



AUTODOM

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Australian Securities Exchange
Company's Announcement Office
20 Bond Street
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31 August 2012

Chief Executive Officers Report

The 2012 financial year was a difficult one for the automotive industry and in particular the components sector at large. The year was punctuated with repeated downgrades to vehicle build forecasts requiring ongoing reduction of operating expenses. Coupled with the integration costs associated with the move of our Bayswater facility into the Dandenong site, the Group posted a \$4.1m loss before income tax for the full year ended 30 June 2012 compared with the prior period loss of \$1.8m. Revenue fell \$5.9m during the financial year on the back of these vehicle production declines mainly in the second half of the year.

During the year, the Company incurred non-recurring expenses of approximately \$1.6m relating primarily to integration and legal costs associated with the litigation regarding the acquisition of the DAIR businesses.

The DAIR litigation was settled at mediation and resulted in the reduction of the purchase price of the DAIR business by \$2.1m.

Excluding non-recurring items, the underlying loss for the year was \$2.4m of which, the bulk can be attributed to loss of gross margin due to continued volume decline in domestic vehicle production. During the financial year, the Company reduced financial liabilities by \$4.5m and its interest expense by \$0.8m.

Positive outcomes from this year's results were the ongoing overhead savings from the pending closure of the Bayswater facility and the improvement in operational profitability from the aiAutomotive business in Adelaide. As a result of significant efforts, aiAutomotive in Adelaide has returned to operational profitability compared with the corresponding three financial periods which showed losses. Coupled with this improved financial result, the businesses operational performance has improved dramatically. Using the same approach applied to aiAutomotive's improvement, management seeks to replicate this turnaround in performance at its consolidated DAIR Dandenong operations over the next 12 to 18 months.



Consumer choice and a structural shift in the demand for small passenger cars and SUV's continue to place pressure on the demand for Australian produced vehicles. Falling export markets driven by the high Australian Dollar only serve to exacerbate the pressure on the local car industry. This further emphasises the need to diversify the group away from being automotive centric.

In this regard, the company's strategy is to continue diversifying into non automotive manufacturing opportunities. In light of this, management is presently negotiating two exciting contracts in non automotive markets. Decisions on these projects are expected in the first quarter of FY13.

During the 2013 financial year, management will continue to settle down the integration of its facilities in Dandenong. Having completed the move of all Bayswater operations to the DAIR Dandenong, management can focus on extracting value from the DAIR acquisition. While the year ahead remains a challenge, the prospects of growing into non automotive markets with high growth provides for an exciting period of change for the Autodom Group.

I would like to thank our many stakeholders for their continued support. From our shareholders and customers to our loyal and dedicated staff and suppliers, your support is what makes it possible to realise the future strategy of the business.

Calvin Stead
Chief Executive Officer
Autodom Limited



AUTODOM

**AUTODOM LIMITED
AND CONTROLLED ENTITIES
A.B.N. 43 009 123 782**

APPENDIX 4E

PRELIMINARY FINAL REPORT

30 JUNE 2012

AUTODOM LIMITED
A.B.N. 43 009 123 782

APPENDIX 4E

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**This preliminary final report is provided to the Australian Stock Exchange (ASX)
under ASX Listing Rule 4.3A**

Current Reporting Period: 30th June, 2012
Previous Corresponding Period: 30th June, 2011

For and on behalf of the directors:



A J DALE
Director

Dated: 31 August 2012

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Revenue and Net Loss

	Consolidated Entity	
	2012	2011
	\$	\$
Revenue	88,512,702	94,411,112
Profit/(loss) before income tax expense	(4,108,542)	(1,837,625)
Income tax (expense)/benefit	-	(4,230,566)
Profit/(loss) after income tax expense	<u>(4,108,542)</u>	<u>(6,068,191)</u>

Commentary

The loss before income tax for the year ended 30 June 2012 was \$4.1m compared with the prior period loss of \$1.8m. Revenue fell by \$5.9m during the financial year, with motor vehicle production volume declines in the second half of the financial year driving the revenue reduction.

During the financial year, the Company incurred non-recurring expenses related to the closure of the Bayswater plant and consolidation of manufacturing operations into the Dandenong plant. In addition non recurring legal costs were incurred including reaching settlement of legal proceedings of the DAIR businesses.

As a result of this settlement \$2.1m of vendor liabilities were discharged at 31 January 2012. If the non-recurring expenditure was excluded, the loss from operations before tax would have been in the order of \$2.4m. During the financial year, the Company reduced financial liabilities by \$4.5m. The debt reduction activities resulted in a \$0.8m reduction in interest expense.

The consolidated loss after tax improved to \$4.1m for the year ended 30 June 2012 from \$6.1m for the year ended 30 June 2011 due to the decision in 2011 to write off deferred tax asset balances. The ability to offset the tax losses against future taxable income is not impacted by the accounting treatment applied.

Dividends

No dividends were declared or paid during the year.

NET TANGIBLE ASSET BACKING

	Consolidated Entity	
	2012	2011
	\$	\$
Net Assets	6,008,318	10,116,860
Add deferred grant income received	2,293,757	3,347,715
Less deferred tax assets	-	-
Less intangible assets	(5,358,289)	(6,822,126)
Less OEI net tangible assets	-	-
	<u>2,943,785</u>	<u>6,642,449</u>
Net tangible assets of the Consolidated Entity		
	<u>2,943,785</u>	<u>6,642,449</u>
Fully paid ordinary shares on issue at balance date	<u>163,038,902</u>	<u>163,038,902</u>
Net tangible asset backing per issued ordinary share as at balance date (cents)	<u>1.8</u>	<u>4.1</u>

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS OF THE COMPANY

There has been no significant change in the state of affairs of the Group during the financial year.

STATUS OF AUDIT

This preliminary Final Report is based on the Financial Report which is in the process of being audited. The Directors expect that the group's auditors will include an emphasis of matter in their audit report with respect to material uncertainty regarding continuation of going concern.

Description of likely dispute or qualification if the accounts have not been audited, or subject to review or are in the process of being audited or subjected to review.

None noted.

AUTODOM LIMITED
Consolidated Statement of Comprehensive Income
For the year ended 30 June 2012

	Note	Economic Entity	
		2012	2011
		\$	\$
Revenue	1	88,512,702	94,411,112
Other income	2	2,341,939	2,599,807
Changes in inventories of finished goods and work in progress		(1,378,056)	(1,888,875)
Raw materials and consumables used		(61,108,902)	(62,893,745)
Employee benefits expense		(25,311,612)	(24,772,834)
Depreciation and amortisation expense		(2,371,645)	(2,687,734)
Finance costs		(577,584)	(1,332,549)
Other expenses		(4,215,384)	(5,272,808)
Profit/(loss) before income tax expense		(4,108,542)	(1,837,625)
Income tax benefit/(expense)		-	(4,230,566)
Profit/(loss) after income tax expense		(4,108,542)	(6,068,191)
(Profit)/loss attributable to minority equity interest		-	-
Profit/(Loss) attributable to members of the parent entity		(4,108,542)	(6,068,191)
Other comprehensive income		-	-
Total Comprehensive Income for the Year		(4,108,542)	(6,068,191)
Basic and diluted earnings per share (Cents)		(2.52)	(5.95)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

AUTODOM LIMITED
Consolidated Statement of Financial Position
As At 30 June 2012

	Economic Entity	
	2012	2011
	\$	\$
Current Assets		
Cash and cash equivalents	-	944,884
Trade and other receivables	8,909,885	15,644,405
Inventories	8,139,833	9,254,145
Other assets	2,265,221	2,264,954
Total Current Assets	19,314,939	28,108,387
Non-Current Assets		
Property, plant and equipment	9,739,711	12,858,237
Intangibles	5,358,289	6,822,126
Other assets	608,125	607,315
Total Non-Current Assets	15,706,125	20,287,678
Total Assets	35,021,065	48,396,066
Current Liabilities		
Trade and other payables	15,111,062	19,659,878
Financial liabilities	6,712,559	11,409,648
Provisions	5,866,766	6,143,040
Total Current Liabilities	27,690,387	37,212,566
Non-Current Liabilities		
Financial liabilities	1,000,000	778,260
Provisions	322,360	288,379
Total Non-Current Liabilities	1,322,360	1,066,639
Total Liabilities	29,012,747	38,279,205
Net Assets	6,008,318	10,116,860
Equity		
Issued capital	24,021,894	24,021,894
Reserves	440,858	440,858
Accumulated losses	(18,454,434)	(14,345,892)
Total Equity	6,008,318	10,116,860

AUTODOM LIMITED
Consolidated Statement of Changes in Equity
for the year ended 30 June 2012

	Share Capital		Dividend Reserve	(Accumulated Losses)	Non-controlling interests	Total
	Ordinary	Option Reserve				
	\$	\$	\$	\$	\$	\$
Consolidated Group						
Balance at 1 July 2010	17,916,201	200,950	239,908	(8,277,701)	4,135,584	14,214,942
Proceeds of share issue	6,105,693	-	-	-	-	6,105,693
De-consolidation of Kai Limited	-	-	-	-	(4,135,584)	(4,135,584)
Total comprehensive income for the year	-	-	-	(6,068,191)	-	(6,068,191)
Balance at 30 June 2011	24,021,894	200,950	239,908	(14,345,892)	-	10,116,860
Total comprehensive income for the year	-	-	-	(4,108,542)	-	(4,108,542)
Balance at 30 June 2012	24,021,894	200,950	239,908	(18,454,434)	-	6,008,318

AUTODOM LIMITED
Consolidated Statement of Cash Flow
for the year ended 30 June 2012

	Economic Entity	
	<u>2012</u>	<u>2011</u>
	\$	\$
Cash flows from Operating Activities		
Receipts from customers	95,247,222	90,762,269
Payments to suppliers and employees	(95,033,012)	(86,982,207)
Other revenue and government grants	2,246,069	2,203,758
Interest paid	(577,584)	(1,332,549)
Net Cash (outflow)/inflow from Operating Activities	<u>1,882,695</u>	<u>4,651,271</u>
Cash Flows from Investing Activities		
Payments for property, plant and equipment	(540,141)	(489,857)
Payment for purchase of business	(293,754)	(10,386,569)
Proceeds from sale of property, plant and equipment	103,757	24,766
Government grants received under AISAP	-	3,970,000
Net Cash (outflow)/inflow from Investing Activities	<u>(730,138)</u>	<u>(6,881,660)</u>
Cash Flows from Financing Activities		
Proceeds on the issue of shares	-	6,105,693
Net (repayments)/proceeds from borrowings	(2,150,000)	(2,615,160)
Net cash inflow/(outflow) from Financing Activities	<u>(2,150,000)</u>	<u>3,490,533</u>
Net increase/(decrease) in Cash and Cash Equivalents	(997,443)	1,260,144
Cash and Cash Equivalents at the beginning of the Financial Year	944,884	(315,260)
Cash and Cash Equivalents at the end of the Financial Year	<u>(52,559)</u>	<u>944,884</u>

AUTODOM LIMITED
NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2012

	Economic Entity	
	<u>2012</u>	<u>2011</u>
	\$	\$
1. REVENUE		
Sales revenue		
Sale of goods	87,726,499	93,093,729
Services	786,203	1,317,384
	<u>88,512,702</u>	<u>94,411,112</u>
 2. OTHER INCOME		
Government grants	2,181,983	1,285,812
Other income	159,956	1,313,995
	<u>2,341,939</u>	<u>2,599,807</u>

Government grants relate to amounts received in relation to the Automotive Transformation Scheme (ATS) and the former Scheme (ACIS).

Other income relates primarily to volume rebates from suppliers.