Automotive Solutions Group Limited

ABN 28 613 474 089

Financial Report

For the Year Ended 30 June 2017

Automotive Solutions Group Limited

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For the Year Ended 30 June 2017

Automotive Solutions Group Limited

Chairman's Letter
30 June 2017

As your new Chairman, I will offer my perspective on where the Company is and what we have done to address the issues that have affected us since the Company's inception. At the outset I acknowledge that it has been a difficult period for the Company and its shareholders. The Board recognises and shares shareholders' frustration with performance to date.

While these difficulties have been challenging, they also present opportunities. They have been the cause of significant reflection and change within the Company. Dealing with key issues such as increased competitive pressures in the Victorian retail market, the deferral of major steel fabrication orders and efforts required to unlock the benefits of the newly merged group, have led to an intensive review of our operations. In response, we have moved with urgency, implementing measures to address these issues.

In this report, I would like to let you know what changes are being made to improve the Company's performance. At our core we have a good business that has ample opportunity for growth and enhanced performance through greater integration, all of which provide a strong foundation for our future success.

Company Management

The Company has adopted a lean and focussed management team. In late August we appointed Bryan Granzien as our new CEO. Bryan is an experienced manager who brings strong operational skills with particular expertise in implementing turn around strategies. Bryan is supported by the appointment of an experienced CFO, Laila Green, and industry specialist consultants. Together they are identifying and implementing further measures to improve the Company's performance.

The Board is also operating in a streamlined manner. In particular, I would like to mention the departure of former Chairman, Tom Phillips, who recently stepped down for health reasons. I would like to thank Tom for his contribution and oversight of the Company during a turbulent period.

Greater integration

A key opportunity for the Company resides in further integration of its various businesses. We have spent considerable time identifying these opportunities and working to realise the resulting benefits. For example, opportunities exist for increasing revenues through cross selling of products and improving the product mix of each business. There are also cost reduction opportunities through adopting a common branding and marketing platform and continuing to enhance the centralised corporate function.

A focused approach

Our extensive top down review of the business has identified areas where we have competitive strength in the market. During the course of this coming financial year, we will be focusing the business on those areas. This will involve the restructuring of some parts of the business and overall ensuring that the Company's energies and resources are focused on areas with the greatest yield and growth potential.

Growth opportunities

We continue to operate in a robust market, where the industry fundamentals remain sound. By having an integrated presence across Australia, with vertically integrated service lines, we have a strong platform to be a significant presence in the aftermarket for 4x4 accessories and services.

Conclusion

Rest assured that the Board and the management team are working hard for the success of the Company. I'm confident that the adversity faced since our launch will forge a stronger, more focussed Company better placed to deliver in this financial year.

I wish to thank all of our employees for their contribution in a difficult period and our shareholders for their continued support. We value that support and look forward to repaying it in the years ahead.

Peter Alexander

Automotive Solutions Group Limited

Corporate Governance Statement
30 June 2017

The Board and management of Automotive Solutions Group Limited are committed to conducting the Group's business in an ethical manner and in accordance with the highest standards of corporate governance. The Company has adopted and has substantially complied with the ASX Corporate Governance Principles and Recommendations (Third Edition) (**Recommendations**) to the extent appropriate to the size and nature of the Group's operations.

The Company has prepared a statement which sets out the corporate governance practices that were in operation throughout the financial year for the Company, identifies any Recommendations that have not been followed and provides reasons for not following such Recommendations (**Corporate Governance Statement**).

The Corporate Governance Statement is accurate and up to date as at 29 September 2017 and has been approved by the Board.

In accordance with ASX Listing Rules 4.10.3 and 4.7.4, the Corporate Governance Statement is available for review on the Company's website (https://asgl.com.au/about/corporate-governance/) and will be lodged together with an Appendix 4G at the same time that this Annual Report is lodged with ASX.

The Appendix 4G will identify each Recommendation that needs to be reported against by the Company and will provide shareholders with information as to where relevant governance disclosures can be found.

The Company's corporate governance policies and charters are all available on the Company's website (https://asgl.com.au/).

Automotive Solutions Group Limited

ABN 28 613 474 089

Directors' Report
30 June 2017

The directors present their report, together with the financial statements of the Group, being Automotive Solutions Group Limited (the Company) and its controlled entities, for the financial year ended 30 June 2017. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

Directors

The names of the directors in office at any time during, or since the end of, the year are:

Names	**Position**	**Appointed/Resigned**
Tanya Leah Mason	Chief Executive Office & Managing Director	Appointed Director on 5 August 2016 Appointed Public Officer on 9 November 2016 Resigned on 3 May 2017
Bryce Paul Wedemeyer	Director	Appointed on 5 August 2016
Glenn Stephen Gaudet	Director, Company Secretary and Public Officer	Appointed on 5 August 2016 Resigned on 9 November 2016
Thomas Robin Phillips	Director and Chairman	Appointed on 9 November 2016 Resigned on 28 August 2017
Mark Andrew Larkham	Director	Appointed on 9 November 2016
Peter James Alexander	Director	Appointed on 9 November 2016

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Information on directors

The names, qualifications, experience and special responsibilities of each person who has been a director during the year and to the date of this report are:

Tanya Leah Mason	Chief Executive Office & Managing Director
Qualifications	BBus (Acc), CPA, GAICD, Dip FP, G Dip FP
Experience	Tanya has over 25 years experience in executive, senior finance and commercial management in public and private companies in Australia and overseas. Tanya has held senior roles including CFO/COO for Inter Mining Pty Ltd providing financial and strategic leadership for projects in South Africa, Singapore and Australia. Tanya has also held CFO and senior finance roles at Toll Aviation and Toll Air Express, Aurizon Holdings Limited, QR National Limited, Noble Group Limited, Woodside Energy Pty Ltd and BHP Billiton Limited with demonstrated ability to deliver strategic, diagnostic and business excellence projects.
Interest in shares and options	2,000,000 shares

Information on directors

Bryce Paul Wedemeyer	Director
Qualifications	LLB, BBus (Acc), G Dip CA, G Dip Fin, Dip PM, JP (Qual)
Experience	Bryce is a commercially focused, results orientated professional with 17 years' experience in finance, investment markets, business management and law. Independent from his position at ASG, Bryce is a Corporate Advisor. He has held senior management roles within both the private and public sector and has experience in dynamic and difficult environments. He is a leader with the ability to add value, improve efficiencies and drive change in organisations. Bryce has considerable experience and proven successes in advisory, mergers and acquisitions, corporate restructuring, and debt and equity financing from his time working in the law and for major accounting firms.
Interest in shares and options	2,520,000
Special responsibilities	Acting - Chief Operating Officer – (24 April 2017 – 31 August 2017)
Glenn Stephen Gaudet	Director, Company Secretary and Public Officer
	Glenn has more than 20 years of experience in establishing medium to large-scale consolidated businesses, most recently with Strategic Equity Alliance. This was accomplished by sourcing established, under valued, profitable businesses and subsequently negotiating their purchase, securing and developing an experienced management team to lead the entity and raising significant funds through listing the entity on a stock exchange or through private investment. Through SEA, Glenn lead the negotiation and acquisition of select businesses to form a consolidated group of veterinary practices which listed on the ASX as Greencross Ltd where he served as a director for 18 months' post IPO. Additionally, Glenn was one of the founding principals of National Veterinary Care Ltd which also listed on the ASX in 2015 acquiring and consolidating a group of veterinary practices throughout Australia.
Thomas Robin Phillips	Director and Chairman
Qualifications	MBA, FAICD
Experience	Tom had a forty year career in the automotive industry before retiring as the CEO of Mitsubishi Motors Australia Limited in October 2005. Prior to joining Mitsubishi Motors he held senior executive roles with Toyota Australia for fifteen years where his last appointment was as director, sales and marketing. The Toyota experience, in particular, had a strong emphasis on the 4wd market where Toyota products were dominant. In 2002 Tom was named South Australia's business man of the year and in 2007 he was appointed as a member of the order of Australia (AM) for his contribution to the automotive industry and the community. Since leaving Mitsubishi, Tom has held numerous board roles. These include: - director, Australia Post; - chair, Safework Australia; - director, Intercast and Forge; and - chair, SA Training and Skills Commission. Current roles are: - chair, Flinders Partners Pty Ltd; - director, Archer Exploration Pty Ltd; and - chair, Redarc Electronics Pty Ltd Advisory Committee.
Interest in shares and options	20,000 shares

Automotive Solutions Group Limited

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Directors' Report

30 June 2017

Information on directors

Mark Andrew Larkham	Director
Experience	Mark is a well-known motorsport professional having had a successful career as a championship driver and team owner. During his time at the top level of the sport in Australia, Supercars, Mark was responsible for identifying, securing, managing and maintaining an annual multi-million dollar income stream via sponsorship, merchandising and endorsements. This provided him with the opportunity to hone his extensive commercial, marketing and public relations skills over his career. Mark was a foundation member of Touring Car Entrants Group Australia Pty Ltd or 'TEGA'. He was elected to the Board of Directors of TEGA, and subsequently joined the Board of Directors of Australian Vee Eight Super Car Company Pty Ltd, which later became V8 Supercars Australia Pty Ltd. He served eight terms on this during 1998-2006. Today, Mark is a Motorsport commentator for Network 10 as well as Director of the Australian Institute for Motorsport Safety, a not for profit organisation established by the Confederation of Australian Motor Sport.
Interest in shares and options	20,000 shares
Special responsibilities	Marketing Committee
Peter James Alexander	Director
Qualifications	BBus, MBA
Experience	Peter has over 25 years' experience in the automotive industry. Starting his career as an apprentice motor mechanic, he transitioned his career through MYER into Finance and Accounting roles and then went on to IVECO. Peter developed into roles such as National Sales and Marketing Manager. He was recruited to Subaru Australia holding several positions including General Manager Marketing – Retail and playing a substantial role in that brand's success and a key role in Subaru's Industry leading changes to their automotive distribution channel. Peter joined the Australian and New Zealand wholly owned subsidiary of Polaris Industries (NYSE: PII) in 2004. As Managing Director he was tasked with transitioning an underperforming private distributorship into a wholly owned subsidiary. Today, Peter is credited within Polaris as being responsible for making Polaris Australia and New Zealand the most successful international and highest volume Polaris business outside North America. Peter also has a proven record for identifying business opportunities. He launched Victory Motorcycles in the Australian market with their Melbourne flagship store becoming the second highest volume dealership in the world within its first year. In 2013, the Australian business was recognised as an integral platform for Polaris in the global re launch of Indian Motorcycles. Polaris operates in more than 100 countries yet the strategy Peter led in relation to the Australian company owned flagship motorcycle store strategy is unique. Peter has established Polaris as the clear #1 brand within the Australian Off Road Vehicle Market (ORV) outselling brands such as Honda, Yamaha, Suzuki and Kawasaki. In 2016 Peter was awarded the position of Vice President within Polaris Industries in addition to his role as Managing Director for Australia and New Zealand.
Interest in shares and options	35,000 shares
Special responsibilities	Marketing Committee

Company Secretary

The following person held the position of Company secretary at the end of the financial year:

- Evan Christopher Neil Camilleri (Resigned on 28 August 2017)

Mr Evan Christopher Neil Camilleri (BBus (Acc), B Economics, CPA) has been the company secretary since November 2016. Prior to this role, Mr Evan Christopher Neil Camilleri held various senior finance roles.

- Laila Green (Appointed 28 August 2017)

Mrs Laila Green was appointed as Chief Financial Officer and Company Secretary, effective from 28 August 2017. Laila has over 25 years of experience in finance and accounting, and has worked in a number of senior finance roles including at BHP Billiton, Gordon and Gotch, Yahoo!7, Australia Consumers' Association and International Masters Publishers. Laila is a Certified Practicing Accountant and a commerce graduate from the University of Western Sydney.

Meetings of directors

During the financial year, 8 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings		Audit Committee		Remuneration Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Tanya Leah Mason	4	4	-	-	-	-
Bryce Paul Wedemeyer	8	7	-	-	-	-
Glenn Stephen Gaudet	-	-	-	-	-	-
Mark Andrew Larkham	8	8	-	-	-	-
Peter James Alexander	8	8	-	-	-	-
Thomas Robin Phillips	8	8	-	-	-	-

Due to the size of the board there was no separate audit or remuneration committee meetings during the year. The functions of these two committees were undertaken by the whole board.

Principal activities

The principal activities of the Group during the financial year is the design, manufacture, supply and fitment of automotive aftermarket parts, accessories and performance technology, with an emphasis on four-wheel drive and SUV market. It supplies components, accessories, vehicle fitment and modification services to the private four-wheel drive and fleet vehicle markets through retail and wholesale distribution networks.

There were no significant changes in the nature of the Group's principal activities during the financial year.

Achievements

The Group has achieved a number of important milestones in this reporting period:

- Raised $30,902,934 through an Initial Public Offering of shares in the Company, and listed on the Australia Securities Exchange in December 2016 under code '4WD'. A diversified group of institutional and retail investors acquired shares in the company at listing.
- Completed the acquisition of eight businesses in the automotive aftermarket parts, accessories and performance technology industries, with a strong presence in the four-wheel drive and SUV markets.
- Successfully completed the initial integration of the acquired businesses, including immediate establishment of a national support office structure.

Operating and financial review

Operating results

The Company was incorporated on 5 August 2016. On 16 December 2016 the company acquired eight businesses, and on 21 December 2016 the Company commenced trading on the Australian Stock Exchange. Therefore the Group's revenue results are for the period from 17 December 2016 to 30 June 2017. Prior to the listing the operations of the Company were administrative in nature and did not trade.

Corporate

The corporate team comprises of four employees and two senior consultants. This team has the skills, capabilities and experience required to address the many issues still outstanding with the Company. Key challenges include integrating the different financial, manufacturing and CRM software systems and databases across the eight businesses and improving timely data availability for senior management. Work continues in this area in preparation for transitioning to a company-wide Enterprise Reporting System.

Cash management remains a high priority and is a key focus of business operations. To assist in this area, we have opened a new facility with Westpac with more sophisticated transaction management tools.

Work on branding has been ongoing. The Company is registering protection for the ROO brand and we are pushing hard to complete all of the necessary registrations.

Following completion of the brand protection, we will launch a new website, supported by new promotional material and a rebrand of some of our business sites. We have also cut certain marketing initiatives that on review we considered do not deliver enough value to the business. These include the previously announced loyalty card.

Ensuring employee safety is also of key importance to the Company. An independent consultant has been engaged to review OHS&E practices across the group businesses. This work is continuing, but no significant hazards have been identified to this point. OHS&E will have a heightened focus across all businesses.

Our Businesses

Alloy Motor Accessories (AMA)

AMA, based in Brisbane, manufactures bullbars, ute tray tool boxes, aluminium roof racks, ute steel trays, roof baskets and other vehicle equipment. A key growth opportunity is selling AMA's products through the Company's retail outlets. For example, AMA trays are now being sold into the Victorian market through our Geelong and Melbourne retail outlets. AMA is continuing to work on product development.

ASG 4x4

ASG 4x4 focuses on 4WD conversion and customisation. This business has a healthy backlog of orders and the focus has been on increasing capacity, which has been improved by 30% over the past months. ASG 4x4 remains a small part of the Company's business, but shows promise for further growth through developing a related retail presence and increasing capacity over time.

Barden Fabrications

Barden Fabrications is a leading Victorian metal fabricator and manufacturer. The Barden business suffered difficulties earlier in 2017, with the deferral and cancellation of some large orders. There has been a significant review of Barden's manufacturing processes with a view to improving the workflow and focusing on profitable areas. Over the past months there has been a positive recovery in new orders. One major initiative under consideration at the moment is relocating the Barden business. New premises will allow significant cost savings through streamlining the manufacturing process. There will also be opportunities to centralise the Company's manufacturing units at the one site. Consideration of this proposal is ongoing.

Deering

Deering Autotronics is a leading Western Australian provider of auto-electrical and air-conditioning services and products. Growth areas for Deering include broadening its range of products and services to replicate our other businesses, anticipated orders with Perth Transport Authority, increasing activity from mining companies and a new exclusive sales agency with Opt Traffic, for distribution of their variable message sign boards in Western Australia and the Northern Territory.

Dolium

Dolium is a wholesaler of specialist 4WD and related equipment. It has been a year of declining sales with increased competition in its key markets. A comprehensive review of Dolium's business is currently underway.

JDR

JDR Motorsports & 4x4 Enhancements provides auto and 4WD enhancement services. This business is performing well. The review of this business is considering how to better leverage its key supplier arrangements and the possibility of a move to larger premises to increase its services and retail capacity.

Roo Systems

Roo Systems designs, manufactures and sells parts and accessories for mainly 4X4/SUV vehicles. It is a leading electronic diesel performance tuning business in Australia. Roo Systems continues to focus on new product development, with some promising developments in the area of diesel exhaust filters. Roo Systems is also working closely with AMA to achieve cost savings through the use of AMA's manufacturing capability.

Umhauers

The Umhauer sites in Geelong and Warrnambool in Victoria have experienced significant operating difficulties since ASGL acquired the businesses. This is mainly due to management issues and the ongoing supply arrangements with major suppliers ARB and Opposite Lock. As a consequence, the viability of both Umhauer sites was seriously compromised from the outset.

Following an extensive review process, the Warrnambool site will be closed as a retail outlet and options to continue to service the region from the Geelong site are being considered. ASGL is currently considering all legal options in relation to this acquisition, including recovery of acquisition monies.

The Geelong site's supply of product will be strengthened from group companies, AMA, Barden and Uneek, to replace previous suppliers. This approach is already demonstrating good potential to add profit and provide sales growth opportunities.

Uneek

Uneek 4x4 designs and retails 4WD equipment including bull bars, rear bars, roof racks and cargo racks. The Barden business is manufacturing these products for Uneek. Improving Barden's manufacturing processes to reduce lead times, provides an exciting opportunity for growth in both of these businesses.

Financial position

The net assets of the Group have increased from 30 June 2016 to $17,475,018 at 30 June 2017. This increase is due to the raise of capital to fund the acquisition of the 8 businesses

The Group's loss attributable to owners of the Company after providing for income tax amounted to $18,635,512. The Key features of the result are:

- Revenue for FY17 of $17,010,453.
- Statutory earnings (loss) before interest and tax (EBIT) for of FY17 of ($19,337,948).
- The reconciliation between the Preliminary Financial Report and Appendix 4E consists of the following items:
  - A non-cash, one-off, goodwill impairment charge of $13,867,680, an increase of $11,483,637
  - Correction to Cost of Sales of $431,575,
  - Recognition of un-invoiced Legal fees of $66,612, and
  - Reversal of R & D claim of $147,892.
  - Write off of debtors of $51,398.

Significant changes in state of affairs

There have been no significant changes in the state of affairs of entities in the Group during the year.

Dividends paid or recommended

There have been no dividends paid or payable during the year.

Events after the reporting date

Subsequent to year end, the Group has finalised an agreement with Westpac to provided banking facilities. These include a $1,000,000 bank bill business loan, a $580,000 revolving limit for rental bonds, a $400,000 trade facility and other minor facilities.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Future developments and results

The Group's strategy is to create a leading automotive solutions company with an emphasis on 4x4/SUV parts, accessories and performance technology markets. Management intend to achieve this strategy through acquisition and organic growth opportunities.

The Group has identified several opportunities to drive revenue growth, including expansion of the existing product and services range across all businesses within the Company. Strategic sourcing and economies of scale pricing benefits are also areas of opportunity for the Company.

Environmental issues

The Group's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

Indemnification and insurance of officers and auditors

During the financial year, the company paid a premium in respect of a contract insuring the directors of the company, the company secretaries and all executive officers of the company and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the *Corporations Act 2001*.

The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability and legal expenses insurance contracts as such disclosure is prohibited under the terms of the contract.

The company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor.

Proceedings on behalf of company

No person has applied for leave of court under Section 237 of the *Corporations Act 2001* to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

Non-audit services

The Board of Directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and

- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees were paid or payable to the external auditors for non-audit services provided during the year ended 30 June 2017:

	2017	2016
	$	$
Corporate Finance	270,000	-
Tax	28,250	-
	298,250	-

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the year ended 30 June 2017 has been received and can be found on page 17 of the financial report.

ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191

The Company is an entity to which ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 applies and, accordingly, amounts in the financial statements and directors' report have been rounded to the nearest dollar.

Remuneration report (audited)

Remuneration policy

The remuneration policy of Automotive Solutions Group Limited has been designed to align key management personnel (KMP) objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Group's financial results. The Board of Automotive Solutions Group Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the Group, as well as create goal congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for key management personnel of the Group is as follows:

- The remuneration policy has been developed by the Remuneration Committee and approved by the Board.

- All key management personnel receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits, and are eligible for performance incentives.

- The Remuneration Committee reviews key management personnel packages annually by reference to the Group’s performance, executive performance and comparable information from industry sectors. The performance of key management personnel is measured against criteria agreed bi-annually with each executive and is based predominantly on the forecast growth of the Group’s profits and shareholders’ value. All bonuses and incentives must be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives and bonuses, and can recommend changes to the Committee’s recommendations. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Key management personnel receive a superannuation guarantee contribution required by the law, which is currently 9.5%, and do not receive any other retirement benefits. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

Upon retirement, key management personnel are paid employee benefit entitlements accrued to the date of retirement. Key management personnel are paid a percentage of between 5-10% of their salary in the event of redundancy.

All remuneration paid to key management personnel is valued at the cost to the Group and expensed.

The Board's policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The Remuneration Committee determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting, the current maximum is $220,000 - which was approved in the second replacement Prospectus approved 7 December 2017.

Key management personnel are also entitled and encouraged to participate in the employee share to align their interests with shareholders' interests.

Remuneration report (audited)

Remuneration policy

Relationship between remuneration policy and company performance

For the year ended 30 June 2017, the remuneration for KMP was fixed, thus it is not related to the Group's performance.

Service Agreements

On appointment to the Board, all non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including remuneration, relevant to the office of director.

The remuneration and other terms of employment for the Managing Director and senior executives are set out in formal service agreements as summarised below.

All service agreements are for an unlimited duration. The agreements for executives (other than the Managing Director, Chief Executive Officer and Chief Finance Officer which require three months notice) may be terminated by giving three month notice (except in cases of termination for cause where termination is immediate).

In cases of resignation, no separation payment is made to the executive, except for amounts due and payable up to the date of ceasing employment, including accrued leave entitlements.

Names	Position	Appointed/Resigned
Tanya Leah Mason	Chief Executive Office & Managing Director	Appointed Director on 5 August 2016 Appointed Public Officer on 9 November 2016 Resigned on 3 May 2017
Bryce Paul Wedemeyer	Director	Appointed on 5 August 2016
Glenn Stephen Gaudet	Director, Company Secretary and Public Officer	Appointed on 5 August 2016 Resigned on 9 November 2016
Thomas Robin Phillips	Director and Chairman	Appointed on 9 November 2016 Resigned on 28 August 2017
Mark Andrew Larkham	Director	Appointed on 9 November 2016
Peter James Alexander	Director	Appointed on 9 November 2016
Evan Christopher Neil Camilleri	Company Secretary	Appointed on 9 November 2016 Resigned on 28 August 2017
Bryan Gordon Granzien	Chief Executive Officer	Appointed on 28 August 2017
Laila Green	Company Secretary	Appointed on 28 August 2017

Remuneration report (audited)

Remuneration policy

Changes in KMP

Chief Executive Officer

- Bryan Gordon Granzien (Appointed on 28 August 2017)

Company Secretary

- Laila Green (Appointed 28 on August 2017)

Remuneration details for the year ended 30 June 2017

The following table of benefits and payment details, in respect to the financial year, the components of remuneration for each member of the key management personnel of the Group.

Table of benefits and payments

		Short term		Post employment benefits	Share based payments	
	Cash salary fees	bonus	Consulting service	Superannuation	Equity settled	
1 November 2016 – 30 June 2017	$	$	$	$		$
Non-executive Directors						
Thomas Robin Phillips	46,666	-	-	-	20,000	66,666
Mark Andrew Larkham	30,441	-	-	2,892	20,000	53,333
Peter James Alexander	33,333	-	-	-	20,000	53,333
Executive Directors						
Tanya Leah Mason	90,421	-	-	8,590	-	99,011
Bryce Paul Wedemeyer	30,441	-	54,150	2,892	20,000	107,483
KMP						
Evan Christopher Neil Camilleri	80,699	-	-	7,666	70,000	158,366
	312,001	-	54,150	22,040	150,000	538,192

No remuneration is presented for the prior corresponding period. During the development of the business in the 2016 financial year, the Group had no employees and all initial activity was undertaken by external corporate advisory firms.

The share based payments relate to shares issued to KMP for their work leading up to the IPO of the Company in December 2016. There were no vesting conditions attached to these shares. These awards were consistent with the information outlined in the Prospectus.

Key management personnel equity holdings

30 June 2017	Balance at beginning of year No.	Granted as remuneration No.	On exercise of options No.	Other changes No.	Balance at the end of year No.
Non-executive Directors					
Thomas Robin Phillips	-	20,000	-	-	20,000
Mark Andrew Larkham	-	20,000	-	-	20,000
Peter James Alexander	-	20,000	-	15,000	35,000
Executive Directors					
Tanya Leah Mason	-	-	-	2,000,000	2,000,000
Bryce Paul Wedemeyer	-	20,000	-	2,500,000	2,520,000
Executives					
Evan Christopher Neil Camilleri	-	70,000	-	-	70,000
	-	150,000	-	4,515,000	4,665,000

KMP related party transactions

The Group undertook the following transactions with:

- Key management personnel (KMP)
- A close member of the family of that person, or
- An entity over which the key management person or family member has, directly or indirectly, control, joint control or significant influence, during the reporting period.

Information regarding share-based payment transactions with these persons or entities are included elsewhere in the remuneration report.

Transactions (excluding loans)

Transaction type	Terms and conditions	Name of KMP	Amount $
Consulting service	Acting the role of interim Chief Operating Officer	Bryce Paul Wedemeyer	54,150

End of Audited Remuneration Report

This director's report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors.

Director: Peter Alexander

Director: Mark Larkham

Dated this 29th day of September 2017

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

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Automotive Solutions Group Limited for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

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

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A F Newman
Partner - Audit & Assurance

Brisbane, 29 September 2017

Automotive Solutions Group Limited

ABN 28 613 474 089

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2017

	Note	2017 $	2016 $
Revenue from continuing operations	6	**17,010,453**	-
Raw materials and consumables used		**(7,364,258)**	-
Advertising and marketing expenses		**(336,620)**	-
Occupancy costs	7	**(1,216,032)**	-
Other expenses	7	**(9,234,462)**	(128,772)
Goodwill impairment	14	**(13,867,680)**	-
Other acquisition costs		**(4,016,889)**	-
Acquisition costs, ASX listing fees and consulting fees	7	**(232,150)**	(1,021,066)
Loss before interest, tax, depreciation and amortisation (EBITDA)		**(19,257,638)**	(1,149,838)
Depreciation and amortisation expense	7	**(80,310)**	-
Loss before interest and tax (EBIT)		**(19,337,948)**	(1,149,838)
Income tax benefit	8	**702,436**	-
Loss for the year		**(18,635,512)**	(1,149,838)
Other comprehensive income for the year, net of income tax		**-**	-
Total comprehensive loss for the year		**(18,635,512)**	(1,149,838)
Loss attributable to:			
Members of Automotive Solutions Group Limited		**(18,635,512)**	(1,149,838)
Basic earnings per share	22	**(0.69)**	(574,918)
Diluted earnings per share	22	**(0.69)**	(574,918)

This statement should be read in conjunction with the following notes.

Automotive Solutions Group Limited

ABN 28 613 474 089

Consolidated Statement of Financial Position
As At 30 June 2017

	Note	2017 $	2016 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9	**1,863,220**	-
Trade and other receivables	10	**2,734,078**	-
Inventories	11	**4,168,680**	-
Other assets	12	**121,353**	2
TOTAL CURRENT ASSETS		**8,887,331**	2
NON-CURRENT ASSETS			
Trade and other receivables	10	**603,699**	-
Property, plant and equipment	13	**2,211,598**	-
Intangible assets	14	**11,298,556**	-
Deferred tax assets	15	**1,893,405**	-
TOTAL NON-CURRENT ASSETS		**16,007,258**	-
TOTAL ASSETS		**24,894,589**	2
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	16	**5,845,582**	1,149,838
Borrowings	17	**14,897**	-
Current tax liabilities	8	**103,641**	-
Provisions	18	**18,805**	-
Employee benefits	19	**1,159,143**	-
TOTAL CURRENT LIABILITIES		**7,142,068**	1,149,838
NON-CURRENT LIABILITIES			
Trade and other payables	16	**6,020**	-
Borrowings	17	**34,451**	-
Deferred tax liabilities	15	**768**	-
Provisions	18	**131,195**	-
Employee benefits	19	**105,069**	-
TOTAL NON-CURRENT LIABILITIES		**277,503**	-
TOTAL LIABILITIES		**7,419,571**	1,149,838
NET ASSETS		**17,475,018**	(1,149,836)
EQUITY			
Issued capital	20	**37,260,368**	2
Retained earnings	21	**(19,785,350)**	(1,149,838)
Total equity attributable to equity holders of the Company		**17,475,018**	(1,149,836)
TOTAL EQUITY		**17,475,018**	(1,149,836)

This statement should be read in conjunction with the following notes.

Automotive Solutions Group Limited

ABN 28 613 474 089

Consolidated Statement of Changes in Equity
As At 30 June 2017

	Note	Issued Capital $	Retained Earnings $	Total $
Balance on incorporation on 2 December 2015		2	-	2
Loss for the year		-	(1,149,838)	(1,149,838)
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		-	(1,149,838)	(1,149,838)
Transactions with owners in their capacity as owners				
Dividends recognised		-	-	-
Balance at 30 June 2016		2	(1,149,838)	(1,149,836)
Balance at 1 July 2016		**2**	**(1,149,838)**	**(1,149,836)**
Loss for the year		**-**	**(18,635,512)**	**(18,635,512)**
Other comprehensive income for the year		**-**	**-**	**-**
Total comprehensive income for the year		**-**	**(18,635,512)**	**(18,635,512)**
Transactions with owners in their capacity as owners				
Shares issued during the year	20	**37,260,366**	-	**37,260,366**
Dividends recognised		**-**	**-**	**-**
Balance at 30 June 2017		**37,260,368**	**(19,785,350)**	**17,475,018**

This statement should be read in conjunction with the following notes.

Automotive Solutions Group Limited

ABN 28 613 474 089

Consolidated Statement of Cash Flows
For the Year Ended 30 June 2017

	Note	2017 $	2016 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		**15,971,610**	-
Payments to suppliers and employees		**(15,677,153)**	-
Payments for acquisition-related and listing expenses		**(3,180,578)**	-
Interest received		**1,570**	-
Net cash provided by/(used in) operating activities	24a	**(2,884,551)**	-
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		**(539,250)**	-
Payments to acquire businesses, net of cash acquired	5	**(22,089,240)**	-
Payment of deferred consideration on business acquisitions		**(1,452,833)**	
Payments for non-current assets		**(600,000)**	-
Net cash used by investing activities		**(24,681,323)**	-
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issue of shares		**29,025,970**	-
Payment of transaction costs		**(1,772,636)**	-
Proceeds from the issue of redeemable preference shares		**2,186,000**	-
Repayment of borrowings		**(10,240)**	-
Net cash used by financing activities		**29,529,094**	-
Net increase/(decrease) in cash and cash equivalents held		**1,863,220**	-
Cash and cash equivalents at beginning of year		**-**	-
Cash and cash equivalents at end of financial year	9	**1,863,220**	-

No cash flow statement is presented for the prior corresponding period. During the development of the business in the 2016 financial year, all investment and cash flows of the business were managed by external corporate advisory firms, giving rise to accrued liabilities for the Group. Consequently, no direct cash flows were attributable to the Group, with no resultant cash flow statement applicable to the business.

This statement should be read in conjunction with the following notes.

The consolidated financial statements and notes represent those of Automotive Solutions Group Limited and Controlled Entities ("the Group").

The separate financial statements of the parent entity, Automotive Solutions Group Limited, have not been presented within this financial report as permitted by the *Corporations Act 2001.*

The financial report was authorised for issue by the Directors on 29 September 2017.

1 Summary of Significant Accounting Policies

Basis of Preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(a) Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent, Automotive Solutions Group Limited, and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of controlled entities is contained in Note 4 to the financial statements.

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

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of profit or loss and other comprehensive income.

Business combinations

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

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

1 Summary of Significant Accounting Policies

(a) Principles of Consolidation

Business combinations

arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

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

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

Goodwill

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

i) the consideration transferred;

ii) any non-controlling interest; and

iii) the acquisition date fair value of any previously held equity interest, over the acquisition date fair value of net identifiable assets acquired in a business combination.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

Fair value re-measurements in any pre-existing equity holdings are recognised in profit or loss in the period in which they arise. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds less than 100% interest will depend on the method adopted in measuring the non-controlling interest. The Group can elect in most circumstances to measure the non-controlling interest in the acquiree either at fair value (full goodwill method) or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets (proportionate interest method). In such circumstances, the Group determines which method to adopt for each acquisition and this is stated in the respective note to the financial statements disclosing the business combination.

Under the full goodwill method, the fair value of the non-controlling interest is determined using valuation techniques which make the maximum use of market information where available. Under this method, goodwill attributable to the non-controlling interest is recognised in the consolidated financial statements.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

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

Changes in the ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

1 Summary of Significant Accounting Policies

(b) Income Tax

The tax expense recognised in the consolidated statement of profit or loss and other comprehensive income comprises of current income tax expense plus deferred tax expense.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss or arising from a business combination.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale. When an investment property that is depreciable is held by the entity in a business model whose objective is to consume substantially all of the economic benefits embodied in the property through use over time (rather than through sale), the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of such property will be recovered entirely through use.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (i) a legally enforceable right of set-off exists; and (ii) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

1 Summary of Significant Accounting Policies

(c) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost of inventory is determined using the first-in-first-out basis and is net of any rebates and discounts received.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the costs necessary to make the sale. Net realisable value is estimated using the most reliable evidence available at the reporting date. Inventory is written down through an obsolescence provision if necessary.

(d) Property, plant and equipment

Each class of plant and equipment is carried at cost less, any accumulated depreciation and impairment losses.

Plant and equipment

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

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Group, commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

1 Summary of Significant Accounting Policies

(d) Property, plant and equipment

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Plant and Equipment	10% - 30%
Furniture, Fixtures and Fittings	10% - 20%
Motor Vehicles	10% - 25%
Leasehold improvements	5% - 20%
Computer Equipment	10% - 30%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise.

(e) Financial instruments

Initial recognition and measurement

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

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint ventures as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

Automotive Solutions Group Limited

ABN 28 613 474 089

Notes to the Financial Statements

For the Year Ended 30 June 2017

1 Summary of Significant Accounting Policies

(e) Financial instruments

Classification and subsequent measurement

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Group's trade and other receivables fall into this category of financial instruments.

Significant receivables are considered for impairment on an individual asset basis when they are past due at the reporting date or when objective evidence is received that a specific counterparty will default. The amount of the impairment is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

In some circumstances, the Group renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Group does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

The Group's financial liabilities include borrowings, trade and other payables (including finance lease liabilities), which are measured at amortised cost using the effective interest rate method.

Impairment of Financial Assets

A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified into profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

1 Summary of Significant Accounting Policies

(e) Financial instruments

Impairment of Financial Assets

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Group recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(f) Impairment of non-financial assets

At the end of each reporting period the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

(g) Employee benefits

(i) Short-term employee benefits

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

1 Summary of Significant Accounting Policies

(g) Employee benefits

(i) Short-term employee benefits

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

(ii) Other long-term employee benefits

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

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

(h) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured at the present value of management's best estimate of the outflow required to settle the obligation at the end of the reporting period. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the unwinding of the discount is taken to finance costs in the consolidated statement of profit or loss and other comprehensive income.

(i) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(j) Revenue and other income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed.

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

1 Summary of Significant Accounting Policies

(j) Revenue and other income

Revenue recognition relating to the provision of services is recognised at the point service is rendered.

Interest is recognised using the effective interest method.

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

(k) Trade and other receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

(l) Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(m) Goods and services tax (GST)

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

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the consolidated statement of financial position.

Cash flows in the consolidated statement of cash flows are included 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 is classified as operating cash flows.

(n) Comparative figures

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

Where the Group retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

1 Summary of Significant Accounting Policies

(o) Adoption of new and revised accounting standards

The Group has adopted applicable new and amended Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are relevant to their operations and effective as of 1 July 2016. There has been no significant impact on the financial statements or performance of the Group resulting from these new and amended Australian Accounting Standards and Interpretations.

The Group has elected not to early adopt any other new Standards or amendments that are issued but not yet effective.

(p) New Accounting Standards and Interpretations

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

- AASB 9: Financial Instruments and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

  The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

  The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

  The group is yet to undertake a detailed assessment of the impact of AASB 9. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2018.

- AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2015-8: Amendments to Australian Accounting Standards - Effective Date of AASB 15).

  When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Apart from a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented per AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements regarding revenue.

The group is yet to undertake a detailed assessment of the impact of AASB 15. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2018

- AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard are as follows:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

The entity is yet to undertake a detailed assessment of the impact of AASB 16.

2 Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key estimates

(i) Impairment – general

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

In 2017, the Group recognised an Impairment loss on goodwill, refer to Note 14.

Key judgments

(i) Provision for impairment of receivables

A provision for impairment of receivables was not considered necessary as at the end of the 2017 reporting period (2016: $nil).

(ii) Provision for impairment of inventories

A provision for impairment of inventories of $719,983 was considered necessary as at end of the 2017 reporting period (2016: $nil). Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices

3 Segment information

The internal reports for the Group are reported, reviewed and used by the Board of Directors (chief operating decision maker) in assessing performance and determining the allocation of resources on a consolidated group level. The Board of Directors and executive plan to move to segment reporting during the 2018 financial year. The details of the segment reporting are still to be confirmed at the time of this report

4 Investments in Controlled Entities

	Country of Incorporation	Class of Shares	Equity holding
Continuing Operations			
Fleet Alliance Pty Ltd	Australia	Ordinary	100%

Automotive Solutions Group Ltd was incorporated on 5 August 2016. On 5 August 2016, a business restructure was undertaken with respect to the share ownership of Fleet Alliance Pty Ltd in that a new holding company was established, Automotive Solutions Group Ltd, and it acquired 100% of the shares of Fleet Alliance Pty Ltd as part of an internal business restructure.

5 Business Combinations

On 16 December 2016, the Group acquired the following businesses:

1. Roo Systems
2. Barden Fabrications
3. Alloy Motor Accessories
4. JDR Motorsports
5. Dolium
6. TranSpec 4x4
7. Deering Autronics
8. Umhauers

Roo Systems

Roo Systems has been operating for 21 years under the guidance of Glen Hadden. Glen has combined his many years of diesel knowledge and highly skilled staff, expert 4x4 chip manufacturers and cutting edge ECU programmers to deliver a diesel performance upgrade packages for the market.

Main services offered are accessory fitment, mechanical/auto electrical services and vehicle/engine performance with customers coming from retail, fleet, trade and government. The core target market however is retail customers including diesel 4x4 owners segmented into grey nomads, 4x4 offroaders and recreational tow vehicles for boats, caravans, camper trailers and the like. Roo Systems has access to through a nationwide channel of approximately 45 diesel workshop specialists.

Products include Roo Systems Diesel 4x4 ECU Remapping and Roo Systems Proprietary 4x4 Performance Exhausts. Roo Systems is also a key Australian distributor for USA made Baja Designs offroad LED light bars.

In addition, Glen leads a team of notable mechanical and technical specialists with a combined experience of over 40 years in dyno and performance motorsport tuning. These professionals head up the Roo Systems research and development for both chip and ECU remapping products. Other staff are handpicked to develop the best performance packages due to the demanding quality and needs of the 4x4 diesel upgrade industry.

5 Business Combinations

Barden Fabrications

Barden Fabrications has been manufacturing sheet metal components and products for more than 25 years and with the use of cutting edge technology is a leading metals fabricator in Victoria.

Barden Fabrications can also assist with product design and provides a comprehensive sheet metal fabrication service including automated manufacturing with computer numerical control ('CNC') Laser Cutting, CNC Turret Punching, Robotic Welding, Brake Press Forming and Powdercoating services.

The acquisition of Barden Fabrications provides design and automated manufacturing of steel products to the automotive industry. The strategic acquisition of Barden provides a vertically integrated supply chain model for the design, manufacture and distribution of metal products to the automotive market through ASG's network. The local manufacturing facility enables faster response to market and industry automotive model changes and control of manufacturing product quality.

Barden has been producing automotive components for the automotive industry for many years with modern technology to fabricate parts for many types of vehicles including the 4x4/SUV market. Barden also specialises in custom sheet metal fabrication for vehicle canopies and accessories.

Barden also provides fabrication and laser metal cutting solutions to a diverse range of industries, including construction, marine, rail and seating componentry. Servicing such a diverse range of industries leaves Barden well placed to provide best-in-class fabrication and technology solutions to the ASG network.

The company also has its own retailer, Uneek 4x4 Offroad Accessories, which provides a wide range of automotive accessories that includes those manufactured by Barden as well as other brands such as 23 Zero, Big Red and Cap Locker.

Alloy Motor Accessories

Alloy Motor Accessories' experience spans 38 years in an industry increasingly focused on technology and quality. Evolution in vehicle design, safety and function has been matched by AMA's in-house development of superior quality, heavy duty and innovative accessories. Today, AMA is a leader in the field of professional vehicle fit-out accessories, and a recognized supplier of first choice to the original equipment, commercial service and special vehicle sectors.

AMA has established a well-respected line of products through innovative engineering and design skills. AMA produces heavy duty tray bodies, bullbars, nudge bars and various other vehicle accessories to cater for the 4x4 and transport sector.

Main services offered by AMA include accessory fitment, mechanical/auto electrical services and vehicle/engine performance, through in house and offsite fitting services, and full vehicle fitout options. AMA's customers include retail, fleet, trade and government, car dealerships and OEM supply.

AMA is a member of the Australian Automotive Aftermarket Association (AAAA).

JDR Motorsports

JDR Motorsports & 4x4 Enhancements was established in 2012 by John Robert. JDR Motorsports & 4x4 Enhancements prides itself on customer service with a focus on after sales to maintain high levels of customer service and repeat business through focused client engagement and professionalism of service.

The main brand/product line is Walkinshaw Performance, under which are sub-brands such as VCM performance, Harrop Performance, Flash Diesel, Hurricane Exhaust, XForce Exhaust, Extreme Clutches, Bilstein, H&R Coils, Manley, Jesel and Callies.

5 Business Combinations

Product lines and services include Walkinshaw Performance (NSW/ACT licensee), Torque Tuner Australia (NSW agent), warrantable upgrades for Commodore and Colorado platforms from exhausts, air intakes, camshaft upgrades, brakes packages, interior items and suspension, Harrop Performance upgrades including, differentials, brakes, superchargers, wheels and shifters, VCM Performance camshaft upgrades, magnusun supercharger upgrades (GM, Ford, Jeep, Mercedes), suspension packages using Bilstein products, JDR Motorsports packages using VCM air intake systems and Hurricane exhaust or the new XForce varex exhaust, SUV upgrades using XForce exhaust, Safari snorkel and K&N hi flow air filter with Dyno Tune.

JDR Motorsports & 4x4 Enhancements services include accessory fitment, mechanical/auto electrical services, vehicle/engine performance, power upgrades, brake upgrades, auto electrical work, engine building and reconditioning and custom dyno tuning for both petrol and diesel vehicles.

JDR Motorsports & 4x4 Enhancements has a good mix of both trade and retail customers with the addition of the Walkinshaw reseller network licence and dealer network. JDR Motorsports & 4x4 Enhancements sponsors the SS Owners Club of NSW and supports the HSV owners club of NSW through member specials.

Dolium

Dolium entered the 4x4 accessory aftermarket industry with the opening of a retail store in Welshpool WA in 1985. A key point of difference for Dolium has been a heavy focus on quality products; most have been used and proven in-house, or are products that Dolium has helped design and develop.

In the late 1980s, Dolium's manufacturing operation was awarded an Australian Design Award for an aluminium bullbar design, which remains a standard in the industry to this day. Dolium is mostly a niche wholesaler to the 4X4 aftermarket industry, specialising in select product lines - which Dolium has had some design or conceptual role in developing.

Dolium is a long standing member of the following industry associations: Caravan Industry Association of WA (in National Luna name), MTA WA (Motor Traders Association - WA division) and AAAA (Australian Automotive Aftermarket Association). Adrian Stafford was a founding member of the MTA of WA 4x4 industry chapter.

TranSpec 4x4

TransSpec 4x4 was formed in 2013 to convert and upgrade 200 series Toyota Landcruisers for mining operations. There are over 140 vehicles converted by TransSpec 4x4 in all parts of Australia and the company has forward orders reaching out many months in advance.

TransSpec 4x4 has expanded since commencing operations. Their focus is design, invention and development, 4x4 conversion and customisation as well as providing products to the retail market.

Deering Autronics

In 1952, Deering Autronics opened its first auto electrical repairs garage in Midland, Western Australia. Since then, Deering Autronics has expanded to become one of Perth's leading automotive electrical and air-conditioning specialists, operating from 2 locations in Western Australia.

Deering Autronics also offers accessory fitting services for all types of automotive electrical equipment to enhance customer's driving experience, from dual battery setups to rear vision camera systems. Deering Autronics also supplies quality parts and accessories for Western Australia's mining, agriculture and retail sectors.

Automotive Solutions Group Limited

ABN 28 613 474 089

Notes to the Financial Statements

For the Year Ended 30 June 2017

5 Business Combinations

Umhauers

Umhauers is an automotive business in regional Victoria, providing a retail offering and parts fitment services to the 4WD market.

Revenue and profit for the period

Disclosure of the revenue and profit for the period prior to the business combination date is impracticable, as no externally-audited statutory accounts consistent with Australian Accounting Standards exist for the period 1 July 2016 to 16 December 2016.

Acquisition costs

The details pertaining to the net assets acquired are detailed below.

	Roo Systems $	Barden Fabrications $	Alloy Motor Accessories $	JDR Motorsports $	Dolium $	TranSpec 4x4 $	Deering Autronics $	Umhauers $	Total $
Assets and Liabilities at Fair Value									
Inventories	157,554	597,589	786,128	179,064	689,163	220,614	218,051	311,875	**3,160,038**
Other current assets	6,385	26,278	10,894	1,245	73,360	19,756	63,861	13,797	**215,576**
Plant and equipment	110,450	897,019	196,409	65,129	62,624	126,067	189,913	101,728	**1,749,339**
Deferred tax assets	14,461	159,143	46,839	29,141	10,997	11,261	80,366	9,957	**362,165**
Trade payables and accruals	-	-	-	-	-	(59,912)	-	-	**(59,912)**
Provisions	(109,941)	(440,960)	(156,129)	(147,075)	(36,656)	(37,537)	(267,886)	(33,189)	**(1,229,373)**
	178,909	**1,239,069**	**884,141**	**127,504**	**799,488**	**280,249**	**284,305**	**404,168**	**4,197,833**
Intangibles									
Goodwill	5,066,548	9,732,564	3,989,509	1,167,828	634,471	1,397,113	794,160	2,384,043	**25,166,236**
	5,245,457	**10,971,633**	**4,873,650**	**1,295,332**	**1,433,959**	**1,677,362**	**1,078,465**	**2,788,211**	**29,364,069**
Representing:									
Cash paid	3,617,595	8,773,663	3,917,518	880,456	1,152,486	1,331,269	778,659	1,637,594	**22,089,240**
Deferred consideration	743,001	67,586	136,128	186,367	**-**	100,000	49,968	730,093	**2,013,143**
Shares issued	884,861	2,130,384	820,004	228,509	281,473	246,093	249,838	420,524	**5,261,686**
	5,245,457	**10,971,633**	**4,873,650**	**1,295,332**	**1,433,959**	**1,677,362**	**1,078,465**	**2,788,211**	**29,364,069**

The fair value of the equity issues has been measured by reference to the capital raised pursuant to the listing of the company's shares on 21 December 2016. Given the proximity to the date of the business combinations, being 16 December 2016, management has determined that this is reasonable basis to measure the fair value of the equity instruments issues as part of the consideration for the acquisitions.

5 Business Combinations

Goodwill recognised represents expected synergies from combining operations of the acquiree and the acquirer. Arising when a company acquired the eight businesses. The amount of goodwill is the cost to purchase the business minus the fair market value of the tangible assets, the intangible assets that can be identified, and the liabilities obtained in the purchase.

In completing the purchase accounting the Group considered each business to determine whether there were any identifiable intangibles acquired that were eligible for separate recognition. Through this process the Group did not identify any such intangibles

Acquisition costs

$4,016,889 of acquisition costs are included on the face of the Profit & Loss Statement.

Variable contingent consideration receivable

Voluntary escrow applies to 5,261,686 Shares of the Initial Portfolio vendors, constituting 10.45 percent (%) of the Shares on issue after Completion of the Offer. In relation to the voluntary restriction agreements entered into with the Initial Portfolio vendors, the Shares which are subject to escrow will be released depending on whether the Initial Portfolio sold to Automotive Solutions Group Limited by those vendors have achieved specified EBIT thresholds during the 2017 and 2018 financial periods, following Completion. If these EBIT thresholds have not been met, the number of escrowed Shares which will be released to those vendors will be reduced, and the balance Shares sold to a party nominated by the Group (clawback clause).

The value of the clawback amount been measured at the time of the business combination and then will be remeasured each reporting date. Any subsequent changes in fair value would be recognised in profit or loss. As at 30 June 2017 management are assessing the impact of the current business performance on the clawback provisions. Management will be finalising the projected clawback calculations in the coming months as the anniversary of the acquisitions approaches. No contingent consideration receivable has been recognised in the financial statements for the year ending 30 June 2017.

6 Revenue and Other Income

	2017	2016
	$	$
Revenue		
- provision of services	**17,005,037**	-
- other income	**147**	-
- interest income	**5,269**	-
Total Revenue	**17,010,453**	-

7 Result for the Year

The result for the year includes the following specific expenses:

	2017	2016
Employee benefits expenses		
Employee benefits expenses. In the statement of profit and loss, these expenses form part of other expenses.	**7,286,885**	95,063
Other expenses		
Depreciation expenses	**80,310**	-
Acquisition costs, ASX listing fees and consulting fees		
Acquisition costs, ASX listing fees and consulting fees	**232,150**	-
Operating lease expenses		
Operating leases have been taken out for the rental of premises. In the statement of profit and loss, these expenses form part of occupancy expenses.	**907,123**	-

8 Income Tax Expense

(a) The major components of tax expense (income) comprise:

	2017	2016
Current tax	**103,641**	-
Deferred tax	**(806,077)**	-
	(702,436)	-

8 Income Tax Expense

(b) The prima facie tax on profit from ordinary activities before income tax is reconciled to income tax as follows:

	2017	2016
	$	$
Profit	**(18,635,512)**	(1,149,838)
Tax	**30%**	30%
Prima facie tax payable on profit from ordinary activities before income tax	**(5,590,654)**	(344,951)
Add:		
Tax effect of:		
- Impairment of goodwill	**4,160,304**	-
- Non-deductible acquisition costs	**729,457**	-
- Donations	**155**	-
- Unrecognised tax losses	**-**	344,951
	4,889,916	-
Less:		
Tax effect of:		
- Other	**(1,698)**	-
Income tax attributable to parent entity	**(702,436)**	-
Income tax attributable to entity	**(702,436)**	-
The applicable weighted average effective tax rates are as follows:	**3.7%**	0%

9 Cash and Cash Equivalents

	2017	2016
	$	$
Cash on hand	**7,928**	-
Bank balances	**1,855,292**	-
	1,863,220	-

10 Trade and Other Receivables

		2017	2016
CURRENT			
Trade receivables	10(a)	**2,614,825**	-
Other receivables		**119,253**	-
		2,734,078	-
NON-CURRENT			
Term deposits	10(b)	**603,699**	-

10 Trade and Other Receivables

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

(a) Aged analysis

The ageing analysis of receivables is as follows:

	2017	2016
	$	$
0-30 days	2,159,386	-
31-60 days	377,647	-
61-90 days (past due not impaired)	34,161	-
91+ days (past due not impaired)	43,631	-
	2,614,825	-

(b) Term deposits held as guarantee for rental bonds

11 Inventories

	2017	2016
	$	$
CURRENT		
At cost:		
Raw materials and WIP	609,870	-
Finished goods	4,144,107	-
Goods in transit	134,686	-
Allowance for inventory obsolescence	(719,983)	-
	4,168,680	-

The additional allowance for inventory obsolescence during the year were $ 719,983 (2016: $ NIL).

12 Other Assets

CURRENT		
Prepayments	113,307	2
Security deposits	8,046	-
	121,353	2

13 Property, plant and equipment

	2017	2016
PLANT AND EQUIPMENT	$	$
Plant and equipment		
At cost	**1,412,741**	-
Accumulated depreciation	**(70,875)**	-
Total plant and equipment	**1,341,866**	-
Furniture, fixtures and fittings		
At cost	**135,608**	-
Accumulated depreciation	**(8,677)**	-
Total furniture, fixtures and fittings	**126,931**	-
Motor vehicles		
At cost	**408,424**	-
Accumulated depreciation	**(24,722)**	-
Total motor vehicles	**383,702**	-
Computer equipment		
At cost	**183,425**	-
Accumulated depreciation	**(14,161)**	-
Total computer equipment	**169,264**	-
Leasehold improvements		
At cost	**207,981**	-
Accumulated depreciation	**(18,146)**	-
Total leasehold improvements	**189,835**	-
Total plant and equipment	**2,211,598**	-

(a) Movements in carrying amounts of property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Plant and Equipment	Furniture, Fixtures and Fittings	Motor Vehicles	Computer Equipment	Leasehold improvements	Total
Consolidated Group	$	$	$	$	$	$
Year ended 30 June 2017						
Balance at the beginning of the year	-	-	-	-	-	-
Additions through business combinations	1,159,214	118,749	272,286	52,226	146,864	1,749,339
Additions	253,527	16,859	136,139	131,199	61,116	598,840
Disposals	-	-	-	-	-	-
Depreciation expense	(70,875)	(8,677)	(24,722)	(14,161)	(18,146)	(136,581)
Balance at the end of the year	1,341,866	126,931	383,703	169,264	189,834	2,211,598

Depreciation relating to equipment used in the production of inventory has been included in the costs of conversion in determining the initial recognition of inventory. During the period, $56,271 (2016: Nil) has been included in the systematically allocated to inventory during the period.

14 Intangible Assets

(a) Goodwill has arisen as a result of business combinations

	2017	2016
	$	$
Goodwill		
Cost	25,166,236	-
Accumulated impairment losses	(13,867,680)	-
	11,298,556	-
Total Intangibles	11,298,556	-

(b) Movements in carrying amounts of intangible assets

	Goodwill	Total
	$	$
Year ended 30 June 2017		
Balance at the beginning of the year	-	-
Additions	25,166,236	25,166,236
Disposals	-	-
Amortisation	-	-
Impairment loss in profit or loss	(13,867,680)	(13,867,680)
Closing value at 30 June 2017	11,298,556	11,298,556

(c) Impairment testing

For the purpose of annual impairment testing goodwill is allocated to the following cash-generating units, which are the units expected to benefit from the synergies of the business combinations in which the goodwill arises.

	Goodwill	Impairment of Goodwill
Roo Systems	5,066,548	(4,268,708)
Barden Fabrications	9,732,564	(2,592,178)
Alloy Motor Accessories	3,989,509	(2,431,478)
JDR Motorsports	1,167,828	-
Dolium	634,471	-
TranSpec 4x4	1,397,113	(1,397,113)
Deering Autronics	794,160	(794,160)
Umhauers	2,384,043	(2,384,043)
Goodwill allocation at 30 June 2017	25,166,236	(13,867,680)

The recoverable amounts of the cash-generating units were determined based on value-in-use calculations, based on annualised 2017 actual results, followed by an extrapolation of expected cash flows for the units' remaining useful lives using the growth rates determined by management. The present value of the expected cash flows of each segment is determined by applying a suitable discount rate.

The impairment loss has arisen due to a decline in the operating results of the cash-generating units. This is described in further detail in the review of operating results in the Directors' report.

14 Intangible Assets

(c) Impairment testing

	Pre-tax Discount Rate	Growth Rates
Roo Systems	**14.0%**	**3.0%**
Barden Fabrications	**14.0%**	**3.0%**
Alloy Motor Accessories	**14.0%**	**3.0%**
JDR Motorsports	**14.0%**	**3.0%**
Dolium	**16.0%**	**0.0%**
TranSpec 4x4	**14.0%**	**3.0%**
Deering Autronics	**14.0%**	**0.0%**
Umhauers	**14.0%**	**3.0%**

(d) Growth rate

The growth rates reflect the long-term average growth rates for the product lines and industries of the segments. The growth rate for online retailing exceeds the overall long-term average growth rates for Australia because this sector is expected to continue to grow at above-average rates for the foreseeable future.

(e) Discount rates

The discount rates reflect appropriate adjustments relating to market risk and specific risk factors of each unit.

(f) Cash flow assumptions

Management's key assumptions include stable profit margins, based on past experience in this market. The Group's management believes that this is the best available input for forecasting this mature market. Cash flow projections reflect stable profit margins achieved immediately before the budget period. No expected efficiency improvements have been taken into account and prices and wages reflect publicly available forecasts of inflation for the industry.

Following the impairment loss recognised in the Group's CGUs of Roo Systems, Barden Fabrications, Alloy Motor Accessories, TranSpec 4x4, Deering Autronics and Umhauers, the recoverable amount was equal to the carrying amount. Therefore, any adverse movement in a key assumption would lead to further impairment. However, as the goodwill of TranSpec 4x4, Deering Autronics and Umhauers has been fully impaired, no further impairment will be recognised. Also based on the goodwill impairment model of JDR Motorsports and Dolium, if there is a change of a 1% increase in the discount rate or a reduction of the growth rate to 0% it would not result in an impairment in either business.

The analysis of historical performance included historical operational and financial information, and accounting source records for the year ended 30 June 2017.

REVENUE

The cashflow assumes ASGL earns revenue from the following sources:
• Provision of automotive products and services; and
• Provision of business-to-business services, such as wholesale services.

An FY18 financial forecast has been completed for each business unit, including detailed revenue projections based on all available information in relation to customers, contracts, product distribution and pricing. Specific product and customer projections were applied in the development of the revenue forecast, including the following business-specific projects and growth projections:

• Impact of recently developed 4X4 accessory product ranges distributed through the ASGL network related to recently released 4X4 vehicle models. This includes internally developed products and distribution through the internal retailing network.

• Increase in the number of outlets and dealers distributing performance business products throughout Australia, and
• Impact of new manufacturing contracts and expansion of existing manufacturing contracts across the manufacturing businesses.

EXPENSES

Employee Expenses

Employee expenses comprise remuneration at both the business and support office levels, including all on costs.

The cash flows for the year ended 30 June 2018, include:
• remuneration rates are in line with market and relevant awards; and
• ensuring that the impact of on-costs such as superannuation, payroll tax and workers compensation are correctly calculated and included.

In the cash flows, employee expenses are based on the higher of the current award rate, the existing rate being paid.

Support office employee numbers are based upon existing employee numbers and Management's experience in relation to the expected number of staff required to effectively operate ASGL. Support office employee expenses (including ASGL Management) are based on existing employee agreements and market based remuneration for vacant roles.

Occupancy Expenses

Occupancy expenses reflect current occupancy lease agreements and have been adjusted, where applicable, to reflect future rent increases.

Direct Expenses

Direct expenses comprise the inventory purchase costs for the wholesaling, retailing and performance businesses, and raw material costs for the manufacturing businesses, inclusive of all requisite logistics costs associated with product movements throughout the businesses. In the cash flows, material costs are based on existing supply arrangements with suppliers currently in existence within the businesses. No material change to these arrangements is forecast within the businesses.

Other Expenses

Other expenses comprise all other indirect costs of running the businesses and the support office. The assumptions in relation to other expenses are based on a bottom up analysis, utilising Management's experience combined with historical expenditure information as a benchmark.

The other expenses include local marketing, information technology support costs, professional development costs, telephone and internet costs, insurance and licenses and fees. Other expenses also include governance related expenditure (e.g. audit, professional advisors, director fees, ASX listing fees), travel and insurance.

OTHER ASSUMPTIONS

Capital expenditure is based on Management's assessment of the level of ongoing refurbishment and capital maintenance requirements for the Initial Portfolio of businesses, and has been allowed for in the forecast cash flows.

The cash flows are based upon a number of estimates and assumptions. These estimates and assumptions are subject to business, economic and competitive uncertainties and contingencies, many of which are beyond the control of ASGL, the Directors and Management. These estimates are also based on assumptions with respect to future business decisions, which are subject to change.

15 Tax assets/liabilities

Recognised deferred tax assets and liabilities

	2017 $	2016 $
Deferred tax assets	1,893,405	-
Deferred tax liabilities	(768)	-

	Opening Balance $	Charged to Income $	Charged directly to Equity $	Changes in Tax Rate $	Acquisitions $	Closing Balance $
Deferred tax assets/liabilities						
Acquisitions	-		724,395			724,395
Blackhole expenses deductible in future periods	-	460,836	-	-	-	460,836
Provisions	-	309,410	-	-	-	309,410
Employee benefits	-	17,099	-	-	362,165	379,264
Fair value gain adjustments	-	-	-	-	-	-
Accruals	-	19,500	-	-	-	19,500
Prepayments	-	(768)	-	-	-	(768)
Balance at 30 June 2017	-	806,077	724,395	-	362,165	1,892,637

16 Trade and Other Payables

	2017 $	2016 $
CURRENT		
Unsecured		
Trade payables	2,461,981	-
GST payable	57,089	-
Superannuation payable	161,384	-
Sundry payables and accrued expenses	285,130	-
Payroll tax and PAYG payable	1,537,857	-
Deferred consideration payable	560,310	-
Rent incentive	21,399	-
Other payables	760,432	1,149,838
	5,845,582	1,149,838
NON CURRENT		
Rent incentive	6,020	-
	6,020	-

All amounts are short term and the carrying values are considered to be a reasonable approximation of fair value. Refer to Note 30 for further information on financial risk management.

17 Borrowings

		2017	2016
		$	$
CURRENT			
Finance lease liabilities – secured	29	**14,897**	-
NON CURRENT			
Finance lease liabilities - secured	29	**34,451**	-

Lease liabilities are secured by the related leased assets.

18 Provisions

	2017	2016
	$	$
CURRENT		
Make good provision	**18,805**	-
	18,805	-
NON-CURRENT		
Make good provision	**131,195**	-
	131,195	-

(a) Movement in carrying amounts

	Make good provision	Total
	$	$
Current		
Opening balance at 1 July 2016	**-**	**-**
Additional provisions	**18,805**	**18,805**
Provisions used	**-**	**-**
Unused provisions reversed	**-**	**-**
Balance at 30 June 2017	**18,805**	**18,805**
Non-current		
Opening balance at 1 July 2016	**-**	**-**
Additional provisions	**131,195**	**131,195**
Provisions used	**-**	**-**
Unused provisions reversed	**-**	**-**
Balance at 30 June 2017	**131,195**	**131,195**

19 Employee Benefits

	2017 $	2016 $
CURRENT		
Annual leave	**667,055**	-
Long service leave	**492,089**	-
	1,159,144	-
NON-CURRENT		
Long service leave	**105,069**	-

20 Issued Capital

	30 June 2017 #	30 June 2016 #	30 June 2017 $	30 June 2016 $
Opening balance	2	2	2	2
Shares issued				
Shares issued in accordance with the prospectus dated 7 December 2016	30,902,934	-	30,902,934	-
Shares issued on conversion of convertible notes (a)	14,031,000	-	2,636,000	-
Shares issued as consideration for business combinations	5,261,686	-	5,261,686	-
Key management personnel shares issued (b)	150,000	-	150,000	-
Equity raising costs, net of income tax benefit	-	-	(1,690,254)	-
Closing balance	50,345,622	2	37,260,368	2

(a) The Group entered into convertible note agreements to raise $2,636,000 towards the costs of the IPO. On completion of the IPO these notes converted into 14,031,000 ordinary shares.

(b) Immediately prior to the IPO certain key management personnel were issued shares for their services rendered in the pre IPO period. These shares were issued at $1 each consistent with the shares issued in the IPO.

21 Retained Earnings

	2017 $	2016 $
Opening balance	**(1,149,838)**	-
Net profit attributable to the shareholders	**(18,635,512)**	(1,149,838)
Ordinary dividends paid	**-**	-
Distribution to previous owners	**-**	-
Reallocation of retained earnings at reorganisation date	**-**	-
Retained earnings at end of the year	**(19,785,350)**	(1,149,838)

22 Earnings per Share

Basic earnings per share is calculated by dividing the loss attributable to owners of the company by the weighted average number of ordinary shares outstanding during the half year.

Diluted earnings per share adjusts the basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares. There are no options outstanding and therefore currently no dilutive potential ordinary shares.

The weighted average number of shares for the purposes of the calculation of diluted earnings per share can be reconciled to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	2017	2016
	No.	No.
Weighted average number of shares used in basic earnings per share	**27,109,182**	2
Weighted average number of shares used in diluted earnings per share	**27,109,182**	2

Due to the prescribed calculation methodology of the Earnings Per Share (EPS) calculation, the EPS for the current reporting period was significantly impacted by the timing of the capital raising which occurred in the middle of the reporting period in December 2016.

23 Dividends

There were no dividends paid or payable during the year.

The Company does not have any franking credits. Franking credits will arise from the payment of income tax represented by the current tax liability.

25 Key Management Personnel Disclosures

24 Cash Flow Information

(a) Reconciliation of result for the year to cashflows from operating activities

	2017	2016
	$	$.
Profit after income tax	**(18,635,512)**	(1,149,838)
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation	**136,582**	-
- acquisition costs expensed that were settled through the issue of shares	**1,834,953**	-
- impairment expenses	**13,867,680**	
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
- (increase)/decrease in trade and other receivables	**(2,737,776)**	-
- (increase)/decrease in other assets	**94,222**	-
- (increase)/decrease in inventories	**(1,008,642)**	-
- (increase)/decrease in deferred tax assets	**(806,845)**	-
- increase/(decrease) in trade and other payables	**4,081,538**	1,149,838
- increase/(decrease) in income taxes payable	**103,641**	-
- increase/(decrease) in deferred taxes liabilities	**768**	-
- increase/(decrease) in provisions	**(1,079,373)**	-
- increase/(decrease) in employee benefits	**1,264,213**	-
Cashflow from operating activities	**(2,884,551)**	-

(b) Non-cash financing and investing activities

(i) As outlined in the Prospectus dated 7 December 2016, the initial seed funding of the business included $2,636,000 of convertible notes issued which converted to 14,031,000 shares issued on listing. Proceeds from the issue of convertible notes were $2,186,000 being $2,636,000 less $450,000 where the convertible notes were issued to offset costs.

(ii) As noted above, $1,834,953 of acquisition costs were settled through the issue of shares at the time of the IPO. This includes, shares were issued to key management personnel in lieu of payment for services rendered as disclosed in Note 25.

(iii) During the year assets were purchased by way of finance lease totalling $59,588 (2016: Nil)

25 Key Management Personnel Disclosures

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 30 June 2017. The totals of remuneration paid to KMP of the company and the Group during the year are as follows:

	2017	2016
	$	$
Short-term employee benefits	**388,192**	-
Long-term benefits	**-**	-
Share-based payments	**150,000**	-
Total KMP compensation	**538,192**	-

25 Key Management Personnel Disclosures

Other key management personnel transactions

For details of other transactions with key management personnel, refer to Note 27: Related Party Transactions.

Short-term employee benefits

These amounts include fees and benefits paid to the non-executive Chair and non-executive directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other KMP.

Post-employment benefits

These amounts are the current-year's estimated costs of providing for the Group's defined benefits scheme post-retirement, superannuation contributions made during the year and post-employment life insurance benefits.

Other long-term benefits

These amounts represent long service leave benefits accruing during the year, long-term disability benefits and deferred bonus payments.

Share-based payments

These amounts represent the expense related to the participation of KMP in equity-settled benefit schemes as measured by the fair value of the options, rights and shares granted on grant date.

Further information in relation to KMP remuneration can be found in the directors' report.

26 Auditors' Remuneration

	2017	2016
	$	$
Remuneration of the auditor for:		
- auditing and reviewing the financial statements	**90,867**	-
- taxation services	**28,250**	-
- corporate finance	**270,000**	-
	389,117	-

27 Related Parties

(a) The Group's main related parties are as follows:

(i) Key management personnel:

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity are considered key management personnel.

27 Related Parties

For details of remuneration disclosures relating to key management personnel, refer to Note 25: Key Management Personnel Disclosures and the and the remuneration report in the Directors' Report.

Other transactions with KMP and their related entities are shown below.

(ii) Other related parties include close family members of key management personnel and entities that are controlled.

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

(b) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

				Balance outstanding	
	Purchases	**Sales**	**Other transactions**	**Owed to the company**	**Owed by the company**
KMP related parties					
Consulting service	54,150	-	-	-	-

The Company had in place a service agreement with Trident Global Finance who provided the services of Bryce Wedemeyer during the course of FY17, effective from 24 April 2017 and terminated on 31 August 2017.

28 Contingent Liabilities

Upon the acquisition of the 8 businesses the group arranged to consolidate for tax purposes. The process caused a delay in the lodgement of the BAS returns and as such the company anticipates likelihood of late lodgement penalties and fines imposed by the ATO. As at the date of signing this report the company cannot quantify the potential penalties. (30 June 2016: None).

29 Capital and Leasing Commitments

(a) Finance Lease Commitments

	2017	**2016**
	$	**$**
Payable - Minimum lease payments:		
- not later than one year	**14,897**	-
- between one year and five years	**39,725**	-
- later than five years	**-**	-
Minimum lease payments	**54,622**	-
Less: finance changes	**(5,274)**	-
Present value of minimum lease payments	**49,348**	-

The finance lease on a motor Vehicle, which commenced in 2017, is a 4-year lease.

(b) Operating Lease Commitments

	2017	2016
	$	$
Minimum lease payments under non-cancellable operating leases:		
- not later than one year	**1,328,365**	-
- between one year and five years	**2,744,096**	-
- later than five years	**447,272**	-
	4,519,733	-

Operating leases have been have been taken out for the rental of premises. Lease payments are increased on an annual basis to reflect market rentals.

30 Financial Risk Management

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, bank loans and overdrafts, loans to and from subsidiaries, bills, leases, preference shares, and derivatives.

The totals for each category of financial instruments, measured in accordance with AASB 139: *Financial Instruments: Recognition and Measurement* as detailed in the accounting policies to these financial statements, are as follows:

Financial Assets			
Cash and cash equivalents	9	**1,863,220**	-
Trade and other receivables	10	**3,337,777**	-
Total financial assets		**5,200,997**	-
Financial Liabilities			
Financial liabilities at amortised cost			
- Trade and other payables	16	**5,851,602**	1,149,838
- Borrowings	17	**49,348**	-
Total financial liabilities		**5,900,950**	1,149,838

30 Financial Risk Management

Specific financial risk exposures and management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk,. There have been no substantive changes in the types of risks the Group is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

(a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

Credit risk is managed through the maintenance of procedures (such as the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counterparties), ensuring to the extent possible that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Depending on the division within the Group, credit terms are generally 14 to 30 days from the invoice date.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating, or in entities that the Risk Committee has otherwise assessed as being financially sound. Where the Group is unable to ascertain a satisfactory credit risk profile in relation to a customer or counterparty, the risk may be further managed through title retention clauses over goods or obtaining security by way of personal or commercial guarantees over assets of sufficient value which can be claimed against in the event of any default.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period excluding the value of any collateral or other security held, is equivalent to the carrying amount and classification of those financial assets (net of any provisions) as presented in the statement of financial position. No financial guarantees have been provided.

The Group has no significant concentrations of credit risk with any single counterparty or group of counterparties.

30 Financial Risk Management

(a) Credit risk

Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality. Aggregates of such amounts are detailed in Note 10.

Credit risk related to balances with banks and other financial institutions is managed by the Executives in accordance with approved board policy. Such policy requires that surplus funds are only invested with counterparties with a Standard & Poor's rating of at least AA-.

(b) Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- preparing forward-looking cash flow analyses in relation to its operating, investing and financing activities;
-
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

Financial guarantee liabilities are treated as payable on demand since the Group has no control over the timing of any potential settlement of the liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

Automotive Solutions Group Limited

ABN 28 613 474 089

Notes to the Financial Statements
For the Year Ended 30 June 2017

Financial liability and financial asset maturity analysis

	Within 1 Year		1 to 5 years		Over 5 Years		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	$	$	$	$	$	$	$	$
Trade and other receivables	**2,734,078**	-	**603,699**	-	**-**	-	**3,337,777**	-
Cash and cash equivalents	**1,863,220**	-	**-**	-	**-**	-	**1,863,220**	-
Trade and other payables	**(5,845,582)**	(1,149,838)	**(6,020)**	-	**-**	-	**(5,851,602)**	(1,149,838)
Borrowings	**(16,335)**	-	**(38,287)**	-	**-**	-	**(54,622)**	-
Total	**(1,264,619)**	(1,149,838)	**559,392**	-	**-**	-	**(705,227)**	(1,149,838)

(c) Market risk

(i) Interest rate risk

The Group is exposed to interest rate risk as funds are borrowed at floating and fixed rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing. Longer-term borrowings are therefore usually at fixed rates. At the reporting date, the Group is exposed to changes in market interest rates through its bank borrowings, which are subject to variable interest rates.

The following table illustrates the sensitivity of the net result for the year and equity to a reasonably possible change in interest rates of +1% and -1% (2016: +1%/-1%), with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions and economist reports.

The calculations are based on the financial instruments held at each reporting date. All other variables are held constant.

	2017		2016	
	+1%	-1%	+1%	-1%
	$	$	$	$
Net results	**(493)**	**493**	-	-
Equity	**(493)**	**493**	-	-

31 Events Occurring After the Reporting Date

Subsequent to year end, the Group has finalised an agreement with Westpac to provided banking facilities. These include a $1,000,000 bank bill business loan, a $580,000 revolving limit for rental bonds, a $400,000 trade facility and other minor facilities.

Other than the above, no matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

32 Parent entity

Set out below is the supplementary information about the parent entity.

	2017 $	2016 $
Statement of Financial Position		
Current assets	**7,463**	-
Non-current assets	**22,614,884**	-
Total Assets	**22,622,347**	-
Current liabilities	**163,149**	-
Non-current liabilities	**-**	-
Total Liabilities	**163,149**	-
Equity		
Issued capital	**37,260,368**	-
Retained earnings	**(14,801,170)**	-
Total Equity	**22,459,198**	-
Statement of Profit or Loss and Other Comprehensive Income		
Total profit or loss for the year	**(14,801,170)**	-
Total comprehensive income	**(14,801,170)**	-

Contingent liabilities

The parent entity did not have any contingent liabilities as at 30 June 2017 or 30 June 2016.

Contractual commitments

The parent entity did not have any commitments as at 30 June 2017 or 30 June 2016.

34 Company Details

The registered office of the company is:
Automotive Solutions Group Limited
6-8 GEONIC STREET , WOODRIDGE QLD 4114
The principal places of business are:
Automotive Solutions Group Limited
6-8 GEONIC STREET , WOODRIDGE QLD 4114

Automotive Solutions Group Limited

ABN 28 613 474 089

Directors' Declaration

The directors of the Company declare that:

1. the financial statements and notes for the year ended 30 June 2017 are in accordance with the *Corporations Act 2001* and:

    a. comply with Accounting Standards, which, as stated in basis of preparation Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and

    b. give a true and fair view of the financial position and performance of the consolidated group;

2. the Chief Executive Officer and the Chief Finance Officer have given the declarations required by Section 295A that:

    a. the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;

    b. the financial statements and notes for the financial year comply with the Accounting Standards; and

    c. the financial statements and notes for the financial year give a true and fair view.

3. in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Director .

Director

Dated this 29th day of September 2017

Grant Thornton

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Independent Auditor's Report
to the Members of Automotive Solutions Group Limited

Report on the audit of the financial report

Qualified Opinion

We have audited the financial report of Automotive Solutions Group Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

a Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the year ended on that date; and

b Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Qualified Opinion

The Group's inventory balance with a carrying value of $4,382,538 is held at numerous locations. We were unable to obtain sufficient appropriate audit evidence about the unit prices of inventory at two locations. These locations represent inventory of $1,121,441. Consequently, we were unable to determine whether any adjustment to this amount was necessary.

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Basis for Qualified for Opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Business combinations – acquisition accounting **Note 5**	
During the year the Group acquired eight businesses in the 4x4 aftermarket parts, accessories and performance technology industries and finalised the purchase price allocation for each business in accordance with AASB 3 *Business Combinations*. Under AASB 3 Business Combinations, an entity must appropriately recognise and measure the identifiable assets and liabilities assumed as part of any business combination. It recognises and measures the goodwill acquired in the business combination or a gain from a bargain purchase; and it determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. This area is a key audit matter due to judgements and estimates required in determining the appropriate accounting, including identifying intangible assets, estimating fair values of net assets acquired and estimating fair value of the purchase consideration.	Our procedures included, amongst others: • obtaining and reading acquisition agreements; • reviewing and assessing management's identification of identifiable intangible assets; • testing management's purchase price allocation, including the valuations of net assets acquired and purchase consideration by assessing: – appropriateness of significant inputs and reasonableness of assumptions made by management in preparing its calculation; – mathematical accuracy of the calculations; and • assessing the adequacy of financial report disclosures.
Goodwill impairment **Note 14**	
Goodwill has been recognised as arising on eight business combinations during the year. The Group is required to perform an annual impairment test of goodwill. As the Group has announced downward revisions of the expected profit for a number of the acquired businesses and the share price during the period has indicated a market capitalisation that is below net assets, impairment indicators may exist. AASB 136 Impairment of Assets requires that an entity shall assess at the end of each reporting period whether there is any indication that an asset may be impaired. If any indication exists, the entity shall estimate the recoverable amount of the asset. This area is a key audit matter due to the inherent subjectivity that is involved in management judgements in evaluating for impairment.	Our procedures included, amongst others: • obtaining management's discounted cash flow model; • assessing management's determination of the Group's cash generating units ("CGUs") based on our understanding of the nature of the Group's business; • evaluating the key assumptions in the model for reasonableness by obtaining corroborating evidence, this included considering the reasonableness of the revenue and cost forecasts against current year actuals; • performing a sensitivity analysis on the key assumptions; • testing the mathematical accuracy of the model; • using our internal valuation specialist to assess reasonableness of the model; and • assessing the adequacy of financial report disclosures.

Information Other than the Financial Report and Auditor's Report Thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors' for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 12 to 15 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Automotive Solutions Group Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A F Newman
Partner - Audit & Assurance

Brisbane, 29 September 2017

Automotive Solutions Group Limited

Additional Information for Listed Public Companies
30 June 2017

ASX Additional Information

Additional information required by the ASX Listing Rules and not disclosed elsewhere in this report is set out below. This information is effective as at 30 June 2017.

Substantial shareholders

The number of substantial shareholders and their associates are set out below:

Shareholder	Number of shares
Microequities Asset Management Pty Ltd	7,159,429
AMA Group Limited	15,755,471

Voting rights

Ordinary Shares

On a show of hands, every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Options

No voting rights.

Distribution of equity security holders

Distribution of equity security holders	Holders	Ordinary shares
Holding		
1 – 1,000	**49**	**15,123**
1,001 – 5,000	**161**	**529,298**
5,001 – 10,000	**136**	**1,216,250**
10,001 – 100,000	**330**	**10,394,785**
100,000 and over	**37**	**38,190,166**
	713	**50,345,622**

There were 62 holders of less than a marketable parcel of ordinary shares.

Automotive Solutions Group Limited

Additional Information for Listed Public Companies

30 June 2017

The names of the twenty largest security holders of quoted securities are listed below:

Shareholders	Number of shares held	Ordinary share Percentage (%) of issued shares
BELL POTTER NOMINEES LTD	10,620,572	21.10
J P MORGAN NOMINEES AUSTRALIA LIMITED	8,414,464	16.71
CODE CORPORATION PTY LTD	2,500,000	4.97
TANYA MASON	2,000,000	3.97
TURNER COMMERCIAL HOLDINGS PTY LTD	1,350,000	2.68
MORGAN STANLEY AUSTRALIA SECURITIES (NOMINEE) PTY LIMITED	921,620	1.83
NATIONAL NOMINEES LIMITED	845,242	1.68
NAUTICAL ROOFING PTY LTD	800,000	1.59
MR STUART MCCLURE	718,750	1.43
MR CAMPBELL MCCLURE + MRS HEATHER MCCLURE	675,000	1.34
TIGER EQUITIES CONSULTING LIMITED	550,000	1.09
IP EVOLUTION PTY LTD	433,400	0.86
FIOCATHALA NOMINEES PROPRIETARY LIMITED	325,000	0.65
MR LYLE DESMOND ROBB + MRS CATERINA MARY ROBB	300,000	0.60
31 MAY PTY LTD	271,082	0.54
DELFRAN HOLDINGS PTY LTD	250,000	0.50
MR WILLIAM HENRY HERNSTADT	230,000	0.46
THE MUNCHKIN CLUB PTY LTD	216,595	0.43
EXECUTIVE OUTCOMES PTY LTD	202,750	0.40
MR WILLIAM HENRY HERNSTADT	200,000	0.40
	31,824,475	63.23

Twenty largest option holders

No option issued.

Unissued equity securities

There are no unissued equity securities.

Securities exchange

The Company is listed on the Australian Securities Exchange.