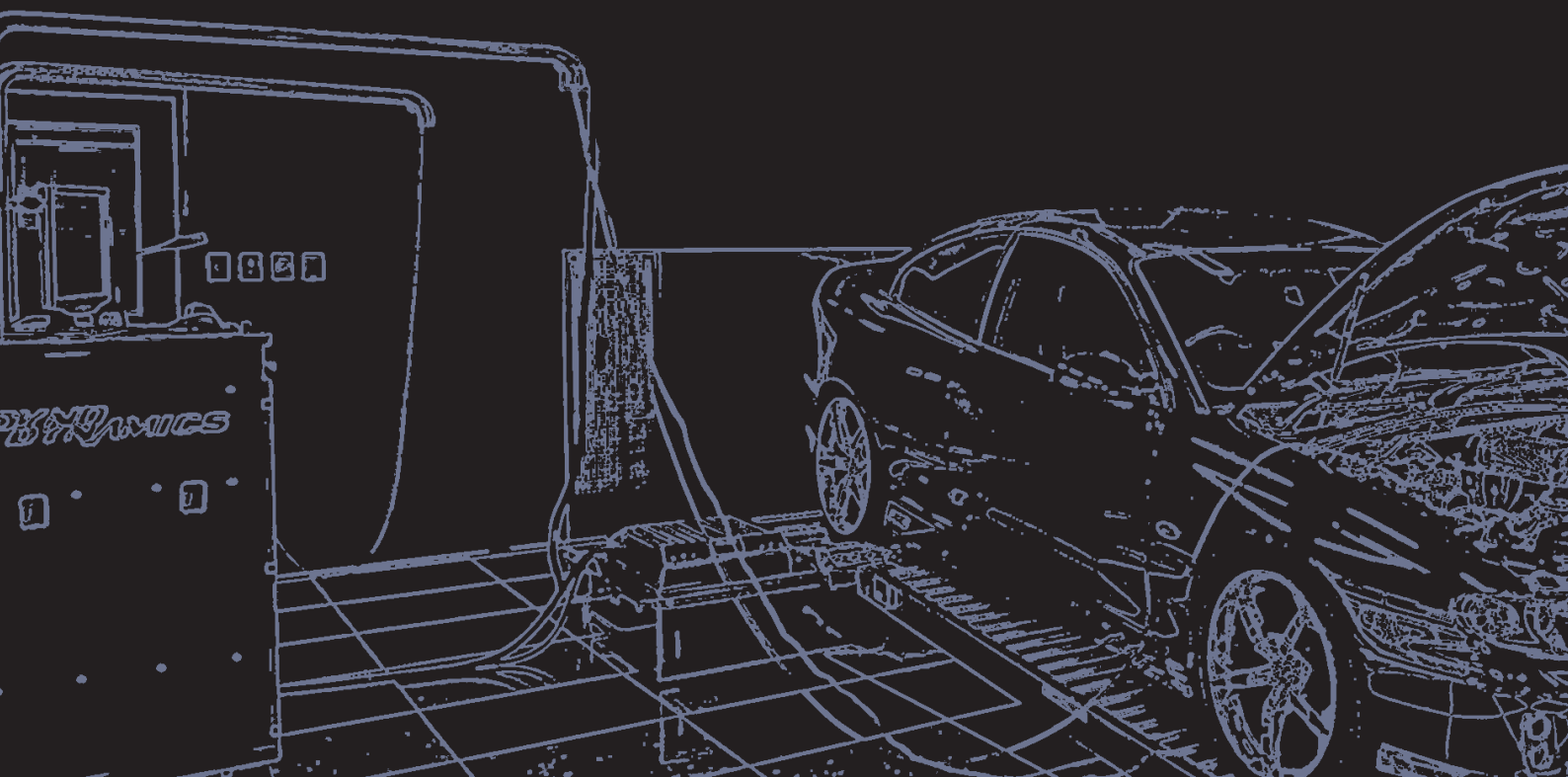


Acquisition and Expert Operation of Strong Businesses

Allomak Limited
Annual Report
2007

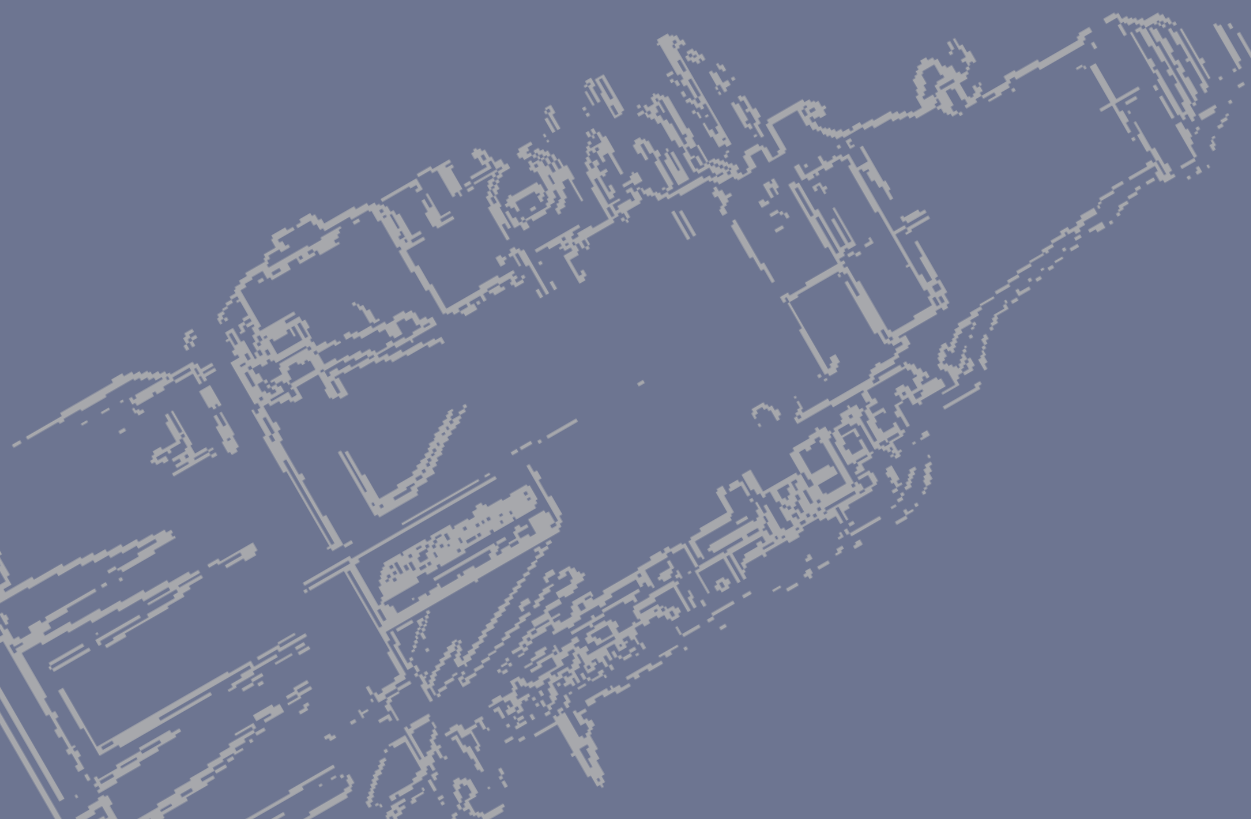


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AGM

The Annual General Meeting of Allomak Limited will be held on

22 November 2007, 11.30am
Pinaroo 5 Room
Level 1, The Grace Hotel
77 York Street
Sydney NSW 2000



“Allomak is Australia’s premier acquisition and business improvement company operating in the automotive aftermarket sector. It is pleased to present its first annual report since listing on the Australian Stock Exchange.”

About Us

Allomak Limited is a publicly listed company with expertise in acquiring and transforming businesses to realise the benefits of growth.

Since listing on the Australian Stock Exchange in August 2006 and raising capital of \$23.6 million, Allomak has acquired, operated and developed a suite of complementary businesses in the automotive aftercare market.

Allomak has targeted a niche in identifying and acquiring profitable, market leading businesses that are facing generational change issues.

Its acquisition expertise is complemented by its ability to successfully support each leading business maximise its growth potential through leveraging operational efficiencies and improvement.

Its investment in systems and processes to enhance the performance of businesses within the group is strengthened by the opportunities delivered by cross-referral of customers.

The company is in a high growth phase underpinned by its activities in the identification and purchase of dominant players in profitable business niches with high growth potential.

Mission

Allomak will acquire leading businesses in the automotive aftercare and related sectors and maximise their market potential through operational improvements and the application of capital, both human and financial.

Vision

Allomak will develop from being a group of good companies to being a great company, and a leader in the automotive aftermarket. We will be a high growth company that shareholders, staff, partners, suppliers and others are proud to be associated with. We will make a positive contribution in all areas in which we operate and to our broader community.

Values

ACT WITH INTEGRITY

We will:

- Always do the right thing whether or not anyone will know
- Communicate in an open, forthright manner and encourage those around us to do the same
- Be accountable and take ownership for our actions

STRIVE FOR EXCELLENCE

We will:

- Seek to be 'great,' not just good at what we do.
- Seek continuous improvement in all areas
- Embrace change as a new opportunity

EXCEED OUR CUSTOMERS' EXPECTATIONS

We will:

- Do what we say
- Ensure we understand our customers' needs and expectations
- Individually take actions to deliver high customer satisfaction

VALUE OUR PEOPLE

We will:

- Respect each other's needs and help each other achieve career goals
- Be loyal to our colleagues
- Provide a safe working environment

ACTIVELY SUPPORT OUR COMMUNITY

We will:

- Foster programs that contribute to our local and global community
- Encourage and support each other in our individual community endeavours
- Be aware of our corporate social responsibility

Allomak will acquire leading businesses in the automotive aftercare and related sectors and optimise their market potential through investing experience and capital.

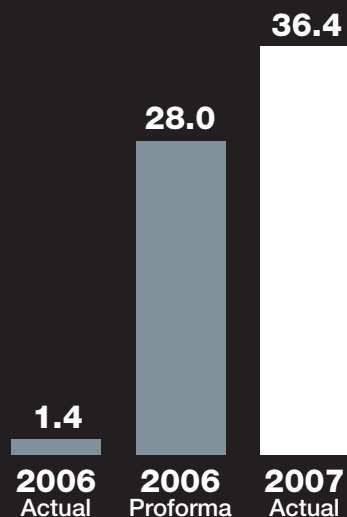


Highlights

(\$m)
Sales Performance

30%
GROWTH

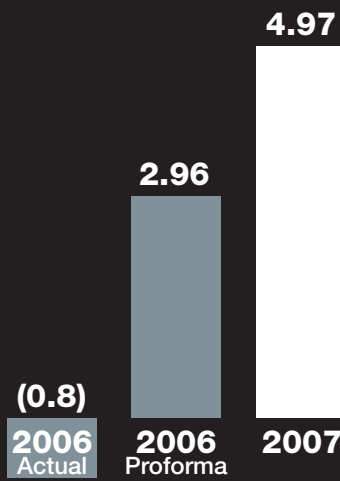
2007 vs 2006 & 2006 Proforma



(\$m)
EBIT

57%
GROWTH

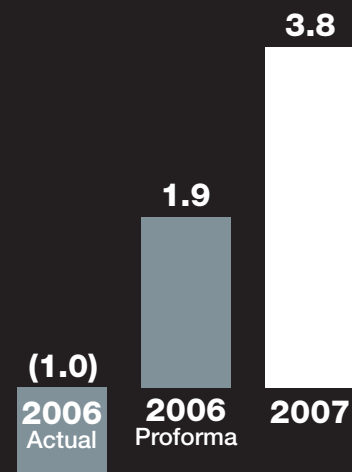
2007 vs 2006 & 2006 Proforma



(\$m)
NPAT Performance

102%
GROWTH

2007 vs 2006 vs 2006 Proforma



Balance Sheet: 2007 vs 2006 Actuals

('000's)	FY2007	FY2006	Change
Current Assets	\$ 16,391	\$ 4,274	
Non-Current Assets	\$ 31,890	\$ 4,954	
Total Assets	\$ 48,281	\$ 9,228	Up 423%
Current Liabilities*	\$ 12,915	\$ 4,086	
Non-Current Liabilities*	\$ 8,390	\$ 4,919	
Total Liabilities	\$ 21,305	\$ 9,005	Up 137%
Net Assets	\$ 26,976	\$ 220	Up 12,200%

* \$4.9m of bank bills are shown above as non-current rather than current liabilities (compared with the statutory accounts) to more accurately reflect the intended lending term in place rather than the technical rollover nature of the bills.

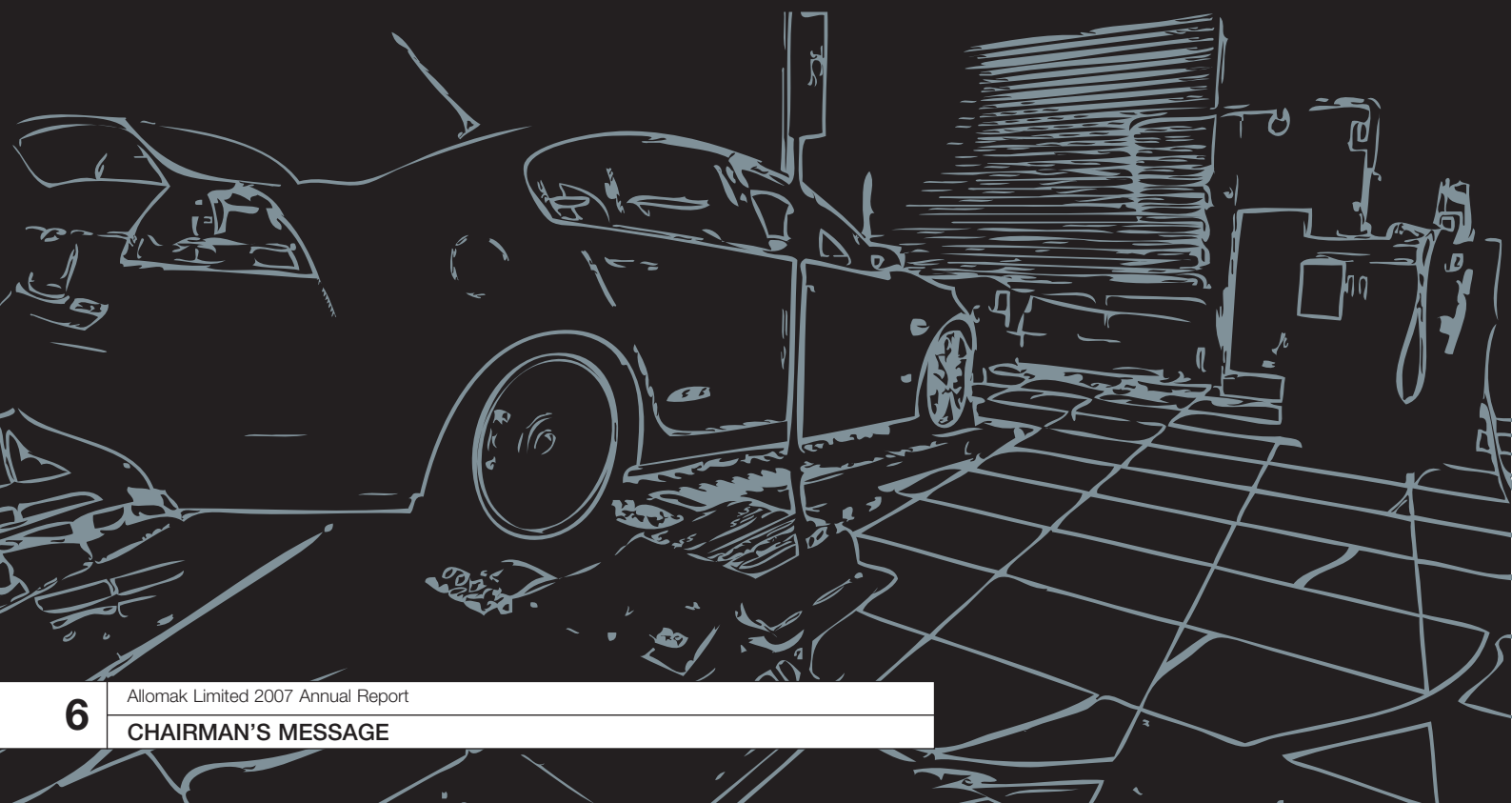
Company Performance – Key Ratios

	FY2007
Liquidity	
Current Ratio	1.3
Quick Ratio	0.79
Working Capital Management	
Days Receivable	88
Days Inventory	122
Days Creditors	81
Financing Sufficiency	
Interest Cover	12.2 times
Debt to Equity	0.79
Interest bearing Debt to Equity	0.31
Profitability Ratios	
Gross Profit Margin	50.0%
EBIT Margin	13.6%
Net Margin (NPAT)	10.5%
Return on Assets*	10.3%
Return on Equity	14.2%

* ROA is artificially lower due to assets being acquired towards the end of the year without corresponding full year EBIT offset – despite this the ratio still falls above the desired threshold.

Chairman's Message

“Our strategy of selecting high value companies in specialist niches will continue to yield growth opportunities in the \$8 billion automotive aftercare industry.”



Dear shareholders

Successful listing

Since successfully listing on the Australian Stock Exchange in August of 2006, Allomak has enjoyed a significant period of growth. We have built on the stable of profitable and well established businesses in our group to include a total of nine acquisitions completed by the end of the 2007 financial year, operating under eight respected brands.

Our sales rose by over 3000 per cent over 2006 actuals and 30 per cent over 2006 proforma accounts, and NPAT was up 102% per cent over 2006 proforma accounts. Allomak shares achieved capital growth of 60 per cent in the first full year of being listed.

Group revenue for the year was \$36.3 million, up 4.3% on the \$34.8 million prospectus forecast.

Our share price has risen substantially in line with our intentions to provide shareholders with good capital growth and the company has also delivered a solid earnings stream.

Following the release of the results, the Board was pleased to announce a final fully franked dividend of 2.2 cents per share, bringing the total dividend for 2007 to 3.2 cents per share and providing an 8 per cent fully franked yield on the IPO price.

Platform for growth

The past year has been the most significant for Allomak. The market has responded well in support of our strategy to acquire the best businesses in our target market and maximise their potential through operational improvements.

We will continue to leverage the customer bases of companies within the group to extend sales and grow each business. We will also invest in systems and processes that enhance the performance of each business and will remove constraints to growth.

Allomak brings significant expertise to the acquisition process and is the most diversified automotive aftermarket company in Australia. Our strategy of selecting high value companies in specialist niches will continue to yield growth opportunities in the \$8 billion automotive aftermarket and related industries. Of this total market, Allomak plans to continue to target and attract the best businesses and brands that are held by owners seeking change.

Our recent announcement of the acquisition of Mr Gloss in the current financial year is a fine example of our aspirations to attract leading companies in the industry and will provide an excellent platform to consolidate the smash repair industry as we position the business as a leader nationally.

The group performed very strongly in the last two months of the year as a result of a number of business improvements and capital investment implemented across the Allomak operating companies. These benefits will continue to flow through in the 2008 year, with strong revenue and profit growth projected.

Great people

On behalf of the board, I commend the executive leadership team who run the businesses within the group. They have played an important role in strengthening the company and will continue to be the driving force behind continued operational excellence.

Strong outlook

Allomak is well positioned to continue its growth trajectory — building shareholder value and increasing the capacity of the group to expand.

We will extend our leadership position as buyers and builders of best-in-class businesses in the automotive aftermarket.

Yours faithfully



A Anthony McLellan
Chairman

CEO's Review of Operations

Allomak has achieved market leadership through the identification and purchase of dominant players in profitable business niches with high growth potential.

Strong opportunities in automotive aftercare

Allomak has focused on a sector encompassing all products and services for vehicles after their original sale, including paint, equipment, tools and accessories.

The automotive aftercare market is typically characterised by high value customer requirements; lower volumes and higher margins than the OEM market; and agile supply chain and inventory management to enable timely responses in a demand driven environment. This custom and niche focus underpins attractive economics including generally good margins in this sector.

Factors influencing the strength of the automotive aftermarket include total new cars sold, total number of cars on the road, increasing technical sophistication of vehicles, and duration of manufacturer warranties. Demand for services within the sector is strong and growing.

Australia has the third highest vehicle ownership in the world at over 600 vehicles per 1,000 people. New vehicles have contributed to a 2.7% annual growth in recent years. There are approximately 13 million passenger and light commercial vehicles on Australian roads, set to grow by 460,000 vehicles per year for at least the next five years.

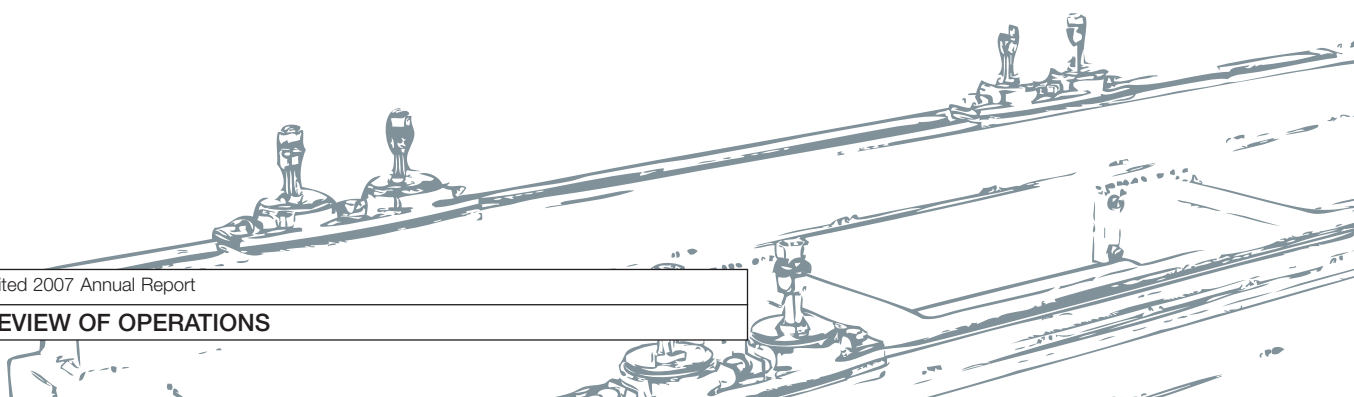
The automotive aftercare industry is currently valued at over A\$8 billion per annum. Driven by the mix of businesses in our portfolio and the expertise within the group to realise the corporate growth strategy, Allomak is uniquely positioned to:

- capitalise on the fragmented nature of this market;
- drive significant organic and acquired growth opportunities;
- buffer fluctuations in economic cycles; and
- provide a combination of a strong dividend yield and excellent capital growth to shareholders.

Growth potential through professional acquisition and operation

Allomak's strategy of building a platform of excellent businesses in the automotive aftercare and related markets has proven fruitful over the past year. Our professional acquisition methodology, research and due diligence has ensured each of the businesses within the group are leaders in their field.

Allomak has been able to remove constraints to growth for these businesses and has introduced the prospect of further profitability through the consolidation of some niches and expansion of others.



Most of the businesses in our group have operated for between 20 – 45 years as a market leader, with solid customer bases and key supplier relationships.

Our acquisition methodology offers more than the sum of private equity experience and an appetite for growth. Allomak businesses are selected to operate independently under their respected brands, and are nurtured to develop as part of the Allomak family.

We have been able to increase market share through cross referral of customer relationships and the expansion of business opportunities through the collective group of companies.

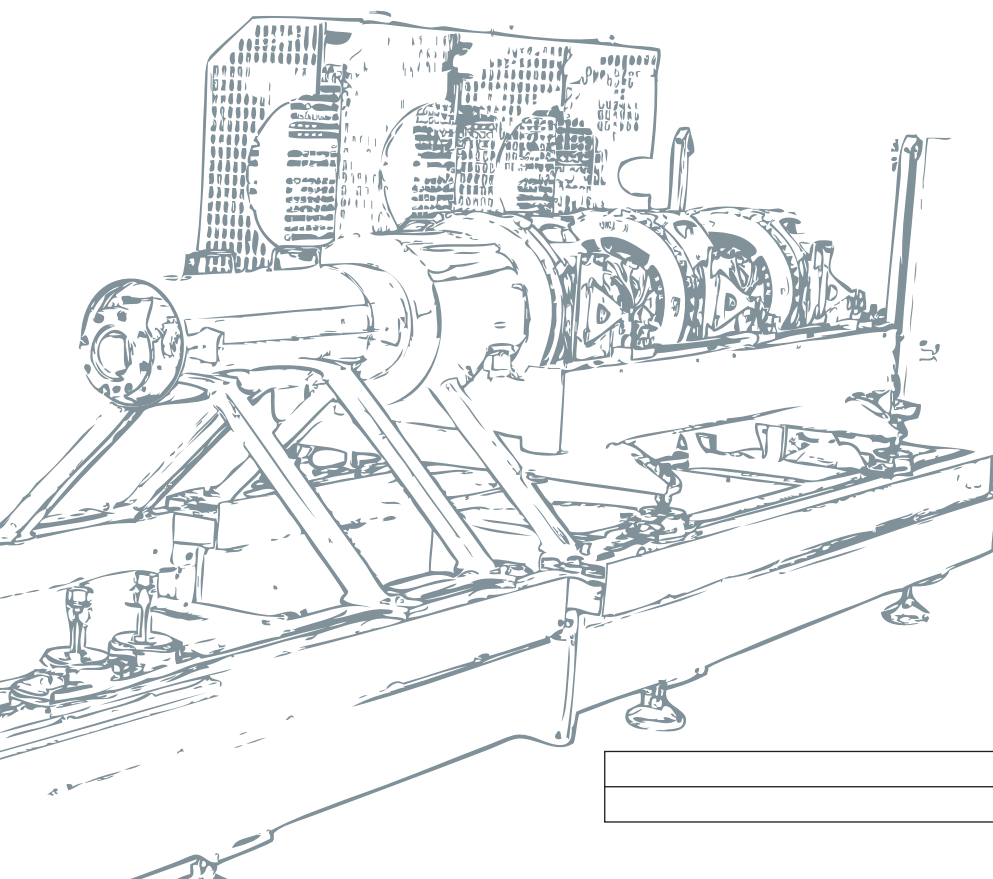
With increased scale and the adoption of administrative and marketing best-practice, Allomak can leverage its expertise across the collective network.

Our development strategy is premised on each business striving for “greatness” and achieving outstanding results across key performance indicators.

High growth, high margin businesses

Allomak businesses are market leaders. We have award-winning companies in our team and we share the success of this expertise across the group.

At the time of listing on the Australian Stock Exchange in August 2006, the company had five key businesses. We have now expanded to include other complementary, high margin, high growth businesses. Please see the financial notes on pages 26-55 for further information on our acquisitions.



CEO's Review of Operations continued



Dyno Dynamics is a world leader in the development of dynamometer equipment. The company has achieved a very dominant position in Australia and has a strong presence in the United Kingdom and the United States and is expanding around the world.

Its advanced workshop chassis dynamometer is a sophisticated piece of automotive diagnostic equipment that is used to conduct a comprehensive analysis of automobile performance. Dyno Dynamics is favoured by prestige customers locally and internationally.



ECB is a leader in aftermarket aluminium bullbars and other automotive protective equipment. Based in Brisbane ECB (formerly East Coast Bullbars) supplies product for light and medium commercial and 4WD and utility vehicles.

Since August 2006, ECB has taken over the management of Barjo. Barjo also has an extensive range of customised bullbars and good relationships with auto dealer groups and continues to develop as a brand under the ECB leadership.

As vehicle protection equipment and accessory experts, ECB has established a reputation for reliability, quality and speed of supply — nationally and to international markets.



Fluidrive is the leading remanufacturer of automatic transmissions in Australia. As the only ISO 9000/9001 quality accredited supplier of its kind in Australia, Fluidrive does all of the aftermarket warranty work on behalf of several major car manufacturers.

Based in Melbourne, Fluidrive has been rebuilding and repairing transmissions since 1963 and is widely respected for its focus on exceptional quality and service.



Autolac is one of Australia's largest distributors of automotive paint and consumables to the smash repair industry and a leading supplier of top brands including DeBeers, Standox, Dupont, and 3M.

In September 2006, as the first acquisition since listing on the Australian Stock Exchange, Allomak bought sister company Autolac Newcastle. With established sales revenue of approximately \$2 million, Autolac Newcastle has contributed well to the group. During the year, Autolac also acquired Mark One Auto Parts, a small parts supplier, and integrated that business into its own.

Autolac now has a large direct sales team with strong relationships with customers and suppliers. Over the past year it has strengthened its market position and growth potential through a new management team and distribution of various brands of industrial, marine and wood finishes.



Dual LPG was formed as a joint venture in November 2006 with partners coming from the LPG industry. Dual LPG are central to the growing retail and wholesale LPG market, with direct operation of LPG conversion centres to take advantage of the \$1 billion Federal Government LPG rebate scheme. A new Sequential kit system to be introduced in the 2008 financial year will bring highly advanced LPG kit technology to the Australian market.



Perth Brake Parts is a leading Western Australian remanufacturer and supplier of brake and clutch components. Acquired in January 2007, this business is ideally placed to expand our customer reach and distribution network across the country.



Diesel Test is Australia's premier diesel emission testing equipment provider. Allomak acquired this business in January 2007 and it is a key addition to Allomak's Diagnostic and Environmental Services division, set for national expansion.

Diesel Test provides design and manufacture of emission testing equipment, and consultancy services relating to fuels, technology and air quality management, to government and senior industry players.

Diesel Test was instrumental in the development of emission reduction strategies for the Alternative Fuels program. It is authorised to provide DT80 testing under the Federal Government's Diesel fuel Tax Credit Scheme. Currently it is the only company manufacturing DT80 testing equipment and the leading manager of test sites.

Attracting and retaining the best people

Allomak has been successful to date in making attractive offers to owners of well-established and respected businesses that are leaders in their specialty fields. We facilitate the smooth transition of each business into the group by valuing the expertise and depth of industry knowledge of our people. It is not uncommon for our business owners to be thought leaders in their field, sitting on committees and steering groups that influence their industries.

The skill and experience of our people — from Board level and throughout Allomak — is an area of competitive advantage that is fostered to bear fruit across the Allomak group.

We aim to live by our values and share our success with our staff, shareholders and the community. We recognise our corporate social responsibilities and have proposed that shareholders approve an initiative in this area which will put Allomak at a best practice level in terms of supporting the broader community and attracting and retaining outstanding employees.

Strong and dynamic outlook

Our aspirations to continue to build the group and consolidate market share is buoyed by the extensive opportunities in the market for Allomak to expertly transition businesses through succession planning and generational change.

Coupled with this, the group is continually introducing appropriate management techniques to take each business to the next level of operational efficiency. We expect the benefits from more effective administration and marketing practices will flow in 2008.

We are well positioned to grow, develop and mature, and aim to deliver long-term shareholder value and success across our stakeholder base.



Rob Allan
Managing Director

Strong and dynamic outlook: Allomak is uniquely positioned for continued growth through its acquisition strategy and expert operation of strong businesses.



Directors' Report

The Directors of Allomak Limited submit the financial report for Allomak Limited and its controlled entities for the financial year ended 30 June 2007 and the auditor's report thereon. This financial report has been prepared in accordance with Australian Equivalents to International Financial Reporting Standards, and covers the year ended 30 June 2007.

In order to comply with the provisions of the *Corporations Act 2001*, the Directors Report as follows:

PRINCIPAL ACTIVITIES

Allomak's principal activity and purpose is the acquisition, operation and development of complementary businesses with an initial focus on the automotive aftercare market. During the financial year there was no significant change in the nature of those activities.

REVIEW OF OPERATIONS

Net profit after tax for the year ended 30 June 2007 was \$3.8 million in line with the June profit guidance.

Group revenue for the year was \$36.3 million, up 4.3% on the \$34.8 million prospectus forecast. The lower than prospectus earnings represents a four week lag on the original prospectus target. The reasons include the loss of a key supplier in one business, set up costs in the LPG venture and a longer time to establish operations than anticipated in this venture.

The year was highlighted with the acquisition of seven businesses into the group and the launching of Dual LPG. The group performed very strongly in the last quarter of the financial year as a result of a number of business improvements implemented across the Allomak operating companies. These benefits will continue to flow through in the 2008 year, with strong revenue and profit growth projected.

The acquisition pipeline is positive with the Mr Gloss pending acquisition announced in July 2007.

Consolidated sales revenue and results are set out below.

	30 June 2007
	\$'000
Total revenue	\$36,443
EBITDA before minority interest	\$5,452
EBIT before minority interest	\$4,954
Net profit before tax	\$4,468
Income tax expense	\$812
Net profit after tax	\$3,656
Net loss after tax attributable to outside equity interests	\$175
Net profit after tax attributable to members of Allomak	\$3,831
Earnings Per Share (cents per share)	\$0.0503

During the year, the capital structure of the Company changed due to:

Issue of 59,000,000 shares under the prospectus dated 21 July 2006.

Issue of 133,599 shares as part of the vendor share allocation adjustment in accordance with the terms of the Prospectus dated 21 July 2006.

Issue of 7,408,466 shares as part consideration for the purchase of various companies and businesses acquired during the year as detailed in Note 28 of the financial accounts.

Issue of 150,000 shares for the conversion of the remainder of the loan notes which were entered into prior to listing, which were paid out at the time of listing.

COMPARATIVE FIGURES

Please note that the comparative figures that appear in this report represent the historical activities of the Company prior to listing. The comparatives included in the report do not reflect the current level of activities of Allomak Limited, which increased with the acquisition of Companies and the related Initial Public Offering of the Company.

DIVIDEND

Interim ordinary dividend for the year ended 30 June 2007 of 1 cent per share was paid on 30 April 2007 of \$878,239.

DIVIDENDS NOT RECOGNISED AT YEAR END

Since year end Directors have recommended the payment of a fully-franked final dividend of 2.2 cents per share, based on tax paid at 30%. The aggregate amount of dividends to be paid on 21 November 2007.

INFORMATION ON DIRECTORS AND COMPANY SECRETARY

The qualifications, experience and special responsibilities of each person who has been a Director of Allomak Limited at any time during or since the end of the financial year is provided below, together with details of the Company Secretary as at the year end.

CURRENT DIRECTORS

Mr A. Anthony McLellan
Chairman and Non-Executive Director
– Appointed 13 July 2006

Age 67

Mr McLellan is Chairman of Bemax Resources Limited and Norton Gold Fields Ltd. He was also previously a Director of Felix Resources Limited, President and CEO of the predecessor of Barrick Gold, and President of LJ Hooker Corporation in America. Mr McLellan is currently also a Director of The Menzies Research Centre Limited.

Mr McLellan is active in social causes, holding the roles of Chairman of Habitat for Humanity Australia Incorporated, and a Director of Opportunity International Australia Limited.

Mr Rob Allan

**Managing Director –
Appointed 19 April 2005**

BSc, MBA, LLM, MAICD Age 41

Mr Allan is the founder of Allomak Ltd. He has a strong background in management consulting, venture capital, mergers and acquisitions and strategy.

Immediately prior to founding Allomak, Mr Allan was a partner in the Silicon Valley based venture capital and venture accelerator firm, EnterVentures. His venture capital experience also included time with The Anvil Group in New York and PoleStar, an early stage investment and advisory firm in Sydney.

Prior to starting his career in venture capital, Mr Allan worked with the international management consulting firm, McKinsey and Co., as well as Egon Zehnder International, in both Sydney and Palo Alto, California. Mr Allan serves on the board of a number of not-for-profit organisations including as Chairman of Bright Hope Australia.

Ms Wendy Simpson

**Non-executive Director –
Appointed 13 July 2006**

FRMT, B.Soc Sci, Grad Dip Ed, B. Litt (Deakin), EMBA (AGSM), GAICD Age 52

Ms Simpson is Chairman of Westray Engineering, Director of Alliance Tooling and was previously a Director of Alcatel Australia. She was previously foundation Director, Create foundation (not-for-profit), Foundation chairman, Australian Council of Businesswomen, and Foundation Director, International Women's Federation of Commerce and Industry. Ms Simpson has been a finalist twice in the Telstra Australian Businesswoman of the Year nominated by QBE and Alcatel and was recently a finalist in the Shanghai Businesswoman of the Year Awards in the business leadership category.

Ms Simpson's prior employment includes Victorian Governments Executive Director and Chief Representative of North Asia based in Shanghai, the Senior Vice President for Alcatel, Asia Pacific based in Shanghai, and General Manager of TNT International.

Mr John Worton

Chief Financial Officer and Executive Director – Appointed 19 April 2006

BA (Honours) ACIS, ACIM, FAICD Age 46

Mr Worton is an experienced general manager and company Director with extensive international experience in private equity since 1995. A United Kingdom qualified chartered accountant, Mr Worton has significant operational experience serving as a growth focused CFO with several companies, including OzEmail and a Qantas group associated company. Immediately prior to joining Allomak, Mr Worton was engaged as the Chief Financial Officer for the not-for-profit organisation Opportunity International Australia Limited.

Mr Worton was previously selected as one of five finalists for the national award of the Australian Financial Review/CPA Young Business Achiever of the Year.

PREVIOUS DIRECTORS

Mr Paul Prass

**Executive Director – Appointed
25 August 2005, resigned 19 April 2006**

BSc, MBA

Mr Prass had over 20 years international experience, initially with Caltex, where he moved through senior manufacturing and logistics, strategic planning, sales and marketing. Immediately prior to joining Allomak in August 2005, Mr Prass was CEO of the resources company, GTL Energy.

Mr Ross Townhill

**Non-executive Director – Appointed
19 April 2005, resigned 13 July 2006**

B.Bus. Acc., CPA, FPS, MNIA, FNTAA

Mr Townhill has been a self-employed Accountant in Public Practice since 1992 specialising in the small to medium enterprise (SME) corporate market.

Mr. Townhill has a sound knowledge of the needs of business due to working alongside many companies over the past 14 years.

Mr Alan Paddison

**Non-executive Director – Appointed
19 April 2005, resigned 25 August 2005**

Born into a farming heritage in western NSW and having worked as a pastoralist and animal husbandry specialist, Mr Paddison left the land and started a professional career over 35 years ago with Telstra.

COMPANY SECRETARY

Ms Tracey O'Neill

**Company Secretary –
Appointed 19 April 2006**

LLB

Ms O'Neill has been practicing law since 1992 and is admitted to the Supreme Court of NSW and The High Court of Australia.

Prior to Allomak, Ms O'Neill was a founding partner in a commercial law firm in the Sydney CBD and since 2001 has been the principal of a small commercial firm located in Sydney. Ms O'Neill has advised a diverse client base including large private companies and small to medium public companies at both board and executive level. Ms O'Neill's experience has been centred on business structuring and acquisitions, trust law, commercial litigation and general corporate governance.

The number of meetings of the Board of Directors held during the year and the numbers of meetings attended by each Director were:

Director	Eligible to attend	Attended
Mr R Allan	6	6
Mr A.A McLellan	5	5
Ms W Simpson	5	5
Mr J Worton	6	6
Mr R Townhill	1	0

The number of meetings of the Audit Committee held during the year and the numbers of meetings attended by each Audit Committee Member were:

Audit Committee Member	Eligible to attend	Attended
Mr A.A McLellan	4	3
Ms W Simpson (Chairman)	4	4
Mr J Worton	4	4

The Remuneration Committee members are Mr A.A. McLellan (Chairman) and Ms W Simpson. The Remuneration Committee did not meet during the year.

CHANGES IN STATE OF AFFAIRS

There have been substantial changes in the Company and business operations during the year, with:

A full years operations of Susa Pty Ltd, acquired in the previous period.

A full years operations of Stor Pty Ltd (Dyno Dynamics), acquired in the second half of the 30 June 2006 financial year.

Acquisitions of the business and certain business assets of Fluidrive Technologies Pty Ltd, Mark 1 Auto Parts Pty Ltd, Autolac Newcastle Pty Ltd and the entities of ECB Pty Ltd, Autolac Pty Ltd, Diesel Test Pty Limited, Diesel Test Resources Pty Ltd and Perth Brake Parts Pty Ltd during the current year.

The business of Barjo manufacturing was merged with ECB Pty Ltd in Brisbane in October 2006.

Launch of Dual LPG group of companies in November 2006, owned 50.1% by Allomak, made up of Dual LPG Pty Ltd which owns 100% of Dual LPG Conversions and Multipoint LPG Systems Pty Ltd.

The Consolidated entity's results reflect the acquisition of the following businesses and companies during the year:

Companies Acquired	Effective Acquisition Date
• Autolac Pty Limited	1 July 2006
• ECB Pty Limited	1 July 2006
• Diesel Test Pty Limited	1 January 2007
• Diesel Test Resources Pty Ltd	1 January 2007
Businesses and Assets Acquired	
• Fluidrive Technologies Pty Ltd	1 July 2006
• Perth Brakes Parts Pty Ltd	1 January 2007
• Mark 1 Auto Parts Pty Ltd	2 January 2007
• Autolac Newcastle Pty Ltd	1 January 2007

ENVIRONMENTAL REGULATION

The Group is subject to significant environmental regulation in respect of its Paint supplies and LPG conversion centre operations.

The Group holds environmental licenses for its paint and LPG service centres. These licenses arise under the requirements of various state government regulations.

Management continues to work with local regulatory authorities to achieve, where practical, best practice environmental management so as to minimise risk to the environment, reduce waste and ensure compliance with regulatory requirements.

The Group had no adverse environmental issues during the year.

SHARE OPTIONS

Options over un-issued ordinary shares granted by Allomak Limited during or since the financial year to Directors and key executives as part of their remuneration are disclosed in Note 20 to the Financial Statements.

NON-AUDIT SERVICES

Non-audit services are approved by resolution of the audit committee and approval is provided in writing to the Board of Directors. Non-audit services provided by the auditors of the consolidated entity during the year are detailed below. The Directors are satisfied that the provision of the non-audit services during the year by the auditor did not compromise the general principles relating to auditor independence in accordance with APES110, code of ethics for professional accountants set by the Accounting Professional and Ethics Standards Board.

Amounts paid or payable to an auditor for non-audit services provided during the year by the auditor to any entity that is part of the consolidated entity	2007 \$	2006 \$
Business advisory services, including due diligence for IPO and acquisitions	17,000	277,000
Taxation Services	11,000	6,000

EXECUTIVES OPTIONS GRANTED

Executive options are outlined in the Remuneration Report which starts on page 28.

No option holder has any right under the options to participate in any other share issue of the Company.

PROCEEDINGS ON BEHALF OF THE CONSOLIDATED ENTITY

No person has applied for leave of Court to bring proceedings on behalf of the parent or consolidated entity.

DIRECTORS' INTERESTS IN CONTRACTS

Directors' interests in contracts are disclosed in Note 27 to the Financial Statements and the Remuneration Report.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration in relation to the audit for the financial year is provided with this report on page 33.

REMUNERATION OF DIRECTORS

The remuneration of Directors is detailed in the Remuneration Report which starts on page 28 and Note 27 to the Financial Statements.

EMPLOYEE SHARE OPTIONS SCHEME

The company has implemented an employee share options plan for all employees who have been with the Allomak Group for over six months.

AGREEMENTS WITH DIRECTORS

Details of agreements with Directors are detailed in Note 27 to the Financial Statements.

SUBSEQUENT EVENTS

ACQUISITION OF MR. GLOSS HOLDINGS PTY LTD

On 12 July 2007, Allomak announced it had entered into discussions to acquire Mr. Gloss Holdings Pty Ltd A.C.N 126 285 872, Allomak will issue to the vendors a combination of ordinary Allomak shares and cash consideration. The full details of the transaction have not been disclosed as discussions are ongoing and any detailed disclosure may prejudice the outcome of negotiations.

Mr. Gloss has built a reputation for outstanding work within the smash repair industry over the past two decades by developing and focusing on service and quality systems. Mr. Gloss is currently operating two of Victoria's leading workshops, including a prestige vehicle workshop at Moorabbin, currently recommended for BMW, Lamborghini and other prestige brands.

SPANNS TRUCKS PTY LTD

Following the announcement on 12 January 2007, that the Company had entered into discussions to acquire the business of specialist truck servicing and Scania truck and parts supplier, Lathero Pty Limited (trading as Spann's Trucks). The Company advised on 17th August 2007 that the proposal will not be proceeding.

DUAL LPG PTY LTD

On 17 August 2007, Allomak announced that it has entered into discussions to acquire the remaining 49.9% of Dual LPG Pty Ltd, Dual LPG Conversions Pty Ltd and Multipoint LPG systems Pty Ltd. The proposal is that Allomak would issue the vendors a combination of ordinary Allomak shares and a further cash consideration. The full details of the transaction have not been disclosed as discussions are ongoing and any detailed disclosure may prejudice the outcome of negotiations.

WESTPAC BANKING FACILITY

On 31 July 2007, Allomak Limited entered into an agreement with Westpac Banking Corporation to provide financial facilities for a total of \$35 million. The facilities in place with St George Bank at balance date of \$8.8 million will be paid out upon drawing down of the Westpac facility by the end of September 2007.

FUTURE DEVELOPMENTS

Currently, Allomak plans to acquire additional profitable businesses primarily within the automotive aftercare industry.

INDEMNIFICATION OF OFFICERS

After the end of the financial year the consolidated entity paid a premium in respect of a contract insuring the Directors of the consolidated entity (as shown above), the Company Secretary and all executive officers of the Company, against liability incurred as such a Director, secretary or executive officer to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments

Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

REMUNERATION REPORT

This remuneration report has been prepared by the Directors of Allomak Limited to comply with the *Corporations Act 2001* and the Key Management Personnel (KMP) disclosures required under AASB 124.

KEY MANAGEMENT PERSONNEL

The following were key management personnel of the entity at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period:

NON-EXECUTIVE DIRECTORS

A. Anthony McLellan, Non-executive Director, Chairman (appointed on 13 July 2006)

Wendy Simpson, Non-executive Director (appointed on 13 July 2006)

EXECUTIVE DIRECTORS

Rob Allan, Managing Director, Chief Executive Officer

John Worton, Executive Director, Chief Financial Officer

SENIOR EXECUTIVES

Tracey O'Neill, Company Secretary

Bruce Armstrong, Chief Operating Officer (appointed on 2 October 2006)

Ian McKenzie, Strategic Analyst & Implementation Manager (appointed on 23 October 2006)

In the Directors' opinion, there are no other key management executives of the entity.

REMUNERATION POLICIES

The Board is responsible for reviewing the remuneration policies and practices of the Company, including the compensation arrangements of executive Directors, non-executive Directors and senior executives.

The Company has adopted remuneration policies based on performance and contribution for determining the nature and amount of emoluments of board member and senior executives. The objective of these policies is to:

- (a) Make Allomak Limited and its subsidiaries an employer of choice.
- (b) Attract and retain the highest calibre personnel.
- (c) Encourage a culture of reward for effort and contribution.
- (d) Set incentives that reward short and medium term performance for the Company as a whole.
- (e) Encourage professional and personal development.

In the case of senior executives, any recommendation for compensation review will be made by the Chief Executive Officer to the remuneration committee.

NON-EXECUTIVE DIRECTORS

The Board determines the non-executive Director remuneration by independent market data for comparative companies.

Directors' base fees are presently \$30,000 per annum pro-rated. Non-executive Directors do not receive any performance related remuneration, therefore they do not receive bonuses but are entitled to options as detailed in the remuneration report. The Chairman receives an additional fee of \$30,000 per annum, pro-rated. Directors' fees indicated include superannuation.

Non-executive Directors' retirement payments are limited to compulsory employer superannuation.

EXECUTIVE DIRECTORS AND SENIOR MANAGEMENT REMUNERATION

The Company's remuneration policy directs that the remuneration packages appropriately reflects the executives' duties and responsibilities and that remuneration levels attract and retain high calibre executives with the skills necessary to successfully manage the Company's operations and achieve its strategic and financial objectives.

The total remuneration packages of executive Directors and senior management is comprised of a base salary plus short term and long term incentives. The Company has a policy of rewarding extraordinary contribution to the growth of the Company with the grant of an annual discretionary cash bonus and options under the Company's Employee Share Option Plan.

Executives are also entitled to be paid for their reasonable travel, accommodation and other expenses incurred in the execution of their duties.

Other than the Allomak Ltd Employee Share Option Plan and office car parking the Company does not provide any other non-cash benefits in lieu of salary to executives.

Remuneration packages for executive Directors and senior executives generally consist of three components:

- Fixed remuneration which is made up of cash salary, salary sacrifice components and superannuation;
- Short term incentives; and
- Long term incentives which include issuing options.

FIXED REMUNERATION

Senior executives who possess a high level of skill and experience are offered a competitive base salary. The performance of each executive will be reviewed annually. Following the review, the Company may in its sole discretion increase the salary based on that executive's performance, productivity and such other matters as the Board considers relevant.

Superannuation contribution by the Company is limited to the statutory level at 9% of wages and salaries.

SHORT-TERM INCENTIVES

The remuneration of Allomak Ltd senior executives includes short-term incentive bonuses as part of their employment conditions based on achieving specific measured objectives. The Board may however approve discretionary bonuses to executives in relation to certain milestones being achieved.

LONG-TERM INCENTIVES

The Company has adopted a Share Option Plan for the benefit of executive Directors, full-time and part-time staff members employed by the Company.

In accordance with the Plan, exercise price is based on 100% of the average ASX closing price for the 5 days prior to offer/acceptance of the options. Each option is issued for a period of 5 years.

The Board, at its discretion, may approve the issue of options under the Employee Share Option Plan to Directors and senior executives. The vesting of options issued may be conditional upon the achievement of performance hurdles determined by the Board from time to time.

Independent data from applicable sources may be requested by the Board to assess whether the performance hurdles have been met.

SERVICE AGREEMENTS

The Company has entered into a service agreement with the Chief Executive Officer and the Chief Financial Officer that:

- Outlines the components of remuneration payable;
- Term and termination conditions

Details of the specific service agreement are as follows:

EXECUTIVE SERVICE AND DIRECTOR APPOINTMENT AGREEMENTS

An Executive Service Agreement has been signed by Mr Rob Allan for three years dated 12 June 2006 for three years commencing in the month of Listing. This agreement may be terminated by Allomak on 12 months written notice and by Mr Allan on 6 months notice. Other material terms are a base salary of \$165,000 plus a performance bonus payable at the discretion of the Board of Directors. In addition, options were granted in two equal tranches on 21 June 2006 with exercise prices 17.5% and 42.5% above the listing price.

An Executive Service Agreement has been signed by Mr John Worton for three years dated 12 June 2006 for three years commencing in the month of Listing. This agreement may be terminated by Allomak on 12 months written notice and by Mr Worton on 3 months notice. Other material terms are a base salary of \$130,800 plus a performance bonus payable at the discretion of the Board of Directors. In addition, options were granted in two equal tranches on 22 June 2006 with exercise prices 17.5% and 42.5% above the listing price.

No executive during the term of their employment agreement shall perform work for any other person, corporation or business without the prior written consent of the Company.

TERMINATION OF OTHER EXECUTIVES

Generally, the Company or the executive may terminate employment at any time by giving the other party 3 months' notice in writing.

If either the Company or the executive gives notice of termination, the Company may, at its discretion, choose to terminate the executive's employment immediately or at any time during the notice period and pay the executive an amount equal to the salary due to him for the residual period of notice at the time of termination.

The employment of each executive may be terminated immediately without notice or payment in lieu in the event of any serious or persistent breach of the agreement, any serious misconduct or willful neglect of duties, in the event of bankruptcy or any arrangement or compensation being made with creditors, on conviction of a criminal offence, permanent incapacity of the executive or a consistent failure to carry out duties in a manner satisfactory to the Company.

DIRECTORS AND EXECUTIVES REMUNERATION 2007

Remuneration includes salaries, benefits and superannuation contributions in respect of the 2007 financial year.

	Directors' Base Fee	Base salary	Short term Benefits Other *	Post employment benefits Super-annuation	Equity **Share-based payment	Total Remuneration
	\$	\$	\$	\$	\$	\$
Non-executive Director						
A. Anthony McLellan	41,284	—	—	3,716	—	45,000
Wendy Simpson	18,384	—	5,999	1,655	—	26,038
Executive Director						
Rob Allan	—	126,146	89,068	11,353	—	226,567
John Worton	—	100,000	71,000	9,000	—	180,000
Specified executive						
Tracey O'Neill	—	68,807	18,500	6,193	2,983	96,483
Bruce Armstrong	—	119,545	30,000	10,759	16,454	176,758
Ian McKenzie	—	76,358	19,500	6,872	1,782	104,512,
Total	59,668	490,856	234,067	49,548	21,219	855,358

DIRECTORS AND EXECUTIVES REMUNERATION 2006

Remuneration includes salaries, benefits and superannuation contributions in respect of the 2006 financial period.

	Directors' Base Fee	Base salary	Short term Benefits Other *	Post employment benefits Super-annuation	Equity **Share-based payment	Total Remuneration
	\$	\$	\$	\$	\$	\$
Non-executive Director						
Ross Townhill (resigned 19 April 2006)	—	—	—	—	—	—
Executive Director						
Rob Allan	—	—	66,000	—	—	66,000
Paul Prass (resigned 19 April 2006)	—	40,000	—	3,600	—	43,600
John Worton	—	—	54,000	—	—	54,000
Total	—	40,000	120,000	3,600	—	163,600

* Other payments represent bonus payments subject to shareholder approval at the Annual General Meeting and car parking.

** Share based payments represent options issued under the Employee Share Option Plan.

NUMBER OF OPTIONS OVER ORDINARY SHARES HELD BY DIRECTORS AND SPECIFIED EXECUTIVES 2007

	Balance 1 July 2006	Granted During FY2007	Exercised During FY2007	Lapsed During FY2007	Balance 30 June 2007	Total vested & exercisable 30 June 2007
	No.	No.	No.	No.	No.	No.
Non-executive Director						
A. Anthony McLellan	—	560,000	—	—	560,000	280,000
Wendy Simpson	—	560,000	—	—	560,000	280,000
Executive Director						
Rob Allan	9,750,000	—	—	—	9,750,000	9,750,000
John Worton	3,250,000	—	—	—	3,250,000	3,250,000
Specified executive						
Tracey O'Neill	—	75,000	—	—	75,000	18,750
Bruce Armstrong	—	400,000	—	—	400,000	100,000
Ian McKenzie	—	48,000	—	—	48,000	12,000
Total	13,000,000	1,653,000	—	—	14,393,000	13,690,750

NUMBER OF OPTIONS OVER ORDINARY SHARES HELD BY DIRECTORS AND SPECIFIED EXECUTIVES 2006

	Balance 1 July 2006	Granted During FY2007	Exercised During FY2007	Lapsed During FY2007	Balance 30 June 2007	Total vested & exercisable 30 June 2007
	No.	No.	No.	No.	No.	No.
Executive Director						
Rob Allan	—	9,750,000	—	—	9,750,000	—
John Worton	—	3,250,000	—	—	3,250,000	—
Specified executive						
Tracey O'Neill	—	—	—	—	—	—
Bruce Armstrong	—	—	—	—	—	—
Ian McKenzie	—	—	—	—	—	—
Total	—	13,000,000	—	—	13,000,000	—

Further details of the options are disclosed in note 20 of the financial statements.

NUMBER OF ORDINARY SHARES HELD BY DIRECTORS AND SPECIFIED EXECUTIVES 2007

	Balance 1 July 2006	Received as Remuneration	Options Vested & Exercised	Net change Other *	Balance 30 June 2007
	No.	No.	No.	No.	No.
Non-executive Director					
A. Anthony McLellan	—	—	—	—	—
Wendy Simpson	—	—	—	—	7,500
Executive Director					
Rob Allan	9,015,312	—	—	2,110,478	11,125,790
John Worton	188,501	—	—	177,588	366,089
Specified executive					
Tracey O'Neill	182,327	—	—	60,776	243,103
Bruce Armstrong	—	—	—	—	—
Ian McKenzie	—	—	—	—	—
Total	9,386,140	—	—	2,348,841	11,742,482

* Other — shares acquired directly or indirectly during the period.

DIRECTORS' REPORT (continued)

NUMBER OF ORDINARY SHARES HELD BY DIRECTORS AND SPECIFIED EXECUTIVES 2006

	Balance 19 April 2005	Received as Remuneration	Options Vested & Exercised	Net change Other *	Balance 30 June 2006 or date of resignation
	No.	No.	No.	No.	No.
Non-executive Director					
A. Anthony McLellan	—	—	—	—	—
Wendy Simpson	—	—	—	—	—
Ross Townhill	—	—	—	1,429,075	1,429,075
Executive Director					
Rob Allan	—	—	—	9,015,312	9,015,312
John Worton	—	—	—	188,501	188,501
Paul Prass	—	—	—	581,250	581,250
Specified executive					
Tracey O'Neill	—	—	—	182,327	182,327
Total	—	—	—	11,214,178	11,214,178

* Other — shares acquired directly or indirectly during the period.

Signed in accordance with a resolution of the Directors made pursuant to s.298(2) of the *Corporations Act 2001*.

On behalf of the Directors



A. Anthony McLellan
Director & Chairman



Rob Allan
Managing Director

Sydney, 30 August 2007

Auditor's Independence Declaration



**TO: THE DIRECTORS
ALLOMAK LIMITED**

As lead engagement partner for the audit of Allomak Limited for the year ended 30 June 2007, 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* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Allomak Limited and the entities it controlled.

A handwritten signature in black ink, appearing to read 'Tim Sydenham'.

Tim Sydenham
Partner
Sydney

A handwritten logo consisting of the letters 'PKF' in a stylized, cursive font.

PKF

Dated this 30th day of August 2007

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Liability limited by a scheme approved under Professional Standards Legislation

Income Statement

for the year ended 30 June 2007 and the 15 month period ended 30 June 2006

	NOTE	CONSOLIDATED ENTITY		PARENT ENTITY	
		2007 \$000	2006 \$000	2007 \$000	2006 \$000
Revenue from ordinary activities	3	36,443	1,140	5,815	5
Cost of goods sold		18,392	399	—	—
Employee benefits		7,242	362	1,033	65
Depreciation and amortisation	4	498	114	5	—
Advertising and marketing		448	41	—	22
Finance costs	4	404	698	195	683
Insurance		221	31	—	—
Travel and motor vehicle expenses		778	44	120	8
Occupancy expenses	4	1,497	48	27	9
Professional services	4	584	164	332	139
Research and development		165	50	—	—
Communication expenses		285	28	17	2
Bad & doubtful debts	4	144	14	—	—
Other expenses from ordinary activities		1,317	47	236	3
Profit/(Loss) from ordinary activities before income tax expense		4,468	(900)	3,850	(926)
Income tax (expense)/benefit	5	(812)	(81)	(231)	—
Profit/(Loss) from ordinary activities after income tax expense		3,656	(981)	3,619	(926)
Loss attributable to Minority Interests		175	—	—	—
Net Profit (Loss) attributable to members of Allomak Limited		3,831	(981)	3,619	(926)
Earnings per share:					
Basic (cents per share)		5.03	(9.00)		
Diluted (cents per share)		4.73	(9.00)		
Dividend (cents per share)		1.00	—		

The above income statements should be read in conjunction with the accompanying notes.

Comparative figures provided do not represent a meaningful comparison to current results due to the significant changes since June 2006.

Balance Sheets

as at 30 June 2007

	NOTE	CONSOLIDATED ENTITY		PARENT ENTITY	
		2007 \$000	2006 \$000	2007 \$000	2006 \$000
Current assets					
Cash and cash equivalents	7	1,302	158	80	107
Trade and other receivables	8	8,836	1,262	546	400
Inventories	9	6,148	2,145	—	—
Other current assets	10	105	709	—	645
Total current assets		16,391	4,274	626	1,152
Non-current assets					
Other financial assets	11	389	243	38,864	5,993
Property, Plant and equipment	12	3,630	787	24	—
Intangible assets	13	27,237	3,760	—	—
Deferred tax assets	5(c)	734	164	515	—
Total non-current assets		31,990	4,954	39,403	5,993
Total assets		48,381	9,228	40,029	7,145
Current liabilities					
Trade and other payables	14	5,697	1,744	828	508
Short-term borrowings	15	10,391	3,894	9,052	3,803
Income Tax payable	16	710	—	—	—
Short-term provisions	17	1,160	451	30	5
Total current liabilities		17,958	6,089	9,910	4,316
Non-current liabilities					
Long-term borrowings	18	3,322	2,883	3,121	2,551
Long term provisions	19	125	36	1	—
Total non-current liabilities		3,447	2,919	3,122	2,551
Total liabilities		21,405	9,008	13,032	6,867
Net assets		26,976	220	26,997	278
Equity					
Issued capital	20	25,153	1,204	25,153	1,204
Reserves		29	—	29	—
Retained Profits/(Accumulated Losses)		1,969	(984)	1,815	(926)
Parent Entity Interest		27,151	220	26,997	278
Minority Interest	21	(175)	—	—	—
Total Equity		26,976	220	26,997	278

The above balance sheet should be read in conjunction with the accompanying notes.

Comparative figures provided do not represent a meaningful comparison to current results due to the significant changes post June 2006.

Statements of changes in equity

for the year ended 30 June 2007 and the 15 month period ended 30 June 2006

	Issued Capital	Options Reserve	Accumulated Profits/ (Losses)	Total
Consolidated	\$000	\$000	\$000	\$000
Balance at 19 April 2005	—	—	—	—
Shares Issued during the period	1,204	—	—	1,204
Loss from continuing operations	—	—	(984)	(984)
Share-based payments	—	—	—	—
Balance at 30 June 2006	1,204	—	(984)	220
Shares Issued during the period	23,949	—	—	23,949
Profit from continuing operations	—	—	3,656	3,656
Share-based payments	—	29	—	29
Dividends Paid	—	—	(878)	(878)
Balance at 30 June 2007	25,153	29	1,794	26,976

	Issued Capital	Options Reserve	Accumulated Profits/ (Losses)	Total
Parent Entity	\$000	\$000	\$000	\$000
Balance at 19 April 2005	—	—	—	—
Shares Issued during the period	1,204	—	—	1,204
(Loss) from continuing operations	—	—	(926)	(926)
Share-based payments	—	—	—	—
Balance at 30 June 2006	1,204	—	(926)	278
Shares Issued during the period	23,949	—	—	23,949
Profit from continuing operations	—	—	3,619	3,619
Share-based payments	—	29	—	29
Dividends Paid	—	—	(878)	(878)
Balance at 30 June 2007	25,153	29	1,815	26,997

The above statements of changes in equity should be read in conjunction with the accompanying notes.

Comparative figures provided do not represent a meaningful comparison to current results due to the significant changes post June 2006.

Statements of cash flows

for the year ended 30 June 2007 and the 15 month period ended 30 June 2006

	NOTE	CONSOLIDATED ENTITY		PARENT ENTITY	
		2007 \$000	2006 \$000	2007 \$000	2006 \$000
Cash flows from operating activities					
Receipts from customers (inclusive of goods and services tax)		40,122	548	—	—
Payments to suppliers and employees (inclusive of goods and services tax)		(33,414)	(849)	(995)	(221)
Interest paid		(391)	(85)	(185)	(85)
Taxes Paid		(523)	—	(476)	—
Interest received		158	5	115	5
Net cash inflow/(outflow) from operating activities	30	5,952	(381)	(1,541)	(301)
Cash flows from investing activities					
Payments for plant and equipment		(1,409)	(5)	(29)	—
Net cash received on acquisition of business		1,098	72	1,098	—
Acquisition of businesses	28	(27,077)	(2,094)	(22,579)	(1,765)
Deposits on acquisitions		—	(146)	—	(146)
Loans to wholly owned subsidiaries	27	—	—	(2,090)	(400)
Other Loans		(389)	—	(276)	—
Net cash outflow from investing activities		(27,777)	(2,173)	(23,876)	(2,311)
Cash flows from financing activities					
Proceeds from issue of shares (IPO)		23,000	90	23,000	90
IPO costs		(1,610)	(346)	(1,610)	(346)
Repayment of borrowings and finance lease principal		(2,226)	(207)	—	(200)
Proceeds from borrowings		4,683	3,175	4,878	3,175
Dividends paid to Company shareholders		(878)	—	(878)	—
Net cash inflow from financing activities		22,969	2,712	25,390	2,719
Net increase in cash held		1,144	158	(27)	107
Cash at the beginning of the financial year		158	—	107	—
Cash at the end of the financial year	7	1,302	158	80	107

The above statement of cash flows should be read in conjunction with the accompanying notes.

Comparative figures provided do not represent a meaningful comparison to current results due to the significant changes post June 2006.

Notes to the financial statements

for the year ended 30 June 2007 and the 15 month period ended 30 June 2006

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, adopted by the Australian Accounting Standards Board, and the *Corporations Act 2001*.

The financial report covers the consolidated entity of Allomak Limited and controlled entities, and Allomak Limited as an individual parent entity. Allomak Limited is a listed public company, incorporated and domiciled in Australia for the year ended 30 June 2007.

The financial report of Allomak Limited and controlled entities, and Allomak Limited as an individual parent entity comply with all Australian equivalents to International Financial Report Standards (AIFRS) in their entirety.

The financial report was authorised for issue on 30 August 2007 by the Board of Directors.

The following is a summary of the material accounting policies adopted by the consolidated entity in the preparation of the financial report. The accounting policies have been consistently applied, unless stated otherwise.

Basis of Preparation

The accounting policies set out below have been consistently applied to all years presented.

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Accounting Policies

(a) Principles of consolidation

A controlled entity is any entity that Allomak Limited has the power to control the financial and operating policies so as to obtain benefits from its activities. A list of controlled entities is contained in Note 28 to the financial statements. All controlled entities have a June financial year.

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Allomak Limited

(‘company’ or ‘parent entity’) as at 30 June 2007 and the results of all controlled entities for the year then ended. Allomak Limited and its controlled entities together are referred to in this financial report as the consolidated entity. The effects of all transactions between entities in the consolidated entity are eliminated in full.

Where control of an entity is obtained during a financial year, its results are included in the consolidated income statement from the date on which control commences. Where control of an entity ceases during a financial year its results are included for that part of the year during which control existed. Minority equity interests in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report.

(b) Income tax

Income taxes are accounted for using the comprehensive balance sheet liability method whereby:

- the tax consequences of recovering (settling) all assets (liabilities) are reflected in the financial statements;
- current and deferred tax is recognised as income or expense except to the extent that the tax relates to equity items or to a business combination;
- a deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available to realise the asset; and
- deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability settled.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of the assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the recognition of an asset or liability, excluding a business combination, where there is no effect in accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the year when the asset is realised or liability settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by law.

Tax consolidation legislation

Allomak Limited and its wholly-owned Australian controlled entities have formed an income tax consolidated group under the tax consolidation regime.

Each entity in the group recognises its own current and deferred tax liabilities, except for any deferred tax liabilities resulting from unused tax losses and tax credits which are immediately assumed by the parent entity. The current tax liability of each group entity is then subsequently assumed by the parent entity. The group intends to notify the Australian Tax Office that it has formed a tax consolidated group to apply from 1 September 2006.

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which that entity operates (“the functional currency”). The consolidated financial statements are presented in Australian dollars, which is Allomak Limited's functional and presentation currency

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary asset and liabilities denominated in foreign currencies are recognised in the income statement.

(d) Acquisition of assets

The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is determined as the fair value of the assets

given up, shares issued or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their market price as at the acquisition date. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of the acquisition. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Provisions for restructuring costs are recognised as at the date of acquisition of an entity or part thereof when there is a demonstrable commitment to a restructuring of the acquired entity and a reliable estimate of the amount of the liability can be made.

Goodwill is brought to account on the basis described in Note 1(l).

(e) Revenue recognition

Sales revenue represents revenue earned from the sale of the consolidated entity's products and services, net of returns, trade allowances and duties and taxes paid.

Profits on sales are recognised when the equipment is delivered. Where significant development is required, revenue is recognised using the percentage completion method. Income is deferred to the extent that work has not been performed and losses are provided for in full when foreseeable.

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

(f) Government grants

Government grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and grant conditions will be met.

Government grants relating to costs are deferred and recognised in the income statement over the periods necessary to match them with the costs that they are intended to compensate.

(g) Trade and Other Receivables

All trade debtors are recognised at the amounts receivable as they are due for settlement no more than 90 days from the date of invoicing, except for specific contractual arrangements.

Collectibility of trade and other debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised when reasonable doubt as to collection exists.

(h) Recoverable amount of non-current assets

The recoverable amount of an asset is the net amount expected to be recovered through the cash inflows and outflows arising from the asset's employment and subsequent disposal.

Where the carrying amount of a non-current asset is greater than its recoverable amount, the asset is written down to its recoverable amount. Where net cash inflow are derived from a group of assets working together, recoverable amount is determined on the basis of the relevant group of assets.

The decrement in the carrying amount is recognised as an expense in net profit or loss in the reporting year in which the recoverable amount write-down occurs.

The expected net cash flows included in determining recoverable amounts of non-current assets are discounted to their present values, using a market determined risk adjusted discount rate.

(i) Inventories

Finished goods

Finished goods are valued at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventory on hand by the method most appropriate to each particular class of inventory with the majority being valued weighted average cost and the remainder on a first in first out basis. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Work in progress

The cost of manufactured products includes direct materials, direct labour and an appropriate proportion of fixed and variable overheads. Fixed overheads are applied on the basis of normal operating capacity.

Raw materials

Raw materials are valued at cost.

- (i) *Property, plant and equipment, furniture and equipment, and motor vehicles*

Each class of property, plant and equipment is carried at cost or fair value less any accumulated depreciation. 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. Recoverable amount is assessed on the basis stated in Note 1(h) above.

Depreciation plant and equipment

Depreciation is calculated on either a straight line or diminishing value basis (class or asset must have either a straight line or diminishing value not both) as considered appropriate to write off the net cost or revalued amount of each item of plant and equipment over its expected useful life to the consolidated entity. The expected useful lives are as follows:

Purchased plant and equipment

The expected useful life of purchased plant and equipment is two to fifteen years. Where items of plant and equipment have separately identifiable components which are subject to regular replacement, those components are assigned useful lives distinct from the item of plant and equipment to which they now relate.

Leasehold improvements

The cost of improvements to or on leasehold properties is amortised over the unexpired year of the lease or the estimated useful life of the improvement to the consolidated entity, whichever is the shorter.

Furniture and Equipment

The cost of furniture and equipment is carried at cost or fair value less any accumulated depreciation. The expected useful life of furniture and equipment is two to ten years.

Motor Vehicles

The cost of motor vehicles is carried at cost or fair value less any accumulated depreciation. The expected useful life of motor vehicles is four to eight years.

Notes to the financial statements continued

for the year ended 30 June 2007 and the 15 month period ended 30 June 2006

Note 1. Summary of significant accounting policies (continued)

(k) Leased non-current assets

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incident to ownership of leased non-current assets, and operating leases under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the interest expense.

Leased assets are amortised on a straight-line basis over the term for the lease, or where it is likely that the Company will obtain ownership of the asset, the life of the asset. Leased assets held at the reporting date are being amortised over periods ranging from three to five years.

Incentives received on entering into operating leases are recognised as liabilities. Lease payments are allocated between interest (calculated by applying the interest rate implicit in the lease to the outstanding amount of the liability), rental expense and reduction of the liability.

Operating lease payments are charged to the income statement in the periods in which they are incurred, as this represents the pattern of benefits derived from the leased assets.

(l) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill acquired in business combinations is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash generating units for the purposes of impairment testing. Each of those cash-generating units represents the group's investment by reporting segment.

(ii) Product development

Expenditure on research activities, undertaken with the prospect of obtaining new or scientific or technical knowledge and understanding, is recognised in the income statement as an expense when it is incurred.

Expenditure on development activities, being the application of research findings or other knowledge to a plan or design for the production of new or substantially improved products or services before the start of commercial product or use, is capitalised only when technical feasibility studies identify that the product or service will deliver future economic benefits and these benefits can be measured reliably. Expenditure on development activities have a finite life and is amortised on a systematic basis matched to the future economic benefits over the useful economic life of the product or service.

(iii) Trade Marks

Trade Marks are recognised at the cost of acquisition. Trade Marks have a finite life and are carried at cost less any accumulated amortisation and impairment losses. Trade Marks are amortised over their estimated useful life of 5 years.

(m) Trade and other creditors

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(n) Employee benefits

(i) Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, expected to be settled within 12 months of the reporting date are recognised in other creditors in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liability for annual leave is included in short-term provisions.

(ii) Long service leave

The liability for long service leave expected to be settled within 12 months of the reporting date is included in short term provisions and is measured in accordance with (i) above. The liability for long service leave expected to be settled more than 12 months from the reporting date is included in the long-term provisions and is measured as the present value of expected future cash outflows to be made for these employee benefits.

Consideration is given to expected future wage and salary levels, experience of employee departures and years of service. Expected future payments are discounted using interest rates on national government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash outflows.

(iii) Employee benefit on-costs

Employee benefit on-costs, including payroll tax, are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

(iv) Equity-based compensation benefits

Equity-based compensation benefits are outlined in the Remuneration Report found on page 16 in the Directors Report.

Equity-settled share-based payments are measured at fair value at the date of grant. Fair value is measured by use of Black Scholes model. The expected value used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, other risk factors and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the consolidated entity's estimate of shares that will eventually vest.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

(o) Borrowing costs

Borrowing costs are recognised as expenses in the period in which they are incurred. Borrowing costs include finance lease charges.

(p) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits at call with financial institutions and other short term highly liquid investments with original maturities of three months or less and bank overdrafts.

Bank overdrafts, if any, are shown within short term borrowings in current liabilities in the balance sheet.

(q) Investments

Investments in controlled entities are carried at the lower of cost and recoverable amount.

(r) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST. Cashflows are presented in the cashflow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cashflows.

(s) Financial Instruments

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss

A financial asset is classified in this category if required principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Realised and unrealised gains and losses arising from changes in fair value of these assets are included in the income statement in the period in which they arise.

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 stated at amortised cost using the effective interest rate method.

Available for sale financial assets

Available for sale financial assets include any financial assets not included in the above categories. Available for sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair values are taken directly to equity.

Financial Liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal repayments and amortisation.

(t) Investments in Subsidiaries

In the separate financial statements of Allomak Limited investments in subsidiaries that are not classified as held for sale or included in a disposal group classified as held for sale are accounted for at the lower of cost or recoverable amount.

(u) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that their assets have been impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(v) Comparative Figures

The comparative figures for Allomak Limited are for the fifteen month period ended 30 June 2006. Where required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. However these figures do not represent a true comparison to current results due to the significant changes post June 2006.

(w) New Australian Accounting Standards

The following Australian Accounting Standards have been issued or amended and are applicable to the parent and

consolidated entity but are not yet effective. They have not been adopted in preparation of the financial statements at reporting date.

<ul style="list-style-type: none">• AASB 7 'Financial Instruments: Disclosures' and consequential amendments to other accounting standards resulting from its issue	<ul style="list-style-type: none">• Effective for annual reporting periods beginning on or after 1 January 2007
<ul style="list-style-type: none">• AASB 8 'Operating Segment' and consequential amendments to other accounting standards resulting from its issue	<ul style="list-style-type: none">• Effective for annual reporting periods beginning on or after 1 January 2009
<ul style="list-style-type: none">• AASB 101 'Presentation of Financial Statements' — revised standard	<ul style="list-style-type: none">• Effective for annual reporting periods beginning on or after 1 January 2007
<ul style="list-style-type: none">• Interpretation 10 'Interim Financial Reporting and Impairment'	<ul style="list-style-type: none">• Effective for annual reporting periods beginning on or after 1 November 2006
<ul style="list-style-type: none">• Interpretation 11 'Group and Treasury Share Transactions' and consequential amendments to other accounting standards resulting from its issue	<ul style="list-style-type: none">• Effective for annual reporting periods beginning on or after 1 March 2007
<ul style="list-style-type: none">• Interpretation 12 'Service Concession Arrangements' and consequential amendments to other accounting standards resulting from its issue	<ul style="list-style-type: none">• Effective for annual reporting periods beginning on or after 1 January 2008

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material financial impact on the financial statements of the consolidated entity. The circumstances addressed by Interpretation 10, which prohibits the reversal of certain impairment losses, do not affect the consolidated entity's previously reported results and accordingly, there will be no impact to these financial statements on adoption of the Interpretation.

The application of AASB 101 (revised), AASB 7 and AASB 2005-10 will not affect any of the amounts recognised in the financial statements, but will change the disclosure presently made in relation to the consolidated entity's financial instruments and the objectives, policies and processes for managing capital.

These Standards and Interpretations will be first applied in the financial report of the consolidated entity that relates to the annual reporting period beginning after the effective date of each pronouncement.

Notes to the financial statements continued

for the year ended 30 June 2007 and the 15 month period ended 30 June 2006

Note 1. Summary of significant accounting policies (continued)

(x) Critical Accounting Estimates and Judgements

The Directors evaluate estimates and judgements incorporated into the financial report 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.

(y) Key Estimates – Impairment

The group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value in use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

(z) 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 benefit will result, and that outflow can be reliably be measured.

(aa) Warranty Provision

Provision is made in respect of the consolidated entity's estimated liability on all products and services under warranty at balance date. The provision is measured as the present value of future cash outflows estimated to be required to settle the warranty obligation. The future cash outflows have been estimated by reference to the consolidated entity's history of warranty claims.

(ab) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments.

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

(ac) Rounding of amounts

The Company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

NOTE 2. SEGMENT INFORMATION

Primary segment information

Allomak is made up of two operating divisions in which it operates within the geographical area of Australia:

- **Automotive Aftercare Diagnostics and Environmental Services** — manufacturing diagnostic and testing equipment for efficiency and environmental testing and LPG conversions. This segment includes
 - Stor Pty Ltd
 - Diesel Test Pty Ltd
 - Diesel Test Resources Pty Ltd
 - Dual LPG Pty Ltd
 - Dual LPG Conversions Pty Ltd
 - Multipoint LPG Systems Pty Ltd
- **Automotive Aftercare Wholesale Division** — manufacturing, remanufacture, sales and distribution to the wholesale automotive aftercare market. This segment includes
 - ECB Pty Ltd
 - Autolac Pty Ltd
 - Fluidrive Holdings Pty Ltd
 - Perth Brake Parts Pty Ltd

	Diagnostics & Environmental Services	Wholesale Division	Consolidated
	\$000	\$000	\$000
Revenue	13,723	22,720	36,443
Total Revenue			36,443
Unallocated Corporate Revenue			—
Total Revenue			36,443
Segment Profit after Tax	2,235	1,596	3,831
Unallocated Profit after Tax			—
Total Profit After tax			3,831
Segment Assets	17,412	30,869	48,281
Total Consolidated Assets			48,281
Segment Liabilities	10,470	10,835	21,305
Total Consolidated Liabilities			21,305
Other Segment Information			
Acquisition of Segment Fixed Assets	1,692	1,763	3,455
Depreciation and Amortisation of Segment Assets	(287)	(212)	(498)

Note 2 Segment Reporting 2006 – (continued)

	Diagnostics & Environmental Services	Wholesale Division	Consolidated
	\$000	\$000	\$000
Revenue	1,140	–	1,140
Total Revenue			1,140
Unallocated Corporate Revenue			–
Total Revenue			1,140
Segment Profit after Tax	(981)	–	(981)
Unallocated Corporate Profit after Tax		–	–
Total Profit after Tax			(981)
Segment Assets	9,228	–	9,228
Unallocated Corporate Assets			–
Total Consolidated Assets			9,228
Segment Liabilities	6,086	–	6,086
Unallocated Corporate Liabilities			–
Total Consolidated Liabilities			6,086
Other Segment Information			
Acquisition of Segment Fixed Assets	891	–	891
Depreciation and Amortisation of Segment Assets	(114)	–	(114)

Secondary segment information

	CONSOLIDATED ENTITY	
	2007 \$000	2006 \$000
Geographic segment revenue		
Australia/New Zealand	32,714	689
USA	1,469	353
Pacific Islands	324	–
South Asia	501	98
UK	1,435	–
Segment Total	36,443	1,140
Geographic segment assets		
Australia/New Zealand	47,813	9,051
USA	283	134
South Asia	70	–
UK	115	43
Segment Total	48,281	9,228

Notes to the financial statements continued

for the year ended 30 June 2007 and the 15 month period ended 30 June 2006

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2007 \$000	2006 \$000	2007 \$000	2006 \$000
NOTE 3. REVENUE				
Revenue from operating activities				
Sale of goods	36,062	1,133	—	—
Service and hire	199	2	—	—
	36,261	1,135	—	—
Revenue from non-operating activities				
Dividend — from subsidiaries	—	—	5,700	—
Interest — other persons	158	5	115	5
Gain on sale of property, plant and equipment	17	—	—	—
Foreign exchange gains realised	7	—	—	—
Total revenue from non-operating activities	182	5	5,815	5
Total revenue from ordinary activities	36,443	1,140	5,815	5

NOTE 4. PROFIT (LOSS) FROM ORDINARY ACTIVITIES

(a) Net gains and expenses

Profit (Loss) from ordinary activities before income tax expense includes the following specific expenses:

Expenses

Depreciation of property, plant and equipment	488	108	5	—
Amortisation of trademarks	10	6	—	—
Total charges against assets for depreciation and amortisation	498	114	5	—
Other charges against assets				
Bad and doubtful debts — trade debtors	144	14	—	—
Finance costs				
Borrowing costs	—	523	—	523
Borrowing costs — other	10	50	10	50
Interest — bills and lease	394	125	185	110
Total Finance charges	404	698	195	683
Rental expense relating to operating leases				
Minimum lease payments	1,239	48	27	9
Outgoings	258	—	—	—
Total rental expense	1,497	48	27	9
Professional Services				
Accountancy fees (Audit and Tax)	223	31	203	31
Legal	8	7	—	5
Other Consultancy	353	126	129	103
	584	164	332	139

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2007	2006	2007	2006
	\$000	\$000	\$000	\$000

NOTE 5. INCOME TAX EXPENSE

(a) The income tax expense for the 2006 financial year differs from the amount calculated on the result.

The differences are reconciled as follows:

Profit (Loss) from ordinary activities before income tax expense	4,468	(899)	3,850	(926)
Prima facie income tax (expense)/benefit calculated @ 30%	(1,342)	270	(1,155)	278
Tax effect of permanent differences				
Non-deductible entertainment and legal expenses	(2)	(3)	—	(2)
Non-deductible borrowing expenses	—	(171)	—	(171)
Other non-deductible expenses	—	(4)	—	(1)
Tax losses not previously brought to account	160	—	—	—
Adjustment to deferred tax balances for acquired companies and prior years	112	—	(50)	—
Non taxable dividends	—	—	1,710	—
Taxes transferred from controlled entities	—	—	(736)	—
Research and development concession	243	4	—	—
Income tax (expense)/benefit adjusted for permanent differences	(829)	96	(231)	103
Over provision from prior years	17	—	—	—
Temporary differences not brought to account	—	(43)	—	(20)
Tax losses not brought to account	—	(134)	—	(83)
Income tax expense	(812)	(81)	(231)	—

(b) The components of tax expense comprise:

Current tax	(1,124)	64	(746)	—
Deferred tax	312	17	515	—
	(812)	81	(231)	—

(c) Analysis of deferred tax assets

Assets

Provisions — employee entitlements	306	141	9	—
Capital raising costs	469	—	469	—
Creditors and accruals	64	16	37	—
Doubtful debt and Inventory provision	63	7	—	—
	902	164	515	—

Liabilities

Research and Development	(168)	—	—	—
	734	164	515	—

(d) Deferred tax assets have not been recognised in respect of:

The Directors estimate that the deferred tax asset in respect of tax losses and timing differences were not brought to account is

Tax losses	—	134	—	83
Timing Differences	—	43	—	20
	—	177	—	103

The benefit for timing differences and tax losses will only be obtained if:

- the consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised, or;
- the losses are transferred to an eligible entity in the consolidated entity; and
- the consolidated entity continues to comply with the conditions for deductibility imposed by tax legislation; and
- no changes in tax legislation adversely affect the consolidated entity in realising the benefit from the deductions for the losses.

Notes to the financial statements continued

for the year ended 30 June 2007 and the 15 month period ended 30 June 2006

Note 5. Income tax expense (continued)

Franking Credits

Franking credits available for subsequent years amount to \$3,056,036 (2006: \$373,480). The balance of franking credits disclosed are based on a tax rate of 30%.

Tax consolidated group

Allomak Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 1 September 2007.

The head entity, Allomak Limited, and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Allomak Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax credits assumed from controlled entities in the tax consolidated group.

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2007	2006	2007	2006
	\$000	\$000	\$000	\$000

NOTE 6. DIVIDENDS

(a) Dividends Paid during the financial year

Interim dividend for the year ended 30 June 2007 of 1 cent per fully paid share paid on 30 April 2007

878 —

(b) Dividend not recognised at the end of the financial year

Since year end the Directors have recommended the payment of a fully franked final dividend on 2.2 cents per share based on tax paid at 30%. The aggregate amount of dividends to be paid on 21 November 2007 out of the retained profits at 30 June 2007, but not recognised as a liability at year end is

1,976 —

NOTE 7. CURRENT ASSETS

— cash and cash equivalents

Cash at bank and on hand	1,302	158	80	107
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Reconciliation of Cash

Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:

Cash and cash equivalents	1,302	158	80	107
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NOTE 8. CURRENT ASSETS

— trade and other receivables

Trade receivables	8,799	1,116	3	—
Provision for impairment of receivables	(142)	(38)	—	—

	8,657	1,078	3	—
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Other debtors	179	—	543	—
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Loans to wholly owned subsidiaries (refer Note 27)	—	—	—	400
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Prepaid income tax	—	184	—	—
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	8,836	1,262	546	400
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	CONSOLIDATED ENTITY		PARENT ENTITY	
	2007 \$000	2006 \$000	2007 \$000	2006 \$000
NOTE 9. CURRENT ASSETS — INVENTORIES				
Raw materials and stores — at cost	2,045	7	—	—
Work in progress — at cost	545	335	—	—
Finished goods				
— at cost	3,558	1,125	—	—
— at net realisable value	—	678	—	—
	3,558	1,803	—	—
Total Stock on Hand	6,148	2,145	—	—
NOTE 10. CURRENT ASSETS				
— Other				
Prepayments and sundry debtors	105	64	—	—
Prepaid IPO listing expenses	—	645	—	645
	105	709	—	645
NOTE 11. NON-CURRENT ASSETS				
— Other financial assets				
Pre-paid acquisition costs	—	243	—	243
Loans to related entities (refer Note 27)	—	—	6,968	—
Loans Other	389	—	276	—
Investment in wholly owned subsidiaries	—	—	31,620	5,750
	389	243	38,864	5,993
NOTE 12. NON-CURRENT ASSETS				
— Property plant and equipment				
Leasehold improvements				
At cost	15	—	—	—
Less: Accumulated depreciation	—	—	—	—
	15	—	—	—
Motor vehicles				
At cost	359	—	—	—
Less: Accumulated depreciation	(57)	—	—	—
	302	—	—	—
Furniture and equipment				
At cost	684	—	29	—
Less: Accumulated depreciation	(123)	—	(5)	—
	561	—	24	—
Plant and equipment				
At cost	2,818	524	—	—
Less: Accumulated depreciation	(251)	(103)	—	—
	2,567	421	—	—
Plant and equipment under finance lease				
At cost	242	371	—	—
Less: Accumulated amortisation	(57)	(5)	—	—
	185	366	—	—
Total property, plant and equipment	3,630	787	24	—

Notes to the financial statements continued

for the year ended 30 June 2007 and the 15 month period ended 30 June 2006

Note 12. Non-current assets (continued)

– Property plant and equipment (continued)

Reconciliation

Reconciliation of the carrying amounts of each class of plant and equipment at the beginning and end of the current financial year is set out below.

	Leasehold Improvements	Motor Vehicles	Furniture and Equipment	Leased plant & equipment	Plant & equipment	Total
	\$000	\$000	\$000	\$000	\$000	\$000
Consolidated						
Carrying amount at 30 June 2006	–	–	–	366	421	787
Additions	15	–	44	–	1,523	1,582
Additions through acquisitions of entities or operations	–	359	640	–	874	1,873
Disposals	–	–	–	(124)	–	(124)
Depreciation and amortisation expense	–	(57)	(123)	(57)	(251)	(488)
Carrying amount at 30 June 2007	15	302	561	185	2,567	3,630
Consolidated						
Carrying amount at 19 April 2005	–	–	–	–	–	–
Additions	–	–	–	–	4	4
Additions through acquisitions of entities or operations	–	–	–	371	520	891
Disposals	–	–	–	–	–	–
Depreciation and amortisation expense	–	–	–	(5)	(103)	(108)
Carrying amount at 30 June 2006	–	–	–	366	421	787
Parent						
Carrying amount at 30 June 2006	–	–	–	–	–	–
Additions	–	–	29	–	–	29
Additions through acquisitions of entities or operations	–	–	–	–	–	–
Disposals	–	–	–	–	–	–
Depreciation and amortisation expense	–	–	(5)	–	–	(5)
Carrying amount at 30 June 2007	–	–	24	–	–	24

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2007	2006	2007	2006
	\$000	\$000	\$000	\$000

NOTE 13. INTANGIBLE ASSETS

Goodwill (refer below)	26,673	3,738	–	–
Trade Marks	34	28	–	–
Less: Accumulated amortisation	(11)	(6)	–	–
	23	22	–	–
Capitalised Development Costs	545	–	–	–
Less: Accumulated amortisation	(4)	–	–	–
	541	–	–	–
Total Intangible assets	27,237	3,760	–	–

Note 13. Intangible assets (continued)

Movements in carrying amounts

Movements in the carrying amounts for each class of intangible asset between the beginning and the end of the current financial year are as follows:

	Capitalised Development Costs	Goodwill	Trademarks
	\$000	\$000	\$000
Consolidated			
Balance at the 19 April 2005	—	—	—
Additions	—	—	—
Acquisitions through business combination	—	3,738	28
Amortisation charge	—	—	(6)
Balance at 30 June 2006	—	3,738	22
Additions	545	—	—
Acquisitions through business combination	—	22,935	6
Amortisation charge	(4)	—	(5)
Balance at 30 June 2007	541	26,673	23

Intangible assets other than goodwill have finite useful lives. The current amortisation charge in respect of intangible assets is included under depreciation and amortisation expense in the income statement.

Goodwill is allocated to cash-generating units which are based on the group's reporting segments.

	2007 \$000	2006 \$000
Automotive Aftercare Diagnostic & Environmental Services Division		
Automotive Aftercare Wholesale Division	5,771	3,738
	20,902	—
Total	26,673	3,738

The recoverable amount of the cash-generating unit is determined based on the value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections over a 5-year year using an estimated growth rate. The cash flows are discounted at the beginning of the budget year.

The following assumptions were used in the value-in-use calculations:

Growth Rate 3%

Discount Rate 15%

Management has based the value-in-use calculations on budgets. These budgets use historical weighted average growth rates to project revenue. Costs are calculated taking into account historical gross margins as well as estimated weighted average inflation rates over the years which are consistent with inflation rates applicable to Allomak Limited. Discount rates are pre-tax and are adjusted to incorporate risks associated with Allomak Limited.

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2007 \$000	2006 \$000	2007 \$000	2006 \$000
NOTE 14. CURRENT LIABILITIES				
— trade and other payables				
Trade creditors	4,089	1,277	114	432
Other creditors	1,608	467	714	76
	5,697	1,744	828	508

Notes to the financial statements continued

for the year ended 30 June 2007 and the 15 month period ended 30 June 2006

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2007 \$000	2006 \$000	2007 \$000	2006 \$000
NOTE 15. CURRENT LIABILITIES				
— short term borrowings				
Secured Lease liability (refer Note 25)	97	91	—	—
Bank bills — secured	4,943	2,000	4,943	2,000
Deferred cash consideration — non-secured (refer Note 18)	5,346	617	4,109	617
Loan Notes — non-secured	5	1,186	—	1,186
	10,391	3,894	9,052	3,803

Bank Bills

The Company at balance date has a commercial bill facility for an amount of \$15 million. This facility is on a variable rolling basis at a variable interest rate. The interest rate and term is calculated at the time the bill is rolled and the rate is based on the average bid rate for bills of an equivalent term to maturity as quoted on the “BBSY” page of the Reuters Monitor System on the day of acceptance. The bank bills are secured by a fixed and floating charge over all assets and undertakings of Allomak.

Loan Notes

On 30 August 2006 convertible loan notes of \$325,000 were converted to equity, increasing the number of issued shares by 2,220,288 and contributed equity by \$325,000.

The balance of convertible loan notes were not converted to equity. The unconverted notes plus interest of \$45,000 were repaid from the proceeds of the IPO.

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2007 \$000	2006 \$000	2007 \$000	2006 \$000
NOTE 16. CURRENT TAX PAYABLE				
Income tax payable	710	—	—	—
	710	—	—	—

NOTE 17. SHORT TERM

— provisions				
Annual leave	647	320	30	5
Long service leave	297	131	—	—
Unpaid Commissions	216	—	—	—
Employee benefits	1,160	451	30	5

Movement in provisions current and non-current

Employee benefits				
Opening balance	487	—	5	—
Additional provision		57		5
Charges against provision				
Acquisitions through business combination	221	—	26	—
	577	430	—	—
Balance as at 30 June 2007	1,285	487	31	5

Provision for Employee Benefits

A provision has been recognised for employee entitlements to annual leave and long service leave payments. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits has been included in Note 1 to the Financial Statements.

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2007 \$000	2006 \$000	2007 \$000	2006 \$000
NOTE 18. NON-CURRENT LIABILITIES				
– long term borrowings				
Secured				
Lease liability (refer Note 25)	129	333	–	–
Non-secured				
Bill Facility	3,121	–	3,121	–
Deferred cash consideration	72	2,550	–	2,551
Total long term borrowings	3,322	2,883	3,121	2,551

During the period from incorporation to 30 June 2007, Allomak Limited acquired a number of companies with deferred consideration potentially payable in the future as outlined in Note 28. The deferred cash consideration to be paid by Allomak Limited is dependent upon the trading performance of the business and other factors that will only be known with certainty at a future point in time. However, Allomak Limited estimates that the amount payable, based on forward projections will be as follows:

Deferred Payments

	CONSOLIDATED ENTITY		CONSOLIDATED ENTITY	
	2007 \$000	2006 \$000	2007 \$000	2006 \$000
Within One Year	5,346		618	
After One Year	72		2,551	
Total Deferred Payments	5,418		3,169	

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2007 \$000	2006 \$000	2007 \$000	2006 \$000
NOTE 19. LONG TERM PROVISIONS				
Long service leave (refer Note 17)	125	36	1	–
	125	36	1	–

NOTE 20. ISSUED CAPITAL

(a) Issued capital

Ordinary shares — fully paid	25,153	1,204
Quantity of Shares issued (number)	89,823,042	22,763,510

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

At 30 June 2007, the Company's authorised share capital amounted to 89,823,042 shares of no par value.

Notes to the financial statements continued

for the year ended 30 June 2007 and the 15 month period ended 30 June 2006

Note 20. Issued Capital (continued)

(b) Movements in ordinary share capital

DATE	DETAILS	NUMBER OF SHARES	ISSUE PRICE	\$000
Opening Balance	30 June 2006	22,763,510		1,204
23 August 2006	Shares issued to vendor	2,500,000	\$0.40000	1,000
24 August 2006	Shares issued to vendor	367,467	\$0.40820	150
31 August 2006	Prospectus Issue	59,000,000	\$0.40000	23,600
31 August 2006	Vendor Shares	637,545	\$0.40800	260
31 August 2006	Costs of share issue ⁽¹⁾			(2,483)
31 August 2006	Correction to Pre IPO shares	150,000	—	—
31 August 2006	Vendor Share Adjustments***	133,599	\$0.00000	—
17 October 2006	Shares issued to vendor	1,174,669	\$0.4256	500
20 October 2006	Shares issued to vendor **	1,087,335	\$0.40820	—
21 May 2007	Shares issued to vendor	1,397,540	\$0.4601	643
21 May 2007	Shares issued to vendor	158,261	\$0.47390	75
25 June 2007	Shares issued to vendor	453,116	\$0.45000	204
	Balance at the end of the 2007 financial year	89,823,042		25,153

*** — subject to an adjustment following listing to increase the number of shares issued to the vendor by the volume weighted average share price calculated over the first five days of trading following the official listing. The effect was to increase the shares issued to the vendor to a total of 1,837,334 at \$0.4082 per share. The total price paid for the share remains at \$750,000.

** — shares issued to the vendors by the volume weighted average share price calculated over the first five days of trading following the official listing, as listed in prospectus.

(1) Costs incurred in the IPO capital raising.

(c) Options over unissued ordinary shares

On 22 June 2006 Allomak issued 14,120,000 options over unissued ordinary shares to Directors as detailed below:

Description	Terms	Class or individuals
Series A Options	Exercise Price: 40c Vesting Hurdle : 12 months Year 5 years from grant	Non-executive Directors
Series B Options	Exercise Price : 40c Vesting hurdle: 24 months Year: 5 years from grant	Non-executive Directors
Series C Options	Exercise Price : 47c Immediate Vesting Year 5 years from grant	Executive Directors
Series D Options	Exercise Price : 57c Immediate Vesting Year 5 years from grant	Executive Directors

Director	Options
A Anthony McLellan — Chairman appointed 13 July 2006	280,000 Series A options 280,000 Series B options
Rob Allan	4,875,000 Series C Options ⁽¹⁾ 4,875,000 Series D Options ⁽¹⁾
Wendy Simpson — Director appointed July 2006	280,000 Series A options 280,000 Series B options
John Worton	1,625,000 Series C Options ⁽²⁾ 1,625,000 Series D Options ⁽²⁾

In addition 1,500,000 options with an exercise price of \$0.40 and expiry of 3 years were issued to the underwriters (Fosters Stockbroking and Patersons) at the time of listing on 21 July 2006. The options vested as of 21 July 2006.

(1) Held by Polestar Pty Limited on behalf of the Polestar Consulting Trust of which Rob Allan is a member of a class of potential beneficiaries.

(2) Options are held by Miduk Pty Ltd on behalf of the Miduk Trust of which John Worton is a member of a class of potential beneficiaries.

Note 20. Issued Capital (continued)

EMPLOYEE SHARE OPTION PLAN

The Company has adopted an Employee Share Option Plan for the benefit of executive and non-executive Directors and full-time or part-time staff members employed by the Company. At the date of this report options had been issued pursuant to the Employee Share Option Plan. Each option was issued for a period of 3 years and vest over 3 years or quarterly in arrears over 3 years.

Exercise price is based on 100% of the average ASX closing price for the 5 days prior to offer/acceptance of the options, in accordance with the Share Option Plan.

During the financial year, 823,000 options were issued. No options were exercised during or since the end of the financial year.

Options issued to all Directors are subject to shareholder approval at the next Annual General Meeting.

	2007 \$000	2006 \$000
Effect of share-based payment transitions		
Options reserve balance at the beginning of the year	—	—
Expenses arising from share-based payment transactions	29	—
Options reserve balance at the end of the year	29	—

Movement during the financial year

	Number of Options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
	2007		2006	
Opening number of options	15,620,000	0.50	—	—
Granted during the financial year	823,000	0.445	15,620,000	0.50
Lapsed during the financial year	—	—	—	—
Exercised during the financial year	—	—	—	—
Closing number of options	16,443,000	1.57	15,620,000	0.50

Fair value

Fair value was measured using Black-Scholes and the inputs to it were as follows:

Weighted average share price	Range from \$0.445 to \$0.50
Exercise price	Range from \$0.40 to \$0.57
Option life	5 years
Risk-free interest rate	Range from 6.3% to 6.3%
Expected dividends	0—8%
Expected volatility*	Range from 45% to 65%

Details of options outstanding as at end of year

Holder's No.	Grant date	% Exercisable at 30 June 2007	Expiry date	30 June 2007 Outstanding Option No.	Exercise Price \$	Fair value at issued date
2 (Directors)	22 July 2006	100%	22 July 2011	1,120,000	0.40	—
2 (Directors)	22 July 2006	100%	22 July 2011	6,500,000	0.47	—
2 (Directors)	22 July 2006	100%	22 July 2011	6,500,000	0.57	—
1 Employee	10 July 2006	25%	10 July 2011	120,000	0.40	0.098
1 Executive	1 September 2006	25%	1 September 2011	75,000	0.40	0.098
1 Executive	2 October 2006	25%	2 October 2011	400,000	0.44	0.108
1 Executive	23 October 2006	25%	23 October 2011	48,000	0.42	0.103
1 Employee	2 April 2007	8%	2 April 2012	60,000	0.47	0.115
60 Employees	30 March 2007	—	30 April 2012	120,000	0.46	0.113

* Historical volatility has been the basis for determining the expected share price volatility as it is assumed that it is indicative of the future tender, which may not eventuate.

Notes to the financial statements continued

for the year ended 30 June 2007 and the 15 month period ended 30 June 2006

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2007 \$000	2006 \$000	2007 \$000	2006 \$000
NOTE 21. MINORITY INTERESTS				
Interests in:				
Issued Capital	—	—	—	—
Retained profit/(loss)	(175)	—	—	—
Balance 30 June	(175)	—	—	—

NOTE 22. FINANCIAL INSTRUMENTS

a) Financial Risk Management

The group's financial instruments consist mainly of deposits with banks local money market instruments, accounts receivable and payable, loans to and from subsidiaries, bank loans and leases.

The main purpose of non-derivative financial instruments is to raise finance for group operations. The group does not have any derivatives and it does not speculate in the trading of derivatives.

(i) Treasury Risk Management

The group analyses currency and interest rate exposure and evaluates treasury management strategies in the context of the most recent economic conditions and forecasts.

(ii) Financial Risks

The main risks the group is exposed to through its financial instruments are interest rate risk, foreign currency risk, liquidity risk, credit risk and price risk.

(iii) Interest Rate Risk Exposures

The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate by maturity years is set out in the following table.

Exposures arise predominantly from assets and liabilities bearing variable interest rates as the consolidated entity intends to hold fixed rate assets and liabilities to maturity.

	NOTE	FLOATING INTEREST RATE \$000	1 YEAR OR LESS \$000	OVER 1 TO 5 YEARS \$000	NON- INTEREST BEARING \$000	TOTAL \$000
Consolidated 2007						
Financial assets						
Cash	7	1,302	—	—	—	1,302
Receivables	8	—	—	—	8,657	8,657
Loan Other	11	—	—	389	—	389
		1,302	—	389	8,657	10,348
Weighted average interest rate		1.6%	—	7.5%	—	
Financial Liabilities						
Trade and other payables	14	—	—	—	(5,697)	(5,697)
Bank bills	15/18	(8,064)	—	—	—	(8,064)
Lease liabilities	25	—	(97)	(129)	—	(226)
		(8,064)	(97)	(129)	(5,697)	(13,987)
Weighted average interest rate		8.6%	7.6%	7.6%	—	—

Note 22. Financial instruments (continued)

		FLOATING INTEREST RATE	1 YEAR OR LESS	OVER 1 TO 5 YEARS	NON- INTEREST BEARING	TOTAL
	NOTE	\$000	\$000	\$000	\$000	\$000
Consolidated 2006						
Financial assets						
Cash	7	158	—	—	—	158
Receivables	8	—	—	—	1,116	1,116
		158	—	—	1,116	1,274
Weighted average interest rate		1.8%	—	—	—	—
Financial Liabilities						
Trade and other payables	14	—	—	—	(1,741)	(1,741)
Bank bills	15	(2,000)	—	—	—	(2,000)
Loan notes	15	—	—	—	(1,186)	(1,186)
Lease liabilities	25	—	(91)	(332)	—	(423)
		(2,000)	(91)	(332)	(2,927)	(5,350)
Weighted average interest rate		7.9%	7.8%	7.8%	—	—
Parent Entity 2007						
Financial assets						
Cash	7	80	—	—	—	80
Receivables	8	—	—	—	3	3
Loan Other	11	—	—	276	—	276
		80	—	276	3	359
Weighted average interest rate		1.6%	—	7.5%	—	—
Financial Liabilities						
Trade and other payables	14	—	—	—	(828)	(828)
Bank bills	15/18	(8,064)	—	—	—	(8,064)
		(8,064)	—	—	(828)	(8,892)
Weighted average interest rate		8.6%	7.6%	7.6%	—	—
Parent Entity 2006						
Financial assets						
Cash	7	107	—	—	—	107
Receivables	8	—	—	—	400	400
		107	—	—	400	507
Weighted average interest rate		1.8%	—	—	—	—
Financial Liabilities						
Trade and other payables	14	—	—	—	(508)	(508)
Bank bills	15	(2,000)	—	—	—	(2,000)
Loan notes	15	—	—	—	(1,186)	(1,186)
		(2,000)	—	—	(1,694)	(3,694)
Weighted average interest rate		7.9%	7.8%	7.8%	—	—

Notes to the financial statements continued

for the year ended 30 June 2007 and the 15 month period ended 30 June 2006

Note 22. Financial instruments (continued)

Foreign Currency Risk

The group is exposed to fluctuations in foreign currencies arising from the sale and purchase of goods and services in currencies other than the group's measurement currency.

Liquidity Risk

The group manages liquidity risk by monitoring forecast cash flows and ensuring the adequate unutilised borrowing facilities are maintained.

Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

(b) Net fair value of financial assets and liabilities

(i) On-balance sheet

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the consolidated entity approximates their carrying amount.

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2007	2006	2007	2006
	\$	\$	\$	\$

NOTE 23. REMUNERATION OF AUDITORS

During the year the auditor of the parent entity earned the following remuneration:

Audit of financial reports of the entity or any entity in the consolidated entity	212,000	25,000	212,000	25,000
Advisory services, including due diligence for IPO and proposed acquisitions	17,000	277,000	—	277,000
Taxation	11,000	6,000	11,000	6,000
Total Remuneration	240,000	308,000	223,000	308,000

It is the consolidated entity's policy to employ PKF on assignments additional to their statutory audit duties where PKF's expertise and experience with the consolidated entity are important. These assignments are principally compliance tax advice, or financial due diligence in respect of possible corporate acquisitions.

The Directors note that the fees for business advisory services shown in 2006 are primarily due to activity leading up to and including the IPO and would not be expected to be repeated or of this magnitude in the future.

The Directors are satisfied that the provision of non-audit services during the year by the auditor does not compromise the general principles relating to the auditor independence in accordance with APES 110 code of ethics for professional accountants set by the Accounting Professional and Ethical Standards Board.

NOTE 24. CONTINGENT ASSETS AND LIABILITIES

Parent Entity:

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 controlled entities. It is not practicable to ascertain or estimate the maximum amount for which the parent entity may become liable in respect thereof. At 30 June 2007 no controlled entity 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.

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2007 \$000	2006 \$000	2007 \$000	2006 \$000

NOTE 25. COMMITMENTS FOR EXPENDITURE

Operating leases

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

Within one year	1,411	59	45	—
Later than one year but not later than 5 years	3,351	53	56	—
Later than 5 years	322	—	—	—
Commitments not recognised in the financial statements	5,084	112	101	—

Property leases are non-cancellable with rent payable monthly in advance. Contingent rental provisions within lease agreements generally require minimum lease payments be increased by CPI or a percentage factor. Certain agreements have option arrangements to renew the lease for an additional term and an option to purchase the premises at the market price at time of option exercise.

Finance leases

Commitments in relation to finance leases are payable as follows:

Within one year	110	120	—	—
Later than one year but not later than 5 years	138	383	—	—
Minimum lease payments	248	503	—	—
Less: Future finance charges	(22)	(80)	—	—
Recognised as a liability	226	423	—	—
Total lease liabilities	226	423	—	—
Representing lease liabilities:				
Current (refer Note 15)	97	91	—	—
Non-current (refer Note 18)	129	332	—	—
	226	423	—	—

Finance leases relate to motor vehicles and a fork lift and are generally leased over a five year period with a 40% residual on completion. The leases are secured by a charge over the respective asset financed.

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2007 \$000	2006 \$000	2007 \$000	2006 \$000

NOTE 26. EMPLOYEE BENEFITS

Employee benefit and related on-costs liabilities

Provision for employee benefits:

Current (refer Note 17)	1,160	451	30	5
Non-current (refer Note 19)	125	36	1	—
Aggregate employee benefits and related on-costs liability	1,285	487	31	5
Employee numbers	228	47	6	2

Notes to the financial statements continued

for the year ended 30 June 2007 and the 15 month period ended 30 June 2006

NOTE 27. RELATED PARTIES

Directors

The names of persons who were Directors of Allomak Limited at any time during the financial year are Rob Allan, John Worton, A. Anthony McLellan, Ross Townhill and Wendy Simpson.

	PARENT ENTITY AND CONSOLIDATED	PARENT ENTITY AND CONSOLIDATED
	2007 NUMBER	2006 NUMBER
Aggregate numbers of shares and share options of Allomak Limited held directly, indirectly, or beneficially by Directors of the Company or the consolidated entity or their Director related entities at balance date:		
Ordinary shares	11,499,379	11,031,851
Options over unissued ordinary shares	14,120,000	13,000,000

Other transactions with Directors and Director-related entities

Professional services agreements

During the 2006 financial year and prior to the listing of Allomak, Mr Rob Allan was engaged under a professional services agreement which commenced in April, 2005 on a retainer fee of \$10,000 per month, \$50,000 of which was deferred until listing by agreement with the Company. The Company also compensated Mr Allan for expenses incurred in the previous year leading up to the formation of the Company in the amount of \$100,000 at the time of the listing. In addition, a grant of 4,875,000 Series C and 4,875,000 Series D, executive director, options were granted on 21 June 2006, with exercise prices at 17.5% and 42.5% above the listing price.

During the 2006 financial year and prior to the listing of Allomak, Mr John Worton was engaged under a professional services agreement which commenced in January 2006 on a retainer fee of \$10,000 per month with a performance fee of \$60,000 paid on the listing of the Company. In addition, a grant of 1,625,000 Series C and 1,625,000 Series D, executive Director, options were granted on 21 June 2006, with exercise prices at 17.5% and 42.5% above the listing price.

Executive service and Director appointment agreements

An Executive Service Agreement has been signed by Mr Rob Allan for three years dated 12 June 2006 for three years commencing in the month of Listing. This agreement may be terminated by Allomak on 12 months written notice and by Mr Allan on 6 months notice. Other material terms are a base salary of \$165,000 is payable plus a performance bonus payable at the discretion of the Board of Directors. In addition, options were granted as per the professional service agreements above.

An Executive Service Agreement has been signed by Mr John Worton for three years dated 12 June 2006 for three years commencing in the month of Listing. This agreement may be terminated by Allomak on 12 months written notice and by Mr Worton on 3 months notice. Other material terms are a base salary of \$130,800 is payable plus a performance bonus payable at the discretion of the Board of Directors. In addition, options were granted as per the professional service agreements above.

Deeds of Indemnity, Insurance and Access

Allomak has entered into a deed of indemnity, insurance and access with each of its Directors on usual commercial terms.

Key management personnel

The following were key management personnel at various times during the reporting year.

Executive Directors

Rob Allan — Managing Director — appointed 19 April, 2005.

John Worton — Director and Chief Financial Officer — appointed 19 April, 2006.

Non-executive Director

A. Anthony McLellan — Non-executive Director — appointed 13 July, 2006.

Ross Townhill — Non-executive Director — appointed 19 April, 2005, resigned 13 July 2006.

Wendy Simpson — Non-executive Director — appointed 13 July, 2006.

Senior Executives

Bruce Armstrong — Chief Operating Officer — appointed 2 October 2006

Tracey O'Neill — Company Secretary and Legal Counsel — appointed 19 April 2006

Ian McKenzie — Strategic Analyst and Integration Manager — appointed 23 October 2006

Note 27. Related parties (continued)

The aggregate compensation made to Directors and other key management personnel of the Company and consolidated entity are set out below:

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2007 \$000	2006 \$000	2007 \$000	2006 \$000
Short Term Employee Benefits	780,523	160,000	780,523	160,000
Post Employment Benefits	49,548	3,600	49,548	3,600
Other Payments	4,068	—	4,068	—
Termination Benefits	—	—	—	—
Share based payment	21,219	—	21,219	—
Total	855,358	163,600	855,358	163,600

The Company has taken advantage of the relief provided by ASIC Class Order 06/50 and has transferred the detailed remuneration disclosures to the Directors' Report.

Loan to Director

At the time of the listing Allomak entered into a loan agreement with Mr Rob Allan for an advance of an amount of \$245,000 for the purpose of assisting Mr Allan to discharge existing loans which were incurred to facilitate the acquisition of equity in the Company. This loan is secured by a proportion of Mr Allan's shareholding in the Company. The loan carries a commercial interest rate of 7.5% per annum accruing and payable annually in arrears. The loan is repayable in full within 5 years. The balance at 30 June 2007 was \$260,000.

Wholly-owned group

The wholly-owned group consists of Allomak Limited and its wholly-owned controlled entities, details of which are included in Note 30. With the exception of short term interest free loan funds provided and received free of charge, all other transactions were provided on a commercial basis. Ownership interests in these controlled entities are set out in Note 28.

Transactions between Allomak Limited and other entities in the wholly-owned group during the year ended 30 June 2007 consist of:

- loans advanced/received by Allomak Limited
- providing marketing assistance
- accounting, legal, human resources and other head office administrative assistance to its subsidiaries.

	PARENT ENTITY	
	2007 \$000	2006 \$000
Aggregate amounts receivable from/payable by Allomak to entities in the wholly-owned group at balance date:		
Current receivables (loans)		
Autolac Pty Limited	3,587	—
Stor Pty Ltd	1,250	—
Perth Brake Parts Pty Ltd	1,598	—
Fluidrive Holdings Pty Ltd	2,846	—
Susa Automotive Pty Ltd	584	400
Dual LPG Pty Ltd	790	—
Total loans receivables	10,655	400
Current payables (loans)		
Diesel Test Pty Ltd	1,159	—
ECB Pty Pty Ltd	2,528	—
Total loans payable	3,687	—
Net loans Receivable (Refer Note 11)	6,968	400

Controlling entity

The ultimate and Australian parent entity in the Allomak group is Allomak Limited, which at 30 June 2007 owns 100% (2006: 100%) of the issued ordinary shares of all controlled entities, with the exception of Dual LPG Pty Ltd and its subsidiaries which Allomak Limited owns a 50.1% shareholding. Interest is generally not charged on loans to wholly owned subsidiaries. However interest is charged to Dual LPG Pty Ltd at commercial rates on loans extended.

Notes to the financial statements continued

for the year ended 30 June 2007 and the 15 month period ended 30 June 2006

Note 27. Related parties (continued)

Intercompany Transactions

The only trading transactions within the group, with the exception of loans between Allomak Limited and other group companies were sales of dynamometers from Stor Pty Ltd to Diesel Test Pty Ltd.

The balance owed by Diesel Test at the year end was \$626k.

Dividend Paid To Allomak Limited from a Controlled Entity

	PARENT ENTITY	
	2007 \$000	2006 \$000
ECB Pty Ltd	4,200	—
Stor Pty Ltd	1,500	—
Total	5,700	—

NOTE 28. CONSOLIDATED CONTROLLED ENTITIES

(a) controlled entities

NAME OF ENTITY	COUNTRY OF INCORPORATION	CLASS OF SHARES	EQUITY HOLDING	
			2007 %	2006 %
Allomak Limited	Australia			
Controlled Entities				
Stor Pty Ltd	Australia	Ordinary	100	100
Spanss Trucks Pty Limited (formerly Dynamometer Hire Pty Ltd)	Australia	Ordinary	100	100
Dyno Exports Pty Ltd ⁽²⁾	Australia	Ordinary	100	100
Fluidrive Holdings Pty Ltd ⁽³⁾	Australia	Ordinary	100	100
Susa Automotive Pty Ltd	Australia	Ordinary	100	100
Diesel Test Pty Ltd ⁽⁵⁾	Australia	Ordinary	100	—
Diesel Test Resources Pty Ltd ⁽⁵⁾	Australia	Ordinary	100	—
DT Emission Services Pty Limited ⁽¹⁾	Australia	Ordinary	100	—
Dyno Dynamics Limited ⁽²⁾	New Zealand	Ordinary	100	—
ECB Pty Ltd ⁽⁵⁾	Australia	Ordinary	100	—
Autolac Pty Ltd ⁽⁵⁾	Australia	Ordinary	100	—
Perth Brake Parts Pty Ltd ⁽¹⁾	Australia	Ordinary	100	—
Dual LPG Pty Ltd ⁽¹⁾	Australia	Ordinary	50.1	—
Dual LPG Conversions Pty Ltd ⁽⁴⁾	Australia	Ordinary	50.1	—
Multipoint LPG Services Pty Ltd ⁽⁴⁾	Australia	Ordinary	50.1	—
ACN 125 160 161 Pty Ltd ⁽¹⁾	Australia	Ordinary	100	—
ACN 124 619 843 Pty Ltd ⁽¹⁾	Australia	Ordinary	100	—
ACN 124 071 816 Pty Ltd ⁽¹⁾	Australia	Ordinary	100	—
Fluidrive Automotive Technologies Pty Ltd	Australia	Ordinary	100	—

(1) new entities acquired as shelf companies during the year. Cost of investment is \$1.

(2) controlled entities of Stor Pty Ltd

(3) controlled entity of Susa Automotive Services Pty Ltd

(4) controlled entity of Dual LPG Pty Limited

(5) entities acquired during the year

Note 28. Consolidated controlled entities (continued)

(b) Business combinations effected during the year

Acquisition of new business

On 1 July 2006, the Group acquired the business and certain business assets of Fluidrive Holdings Pty Ltd, with the consideration being 637,545 ordinary shares at a fair value of \$260,245 and \$2,736,625 in cash. In addition, there were acquisition costs of \$75,916. Fluidrive Holdings Pty Ltd is a wholesale specialist in the remanufacturing of transmissions, servicing major car manufacturers for products under warranty and the dealer/workshop aftercare market. This transaction has been accounted for using the acquisition method of accounting.

On 1 January 2007, the Group acquired the business and certain business assets of Perth Brake Parts Pty Ltd, with the consideration being ordinary shares at a fair value of \$857,344 and \$1,674,440 in cash. In addition, there were acquisition costs of \$168,808. Perth Brake Parts Pty Ltd is a wholesale specialist in the remanufacturing of brake parts and the sales and distribution of new brake parts servicing and the dealer/workshop aftercare market. This transaction has been accounted for using the acquisition method of accounting.

On 2 January 2007, Allomak acquired the business and certain business assets of Mark 1 Auto Parts Pty Ltd through its wholly owned subsidiary Autolac Pty Ltd. Autolac paid a cash consideration of \$151,350. This consideration includes an amount of \$42,000 to be paid based on the estimated net profit after tax (NPAT) performance of former businesses of Mark 1 Auto Parts Pty Limited in future years. Net tangible assets to be acquired and included in the above payment figure are estimated at \$109,350 (giving rise to goodwill on acquisition of \$42,000).

On 1 January 2007, Allomak acquired the business and certain business assets of Autolac Newcastle Pty Ltd, through its wholly owned subsidiary Autolac Pty Ltd, with the consideration being ordinary shares at a value of \$203,902 and \$252,120 in cash. Autolac Newcastle principal activity is distribution of automotive paint and smash repair consumables in the Newcastle region of NSW Australia. This transaction has been accounted for using the acquisition method of accounting.

Acquisition of new subsidiaries

On 1 July 2006, the Group acquired 100% of issued share capital of East Coast Bullbars Pty Ltd A.C.N 071 749 507, with the consideration being 3,674,669 ordinary shares at a value of \$1,500,000 and \$18,958,540 in cash. In addition, there were acquisition costs of \$270,421. ECB Pty Ltd's principal activity is the manufacture and supply of auto protection equipment and is particularly recognized for the manufacture and sale of aftermarket aluminum bull bars. This transaction has been accounted for using the acquisition method of accounting.

On 1 July 2006, the Group acquired 100% of issued share capital of Autolac Pty Ltd, with the consideration being 367,467 ordinary shares at a value of \$150,000 and \$1,844,000 in cash (\$820,000 payable deposit on settlement). In addition, there were acquisition costs of \$33,626. Autolac Pty Ltd's principal activity is distribution of automotive paint and smash repair consumables in Australia, including having preferred supplier status for a number of products. This transaction has been accounted for using the acquisition method of accounting.

On 1 January 2007 the group acquired Diesel Test Pty Ltd (A.C.N 077 044 083) and Diesel Test Resources Pty Ltd (A.C.N 104 778 798), with the consideration being ordinary shares at a value of \$744,101 and \$2,854,197 in cash. In addition there were acquisition costs of \$44,795. Diesel Test group build equipment and conduct emission testing on trucks and other vehicles. They currently are the only Company approved with the Australian Taxation Office to carry out DT80 testing, to qualify for the diesel rebate of 18.5 cents per litre, on all diesel vehicles, 10 years or older, and more than 4.5 tonnes. This transaction has been accounted for using acquisition method of accounting.

The net assets acquired in the business combinations, and the goodwill arising, are as follows:

ECB Pty Ltd:

	CONSOLIDATED ENTITY	
	2007	2006
	\$000	\$000
Net assets acquired:		
Cash and cash equivalents	133	—
Trade and other receivables	6,072	—
Inventory	1,315	—
Plant and equipment	441	—
Intangibles	—	—
Trade and other payables	(734)	—
	7,227	—
Goodwill arising on acquisition	13,501	—
Total consideration, satisfied by issue of shares and cash	20,728	—

East Coast Bullbars Pty Ltd A.C.N 071 749 507 became wholly owned on acquisition and will join the Company's tax-consolidated group. For tax purposes, the tax values of ECB Pty Ltd's assets are required to be reset based on market values and other factors.

Notes to the financial statements continued

for the year ended 30 June 2007 and the 15 month period ended 30 June 2006

Note 28. Consolidated controlled entities – (continued)

Autolac Pty Limited

	CONSOLIDATED ENTITY	
	2007 \$000	2006 \$000
Net assets acquired:		
Cash and cash equivalents	(2,226)	—
Trade and other receivables	1,431	—
Inventory	1,282	—
Plant and equipment	138	—
Deferred tax assets	1	—
Trade and other payables	(1,872)	—
	(1,246)	—
Goodwill arising on acquisition	2,662	—
Total consideration, satisfied by issue of shares and cash	1,416	—

Autolac Pty Ltd became wholly owned on acquisition and will join the Company's tax-consolidated group. For tax purposes, the tax values of Autolac Pty Ltd's assets are required to be reset based on market values and other factors.

Diesel Test Pty Limited & Diesel Test Resources Pty Ltd

	CONSOLIDATED ENTITY	
	2007 \$000	2006 \$000
Net assets acquired:		
Cash and cash equivalents	957	—
Trade and other receivables	234	—
Inventory	—	—
Plant and equipment	449	—
Deferred tax assets	—	—
Trade and other payables	(281)	—
	1,359	—
Goodwill arising on acquisition	2,282	—
Total consideration, satisfied by issue of shares and cash	3,641	—

The initial accounting for the acquisition of Diesel Test & Diesel Test Resources Pty Ltd has only been provisionally determined at reporting date. Diesel Test & Diesel Test Resources Pty Ltd became wholly owned on acquisition and will join the Company's tax-consolidated group. For tax purposes, the tax values of Diesel Test assets are required to be reset based on market values and other factors. At the date of finalisation of this report, the necessary market valuations and other calculations had not been finalised and the adjustment to deferred tax liabilities and goodwill noted above has therefore only been provisionally determined based on the Directors' best estimate of the likely tax values. The market valuations obtained for tax purposes may also impact the recognised fair values of the other assets acquired as part of the business combination.

Business and certain business assets of Fluidrive Holdings Pty Ltd (Fluidrive):

	CONSOLIDATED ENTITY	
	2007 \$000	2006 \$000
Net assets acquired:		
Inventory	480	—
Plant and equipment	708	—
Intangibles	—	—
Trade and other payables	(198)	—
	990	—
Goodwill arising on acquisition	2,083	—
Total consideration, satisfied by issue of shares and cash	3,073	—

Note 28. Consolidated controlled entities — (continued)

Fluidrive Holdings Pty Ltd a wholly subsidiary will join the Company's tax-consolidated group. For tax purposes, the tax values of Fluidrive Holdings Pty Ltd's assets are required to be reset based on market values and other factors. At the date of finalisation of this report, the necessary market valuations and other calculations had not been finalised and the adjustment to deferred tax liabilities and goodwill noted above has therefore only been provisionally determined based on the Directors' best estimate of the likely tax values.

Business and certain business assets of Yobax Pty Ltd/Perth Brakes Pty Ltd:

	CONSOLIDATED ENTITY	
	2007 \$000	2006 \$000
Net assets acquired:		
Trade and Other Receivables	250	—
Inventory	560	—
Plant and equipment	108	—
Intangibles	—	—
Trade and other payables	(198)	—
	720	—
Goodwill arising on acquisition	1,980	—
Total consideration, satisfied by issue of shares and cash	2,700	—

The initial accounting for the acquisition of Perth Brake Parts Pty Ltd has only been provisionally determined at reporting date. Perth Brake Parts Pty Ltd is a wholly owned subsidiary will join the Company's tax-consolidated group. For tax purposes, the tax values of Perth Brake Parts assets are required to be reset based on market values and other factors. At the date of finalisation of this report, the necessary market valuations and other calculations had not been finalised and the adjustment to deferred tax liabilities and goodwill noted above has therefore only been provisionally determined based on the Directors' best estimate of the likely tax values. The market valuations obtained for tax purposes may also impact the recognised fair values of the other assets acquired as part of the business combination.

Business and certain business assets of Mark 1 Auto Parts Pty Ltd:

	CONSOLIDATED ENTITY	
	2007 \$000	2006 \$000
Net assets acquired:		
Inventory	92	—
Plant and equipment	18	—
Intangibles	—	—
Trade and other payables	—	—
	110	—
Goodwill arising on acquisition	42	—
Total consideration, satisfied by issue of shares and cash	152	—

The initial accounting for the acquisition of Mark 1 Auto Parts Pty Ltd has only been provisionally determined at reporting date. Mark 1 Auto Parts was acquired by Autolac Pty Ltd a wholly owned subsidiary and will join the Company's tax-consolidated group. For tax purposes, the tax values of Mark 1 Auto Parts assets are required to be reset based on market values and other factors. At the date of finalisation of this report, the necessary market valuations and other calculations had not been finalised and the adjustment to deferred tax liabilities and goodwill noted above has therefore only been provisionally determined based on the Directors' best estimate of the likely tax values. The market valuations obtained for tax purposes may also impact the recognised fair values of the other assets acquired as part of the business combination.

Notes to the financial statements continued

for the year ended 30 June 2007 and the 15 month period ended 30 June 2006

Note 28. Consolidated controlled entities – (continued)

Business and certain business assets of Autolac Newcastle Pty Ltd:

	CONSOLIDATED ENTITY	
	2007 \$000	2006 \$000
Net assets acquired:		
Inventory	167	—
Plant and equipment	11	—
Intangibles	—	—
Trade and other payables	(28)	—
	153	—
Goodwill arising on acquisition	303	—
Total consideration, satisfied by issue of shares and cash	456	—

The initial accounting for the acquisition of Autolac Newcastle Pty Ltd has only been provisionally determined at reporting date. Autolac Newcastle was acquired by Autolac Pty Ltd a wholly owned subsidiary and will join the Company's tax-consolidated group. For tax purposes, the tax values of Autolac Newcastle's assets are required to be reset based on market values and other factors. At the date of finalisation of this report, the necessary market valuations and other calculations had not been finalised and the adjustment to deferred tax liabilities and goodwill noted above has therefore only been provisionally determined based on the Directors' best estimate of the likely tax values. The market valuations obtained for tax purposes may also impact the recognised fair values of the other assets acquired as part of the business combination

Stor Pty Limited and Barjo Manufacturing Pty Ltd acquired in 2006

	CONSOLIDATED ENTITY	
	2007 \$000	2006 \$000
Net assets acquired:		
Cash and cash equivalents	—	71
Trade and other receivables	—	659
Inventory	—	2,006
Plant and equipment	—	891
Deferred tax assets/Prepaid Taxes	—	364
Intangibles	—	28
Trade and other payables	—	(1,678)
	—	2,341
Goodwill arising on acquisition	—	3,738
Total consideration, satisfied by issue of shares and cash	—	6,079

Consolidated Revenue of Subsidiaries if Acquired on 1 July 2006

	CONSOLIDATED ENTITY	
	2007 \$000	2006 \$000
Consolidated Revenue	41,500	7,500
Consolidated Operating Profit	5,230	900

Total Goodwill (refer Note 13)

Barjo Pty Limited	334	334
Stor Pty Ltd	3,485	3,404
Autolac Pty Ltd	2,662	—
Autolac Newcastle Pty Ltd	304	—
ECB Pty Ltd	13,501	—
Fluidrive Holdings Pty Ltd	2,083	—
Diesel Test Pty Ltd and Diesel Test Resources Pty Ltd	2,282	—
Perth Brake Parts Pty Ltd	1,980	—
Mark 1 Auto Parts Pty Ltd	42	—
Total	26,673	3,738

NOTES 29. EVENTS OCCURRING AFTER REPORTING DATE

Subsequent to the end of the financial year Allomak has entered into the following transactions:

Acquisition of Mr Gloss Holdings Pty Ltd

On 12 July 2007, Allomak announced that it had entered into discussions to acquire Mr. Gloss Holdings Pty Ltd (A.C.N 126 285 872), Allomak will issue to the vendors a combination of ordinary Allomak shares and a further cash consideration. The full details of the transaction have not been disclosed as discussions are ongoing and any detailed disclosure may prejudice the outcome of negotiations.

Mr Gloss has built a reputation for outstanding work within the smash repair industry over the past two decades by developing and focusing on service and quality systems. Mr Gloss is currently operating two of Victoria's leading workshops, including a prestige vehicle workshop at Moorabbin, currently recommended for BMW, Lamborghini, and other prestige brands.

Spans Trucks Pty Ltd

Following the announcement on 12 January 2007, that the Company had entered into an agreement to acquire the business of specialist truck servicing and Scania truck and parts supplier, Lathero Pty Limited (trading as Spann's Trucks). The agreement will not be proceeding due to issues that arose during due diligence.

Dual LPG Group

On 17 August 2007 Allomak announced that it has entered into discussions to acquire the remaining 49.9% of Dual LPG Pty Ltd, Dual LPG Conversions Pty Ltd and Multipoint LPG systems Pty Ltd. Allomak will issue the vendors a combination of ordinary Allomak shares and a further cash consideration. The full details of the transaction have not been disclosed as discussions are ongoing and any detailed disclosure may prejudice the outcome of negotiations.

Westpac Banking Facility

On 31 July 2007 Allomak Limited entered into an agreement with Westpac Banking Corporation to provide financial facilities for a total of \$35million. The facilities are made up as follows:

- \$14 million working capital facility
- \$21 million acquisition facility
- \$1.75 million in Bank Guarantee facility
- \$2.95 million in financial leasing facilities.

The facilities in place with St George Bank at balance date will be paid out by 30 September 2007.

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2007	2006	2007	2006
	\$000	\$000	\$000	\$000

NOTE 30. CASH FLOW INFORMATION

(a) Reconciliation of loss from ordinary activities after income tax to net cash flows from operating activities:

Profit/(Loss) from ordinary activities after income tax	3,656	(981)	3,619	(925)
Dividend — Non cash	—	—	(5,700)	—
Depreciation and amortisation of fixed assets	488	108	5	—
Amortisation of trade mark	10	6	—	—
Transfer of taxes from controlled entities.	—	—	736	—
Borrowing expense	—	523	—	523
Doubtful debt provision	—	13	—	—
Net loss on disposal of property, plant and equipment	17	—	—	—
Interest lease — non cash	—	29	—	—
Interest — non cash	—	6	—	6
Share based payments	29	—	29	—
Change in assets and liabilities				
(Increase)decrease in trade /other debtors	405	(496)	(70)	—
(Increase) in stock on hand	(106)	(139)	—	—
(Increase) in prepayment	(42)	(1)	—	—
Increase (decrease) in deferred tax benefit and prepaid tax	(470)	17	(506)	—
Increase in trade/other creditors	644	476	320	90
Increase in tax provision and deferred tax liability	523	—	—	—
Increase in other provisions	798	58	26	5
Net cash inflow (outflow) from operating activities	5,952	(381)	(1,541)	(301)

Notes to the financial statements continued

for the year ended 30 June 2007 and the 15 month period ended 30 June 2006

Note 30. Cash flow information (continued)

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2007 \$000	2006 \$000	2007 \$000	2006 \$000
(b) Non-cash Financing and Investing Activities				
(i) Shares issued in relation to acquisitions	2,832	750	2,832	750
(ii) Shares issued in conversion of loan notes.	325	51	325	51

(c) Loan facilities

	CONSOLIDATED ENTITY				PARENT ENTITY			
	FACILITY 2007 \$000	FACILITY 2006 \$000	UTILISED 2007 \$000	UTILISED 2006 \$000	FACILITY 2007 \$000	FACILITY 2006 \$000	UTILISED 2007 \$000	UTILISED 2006 \$000

Loan facilities

Bank Bills (1)	15,000	2,000	8,064	2,000	15,000	2,000	8,064	2,000
Overdraft facility (2)	—	200	—	—	—	—	—	—

The major facilities are summarised as follows:

(1) The major facility is the loan facility provided by St George Bank Limited. The interest rate is variable and is currently at 8.6%.

Provided that the group does not breach any of its borrowing requirements and the financial ratios are met it is expected that the facility will continue to be provided.

(2) Since the end of the 2006 year, the overdraft facility was cancelled by Allomak's subsidiary, as it was no longer required.

On 31 July 2007 Allomak Limited entered into an agreement with Westpac Banking Corporation to provide financial facilities for a total of \$35million. The facilities are made up as follows:

\$14 million working capital facility

\$21 million acquisition facility

\$1.75 million in Bank Guarantee facility

\$3.15 million in financial leasing facilities.

The facilities in place with St George Bank at balance date will be paid out by 30 September 2007.

NOTE 31. REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Allomak Limited

Registered office and principal place of business :
Level 6, 163 Clarence Street, Sydney NSW 2000

Telephone: (02) 8244 9200

Autolac Pty Limited

Principal place of business:
36 Amax Avenue, Girraween NSW 2145

Diesel Test Pty Limited and Diesel Test Resources Pty Limited

Principal place of business:
Building 15, 919 Londonderry Road, Londonderry NSW 2753

Dual LPG Pty Limited, Dual LPG Conversions Pty Limited and Mulltipoint LPG Systems Pty Limited

Principal place of business:
169 Peel Street, North Melbourne Vic 3051

ECB Pty Limited and Susa Automotive Services Pty Limited

Principal place of business:
29 Snook Street, Clontarf Qld 4019

Fluidrive Holdings Pty Limited

Principal place of business:
70 Raglan Street, Preston Vic 3072

Perth Brake Parts Pty Limited

Principal place of business:
20 Bellows Street, Welshpool WA 6106

Stor Pty Limited

Principal place of business:
19 Industry Court, Lilydale Vic 3140


	CONSOLIDATED ENTITY	
	2007 Cents	2006 Cents
NOTE 32. EARNINGS PER SHARE		
(a) Basic earnings per share		
Profit from continuing operations attributable to the ordinary equity holders of the Company	5.03	(9.00)
(b) Diluted earnings per share		
Profit from continuing operations attributable to the ordinary equity holders of the Company	4.73	(9.00)
	CONSOLIDATED ENTITY	CONSOLIDATED ENTITY
	2007 \$000	2006 \$000
(c) Reconciliation of earnings used in calculating earnings per share		
<i>Basic earnings per share</i>		
Profit/(Loss) from continuing operations	3,656	(981)
Profit from continuing operations attributable to minority interests	175	—
Profit/(Loss) from continuing operations attributable to the ordinary equity holders of the Company used in the calculation of basic earnings per share	3,831	(981)
<i>Diluted earnings per share</i>		
Profit/(Loss) from continuing operations attributable to the ordinary equity holders of the Company used in the calculation of basic earnings per share	3,831	(981)
(d) Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating of basic earnings per share	76,096,000	10,889,000
Weighted average number of ordinary shares used as the denominator in calculating of diluted earnings per share	81,013,000	10,889,000

Directors' Declaration

In the opinion of the Directors of Allomak Limited:

- (a) the accompanying financial statements and notes are in accordance with the *Corporations Act 2001*, comply with the accounting standards and give a true and fair view of the Company's and the consolidated entity's financial position as at 30 June 2007 and of their performance for the year ended on that date.
- (b) At the date of this declaration there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (c) The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by Section 295A.

Signed in accordance with the resolution of the Directors.



A. Anthony McLellan
Chairman

Dated this 30 Day of August 2007

INDEPENDENT AUDITOR'S REPORT

To the members Allomak Limited

Report on the Financial Report and AASB 124 remuneration disclosures contained in the Directors' Report.

We have audited the accompanying financial report of Allomak Limited, which comprises the balance sheet as at 30 June 2007, the income statement, statement of changes in equity, cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the Directors' Declaration of the consolidated entity comprising Allomak Limited (the Company) and the entities it controlled (the consolidated entity) at the year's end or from time to time during the financial year.

We have also audited the remuneration disclosures contained in the Directors' Report. As permitted by the *Corporations Regulations 2001*, the Company has disclosed information about remuneration of Directors and executives ('remuneration disclosures') required by Accounting Standard AASB 124 Related Party Disclosures, under the heading "remuneration report" in pages 28 to 32 of the Directors' Report and not in the financial report.

Directors' Responsibility for the Financial Report and the AASB 124 remuneration disclosures contained in the Directors' Report.

The Directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The Directors of the Company are also responsible for the remuneration disclosures contained in the Directors' Report.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement. Our responsibility is to also express an opinion on the remuneration disclosures contained in the Directors' Report based on our audit.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report and the remuneration disclosures included in the Directors' Report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report and the remuneration disclosures included in the Directors' Report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report and the remuneration disclosures in the Directors' Report.

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

Independence

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

Auditor's Opinion

In our opinion:

- (a) the financial report of Allomak Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2007 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

Auditor's opinion on the AASB 124 remuneration disclosures contained in the Directors' Report

In our opinion the remuneration disclosures that are contained in pages 28 to 32 of the Directors' Report comply with Accounting Standard AASB 124.



PKF

Chartered Accountants



Tim Sydenham

Dated 30th August 2007

Sydney

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Additional information

Shareholding

The shareholder information set out in the tables below was applicable as at 21 August 2007. The presently has one class of equity securities on issue, being fully paid ordinary shares.

At a general meeting every member present in person or proxy, attorney or representative has one vote on a show of hands. On a poll, every member present has one vote for each fully paid share held (with adjustments for partly paid share).

There is no current on-market buy back of shares.

a) Distribution of Shares

Security Classes	Holdings Ranges	Holders	Total Units	%
Fully Paid Ordinary	1—1,000	6	5,001	0.006
Fully Paid Ordinary (Vol. Escrow 12 Months from Listing)	1,001—5,000	150	526,375	0.586
Fully Paid Ordinary (Vol. Escrow 18 Months from Listing)	5,001—10,000	134	1,144,475	1.274
Fully Paid Ordinary (Vol. Escrow 24 Months from Listing)	10,001—100,000	393	13,224,184	14.722
	100,001—99,999,999,999	92	74,923,007	83.412
Totals		775	89,823,042	100.000

b) Substantial Shareholders

Number of Shares Held

ANZ NOMINEES LIMITED <CASH INCOME A/C>	8,187,537
NATIONAL NOMINEES LIMITED	7,342,900
MR ROBERT ERIC ALLAN	5,250,174
CITICORP NOMINEES PTY LIMITED	4,929,149
THREE DEGREES HOLDINGS PTY LTD <AUTOMAK ACCOUNT>	4,454,974

c) Twenty Largest Shareholders

Name of the 20 Largest Shareholders	Shares Held as at 23 August 2007	% of Issued shares
ANZ NOMINEES LIMITED <CASH INCOME A/C>	8,187,537	9.115
NATIONAL NOMINEES LIMITED	7,342,900	8.175
MR ROBERT ERIC ALLAN	5,250,174	5.845
CITICORP NOMINEES PTY LIMITED	4,939,149	5.499
THREE DEGREES HOLDINGS PTY LTD <AUTOMAK ACCOUNT>	4,454,974	4.960
QUEENSLAND INVESTMENT CORPORATION	3,757,801	4.184
J P MORGAN NOMINEES AUSTRALIA LIMITED	2,529,881	2.817
UBS NOMINEES PTY LTD	2,500,000	2.783
MS RACHAEL ANNE COSTIGAN	2,282,460	2.541
PERPETUAL TRUSTEES CONSOLIDATED LIMITED <C_L A/C>	1,915,000	2.132
MS ELIZABETH LEADBETTER	1,837,335	2.046
JPH PTY LTD <HUMPHRIS FAMILY S/FUND A/C>	1,837,335	2.046
MR SHANE SCOTT LEADBETTER	1,837,334	2.046
TSBA HOLDINGS PTY LTD <THE BULL LASHA RED LORD A/C>	1,540,381	1.715
YOBAXS PTY LIMITED	1,397,540	1.556
M13 COMPANY PTY LTD	1,215,848	1.354
MSI INVESTMENTS PTY LTD <THE LIFESTYLE A/C>	1,153,278	1.284
ADAJAC PTY LTD	1,096,518	1.221
MR ROBERT MACE PURDUE & MRS HEATHER PURDUE	1,086,492	1.210
MS MICHELLE PATRICE HONAN	902,719	1.005
	57,064,656	63.530
	89,823,042	

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Allomak limited is committed to high standards of corporate governance and supports the principles of good corporate governance and best practice recommendations as published by the ASX Corporate Governance Council in March 2003.

Given the size and specific circumstances of Allomak Limited the Board recognises that some best practice recommendations are more relevant to larger companies.

Unless disclosed below, all relevant best practice recommendations of the ASX Corporate Governance council have been applied for the financial year ended 30 June 2007.

The Company's website contains a clearly marked corporate governance section.

1. THE BOARD LAYS SOLID FOUNDATIONS FOR MANAGEMENT & OVERSIGHT

The Board of Directors is accountable to the shareholders for the performance of the Company. The Board sets the Company's strategic direction and delegates responsibility for the management of the Company to the Managing Director.

A copy of the Board Charter, which promotes a culture within the Company of accountability, integrity and transparency, is available from the Company's website.

Each Board member must at all times act honestly, fairly and diligently in all respects in accordance with the Corporations Law as it applies to our Company.

Key matters reserved to the Board include the following:

- Oversight of the Company, including its control, accountability and compliance systems
- Appointment, monitoring, managing the performance of and if necessary removal of the Chief Executive Officer, Chief Financial Officer and Company Secretary.
- Input, assessment appraisal and final approval of management's development of corporate strategy and performance objectives.
- Monitoring risk management
- Approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures;
- Approval and monitoring financial and other reporting;
- Ensuring the market and shareholders are fully informed of material developments; and
- Recognising the legitimate interests of stakeholders.

The Board holds a minimum of six formal meetings a year. Additional meetings are held as required.

Details of current members of the Board are disclosed in the Directors' Report.

2. STRUCTURE OF THE BOARD TO ADD VALUE

The Board currently has four Directors, comprising 2 non-executive Directors, including the chairperson and two executive Directors.

The Board has adopted the following principles:

- The same individual should not exercise the roles of chairperson, and chief executive officer;
- The Board should not comprise a majority of executive Directors;
- The Board should comprise persons with a broad range of skills and experience appropriate to the needs of the Allomak Group.

Under recommendation 2:1 of the ASX Corporate Governance Council Best Practice Recommendations the majority of the Board should be independent Directors. Independent Directors are those who are independent of management and free of any business or other relationship that could materially interfere with — or could reasonably be perceived to materially interfere with — the exercise of their unfettered and independent judgment.

In assessing the independence of Directors, an independent Director is a non-executive Director and:

- Is not a substantial shareholder, as defined in section 9 of the corporations act, of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- Has not within the last three years been employed in an executive capacity by the Company or another group member;
- Has not within the last three years been a principal of a material professional advisor or a material consultant to the Company or another group member;
- Is not a material supplier or customer of the Company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- Has no material contractual relationship with the Company or another group member;
- Has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Directors ability to act in the best interests of the Company; and
- Is free from any interest and any business or other relationship which could or could reasonably be perceived to materially interfere with the Director's ability to act in the best interests of the Company.

In applying the best practice recommendations for independence the independent Directors of the Company at the date of this report are:

- A. Anthony McLellan appointed 13 July 2006
- Wendy Simpson appointed 13 July 2006

However, the Board considers that the current composition of the Board is structured in both size and commitment to adequately discharge its responsibility and duties in addition:

1. Has a proper understanding of, and competence to deal with, the current and emerging issues of the business.
2. Can effectively review and challenge the performance of management and exercise independent judgment.

The Board has considered the following:

1. The size of the Company and spread of shares amongst the substantial shareholders'
2. The appointment of additional independent Directors would cause undue financial pressure.
3. The experience and personal qualities of the non-executive Directors
4. The skills of the non-executive Directors are complementary to other Board members
5. The non executive Directors are independent of management and other relationships that could materially interfere with the exercise of their unfettered and independent judgment.
6. The Board continues to review its governance structures, including the level of independent Directors, as the Company develops and changes to ensure that it continues to meet effective governance given the size and specific circumstances of the Company.

Given the size and requirements of the Company the Board has decided that a nomination committee is not required at this point in time. At present all members of the Board consider the composition of the Board and appointment of new Directors.

The Company acknowledges Directors require high quality information and advice on which to base their decisions and considerations. All Directors have the right to seek advice and clarification from the Company auditors, financial and legal advisors on any matter relating to the Company or Board performance.

Directors additionally have the right to seek independent professional advice to help them carry out their responsibilities. Expenses will need to be approved in advance by the chairperson. If the chairperson is unable or unwilling to give approval, then board approval will be required. Any costs incurred will be borne by the Company.

3. PROMOTION OF ETHICAL AND RESPONSIBLE DECISION-MAKING

Code of Conduct

The Board has developed a code of conduct for Directors and Company officers. They key elements of the code are:

- Conflicts of interest;
- Corporate opportunities;
- Confidentiality;
- Fair dealing;
- Protection of assets
- Compliance with laws and regulations; and
- Promotion of ethical and lawful behaviour.

A copy of the Allomak Code of Conduct can be obtained from the Corporate Governance section of the Allomak website.

Share Trading Policy

The Board has developed and adopted a policy concerning trading in Company securities by Directors, officers and employees. The Company and the Board encourages Directors, officers and employees to own shares in the Company thereby fostering a further link between their interests and the interests of all shareholders.

The key elements of the policy are:

- Insider trading;
- Continuous disclosure;
- When a designated officer must not deal in securities;
- When a designated officer may deal;
- Exceptional circumstances — permission to deal;
- When employees (other than designated officers) may deal;
- When employees (other than designated officers) must not deal;
- Notification of Directors dealing in securities;
- Breach of policy; and
- Speculative dealing.

A copy of the share trading policy can be obtained from the Corporate Governance section of the Allomak website.

4. THE BOARD SAFEGUARDS THE INTEGRITY OF FINANCIAL REPORTING

The Chief Executive Officer and the Chief Financial Officer state in writing to the Board that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards.

Audit Committee

The Board has an audit committee which:

- Has two members who are non-executive Directors;
- Details of the members of the Audit Committee can be obtained from the Annual Report;
- Has a written charter which can be obtained from the Corporate Governance section of the Allomak website;
- Includes members who are all financial literate; and
- Details of the members are disclosed in the Directors' Report

The key elements of the Audit Committee Charter are:

- Role of the committee;
- Membership;
- Meetings;
- Responsibilities;
- Authority;
- Independence; and
- Non-audit work.

The Board and Audit Committee closely monitor the independence of the external auditor. The Audit Committee meets a minimum of twice a year in private, with management without the external auditor and with the external auditor without management.

5. THE BOARD MAKES TIMELY AND BALANCED DISCLOSURE

The Company has established procedures to ensure compliance with ASX Listing Rules 3.1 which requires that when an entity becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities, the entity must immediately tell ASX that information.

A Continuous Disclosure Policy and Procedure has been prepared and is available from the Corporate Governance section of the Company's website.

6. THE BOARD RESPECTS THE RIGHTS OF SHAREHOLDERS

The Company has an effective shareholder communication procedure. The Company promotes effective communication with shareholders and encourages effective participation at the Company's general meetings.

Shareholders and other parties will be able to access the following information from the Company's website:

- Copies of all announcements given to the ASX;
- Press releases and copies of letters to shareholders;
- Copies of annual and half year financial reports; and
- Details of notices of shareholders meetings including information on general meetings.

The requirements of continuous disclosure ensure that the Company discloses relevant information to the shareholders and the market in a timely and full manner.

7. THE BOARD RECOGNISES AND MANAGES RISK

The Board recognises that there are a number of complex operational, commercial, financial and legal risks and has in place procedures to safeguard the Company's assets and interests.

An Occupational Health and Safety Committee has been established to monitor and recommend changes to safe working practices and a safe working environment. The chairperson is not a Director, and the committee comprises the managing Director, senior executive officers and employee representatives.

The Board is in the process of developing a risk management statement the purpose of which is:

- Identify, access, monitor and manage risk;
- Inform investors of material changes to the Company's risk profile; and
- Enhance the environment for capitalising on value creation opportunities.

A compliance plan will also be developed to set out key processes, systems and measures that the Company will apply to ensure compliance with:

- The Corporations Act; and
- The internal organisational standards and culture.

The compliance plan is an explanatory document, providing details on:

- The measures and procedures in place to comply with these regulations; and
- How compliance with those measures and procedures will be monitored.

The Board intends to establish a Risk Management Committee which will meet regularly to identify all major risks, ensure appropriate risk management plans are in place and to monitor the effectiveness of the implementation of the risk management plans.

The Chief Executive Officer and the Chief Financial Officer will be required to state in writing to the Board that the Company's risk management and internal compliance and control system is operating effectively and efficiently in all material aspects.

8. THE BOARD ENCOURAGES ENHANCED PERFORMANCE

Given the size of the Company, the Board believes that the shareholders of the Company ultimately assess the performance of the Board. The Board continually monitors performance of key executives by measuring performance against key performance indicators.

The Chairman discusses performance with individual Directors during the year.

The Directors have open access to all relevant information and may meet independently with management at any time to discuss any matters of concern.

The Board will be considering proposed performance evaluation techniques in the coming year.

9. THE BOARD REMUNERATES FAIRLY AND REASONABLY

The Board has a Remuneration Committee which has a documented charter. The members of the Remuneration Committee are disclosed in the Directors' Report.

The Remuneration Committee is responsible for developing and recommending to the Board:

- Remuneration policies for Non-Executive Directors;
- Remuneration policies for the Chief Executive Officer and Chief Financial Officer;
- Remuneration policies for executive management;
- All aspects of any executive share option or acquisition scheme; and
- Superannuation policies.

A copy of the Remuneration Committee Charter can be obtained from the Company's website under the Corporate Governance section.

10. THE BOARD REMUNERATES FAIRLY AND REASONABLY

A code of conduct for the Company stakeholders has been established. The key items of the code are:

- Commitment by the Board and management to the code of conduct;
- Responsibilities to shareholders and the financial community;
- Responsibilities to clients, customers and consumers;
- Employment practices;
- How the Company complies with legislation affecting its operations; and
- How the Company monitors and ensures compliance with its code.

Allomak
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