28 February 2019

Company Announcements
For Immediate Release
ASX Code: AMA

APPENDIX 4D AND INTERIM FINANCIAL REPORT

In accordance with the ASX Listing Rules, AMA Group Limited encloses for immediate release the following information:

1. Appendix 4D; and
2. Interim Financial Report for the half year ended 31 December 2018.

If you have a query about any matter covered by this announcement, please contact Mr Andy Hopkins.

Ends.

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The following information is presented in accordance with ASX Listing Rule 4.2A.3.

1. Details of the reporting period and the previous corresponding period

Current reporting period	- the half year ended 31 December 2018
Previous corresponding period	- the half year ended 31 December 2017

2. Results for announcement to the market

	Half year ended	31 Dec 2018 $'000	31 Dec 2017 $'000	Increase / (Decrease) $'000	Increase / (Decrease) %
2.1	Revenues from continuing operations (including joint venture profit share)	302,453	228,356	74,097	32.45
	Earnings before interest, tax depreciation and amortization from continuing operations	24,288	20,623	3,665	17.77
	Normalized earnings before interest, tax depreciation and amortization from continuing operations	28,121	26,201	1,920	7.33
2.2	Profit before tax from continuing operations attributable to members	15,346	12,272	3,074	25.04
2.3	Net profit for the period attributable to members	9,945	7,660	2,285	29.82

2.4	Dividends (distributions)	Amount per security Cents Per Share	Franking amount per security	Conduit foreign income per security
	FY 19 Interim	0.5	100%	Nil

2.5 Record date for determining entitlements to the dividend

15 March 2019

2.6 Commentary on "Results for Announcement to the Market"

A brief explanation of any of the figures in 2.1 to 2.4 above, necessary to enable the figures to be understood, is contained in the attached Interim Financial Report for the Half Year ended 31 December 2018.

3. Net Tangible Assets per Security

Half year ended	31 Dec 2018 cents	31 Dec 2017 cents	Increase / (Decrease) cents	Increase / (Decrease) %
Net tangible assets per security	(7.74)	(1.27)	(6.47)	(509)

4. Details of entities over which control has been gained or lost during the period.

Name of entity	Date acquired	Contribution to profit from ordinary activities 31 Dec 2018 $'000	31 Dec 2017 $'000
Mt Druitt Auto Body Repairs Pty Ltd	1 July 2018	173	-
Accident Repair Management Pty Ltd	1 July 2018	350	-
Accident Repair Management No. 2 Pty Ltd	1 July 2018	697	-
Accident Repair Management No. 3 Pty Ltd	1 July 2018	353	-

During the period, control was not lost over any entity.

5. Details of individual and total dividends or distributions and dividend or distribution payments.

Type	Record Date	Payment Date	Amount per Security	Total Dividend ($)	Franked amount per security	Conduit foreign income per security
FY18 Final	14 Sep 2018	13 Nov 2018	2.00	10,595,237	100.0%	Nil

6. Details of any dividend distribution reinvestment plans.

Not Applicable.

7. Details of any associates and joint venture entities

Name of entity	Ownership 31 Dec 2018 %	Ownership 31 Dec 2017 %	Contribution to profit from ordinary activities 31 Dec 2018 $'000	31 Dec 2017 $'000
Automotive Solutions Group Pty Ltd	100	31.3	-	(1,372)

8. Foreign Entities, Accounting Standards used in compiling the report

Not Applicable.

9. Audit / Review of Accounts upon which this report is based and qualification of audit / review

The Interim Financial Report has been subject to review and is not subject to any dispute or qualification.

AMA GROUP LIMITED

ACN 113 883 560

Interim Financial Report for the Half Year Ended 31 December 2018

Table of Contents

Your Directors submit the consolidated interim financial statements of AMA Group Limited ("AMA" or the "Company") and its controlled entities (the "Group") for the half year ended 31 December 2018. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

DIRECTORS AND OFFICERS

The names and particulars of the Directors and Company Secretaries of the Company in office at any time during or since the end of the period are as follows:

Mr Raymond Malone	Chairman and Executive Director
Mr Andrew Hopkins	Executive Director
Mr Ray Smith-Roberts	Executive Director
Mr Leath Nicholson	Non-Executive Director
Mr Brian Austin	Non-Executive Director
Mr Simon Moore	Non-Executive Director (Appointed 28.11.18)
Mr Anthony Day	Non-Executive Director (Appointed 28.11.18)
Mr Hugh Robertson	Non-Executive Director (Retired 31.07.18)

Ms Terri Bakos	Company Secretary

REVIEW AND RESULTS OF OPERATIONS

Principal Activities

The principal activity of the Group is the operation and development of complementary businesses in the automotive aftercare market. It focuses on the wholesale vehicle aftercare and accessories sector, including vehicle panel repair, vehicle protection products & accessories, automotive electrical & cable accessories and automotive component remanufacturing.

Achievements

The directors continue to be proud of the team's achievements which emphasise the Board's strategy to expand our business, take advantage of Industry consolidation whilst ensuring shareholder value and returns are given appropriate focus.

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

- The Vehicle Panel Repair division acquired 4 new businesses and opened 2 Greenfields during the 6 month period, with one additional business acquisition settling subsequent to 31 December 2018. The network now consists of 118 shops.
- ACAD division completed a major restructuring program with all entities acquired with the Automotive Solutions Group acquisition fully integrated into existing businesses and performing at expectation. This has resulted in significant year-on-year growth in Revenue and EBITDA within our ACAD manufacturing division in line with our goals from these acquisitions and achieved underlying organic growth in line with managements' expectation.
- Increased Brand awareness and strengthening of each of our brand positions within all key target sectors provided improved market penetration.

REVIEW AND RESULTS OF OPERATIONS cont..

Shareholder Returns

Upon finalising the interim financial report, the Directors are pleased to announce they have decided to declare an interim dividend, fully franked, of 0.5 cents per share with a record date of 15 March 2019 and a payment date of 15 May 2019.

Operating Results

The Board believe that the strong financial performance of AMA in the reporting period reflects the ongoing outcomes of strategic direction previously outlined. The investments we have made have resulted in a significant increase in the scale and scope of our businesses. Whilst challenging market conditions persisted across most of AMA's business segments, the results are in line with the directors' expectations, which show a substantial increase in the Group's operating result.

Reported earnings before interest, tax, depreciation and amortisation ("EBITDA") has increased from $20.6 million to $24.3 million; a 17.77 % increase. Adjusting this result for the impact of abnormal items normalised EBITDA has increased to $28.1 million; an increase of 7.33% over the last year's figure.

	2018 $'000	**2017 $'000**
Reported EBITDA (Audited)	24,288	20,623
Employee equity plan expense	523	368
Business acquisition costs	191	899
Site integrations	200	500
Site closures and make good	150	100
Reorganisation costs	630	-
Litigation & Resolution costs	122	-
Greenfield Start Up costs	500	2,250
Blackstone Private Equity Due Diligence costs	-	916
Procurement project	735	
IT Roll Out	650	450
Other	132	95
Normalised EBITDA (Unaudited)	28,121	26,201

The Group's net profit before tax from continuing operations, for the six month period, has increased from $12.4 million to $15.3 million, an increase of 23.3%.

REVIEW AND RESULTS OF OPERATIONS cont..

Cash Flow

Underlying cash flow generated from earnings and net cash flows from operating activities has been strong. Below is a table that reconciles between the two results.

	2018 $'000	**2017 $'000**
Reported EBITDA (Audited)	24,288	20,623
Interest paid	(1,472)	(188)
Deferred income amortisation	(4,403)	(3,525)
Equity issued as employment condition	523	368
Other non-cash items	(451)	(913)
Pre Tax Cash Earnings	18,485	16,365
Income tax paid	(4,540)	(5,466)
Other working capital movement	(176)	293
Net cash flows used in operating activities	13,769	11,192

Cashflow for the period was in line with expectations. Key points to note

- The Group increased its debt facilities to $100 million over the period and drew down $16 million to facilitate acquisitions and working capital requirements. Interest and borrowing costs increased in line.
- The Group spent $14.4 million on the acquisition of new businesses during the period.
- An equity raising to new sophisticated investors during the period raised $9.5 million. These funds will be used to facilitate the set-up of the Groups new procurement division.

REVIEW AND RESULTS OF OPERATIONS cont..

Financial Position

The financial position of the Group is strong with Borrowings of the company increasing slightly during the period to $55 million.

This robust financial position will allow the Group to take advantage of the large number of attractive acquisition and greenfield expansion opportunities currently before it as well as allow the Group to grow its exciting new procurement division.

The Future

The Directors believe that the strong financial performance of AMA in the current reporting period reflects the ongoing outcomes of the previously outlined strategic direction and are in line with the Director's expectations.

Whilst the economic outlook and market conditions across some business segments are likely to remain challenging, AMA believes that its continued application of key management strategies combined with its acquisition strategy will continue to boost future earnings.

The Board believe that there are still substantial growth opportunities presenting to our key business divisions. The consolidation of the Vehicle Panel Repair industry will continue and Management are actively seeking new "greenfield" sites.

The acquisition of further businesses will provide further scale to our operations.

SUBSEQUENT EVENTS

Subsequent to 31 December, the Vehicle Panel Repair division purchased 1 further business, Northern Smash Repair. This brings the Group's network to 118 vehicle repair shops.

On 28 February 2019, the Directors declared an interim dividend, fully franked of 0.5 cents per security with a record date of 15 March 2019 and a payment date of 15 May 2019.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration, as required under Section 307C of the *Corporations Act 2001*, in relation to the review for the half year ended 31 December 2018, is provided with this report.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in the Directors' Report and Interim Financial Report. Amounts in the Directors' Report and the Interim Financial Report have been rounded off in accordance with that Instrument to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of the Board of Directors.

Director

28 February 2019

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Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the directors of AMA Group Limited

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2018 there have been:

(i) No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review, and

(ii) No contraventions of any applicable code of professional conduct in relation to the review.

ShineWing Australia

ShineWing Australia
Chartered Accountants

Nick Michael
Partner

Melbourne, 28 February 2019

CONSOLIDATED INCOME STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	Notes	31 Dec 2018 $'000	31 Dec 2017 $'000
Revenue from continuing operations	3	302,453	228,356
Raw materials and consumables used		(131,035)	(99,501)
Employment benefits expense		(115,711)	(84,403)
Occupancy expense		(21,189)	(14,598)
Professional services expense		(2,673)	(3,237)
Travel and motor vehicle expense		(2,124)	(1,960)
Advertising and marketing expense		(1,239)	(900)
Information technology		(1,041)	(817)
Communication expense		(734)	(480)
Insurance expense		(466)	(330)
Other expense		(1,953)	(1,507)
Earnings before interest, tax, depreciation, amortisation and impairment expense (EBITDA)		24,288	20,623
Depreciation, amortisation and impairment expense	4	(7,049)	(6,142)
Earnings before interest and tax (EBIT)		17,239	14,481
Finance costs		(1,472)	(188)
Share of associates' net profit accounted using the equity method		-	(1,372)
Profit from continuing operations before fair value adjustments		15,767	12,921
Fair value adjustments		(421)	(518)
Profit before income tax from continuing operations		15,346	12,403
Profit /(loss) before tax from discontinued operations		(141)	-
Profit before income tax		15,205	12,403
Income tax expense		(5,123)	(4,652)
Net profit		10,082	7,751
Profit attributable to			
Members of AMA Group Limited		9,945	7,660
Non-controlling interests		137	91
		10,082	7,751
Earnings per Share		**Cents**	**Cents**
From continuing operations			
Basic earnings per share	12	1.88	1.48
Diluted earnings per share	12	1.88	1.42
From continuing and discontinuing operations			
Basic earnings per share	12	1.85	1.48
Diluted earnings per share	12	1.85	1.42

The above consolidated income statement is to be read in conjunction with the attached notes.

	Notes	31 Dec 2018 $'000	31 Dec 2017 $'000
Net profit (loss)		10,082	7,751
Other Comprehensive Income			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		136	(32)
Items that will not be reclassified to profit or loss			
Other comprehensive income, net of tax		136	(32)
Total comprehensive income, net of tax		10,218	7,719
Total comprehensive income attributable to:			
Members of AMA Group Limited		10,081	7,628
Non-controlling interests		137	91
		10,218	7,719

The above consolidated statement of comprehensive income is to be read in conjunction with the attached notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	Notes	31 Dec 2018 $'000	30 Jun 2018 $'000
Current assets			
Cash and cash equivalents		14,355	16,214
Trade and other receivables		29,414	44,753
Inventories		30,549	29,402
Income tax receivable		-	188
Other current assets		8,049	3,442
Total current assets		82,367	93,999
Non-current assets			
Property, plant and equipment	5	56,687	55,421
Intangible assets	6	219,648	199,769
Deferred tax assets		9,035	9,223
Loans receivable		3,637	2,162
Other non-current assets		2,266	2,280
Total non-current assets		291,273	268,855
Total assets		373,640	362,854
Current liabilities			
Trade and other payables		61,814	67,220
Financial liabilities	8	20,490	5,710
Income tax payable		546	-
Provisions		18,151	18,955
Other current liabilities	9	2,697	7,079
Total current liabilities		103,698	98,964
Non-current liabilities			
Financial liabilities	8	74,703	82,615
Deferred tax liability		2,748	3,254
Provisions		8,879	6,944
Total non-current liabilities		86,330	92,813
Total liabilities		190,028	191,777
Net assets		183,612	171,077
Equity			
Contributed equity	10	199,965	187,206
Reserves		3,293	3,004
Retained earnings (deficit)		(20,079)	(19,429)
Total parent entity interest		183,179	170,781
Non – controlling interest		433	296
Total equity		183,612	171,077

The above consolidated statement of financial position is to be read in conjunction with the attached notes.

AMA GROUP LIMITED
(ACN 113 883 560)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	Notes	Equity $'000	Reserves $'000	Retained Earnings $'000	Total $'000	Non Control Interest $'000	Total $'000
At 1 July 2017		181,691	3,054	(22,122)	162,623	232	162,855
Profit for the period		-	-	7,660	7,660	91	7,751
Other comprehensive income		-	(33)	-	(33)	-	(33)
Total comprehensive income for the period		-	(33)	7,660	7,627	91	7,718
Transactions with owners in their capacity as owners:							
Non-controlling interest		-	-	-	-	-	-
Shares issued, net of costs		2,149	-	-	2,149	-	2,149
Dividends recognised	11	-	-	(9,786)	(9,786)	-	(9,786)
		2,149	-	(9,786)	(7,637)	-	(7,637)
As at 31 December 2017		183,840	3,021	(24,248)	162,613	323	162,936
At 1 July 2018		187,206	3,004	(19,429)	170,781	296	171,077
Profit for the period		-	-	9,945	9,945	137	10,082
Other comprehensive income		-	136	-	136		136
Total comprehensive income for the period		-	136	9,945	10,081	137	10,218
Transactions with owners in their capacity as owners:							
Non-controlling interest		-	-	-	-	-	-
Equity issued, net of costs	10	12,759	153	-	12,912	-	12,912
Dividends recognised	11	-	-	(10,595)	(10,595)	-	(10,595)
		12,759	153	(10,595)	2,317	-	2,317
As at 31 December 2018		199,965	3,293	(20,079)	183,179	433	183,612

The above consolidated statement of changes in equity is to be read in conjunction with the attached notes.

	Notes	31 Dec 2018 $'000	31 Dec 2017 $'000
Cash flows from operating activities			
Receipts from customers		312, 728	228,870
Payments to suppliers and employees		(292,985)	(212,097)
Interest received		38	73
Interest and other costs of finance paid		(1,472)	(188)
Income taxes paid		(4,540)	(5,466)
Net cash flows provided by operating activities		13,769	11,192
Cash flows from investing activities			
Proceeds from sale of property plant and equipment		90	59
Payments for purchases of property plant and equipment		(2,721)	(6,107)
Payments for intangible assets		-	(15)
Proceeds form the sale of businesses		150	-
Payments for purchases of businesses, net of cash acquired		(14,447)	(9,528)
Loans and other investments		-	(5,313)
Net cash flows used in investing activities		(16,928)	(20,904)
Cash flows from financing activities			
Equity raised		9,509	(32)
Proceeds from borrowings		16,000	14,000
Repayment of borrowings		(13,750)	(3,655)
Dividends paid to AMA Shareholders	11	(10,595)	(9,786)
Net cash flows provided by financing activities		1,164	527
Net decrease in cash and cash equivalents		(1,995)	(9,185)
Cash and cash equivalents, at beginning of period		16,214	14,723
Effects of exchange changes on the balances held in foreign currencies		136	(14)
Cash and cash equivalents, at the end of period		14,355	5,524

The above consolidated statement of cash flows is to be read in conjunction with the attached notes.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of the half year financial report and changes to the Group's accounting policies

(a) Basis of preparation

These general purpose interim financial statements for half-year reporting period ended 31 December 2018 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134 *Interim Financial Reporting*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of AMA Group Limited and its controlled entities (referred to as "the Group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2018, together with any public announcements made during the following half-year.

These interim financial statements were authorised for issue on the same date as the Directors' declaration.

(b) New Standards, interpretations and amendments adopted by the Group

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2018, except as described below. Note that the changes in accounting policies specified below only apply to the current period. The accounting policies included in the Group's last annual financial statements for the year ended 30 June 2018 are the relevant policies for the purposes of comparatives.

AASB 15 *Revenue from Contracts with Customers* and AASB 9 *Financial Instruments (2014)* became effective for periods beginning on or after 1 January 2018. Accordingly, the Group applied AASB 15 and AASB 9 for the first time to the half-year ended 31 December 2018. Changes to the Group's accounting policies arising from these standards are summarised below:

i) Impact of adoption of AASB 15 *Revenue from Contracts with Customers*

AASB 15 supersedes AASB 111 *Construction Contracts*, AASB 118 *Revenue* and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under AASB 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group has adopted this standard from 1 July 2018. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

(a) Rendering of services
The Group operates a chain of collision repair centres which provides services contracted for by insurance companies. Revenue in respect of these services is recognised as each stage of the vehicle repair process is completed. Under AASB 15, the Group concluded that revenue from these services will continue to be recognised over time, using an output method to measure progress towards complete satisfaction of the service similar to the previous accounting policy, because the customer simultaneously receives and consumes the benefits provided by the Group.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Impact of adoption of AASB 15 *Revenue from Contracts with Customers (continued)*

(b) Sale of goods
The group is also a manufacturer and wholesale distributor of alloy vehicle protection equipment, automotive and electrical accessories products. The Group's contracts with customers for the sale of its products generally include one performance obligation. The Group has concluded that revenue from sale of goods should be recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Therefore, the adoption of AASB 15 did not have an impact on the timing of revenue recognition.

As the introduction of this standard did not have any material impact on the Group's financial statements, accordingly there are no retrospective adjustments.

ii) Impact of adoption of AASB 9 *Financial Instruments*

AASB 9 *Financial Instruments* replaces AASB 139's '*Financial Instruments: Recognition and Measurement'* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for impairment of financial assets.

On 1 July 2018 (the date of initial application of AASB 9), the group's management has assessed which business models apply to the financial assets held by the group and has classified its financial instruments into the appropriate AASB 9 categories. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets. The main effects resulting from this reclassification are as follows:

Table 1: Changes in classification and measurement on transition to AASB 9

Financial instrument as at 30/6/18	AASB 139 classification and measurement	AASB 9 classification and measurement	Carrying amount as at 30/6/18 under AASB 139	Carrying amount as at 1/7/18 under AASB 9
Trade and other receivables	Loans and receivables	Financial assets at amortised cost	44,753	44,753
Loans to related parties (Vendor loans)	Loans and receivables	Financial assets at amortised cost	2,162	2,162
Borrowings	Financial liability at amortised cost	Financial liability at amortised cost	(52,832)	(52,832)
Trade and other payables	Financial liability at amortised cost	Financial liability at amortised cost	(67,220)	(67,220)
Contingent consideration liabilities	Fair Value through Profit & Loss	Fair Value through Profit & Loss	(35,493)	(35,493)

The accounting for the Group's financial liabilities remains largely the same as it was under AASB 139. Similar to the requirements of AASB 139, AASB 9 requires contingent consideration liabilities to be treated as financial instruments measured at fair value, with the changes in fair value recognised in the statement of profit or loss.

There is no impact on retained profits from the transition to AASB 9 since there has been no change in the measurement basis of the Group's financial instruments. There is no reconciliation of loss allowance since there was no material change to this account.

The Group's adoption of AASB 9 has not had a material effect on the Group.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

iii) New Accounting Standards Adopted by the Group from 1 July 2018

a. Revenue from Contracts with Customers

Revenue from contracts with customers is recognised so as to depict the transfer of promised services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Revenue is recognised in accordance with the following five-step process:
1. Identifying the contract with the customer.
2. Identifying the performance obligations in the contract.
3. Determining the transaction price.
4. Allocating the transaction price to the performance obligations in the contract.
5. Recognising revenue as and when the performance obligations are satisfied.

Panel Repair Services
Revenue arising from these services relate to performance obligations satisfied over time and as such recognised on progressive basis. Output method is used to recognise revenue from such contracts on the basis of amounts invoiced to the customer for the services rendered during the period. This is because management believes that the amounts invoiced represent the value of output transferred to the customer.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management. Jobs completed and yet to be invoiced are reflected as a receivable until billed. Customers are typically invoiced on a monthly basis and consideration is payable when invoiced.

Sale of goods - wholesale
The group manufactures and sells a range of goods in the wholesale market. Sales are recognised when control of the products has transferred, being when the products are delivered to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the group has objective evidence that all criteria for acceptance have been satisfied.

Some goods are sold with retrospective volume discounts based on aggregate sales over a specified period. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Sale of goods – retail
The group sells automotive accessory products both online and through retail premises. Revenue from the sale of goods is recognised when a group entity sells a product to the customer. Payment of the transaction price is due immediately when the customer purchases the goods.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

iii) New Accounting Standards Adopted by the Group from 1 July 2018 *(Continued)*

a. Revenue from Contracts with Customers *(continued)*

Interest revenue
This revenue is recognised using the effective interest method. It includes amortisation of any discount or premium.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established. Grants and subsidies are recognised as income over the period to which they relate.

Contract assets and receivables
The group presents any unconditional rights to consideration separately as a receivable while those rights arising from satisfaction of performance obligations in a contract are presented as contract assets. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due. Contract assets are measured at the actual amount of transaction price.

b. Financial Instruments

i) Classification and measurement

The Group initially measures financial assets and liabilities at fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs.

Under AASB 9, debt financial instruments are subsequently measured at fair value through profit or loss (FVPL), amortised cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

Financial Assets

The classification and measurement of the Group's debt financial assets are, as follows:

- Debt instruments at amortised cost for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion. This category includes the Group's Trade and other receivables, and Loans included under Other non-current financial assets.

- Amortised cost is calculated as:
  - the amount at which the financial asset or financial liability is measured at initial recognition;
  - less principal repayments;
  - plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
  - less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through 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 value with a consequential recognition of an income or expense in profit or loss.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

iii) New Accounting Standards Adopted by the Group from 1 July 2018 *(Continued)*

b.* Financial Instruments *(continued)

i) Classification and measurement (continued)

- Debt instruments at FVOCI, with gains or losses recycled to profit or loss on derecognition. Financial assets in this category are the Group's quoted debt instruments that meet the SPPI criterion and are held within a business model both to collect cash flows and to sell.

  Other financial assets are classified and subsequently measured, as follows:

- Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition. This category only includes equity instruments, which the Group intends to hold for the foreseeable future and which the Group has irrevocably elected to so classify upon initial recognition or transition. The Group classified its unquoted equity instruments as equity instruments at FVOCI. Equity instruments at FVOCI are not subject to an impairment assessment under AASB 9.

- Financial assets at FVPL comprise derivative instruments and quoted equity instruments which the Group had not irrevocably elected, at initial recognition or transition, to classify at FVOCI. This category includes debt instruments whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell.

Financial liabilities

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30-45 days of recognition. Other payables not due within a year are measured less cumulative amortisation calculated using the effective interest method.

Loans are initially recognised at their fair value plus transaction costs. Interest is accrued over the period it becomes due and unpaid interest is recorded as part of current payables.

Interest free loans are recorded at their fair value. Discounted cash flow models are used to determine the fair values of the loans.

All non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost

ii) Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted financial instruments, including recent arm's length transactions, reference to similar instruments and option pricing models.

iii) Impairment

Impairment of financial assets is recognised based on the lifetime expected credit loss which is determined when the credit risk on a financial asset has increased significantly since initial recognition. In order to determine whether there has been a significant increase in credit risk since initial recognition, the entity compares the risk of default as at the reporting date with risk of default as at initial recognition using reasonable and supportable data, unless the financial asset is determined to have low credit risk at the reporting date.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

iii) New Accounting Standards Adopted by the Group from 1 July 2018 *(continued)*

b. Financial Instruments *(continued)*

iii) Impairment

Contract Assets and Trade and other receivables

For Contract Assets and Trade and other receivables (both classified as current and non-current), the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

iv) De-recognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires 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 where the related obligations are discharged, cancelled or expired. The difference between the carrying value 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.

(c) Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

When preparing the financial statements, Management undertakes various judgements, estimates and assumptions concerning the recognition and measurement of assets, liabilities, income and expenses. The resulting accounting estimates will, by definition, seldom equate with the related actual results. The following are significant judgements, estimates and assumptions made in applying the accounting policies of the Group that have the most significant effect on the financial statements.

Impairment of Goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit using a suitable pre-tax discount rate adjusted for market & industry specific risks in order to calculate present value. The Group is yet to finalise the acquisition accounting for certain of its current year acquisitions and will seek to do so over the twelve months post acquisition. The value attributed to Goodwill may therefore change in future periods.

Fair value of financial instruments

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case, Management uses the best information available.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Critical Accounting Estimates and Judgements *(continued)*

The carrying value of the contingent vendor consideration, payable as a result of the acquisition of businesses and entities incorporate a number of assumptions. In determining this value, Management have applied a discount factor and a probability factor on the earn-out components to determine the fair value. The interest expense and the fair value adjustment have been taken to the Consolidated Income Statement.

Share-based payments plans

The cost of share-based payments plans (including options) is determined on the basis of the fair value of the equity instrument at grant date. Determining the fair value assumes choosing the most suitable valuation model for these equity instruments, by which the characteristics of the grant have a decisive influence. This assumes also the input into the valuation model of some relevant judgments, like the estimated expected life of the option and the volatility of the underlying share.

Provision for Make Good

Provisions for Make Good are measured at the present value of management's best estimate of the expenditure required to remove any leasehold improvements at the end of the respective lease. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(d) Rounding of amounts

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191 and in accordance with that Instrument, amounts in the financial statements have been rounded off to the nearest thousand dollars, or in certain cases, to the nearest dollar.

(e) Working Capital Deficiency

At 31 December 2018 the group has a working capital deficiency amounting to $21,331,699 (30 June 2018: $4,965,164). This is a result of the reclassification of a $15 million vendor earnout payment which is due to be paid within the next 12 months. The Company has a contractual obligation to make this payment to the vendors only when the Company receives its next Market Investment Incentive from its paint supplier. This payment is expected to be received prior to the 30 June 2018 and will be in excess of $30 million. The business is in a strong net asset position overall. In the directors' opinion the working capital deficiency is not indicative of any potential issues with settling current liabilities in the normal course of business as and when they become due and payable.

NOTE 2 - SEGMENT INFORMATION

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board and executive management in assessing performance and determining the allocation of resources. The Group is managed primarily on the basis of product category and service offerings since the diversifications of the Group's operations inherently have notably different risk profiles and performance assessment criteria.

The Group only operates within one geographical area, Australasia and has historically been segmented by the products it provides, being:

- Vehicle Panel Repair - Motor vehicle panel repairs.
- Manufacturing - Manufacture of motor vehicle protection products and Ute/Commercial accessories.
- Distribution - Distribution of automotive electrical & 4WD accessories.
- Remanufacturing - Motor vehicle component remanufacturing & repairs.
- Workshop – automotive workshops and performance products.

	Panel	**Manufacturing**	**Distribution**	**Remanufacturing**	**Workshop**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Half year to 31 December 2018						
Revenue						
External sales	252,375	25,444	9,187	5,772	3,147	295,925
Intergroup sales	3,738	15	57	2	1	3,813
Other income	5,368	876	94	140	27	6,505
Total sales & other income	261,481	26,335	9,338	5,914	3,175	306,243
Unallocated revenue						(3,790)
						302,453
Result						
EBITDA	20,705	5,167	684	1,198	69	27,823
Unallocated expenses						(3,535)
Fair value adjustments						(421)
Depreciation & amortisation						(7,049)
Finance costs						(1,472)
Profit from continuing operations before income tax						15,346
Net assets as at 31 December 2018						
Segment assets	296,247	42,464	11,577	4,980	761	356,029
Unallocated assets						15,183
Total assets						371,212
Segment liabilities	(96,139)	(7,329)	(1,961)	(1,688)	(900)	(108,017)
Unallocated liabilities						(81,338)
Total liabilities						(189,355)

NOTE 2 - SEGMENT INFORMATION (Continued)

	Panel $'000	Manufacturing $'000	Distribution $'000	Remanufacturing $'000	Workshop $'000	Total $'000
Half year to 31 December 2017						
Revenue						
External sales	197,842	12,163	8,256	5,736	-	223,997
Intergroup sales	-	68	165	1	-	234
Other income	3,701	373	74	114	-	4,262
Total sales & other income	201,543	12,604	8,495	5,851	-	228,493
Unallocated						(137)
						228,356
Result						
EBITDA	19,283	3,193	519	1,211	-	24,206
Unallocated expenses						(3,583)
Fair value adjustments						(518)
Share of net profit from associates						(1,372)
Depreciation & amortisation						(6,142)
Finance costs						(188)
Profit from continuing operations before income tax						12,403
Net assets as at 31 December 2017						,
Segment assets	236,709	24,293	11,216	5,400	-	277,618
Unallocated						20,473
Total assets						298,091
Segment liabilities	(66,222)	(4,807)	(2,159)	(1,968)	-	(75,156)
Segment liabilities						(59,999)
Total liabilities						(135,155)

NOTE 3: REVENUE

	31 Dec 2018 $'000	31 Dec 2017 $'000
From continuing operations		
Sales revenue		
Sale of goods	38,873	26,108
Panel Repair and services	256,113	197,821
Other services	939	92
	295,925	224,021
Other revenue		
Interest received	38	73
Amortisation of deferred income	4,403	3,525
Other revenue	2,087	737
	6,528	4,335
Total revenue from continuing operations	302,453	228,356

NOTE 4: EXPENSES

	31 Dec 2018 $'000	31 Dec 2017 $'000
Profit before income tax includes the following specific expenses:		
Depreciation	5,483	4,448
Amortisation	1,566	1,694
	7,049	6,142

NOTE 5: PROPERTY, PLANT & EQUIPMENT

Movements in the carrying amount of Property, Plant & Equipment are set out below:

	Leasehold Improvements $'000	Plant & Equipment $'000	Furniture & Fittings $'000	Motor Vehicles $'000	Total $'000
Opening balance					
Cost	20,441	61,353	6,269	6,206	94,269
Accumulated depreciation	(5,370)	(28,725)	(2,311)	(2,442)	(38,848)
	15,071	32,628	3,958	3,764	55,421
Additions	555	1,439	413	314	2,721
Business acquisitions	27	3,933	-	405	4,365
Disposals	-	(82)	-	(8)	(90)
Depreciation charge	(106)	(5,287)	(98)	(62)	(5,553)
Discontinued operations	(34)	(125)	(9)	(9)	(177)
Closing balance	15,513	32,506	4,264	4,404	56,687
Cost	20,978	66,631	6,660	7,154	101,423
Accumulated Depreciation	(5,465)	(34,125)	(2,396)	(2,750)	(44,736)
	15,513	32,506	4,264	4,404	56,687

NOTE 6: INTANGIBLE ASSETS

Movements in the carrying amount of Intangible Assets are set out below:

	Goodwill $'000	Patents & Trademarks $'000	Customer Contracts $'000	Total $'000
Opening balance				
Cost	207,649	650	11,977	220,276
Accumulated amortisation	(10,652)	(220)	(9,635)	(20,507)
	196,997	430	2,342	199,769
Additions and adjustments	(1,145)	-	-	(1,145)
Business acquisitions	22,589	-	-	22,589
Amortisation charge	-	(4)	(1,561)	(1,565)
Closing balance	218,441	426	781	219,648
Cost	229,093	650	11,977	241,720
Accumulated amortisation	(10,652)	(224)	(11,196)	(22,072)
	218,441	426	781	219,648

Allocation of Goodwill by Segment	
Vehicle Panel Repair	184,683
Vehicle Protection Products & Accessories	26,949
Automotive Electrical & Cable Accessories	5,349
Automotive Component Remanufacturing	1,460
	218,441

NOTE 7 – INVESTMENTS

Controlled Entities

Name of entity	Country of incorporation	Class of shares	Equity holding % 2018	Equity holding % 2017
A.C.N. 107 954 610 Pty Ltd [(*)]	Australia	Ordinary	100	100
Service Body Manufacturing Australia Pty Ltd [(a)]	Australia	Ordinary	100	100
A.C.N. 124 414 455 Pty Ltd [(*)]	Australia	Ordinary	100	100
A.C.N. 624 628 986 Pty Ltd [(f)]	Australia	Ordinary	100	-
A.C.N. 624 896 000 Pty Ltd [(c)]	Australia	Ordinary	100	-
AECAA Pty Ltd	Australia	Ordinary	100	100
Custom Alloy Pty Ltd [(*)]	Australia	Ordinary	100	100
ECB Pty Ltd	Australia	Ordinary	100	100
FluidDrive Holdings Pty Ltd	Australia	Ordinary	100	100
Mr Gloss Holdings Pty Ltd	Australia	Ordinary	100	100
Phil Munday's Panel Works Pty Ltd	Australia	Ordinary	100	100
Repair Management Australia Pty Ltd	Australia	Ordinary	100	100
Repair Management Australia Bayswater Pty Ltd	Australia	Ordinary	100	100
Repair Management Australia Dandenong Pty Ltd	Australia	Ordinary	100	100
BMB Collision Repairs Pty Ltd	Australia	Ordinary	100	100
Shipstone Holdings Pty Ltd	Australia	Ordinary	100	100
Woods Auto Shops (Dandenong) Pty Ltd	Australia	Ordinary	60	60
Gemini Accident Repair Centres Pty Ltd	Australia	Ordinary	100	100
Repair Management New Zealand Limited	New Zealand	Ordinary	100	100
Ripoll Pty Ltd [(*)]	Australia	Ordinary	100	100
Woods Auto Shops (Holdings) Pty Ltd	Australia	Ordinary	100	100
Rapid Accident Management Services Pty Ltd [(*)]	Australia	Ordinary	100	100
Woods Auto Shops (Cheltenham) Pty Ltd [(*)]	Australia	Ordinary	100	100
Micra Accident Repair Centre Pty Ltd	Australia	Ordinary	100	100
Direct One Accident Repair Centre Pty Ltd	Australia	Ordinary	100	100
Smash Repair Canberra Pty Ltd	Australia	Ordinary	100	100
Geelong Consolidated Repairs Pty Ltd	Australia	Ordinary	100	100
Accident Management Australia Pty Ltd	Australia	Ordinary	100	100
Gemini Accident Repair Centres NZ Limited [(*)]	New Zealand	Ordinary	100	100
Carmax New Zealand Limited [(*)]	New Zealand	Ordinary	100	100
Automotive Solutions Group Pty Ltd [(h)] [(j)]	Australia	Ordinary	100	31
Fleet Alliance Pty Ltd [(j)]	Australia	Ordinary	100	31
ACAD Limited [(b)]	Australia	Ordinary	100	-
Alloy Motor Accessories Australia Pty Ltd [(d)]	Australia	Ordinary	100	-
A.C.N.624 895 772 Pty Ltd [(c)] [(i)]	Australia	Ordinary	100	-
Deering Autronics Australia Pty Ltd [(c)]	Australia	Ordinary	100	-
Roo Systems Australia Pty Ltd [(d)]	Australia	Ordinary	100	-
Uneek 4x4 Australia Pty Ltd [(c)]	Australia	Ordinary	100	-
Carmax Australia Pty Ltd [(e)]	Australia	Ordinary	100	-
Mt Druitt Autobody Repairs Pty Ltd [(g)]	Australia	Ordinary	100	-
Accident Repair Management Pty Ltd [(g)]	Australia	Ordinary	100	-
Accident Repair Management No. 2 Pty Ltd [(g)]	Australia	Ordinary	100	-
Accident Repair Management No. 3 Pty Ltd [(g)]	Australia	Ordinary	100	-

NOTE 7 – INVESTMENTS (Continued)

Notes:
(*) Dormant
(a) Previously known as A.C.N. 122 879 814 Pty Ltd and Perth Brake Parts Pty Ltd. Name change on 27 October 2017.
(b) Registered on 26 February 2018
(c) Registered on 9 March 2018
(d) Registered on 1 March 2018
(e) Acquired on 1 February 2017
(f) Registered on 23 February 2018
(g) Acquired on 1 July 2018
(h) Changed to a Pty Ltd Company 13 April 2018
(i) Previously known as ASG 4x4 Australia Pty Ltd. Name changed 14 December 2018
(j) Ceased trading 30 June 2018

Businesses Acquired

During the reporting period, the Group acquired the operating assets and shares of various businesses. These acquisitions are expected to increase the Group's market share, product offering and reduce costs through economies of scale. Details of these acquisitions are as follows:

During the period, the Group acquired the Mt Druitt Autobody Repair Group of companies (effective 1 July 2018), Simply Smashing Repairs (effective 12 October 2018) and several other smaller smash repair businesses. Details of these acquisitions are below.

	MTD Group $'000	Simply Smashing $'000	Other $'000	Total $'000
Cash and cash equivalents	45	-	-	45
Trade and other receivables	2,017	2	51	2,070
Inventories	-	-	2	2
Other financial assets	-	-	-	-
Other current assets	-	-	5	5
Plant and equipment	1,560	650	800	3,010
Other non-current assets	1,432	-	-	1,432
Deferred tax assets	190	75	111	376
Trade payables and accruals	(3,602)	-	(170)	(3,772)
Other current liabilities	(759)	-	-	(759)
Borrowings	(262)	-	-	(262)
Provisions	(517)	(247)	(372)	(1,136)
Current tax payable	(209)	-	-	(209)
Net assets/(liabilities) acquired	(105)	480	427	802
Goodwill	9,805	9,400	3,384	22,589
Value of the total consideration transferred	9,700	9,880	3,811	23,391
Representing:				
Cash paid or payable to vendor	7,700	9,880	3,811	21,391
Shares issued to vendors	2,000	-	-	2,000
	9,700	9,880	3,811	23,391
Acquisition costs	(113)	(27)	(36)	(176)
	9,587	9,853	3,775	23,215

NOTE 7 – INVESTMENTS (Continued)

Included in the measurement of consideration transferred is any liability resulting from a contingent consideration arrangement. In determining this amount, Management undertakes various judgements, estimates and assumptions concerning the recognition and measurement of this contingent consideration. Any obligation incurred relating to contingent consideration is classified as either a financial liability or equity instrument, depending upon the nature of the arrangement. Refer to Note 8 for the amount recognised as a financial liability and Note 10 for that recognised as equity. 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 a liability is remeasured each reporting period to fair value through the statement of comprehensive income unless the change in value can be identified as existing at acquisition date.

From the date of acquisition to 31 December 2018, MTD Group generated revenue of $9.8mil and an operating profit (EBITDA) of $1.6mil. Simply Smashing generated revenue of $1.7mil and an operating profit (EBITDA) of $0.2mil. All other acquisitions generated revenue of $0.17mil and an operating profit (EBITDA) of $0.8mil.

Given the nature of these operations and their pre-acquisition financial records it is impracticable to provide an estimate of the revenue and profit or loss of the combined entities for the current reporting period as though the acquisition date for all these acquisitions had been as of the beginning of the reporting period.

Businesses Disposed

On the 14 December 2018, the Company disposed of the business assets of ACN: 624 895 772 Pty Ltd (formerly ASG 4x4 Australia Pty Ltd).

	$'000
Consideration receivable	194
Net value of assets sold	194

NOTE 8: FINANCIAL LIABILITIES

	31 Dec 2018 $'000	30 Jun 2018 $'000
Current		
Financial liabilities at amortised cost	346	311
Financial liabilities at fair value through profit and loss	20,144	5,399
	20,490	5,710
Non-current		
Financial liabilities at amortised cost	54,989	52,521
Lease liability Financial liabilities at fair value through profit and loss	19,714	30,094
	74,703	82,615

a) Financial Liabilities at amortised cost

	31 Dec 2018 $'000	30 Jun 2018 $'000
Current		
Bank Loans	-	-
Lease Liability	346	311
	346	311
Non-current		
Bank Loans	54,968	52,500
Lease liability	21	21
	54,989	52,521
Total		
Bank Loans	54,968	52,500
Lease liability	367	332
	55,335	52,832
Recap of repayments in cash flow from financing activities:		
Bank Loan	13,532	3,500
Lease Liability	218	413
	13,750	3,913
Available finance facilities		
Bank Loan Facility	100,000	60,000
Unutilised at balance date	45,032	7,500

NOTE 8: FINANCIAL LIABILITIES (Continued)

Financing arrangements

At 31 December 2018, the Company had a Facility Agreement with National Australia Bank Limited. The key terms of that agreement were:

- a $40 million facility, with a tenure until 31 January 2020, to assist in funding general corporate needs;
- a $10 million facility, with tenure until 31 January 2021, to assist in funding general corporate needs;
- a $10 million facility, with tenure until 31 January 2021, to assist in funding acquisitions;
- a $30 million facility, with tenure until 31 January 2022 to assist in funding acquisitions;
- a $10 million facility, with tenure until 31 January 2020 to assist in funding 'Greenfield' sites;
- a $6.0 million bank guarantee facility to assist with securing property rental leases; and
- a $0.4 million letter of credit facility.

The Facility is secured by a fixed and floating charge over all of the assets of the Company and its wholly owned subsidiaries and is subject to standard covenants.

The lease liabilities are effectively secured as the rights to the leased assets recognised in the statement of financial position revert to the lessor in the event of default.

b) Financial Liabilities at fair value through profit and loss

Deferred Vendor Consideration

The Company has recorded deferred and contingent consideration to Business Vendors which, as per the relevant business purchase agreement includes amounts for performance based earn-outs to be paid in a mixture of shares and cash. The present value of the liability:

	31 Dec 2018 $'000	30 Jun 2018 $'000
Current		
Cash	19,995	5,253
Shares	149	146
	20,144	5,399
Non-Current:		
Cash	13,990	24,443
Shares	5,724	5,651
	19,714	30,094
	39,858	35,493

During the period, the following gains/(losses) were recognised in profit or loss:

	31 Dec 2018 $'000	31 Dec 2017 $'000
Fair value loss on contingent consideration recognised in profit	(421)	(518)

NOTE 9 – OTHER LIABILITIES

	31 Dec 2018 $'000	30 Jun 2018 $'000
Current		
Deferred income	2,697	7,079
	2,697	7,079

Deferred income

In a previous financial year, the Group entered into an agreement with a key supplier to purchase product and services from the supplier over an agreed period of time and receives various preferential benefits; one of which is a market investment incentive. To satisfy the requirements of this agreement, the Group must continue to purchase from this supplier or otherwise repay the market investment incentive in accordance with agreed terms. The incentive is being amortised as this liability reduces. At 31 December 2018, an amount of $2.7 million has been classified as current representing the anticipated reduction in this incentive over the next twelve months.

NOTE 10 - ISSUED CAPITAL

	31 Dec 2018 Number	31 Dec 2018 $'000
Listed:		
Opening balance	527,440,147	181,106
Shares issued		
- Employees	1,332,993	1,250
- Vendors	-	-
- Capital Raising	10,000,000	9,509
Shares converted	-	-
Closing balance	538,773,140	191,865
Unlisted:		
Opening balance	6,276,899	6,100
Shares issued		
- Employees	-	-
- Vendors	2,079,002	2,000
- Capital Raising	-	-
Shares converted	-	-
Closing balance	8,355,901	8,100
Total	547,129,041	199,965

NOTE 10 - ISSUED CAPITAL (Continued)

During the period 10,000,000 fully paid listed ordinary shares were issued to sophisticated investors at $0.9532 each to raise $9,532,000 (before costs).

Listed Fully Paid Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote and, upon a poll, each share is entitled to one vote.

Unlisted Fully Paid Ordinary shares entitle the holder to all the same benefits and responsibilities of holders of Quoted Fully Paid Ordinary shares with exception that they do not entitle the holder to participate in dividends or vote at general meetings of the Company. As such they are not listed for trade on the ASX.

NOTE 11 – DIVIDENDS AND DISTRIBUTIONS

Dividends paid or declared during the period ended were:

	31 Dec 2018 $	31 Dec 2017 $
Final dividend of 2.0 cents per share, fully franked, paid 30 Oct 2017	-	9,786
Final dividend of 2.0 cents per share, fully franked, paid 13 Nov 2018	10,595	-
	10,595	9,786

NOTE 12 - EARNINGS PER SHARE

	31 Dec 2018 $'000	31 Dec 2017 $'000
Profit after income tax attributable to members of AMA Group Ltd		
- From continuing operations	10,086	7,660
- From discontinued operations	(141)	-
	9,945	7,660
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	512,129,041	518,992,530
Adjustments for calculation of diluted earnings per share	18,225,000	18,875,000
	530,354,041	537,867,530

NOTE 12 - EARNINGS PER SHARE (Continued)

	31 Dec 2018	31 Dec 2017
	Cents	**Cents**
Continuing operations:		
- Basic earnings per share	1.88	1.48
- Diluted earnings per share	1.88	1.42
Discontinued operations:		
- Basic earnings per share	(0.03)	-
- Diluted earnings per share	(0.03)	-
Continuing and discontinued operations:		
- Basic earnings per share	1.85	1.48
- Diluted earnings per share	1.85	1.42

NOTE 13 - CONTINGENT LIABILITIES AND COMMITMENTS

Contingent Liabilities

Unsecured guarantees, indemnities and undertakings have been given by the parent entity in the normal course of business in respect of financial trade arrangements entered into by its subsidiaries and a Deed of Cross Guarantee was entered into with its continuing subsidiaries on 31 March 2016. It is not practicable to ascertain or estimate the maximum amount for which the parent entity may become liable in respect thereof. At 31 December 2018 no subsidiary was in default in respect of any arrangement guaranteed by the parent entity and all amounts owed have been brought to account as liabilities in the financial statements.

	31 Dec 2018 $'000
Bank guarantees	5,050
Capital commitments – property, plant & equipment	
Committed at the end of the reporting period but not recognised as a liability, payable within:	
One year	234
One to five years	-
After more than five years	-
	234
Lease commitments – operating	
Committed at the end of the reporting period but not recognised as a liability, payable within:	
One year	20,746
One to five years	35,212
After more than five years	5,224
	61,182

NOTE 14 – EVENTS OCCURRING AFTER THE REPORTING PERIOD

Subsequent to 31 December 2018, the Vehicle Panel Repair division purchased 1 further panel business, Northern Smash Repairs. This brings the Group's network to 118 vehicle repair shops.

On 28 February 2019, the Directors declared an interim dividend, fully franked of 0.5 cents per security with a record date of 15 March 2019 and a payment date of 15 May 2019.

No other matters or circumstances have arisen since 31 December 2018 that have significantly affected, or may significantly affect the consolidated entity's operations in future financial years, the results of those operations in future financial years, or the consolidated entity's state of affairs in future financial years.

In the Directors' opinion:

a. the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including:

   i. complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

   ii. giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the financial half year ended on that date; and

b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors made pursuant to section 303(5) of the *Corporations Act 2001*.

On behalf of the Directors

Ray Malone

Director

28 February 2019

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

Report on the Half-year Financial Statements

Conclusion

We have reviewed the half-year financial statements of AMA Group Limited ("the Company") and its controlled entities ("the Group") which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, and notes to the financial statements and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial statements of the Group is not in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 31 December 2018 and of its financial performance for the half-year ended on that date; and

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

Directors' Responsibility for the Half-year Financial Report

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

Auditor's Responsibilities for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial statements are not in accordance with the *Corporations Act 2001* including: giving a true and fair view of AMA Group Limited's financial position as at 31 December 2018 and its financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of AMA Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of half-year financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

ShineWing Australia
Chartered Accountants

Nick Michael
Partner

Melbourne, 28 February 2019

Directors
Mr Raymond Malone (Chairman and Executive Director)
Mr Andrew Hopkins (Executive Director)
Mr Raymond Smith-Roberts (Executive Director)
Mr Brian Austin (Non-Executive Director)
Mr Leath Nicholson (Non-Executive Director)
Mr Simon Moore (Non-Executive Director)
Mr Anthony Day (Non-Executive Director)

Executive Management
Mr Raymond Malone (Executive Officer)
Mr Andrew Hopkins (Group Chief Executive Officer)
Mr Ray Smith-Roberts (Chief Executive Officer - Automotive Components & Accessories Divisions)
Mr Steven Becker (Group Chief Financial Officer)
Ms Terri Bakos (Company Secretary)

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Auditor
ShineWing Australia
Level 10, 530 Collins Street, MELBOURNE VICTORIA 3000 AUSTRALIA

Solicitors
Nicholson Ryan Lawyers
Level 7, 420 Collins Street, MELBOURNE VICTORIA 3000 AUSTRALIA

Bankers
National Australia Bank Limited
Westpac Banking Corporation

Stock Exchange Listing
AMA Group Limited shares are listed on the Australian Securities Exchange, code AMA.