b>Controlled Entities of I.C. Equipment Pte Ltd</b>			
I.C. Equipment (Shanghai) Co., Ltd.	-	100	China
Fine Pulse Sdn. Bhd.	100	100	Malaysia
<b>Controlled Entities of Yo Hua Corporation</b>			
Yo Hua (Suzhou) Opto-electronics Technology Ltd **	-	100	China
Charming Star Technology Co., Ltd **	-	100	China

\* Company has been disposed or deregistered during the financial year

\*\* Shareholding of the companies have been transferred to AFD Pte Ltd, a wholly owned subsidiary of Autron Corporation Limited

\*\*\* (1) Company incorporated at Republic of Mauritius on 28 December 2007 and remained dormant during the financial period

\*\*\* (2) Company incorporated at Malaysia on 01 November 2007 and remained dormant during the financial period

\*\*\* (3) Company incorporated at Malaysia on 24 October 2007 and remained dormant during the financial period

\*\*\*\* Company disposed its business and assets and its 100% equity stake in I.C. Equipment (Shanghai) Co., Ltd

Notes to the Financial Statements (continued)  
FOR THE YEAR ENDED 30 JUNE 2008

16. Property, plant and equipment

	Consolidated	
	2008 \$'000	2007 \$'000
Plant and equipment - at cost	49,227	27,501
Less: accumulated depreciation	(16,308)	(11,420)
	32,919	16,081
Plant and equipment under lease	2,379	554
Less: accumulated depreciation	(321)	(142)
	2,058	412
Motor vehicles - at cost	292	69
Less: accumulated depreciation	(102)	(57)
	190	12
Motor vehicles under lease	25	178
Less: accumulated depreciation	(6)	(125)
	19	53
Freehold and leasehold property - at cost	14,285	10,280
Less: accumulated depreciation	(971)	(653)
Less: assets included in discontinued operations held for sale	-	(865)
	13,314	8,762
Leasehold improvements - at cost	401	1,735
Less: accumulated depreciation	(345)	(1,218)
	56	517
Freehold and leasehold land - at cost	5,868	950
Less: accumulated depreciation	(111)	(18)
	5,757	932
	54,313	26,769
<b>Plant and equipment - at cost</b>		
Carrying amount at beginning	16,081	31,611
Additions	6,958	831
Additions through acquisition of controlled entity	21,677	-
Transfer due from disposal subsidiaries	(1,839)	-
Asset Revaluation surplus	276	-
Disposals	(3,083)	(8,707)
Depreciation expense	(5,958)	(3,573)
Exchange Adjustment	(1,193)	(4,081)
	32,919	16,081
<b>Plant and equipment under lease</b>		
Carrying amount at beginning	412	1,006
Additions	-	-
Additions through acquisition of controlled entity	1,840	-
Disposals/Settlement	-	(259)
Depreciation expense	(205)	(119)
Exchange Adjustment	11	(216)
	2,058	412
<b>Motor vehicles at cost</b>		
Carrying amount at beginning	12	50
Additions	78	-
Additions through acquisition of controlled entity	206	-
Transfer due from disposal subsidiaries	(27)	-
Disposals	(16)	100
Depreciation expense	(50)	(1)
Exchange Adjustment	(13)	(137)
	190	12
<b>Motor vehicles under lease</b>		
Carrying amount at beginning	53	275
Additions	-	27
Additions through acquisition of controlled entity	-	-
Disposals/Settlement	(19)	(275)
Depreciation expense	(5)	(79)
Exchange Adjustment	(10)	105
	19	53



Notes to the Financial Statements (continued)  
FOR THE YEAR ENDED 30 JUNE 2008

16. Property, plant and equipment (continued)

	Consolidated	
	2008	2007
	\$'000	\$'000
<b>Freehold and leasehold property</b>		
Carrying amount at beginning	9,626	10,807
Additions	1,773	64
Additions through acquisition of controlled entity	7,056	-
Transfer due from disposal subsidiaries	(3,630)	-
Asset Revaluation surplus	576	-
Disposals	(1,308)	(49)
Assets included in discontinued operations held for sale	-	(865)
Depreciation expense	(474)	(279)
Exchange Adjustment	(305)	(916)
	<u>13,314</u>	<u>8,762</u>
<b>Leasehold improvements</b>		
Carrying amount at beginning	517	1,422
Additions	-	55
Additions through acquisition of controlled entity	-	-
Transfer due from disposal subsidiaries	(2)	-
Disposals	(312)	(541)
Depreciation expense	(101)	(331)
Exchange Adjustment	(46)	(88)
	<u>56</u>	<u>517</u>
<b>Freehold and leasehold land</b>		
Carrying amount at beginning	932	1,028
Additions	1,451	-
Additions through acquisition of controlled entity	3,392	-
Transfer due from disposal subsidiaries	(325)	-
Asset Revaluation surplus	494	-
Depreciation expense	(48)	(10)
Exchange Adjustment	(139)	(86)
	<u>5,757</u>	<u>932</u>

17. Intangible assets and goodwill

	Consolidated	
	2008	2007
	\$'000	\$'000
<b>Goodwill at cost (Gross carrying amount)</b>	3,343	15,500
Add: Addition	1,805	89
Less: Impairment on goodwill	(912)	(12,246)
	<u>4,236</u>	<u>3,343</u>
<b>Licence fees</b>	-	2,736
Less: Impairment on licence fees	-	(2,084)
Less: Accumulated amortisation	-	(652)
	<u>-</u>	<u>-</u>
<b>Total Intangibles Net carrying amount</b>	<u>4,236</u>	<u>3,343</u>
<b>Development costs</b>	389	2,138
Add: Addition	-	5
Less: Accumulated amortisation	-	(1,754)
Less: Development cost disposed	(389)	-
<b>Total Development Costs Net carrying amount</b>	<u>-</u>	<u>389</u>

18. Trade and other payables

	Consolidated	
	2008	2007
	\$'000	\$'000
<b>Current</b>		
Trade creditors and bills payable	8,528	4,385
Business/controlled entity acquisition - consideration payable	9,317	5,317
Other creditors & accruals	9,349	7,001
	<u>27,194</u>	<u>16,703</u>
<b>Non current</b>		
Other creditors & accruals	-	189

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 2008

19. Interest-bearing loans and borrowings

	Consolidated	
	2008 \$'000	2007 \$'000
<b>Currents</b>		
Term loan (secured)*	11,183	8,372
Other loan	6,089	8,168
Hire purchase creditors	542	188
	<u>17,814</u>	<u>16,728</u>
Trust receipts	473	138
Bank overdraft *	<u>1,051</u>	<u>2,908</u>
	<u>19,338</u>	<u>19,774</u>
<b>Non-Current</b>		
Term loan (secured)*	29,443	6,563
Other loan **	4,140	-
Convertible bonds	8,720	9,764
Hire purchase creditors	933	77
	<u>43,236</u>	<u>16,404</u>

\* Bank overdraft facilities of the controlled entities and term loans are secured by corporate guarantee from parent entity.

\*\* Other external loans include AUD 6.1 million of cash injection from Jafco Asia Technology Fund (JATF) in exchange of 255,793 issued convertible preference shares. This amount remain outstanding and is subjected to an interest charge of 15% per annum

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 10.3% per annum
- (iii) Trade financing are interest bearing at an average of 4.8% per annum each.
- (iv) The Convertible Bonds entered in 08 March 2007 was not converted into ordinary shares in the capital of the company during the financial period. The fair value of the Convertible Bonds was A\$3,017,058 for period ending 30 June 2007 which is highly dependant on the market share price of the company. The company's share price was recorded at A\$0.019 as at 30 Jun 2008 comparing to A\$0.088 as at 30 June 2007, representing a lower fair value of the Convertible Bonds. The fair value of the conversion right is recorded within the carrying amount of the Convertible Bonds at 30 June 2008.

20. Provisions

	Consolidated	
	2008 \$'000	2007 \$'000
<b>Current</b>		
As at 1 July	336	1,004
Provision for the year	900	336
Used within the year	(336)	(1,004)
Employee benefits as at 30 June	<u>900</u>	<u>336</u>

21. Contributed equity

	Consolidated	
	2008 \$'000	2007 \$'000
<b>(a) Issued and paid up capital</b>		
Ordinary shares fully paid	<u>76,839</u>	<u>76,839</u>

(b) Movements in shares on issue

	30-Jun-08	
	Number of shares	\$'000
Beginning and end of the financial year	<u>694,161,852</u>	<u>76,839</u>
	<u>694,161,852</u>	<u>76,839</u>
	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
	<u>694,161,852</u>	<u>76,839</u>

Notes to the Financial Statements (continued)  
FOR THE YEAR ENDED 30 JUNE 2008

21. Contributed equity (continued)

(c) 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.

(d) Movements in warrants (options) on issue

	30 June 2008	
	Number of shares	\$'000
Beginning and end of the financial year	-	-
End of the year	-	-

	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	-	-

22. Reserves and retained profits

	Consolidated	
	2008 \$'000	2007 \$'000
Other reserve	3,886	3,222
Foreign currency translation reserve	3,645	6,822
Total reserves	7,531	10,044
Retained profits	(77,347)	(83,660)

(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	6,822	(2,767)
Translation of overseas controlled entities	(3,177)	9,589
Balance at end of year	3,645	6,822

(b) Retained profits/(Accumulated losses)

Balance at the beginning of year	(83,660)	14,653
Net (loss)/profit attributable to members of Autron Corporation Limited	6,314	(98,313)
Total available for appropriation	(77,347)	(83,660)
Dividends paid	-	-
Balance at end of year	(77,347)	(83,660)

(c) Other reserve

The properties, plant and machine of the newly acquired investment in DBG was revalued in their fair value at acquisition.

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	3,222	-
Asset Revaluation Reserve	664	-
Transfer from warrants	-	3,222
Balance at end of year	3,886	3,222

Notes to the Financial Statements (continued)  
FOR THE YEAR ENDED 30 JUNE 2008

23. Minority Interests

	Consolidated	
	2008	2007
	\$'000	\$'000
Ordinary share capital of controlled entities issued to minority interests are:		
ER Mekatron Sdn Bhd	-	160
ER Mekatron Manufacturing Sdn Bhd*	-	-
Yo Hua Corporation	-	264
Autron (Thailand) Co., Ltd	-	1,349
Autron Investment Co. Ltd	3,169	-
Autron Mauritius Corporation	7,863	-
	11,032	1,773
Interest in retained profits and reserves	5,649	-
Total minority interests	16,681	1,773
Reconciliation of minority interest in controlled entities:		
Opening balance	1,773	1,374
Currency realignment	168	(168)
Less: Share of operating profits/(loss) disposed	(1,941)	-
Add: Share of pre-acquisition profits	11,667	-
Add: share of operating profit / (loss)	5,014	567
Closing balance	16,681	1,773

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

24. Events after the balance sheet date

On 18 July 2008, the Company announced that it has completed the acquisition of the East Wing of The Icon @ Tun Razak, a Grade A office tower in Malaysia, Kuala Lumpur. This acquisition is a joint investment by Autron, via the Group's wholly owned subsidiary Simfoni Simetrik Sdn Bhd and Kuwait Finance House via its nominee, Baitak Realty Investment Ltd.

**Appendix 4E**  
**30 June 2008**

**25. Segment information**  
**-Business segments**  
**-(\\$ 000)**

	Continuing operations Assembly & Manufacturing Services		Continuing operations Investment		Continuing operations Others		Elimination		Discontinued operations Distribution & Equipment Manufacturing		Grand Total	
	Jun 2008	Jun 2007	Jun 2008	Jun 2007	Jun 2008	Jun 2007	Jun 2008	Jun 2007	Jun 2008	Jun 2007	Jun 2008	Jun 2007
<b>Revenue</b>												
Sales outside the group	239,660	11,289	-	-	-	-	-	-	6,193	34,875	245,853	46,164
Other revenue	2,502	1,856	9,315	-	9,389	-	(7,588)	-	(1,670)	4,423	11,848	6,279
Intersegment revenues	-	-	-	-	-	-	-	-	-	-	-	-
Profit on disposal of non current assets	9	-	-	-	-	-	-	-	-	-	9	-
<b>Total segment revenue</b>	<b>242,171</b>	<b>13,145</b>	<b>9,315</b>	<b>-</b>	<b>9,389</b>	<b>-</b>	<b>(7,588)</b>	<b>-</b>	<b>4,523</b>	<b>39,298</b>	<b>257,710</b>	<b>52,443</b>
Unallocated revenue	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total consolidated revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>257,710</b>	<b>52,443</b>
<b>Results</b>												
Segment result	14,078	914	4,941	46	(1,428)	(20,101)	(574)	-	(4,458)	(77,951)	12,459	(97,092)
Unallocated expenses	-	-	-	-	-	-	-	-	-	-	-	-
Consolidated entity profit from ordinary activities before income tax expense	14,078	914	4,941	46	(1,428)	(20,101)	(574)	-	(4,458)	(77,951)	12,459	(97,092)
Income tax expense	(2,884)	(214)	55	-	1,812	-	-	-	(115)	(440)	(1,132)	(654)
Consolidated entity profit from ordinary activities after income tax expense	11,194	700	4,996	46	384	(20,101)	(574)	-	(4,573)	(78,391)	11,327	(97,746)
Extraordinary item	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net profit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,327</b>	<b>(97,746)</b>
<b>Assets</b>												
Segment assets	97,872	64,095	20,331	10,422	40,489	35,545	(41,480)	(47,780)	-	-	117,212	62,282
Unallocated assets	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>117,212</b>	<b>62,282</b>
<b>Liabilities</b>												
Segment liabilities	67,966	115,565	11,602	546	34,998	29,784	(21,970)	(88,609)	-	-	92,596	57,286
Unallocated liabilities	912	-	-	-	-	-	-	-	-	-	912	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>93,508</b>	<b>57,286</b>
<b>Other segment information:</b>												
Capital expenditure	10,280	977	-	-	-	-	-	-	-	-	10,260	977
Depreciation	6,696	4,146	-	-	107	95	-	63	38	88	6,841	4,392
Amortisation	-	325	-	-	-	-	-	(141)	50	223	50	407
Impairment charge	-	-	1,002	-	-	-	(91)	-	-	12,151	911	12,151
Non-cash expenses other than depreciation and amortisation	-	42,000	-	-	(2,990)	84,195	3,058	(78,542)	(1,034)	4,584	(966)	52,237