

**RPM Automotive Group Limited  
(formerly Kairiki Energy Limited)**

ABN 34 002 527 906

**ANNUAL REPORT 2019**

## **Corporate Directory**

### **Directors**

Campbell Welch  
Clive Finkelstein  
Lawrence Jaffe  
Scott Brown

### **Company Secretary**

Wayne Kernaghan

### **Registered Office**

Level 3  
32 Walker Street  
North Sydney NSW 2060

Telephone: (02) 9955 4008  
Facsimile: (02) 9954 6408

### **Principal Office**

6-18 Antonella Court  
Dandenong South VIC 3175

Website: [www.rpmgroup.net.au](http://www.rpmgroup.net.au)

### **Share Registry**

Computershare Investor Services Pty Ltd  
452 Johnston Street  
Abbotsford VIC 3067

Investor enquiries:

Telephone: 1300 557 010  
(03) 9415 5000

### **Auditor**

Walker Wayland Advantage  
Level 7  
114 William Street  
Melbourne VIC 3000

### **Securities Exchange Listing**

ASX Limited  
ASX Codes: RPM and RPMO

**RPM AUTOMOTIVE GROUP LIMITED (FORMERLY KAIRIKI ENERGY LIMITED) AND  
ITS CONTROLLED ENTITIES**

---

**Page**

**Corporate Report**

Operations Review	4
Directors' Report	6
Corporate Governance Statement	14

**Financial Report**

Consolidated Statement of Profit or Loss and Other Comprehensive Income	24
Consolidated Statement of Financial Position	25
Consolidated Statement of Changes in Equity	26
Consolidated Statement of Cash Flows	27
Notes to the Financial Statements	28
Directors' Declaration	45
Independent Audit Report	46
Supplementary Information	50

## **Corporate Summary**

The Company's securities were suspended from trading on 27 May 2016 due to the inability of the Company to find a suitable investment opportunity within the six month timeframe set by the ASX to re-comply with Listing Rule 12.1.

To be reinstated on the ASX, the Company will be required to re-comply with the admission requirements set out in Chapters 1 and 2 of the ASX Listing Rules. Depending on the nature and scale of the proposed transaction, this may require shareholder approval.

On 19 July 2018 the Company announced to the ASX that it had executed a conditional agreement to acquire 100% of a number of automotive business collectively known as the RPM Automotive Group ("RPM Group"). The transaction was subject to the successful completion of due diligence by both parties.

The RPM Group offers a nationwide footprint focusing on wholesale distribution and retail of tyres, auto parts and accessories and owns a variety of well-known and respected brands in the automotive market. The RPM Group is a group of unlisted businesses operating in the Australian automotive aftermarket.

In April 2019 a Notice of Meeting was sent to shareholders to seek approval for the acquisition of the various businesses and other items such as change of name and a share consolidation.

At the shareholder meeting held on 27 May 2019 shareholders approved the following:

- Share consolidation on a 37:1 basis resulting in the number of shares on issue being reduced to 9,434,456.
- The change to scale and nature of activities
- The issue of consideration shares to acquire a number of businesses in the automotive market and convertible noteholders.
- The issue of shares under the public offer
- The issue of options under the public offer
- The issue of options to the existing Kairiki shareholders
- The issue of staff shares
- The issue of adviser shares and options
- Election of two new directors being Mr Clive Finkelstein and Mr Lawrence Jaffe.
- Change of the name of the company to RPM Automotive Group Limited
- Change of company auditor
- The issue of performance shares
- The issue of earnout shares

The Company issued a prospectus dated 29 May 2019 to raise funds under the Public Offer.

## **Subsequent Event**

The suspension of trading in the securities of RPM Automotive Group Limited was lifted on 28 August 2019 following RPM's re-compliance with Chapters 1 and 2 of the Listing Rules.

The company issued the following securities following the end of the financial year:

- 13,064,272 ordinary fully paid shares in the Company via the Public Offer to subscribers under the Prospectus dated 29 May 2019 at an issue price of \$0.20 per share.
- 48,518,400 ordinary fully paid shares in the Company to the vendors of the various RPM Group businesses at an issue price of \$0.25 per share. This includes 5,492,000 Promoter shares split evenly between Mr Clive Finkelstein and Mr Lawrence Jaffe or their nominees.
- 3,000,000 ordinary fully paid shares in the Company to the Convertible Noteholders in RPM Worldwide Pty Ltd.
- 1,000,000 ordinary fully paid shares in the Company to Novus Capital Limited or nominee as the Lead Broker to the transaction.
- 4,716,641 options to existing shareholders in the Company, being a rate of 1 option for every 2 shares held. The options convert into ordinary fully paid shares in the Company and have an exercise price of \$0.25 and an expiry date of 27 May 2021.

**RPM AUTOMOTIVE GROUP LIMITED (FORMERLY KAIRIKI ENERGY LIMITED) AND  
ITS CONTROLLED ENTITIES**

**OPERATIONS REVIEW**

---

- 3,266,065 options to investors under the Public Offer being a rate of 1 option for every 4 shares subscribed for under the Public Offer. The options convert into ordinary fully paid shares in the Company and have an exercise price of \$0.25 and an expiry date of 27 May 2021.
- 1,000,000 options to Novus Capital Limited or nominee as the Lead Broker to the transaction. The options convert into ordinary fully paid shares in the Company and have an exercise price of \$0.25 and an expiry date of 27 May 2021.

On 28 August 2019 Mr Downey resigned as a Director and Messrs Finkelstein and Jaffe were appointed Directors of the Company.

**DIRECTORS' REPORT**

---

## **Directors' Report**

Your Directors present their report on RPM Automotive Group Limited (formerly Kairiki Energy Limited) ("RPM" or "the Company") and its controlled entities ("the Group") for the year ended 30 June 2019.

### ***DIRECTORS***

The names of the Directors of the Company in office during the financial year and up to the date of this report were as follows. Directors were in office for the entire year unless specified otherwise.

Campbell Welch  
Clive Finkelstein (appointed 28 August 2019)  
Lawrence Jaffe (appointed 28 August 2019)  
Scott Brown  
Robert Downey (resigned 28 August 2019)

### ***INFORMATION ON CURRENT DIRECTORS***

**Campbell Welch**  
B.Com  
Non-Executive Chairman

Mr Welch has over 15 years of experience in accounting and financial markets, both in Australia and the UK. He is currently a senior advisor at Novus Capital Ltd, a boutique corporate advisory and share dealing firm headquartered in Sydney, Australia. His prior work experience includes appointments at AMP, Challenger Ltd, Royal London Asset Management and Colonial First State. He holds a Bachelor of Commerce from the University of Sydney and is a candidate in the CFA Institute program.

During the past three years, Mr Welch has held the following other listed company directorships:

- Shine Metals Limited (27 September 2017 to present)

#### **Clive Finkelstein (appointed 28 August 2019)**

Clive is a co-founder and promoter of the RPM Group. Clive has over 20 years' experience in the automotive sector, having built, managed and sold a successful 4WD franchise group. Clive's experience spans manufacturing, development, wholesale, retail and franchising of automotive businesses. Clive is a significant shareholder in the RPM Group.

During the past three years, Mr Finkelstein has held no other listed company directorships:

#### **Lawrence Jaffe (appointed 28 August 2019)**

Lawrence is a co-founder and promoter of the RPM Group. Lawrence has a strong financial background having worked in Private Equity and Mergers & Acquisitions. He has over 20 years' experience in the automotive sector, and was the CEO of RPM Australasia until 2015 when the group sold off one of its subsidiaries. Lawrence remained on as non-executive chairman of RPM Australasia and has now re-joined the executive team. Lawrence is a significant shareholder in the RPM Group.

During the past three years, Mr Jaffe has held no other listed company directorships:

**Scott Brown**  
B. Bus, M. Com  
Non-Executive Director

Mr Brown has extensive experience in finance and the management of public companies including guiding numerous companies through the listing process. He has held a variety of executive roles in public companies including Mosaic Oil NL, Objective Corporation Limited, Turnbull & Partners Limited, Allegiance Mining NL, FTR Holding Limited and Garratt's Limited. He also worked at accounting firms EY and KPMG. He is a member of the Institute of Chartered Accountants in Australia and the Petroleum Exploration Society of Australia (PESA). Currently he is the managing director of Real Energy Corporation Ltd (RLE) and Shine Metals Limited (ASX:SHI).

**RPM AUTOMOTIVE GROUP LIMITED (FORMERLY KAIRIKI ENERGY LIMITED) AND ITS CONTROLLED ENTITIES**

**DIRECTORS' REPORT**

During the past three years Mr Brown has held the following other listed company directorships:

- Real Energy Corporation Ltd (2 October 2009 to present)
- IOT Group Limited (formerly Ardent Resources Ltd) (1 April 2010 to 7 August 2017)
- Shine Metals Limited (27 September 2017 to present)

**INFORMATION ON FORMER DIRECTOR**

**Robert Downey (resigned 28 August 2019)**

B.Ed, LL.B (Hons)

Non-Executive Director

Mr Downey is a qualified solicitor who has practised mainly in the areas of international resources law, corporate law and initial public offerings as well as mergers and acquisitions. He has extensive experience as an adviser, founder and director of various ASX, TSX and AIM companies. Mr Downey is currently a principal of Dominion Legal, a boutique law firm in Perth.

During the past three years Mr Downey has held the following other listed company directorships:

- Mount Ridley Mines Limited (8 September 2014 to 31 August 2016)
- Minrex Resources NL (8 September 2014 to 29 January 2018)
- Calima Energy Limited (15 September 2015 to 25 August 2017)
- Metalsearch Limited (18 October 2016 to present)

**COMPANY SECRETARY**

**Wayne John Kernaghan**

BBus, ACA, FAICD, ACIS

Mr Kernaghan is a member of the Institute of Chartered Accountants in Australia with a number of years' experience in various areas of the mining industry. He is also a Fellow of the Australian Institute of Company Directors.

**DIRECTORS' INTERESTS IN SHARES AND OPTIONS**

The relevant interest of each Director in the shares and options of the Company at the date of this report is as follows:

Name	Shares - Direct	Shares - Indirect	Options - Direct	Options - Indirect
Campbell Welch	220,129	100,000	350,000	
Clive Finkelstein	243,500	37,182,680	-	51,250
Lawrence Jaffe	15,500	37,332,680	-	51,250
Scott Brown	32,000	-	20,000	-

**MEETINGS OF THE COMPANY'S DIRECTORS**

The number of meetings of the Company's Directors held during the year ended 30 June 2019, and the number of meetings attended by each Director were:

	Number Attended	Maximum Possible
Campbell Welch	3	3
Clive Finkelstein (appointed 28 August 2019)	-	-
Lawrence Jaffe (appointed 28 August 2019)	-	-
Scott Brown	3	3
Robert Downey (resigned 28 August 2019)	3	3

**NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES**

The principal activity of the Company during the financial year was the evaluation of new business ventures.

# RPM AUTOMOTIVE GROUP LIMITED (FORMERLY KAIRIKI ENERGY LIMITED) AND ITS CONTROLLED ENTITIES

## DIRECTORS' REPORT

---

### **OPERATING AND FINANCIAL REVIEW**

#### **Operating Activities**

A review of the operations of the Group is contained in the Operations Review.

#### **Summary of Comprehensive Income**

The Group's consolidated loss after tax for the financial year was \$316,718 (2018: loss of \$121,352).

#### **Earnings per Share**

The basic and diluted loss per share from continuing operations was 3.4\* cents (2018: loss of 0.04 cents).

\*This is following the share consolidation on a 37:1 basis.

#### **Summary of Financial Position**

At 30 June 2019 the Group's cash reserves were \$51 (2018: \$158,371).

#### **Dividends**

No dividend was paid or declared by the Company in the period since the end of the previous financial year and up to the date of this report.

### **CHANGES IN THE STATE OF AFFAIRS**

In the opinion of the directors there were no significant changes in the state of affairs of the Company that occurred during the financial year under review not otherwise disclosed in this report or the financial statements.

### **SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD**

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

The suspension of trading in the securities of RPM Automotive Group Limited was lifted on 28 August 2019 following RPM's re-compliance with Chapters 1 and 2 of the Listing Rules.

The company issued the following securities since the end of the financial year:

- 13,064,272 ordinary fully paid shares in the Company via the Public Offer to subscribers under the Prospectus dated 29 May 2019 at an issue price of \$0.20 per share.
- 48,518,400 ordinary fully paid shares in the Company to the vendors of the various RPM Group businesses at an issue price of \$0.25 per share. This includes 5,492,000 Promoter shares split evenly between Mr Clive Finkelstein and Mr Lawrence Jaffe or their nominees.
- 3,000,000 ordinary fully paid shares in the Company to the Convertible Noteholders in RPM Worldwide Pty Ltd.
- 1,000,000 ordinary fully paid shares in the Company to Novus Capital Limited or nominee as the Lead Broker to the transaction.
- 4,716,641 options to existing shareholders in the Company, being a rate of 1 option for every 2 shares held. The options convert into ordinary fully paid shares in the Company and have an exercise price of \$0.25 and an expiry date of 27 May 2021.
- 3,266,065 options to investors under the Public Offer being a rate of 1 option for every 4 shares subscribed for under the Public Offer. The options convert into ordinary fully paid shares in the Company and have an exercise price of \$0.25 and an expiry date of 27 May 2021.
- 1,000,000 options to Novus Capital Limited or nominee as the Lead Broker to the transaction. The options convert into ordinary fully paid shares in the Company and have an exercise price of \$0.25 and an expiry date of 27 May 2021.

On 28 August 2019 Mr Downey resigned as a Director and Messrs Finklestein and Jaffe were appointed Directors of the Company.

### **FUTURE DEVELOPMENTS**

RPM as announced subsequent to the end of the financial year has settled on the acquisition of the businesses in the automotive aftermarket which will involve the Company being focused on wholesale distribution and retail tyres, auto parts and accessories.



# RPM AUTOMOTIVE GROUP LIMITED (FORMERLY KAIRIKI ENERGY LIMITED) AND ITS CONTROLLED ENTITIES

## DIRECTORS' REPORT

---

### **REMUNERATION REPORT (AUDITED)**

This report outlines the remuneration arrangements for Directors and Executives of RPM Automotive Group Limited (formerly Kairiki Energy Limited). The information provided in the remuneration report includes remuneration disclosures that are audited as required by section 308(3C) of the Corporations Act 2001.

For the purposes of this report Key Management Personnel of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the group, directly or indirectly, including any director (whether executive or otherwise) of the parent company.

For the purposes of this report the term "Executive" includes those key management personnel who are not Directors of the parent company.

#### **Remuneration Committee**

The full Board carries out the role and responsibilities of the Remuneration Committee and is responsible for determining and reviewing the compensation arrangements for the Directors themselves, the Managing Director and any Executives.

Executive remuneration is reviewed annually having regard to individual and business performance, relevant comparative remuneration and internal and independent external advice.

#### **A. Remuneration policy**

Directors' fees were suspended until further notice from 1 April 2016.

The board policy is to remunerate Directors at market rates for time, commitment and responsibilities. The board determines payments to the Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of Directors' fees that can be paid is subject to approval by shareholders in general meeting, from time to time. The Company's aim is to remunerate at a level that will attract and retain high-calibre Directors and employees.

Fees for Non-Executive Directors are not linked to the performance of the consolidated entity. However, to align Directors' interests with shareholders' interests, the Directors are encouraged to hold shares in the Company.

All remuneration paid to directors is valued at the cost to the Company and expensed.

The Board believes that it has implemented suitable practices and procedures that are appropriate for an organisation of this size and maturity.

The Company did not pay any performance-based component of remuneration during the year.

#### **B. Remuneration structure**

In accordance with best practice corporate governance, the structure of Non-Executive Director compensation is separate and distinct.

##### **Non-Executive Director Compensation**

###### *Objective*

The Board seeks to set aggregate compensation at a level that provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

###### *Structure*

The Constitution and the ASX Listing Rules specify that the aggregate compensation of Non-Executive Directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the Directors as agreed. The latest determination was at the Annual General Meeting held in October 1996 when shareholders approved an aggregate compensation of \$150,000 per year.

# RPM AUTOMOTIVE GROUP LIMITED (FORMERLY KAIRIKI ENERGY LIMITED) AND ITS CONTROLLED ENTITIES

## DIRECTORS' REPORT

The amount of aggregate compensation sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually. The Board may consider advice from external consultants as well as the fees paid to Non-Executive Directors of comparable companies when undertaking the annual review process. Non-Executive Directors' remuneration may include an incentive portion consisting of options, as considered appropriate by the Board, which may be subject to shareholder approval in accordance with ASX listing rules. The Board is of the view that options are a cost effective benefit for small companies such as Kairiki that seek to conserve cash reserves. They also provide an incentive that ultimately benefits both shareholders and the option holder, as option holders will only benefit if the market value of the underlying shares exceeds the option strike price. Ultimately, shareholders will make that determination.

Separate from their duties as Directors, the Non-Executive Directors may undertake work for the Company directly related to the evaluation and implementation of various business opportunities, for which they receive a daily rate. These payments are made pursuant to consultancy arrangements entered into by the Non-Executive Directors with the Company and are not taken into account when determining their aggregate remuneration levels.

### Executive Compensation

#### Objective

The entity aims to reward Executives with a level and mix of compensation commensurate with their position and responsibilities within the entity so as to:

- reward Executives for company and individual performance against targets set by appropriate benchmarks;
- align the interests of Executives with those of shareholders;
- link rewards with the strategic goals and performance of the Company; and
- ensure total compensation is competitive by market standards.

#### Structure

In determining the level and make-up of Executive remuneration, the Board negotiates a remuneration to reflect the market salary for a position and individual of comparable responsibility and experience. Due to the limited size of the Company and of its operations and financial affairs, the use of a separate remuneration committee is not considered appropriate. Remuneration is regularly compared with the external market by participation in industry salary surveys and during recruitment activities generally. If required, the Board may engage an external consultant to provide independent advice in the form of a written report detailing market levels of remuneration for comparable Executive roles.

The Company's only Executive during the years ended 30 June 2019 and 30 June 2018 was the Company Secretary, who received fixed remuneration.

#### Fixed Remuneration

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. Fixed remuneration is reviewed annually by the Board having regard to the Company and individual performance, relevant comparable remuneration in the oil and gas industry and external advice.

The fixed remuneration is a base salary or monthly consulting fee.

### C. Service agreements

There are no formal service agreements with the Non-Executive Chairman or Non-Executive Directors. On appointment to the Board, all Directors receive a letter of appointment that summarises Board policies and terms, which mirror those set out within the Corporations Act 2001 relevant to the office of Director.

### D. Company performance

In determining Key Management Personnel remuneration, the Board takes note of the following measures of company performance in respect of the current and previous four financial years.

	2019	2018	2017	2016	2015
Profit/ (loss) after tax (A\$'000)	(317)	(121)	(146)	885 <sup>(i)</sup>	(2,206)
Closing share price (A\$)	0.296 <sup>(ii)</sup>	0.008 <sup>(ii)</sup>	0.008 <sup>(ii)</sup>	0.008 <sup>(ii)</sup>	0.003

- (i) The profit for the year ended 30 June 2016 resulted principally from a gain on disposal of the Company's former subsidiary Yilgarn Petroleum Philippines Pty Ltd.
- (ii) The Company's shares were suspended from official quotation on 27 May 2016. The last traded price was \$0.008 on a pre consolidation basis and \$0.296 on a post consolidation basis.

**RPM AUTOMOTIVE GROUP LIMITED (FORMERLY KAIRIKI ENERGY LIMITED) AND  
ITS CONTROLLED ENTITIES**

**DIRECTORS' REPORT**

**E. Details of remuneration for year**

Details of Key Management Personnel are set out below.

**Directors**

Campbell Welch	Non-Executive Chairman
Scott Brown	Non-Executive Director
Robert Downey	Non-Executive Director

**Remuneration**

The remuneration of each Director and named executive officer of the Company, including their related entities, during the year was as follows:

	Year	Short Term Benefits		Post Employment	Share-based Payments	Termination payments	Total	Remuneration consisting of options %
		Salary and consulting fees \$	Director fees \$	Superannuation \$	Options \$	\$		
<b>Directors</b>								
C Welch	<b>2019</b>	-	-	-	-	-	-	-
	<b>2018</b>	10,000	-	-	-	-	10,000	-
S Brown	<b>2019</b>	-	-	-	-	-	-	-
	<b>2018</b>	10,000	-	-	-	-	10,000	-
R Downey	<b>2019</b>	-	-	-	-	-	-	-
	<b>2018</b>	-	-	-	-	-	-	-

The following amounts of current and former key management personnel remuneration (excluding GST) remained unpaid as at 30 June 2019 and 30 June 2018:

	\$
R Downey	100,000
S Harrison	20,000
N Bassett	50,000

Directors' fees were suspended until further notice from 1 April 2016.

No performance-related payments were made during the year.

**F. Compensation Options Issued to Key Management Personnel**

No options were granted as equity compensation benefits to Key Management Personnel during the year ended 30 June 2019.

**G. Shares Issued to Key Management Personnel on Exercise of Compensation Options**

No key management personnel exercised options during the years ended 30 June 2019.

**H. Option holdings of Key Management Personnel**

No key management personnel held options during the year ended 30 June 2019.

**RPM AUTOMOTIVE GROUP LIMITED (FORMERLY KAIRIKI ENERGY LIMITED) AND  
ITS CONTROLLED ENTITIES**

**DIRECTORS' REPORT**

**I. Share holdings of Key Management Personnel**

	Balance at 30 June 2018	Change due to appointment / (resignation)	Net change other (including share consolidation)	Balance at 30 June 2019
<b>2019</b>				
<b>Directors</b>				
C Welch	1,269,800	-	(1,224,671)	45,129*
S Brown	-	-	-	-
R Downey	-	-	-	-
	1,269,800	-	(1,224,671)	45,129*

\* Post consolidation

**J. Other transactions and balances with Key Management Personnel**

A legal firm of which director Robert Downey is a principal provided services totalling \$Nil (2018: \$Nil) during the year.

This concludes the Remuneration Report.

**SHARES UNDER OPTION**

There are no unissued ordinary shares of the Company under option at the date of this report.

**ENVIRONMENTAL REGULATIONS**

The Group's environmental obligations are regulated under both State and Federal law. All environmental performance obligations are monitored by the Board and subjected from time to time to Government agency audits and site inspections. The Company has a policy of at least complying with, but in most cases exceeding, its statutory environmental performance obligations. No environmental breaches have occurred or have been notified by any Government agencies during the year ended 30 June 2019 or subsequent to year end.

**CORPORATE GOVERNANCE**

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of RPM Automotive Group Limited (formerly Kairiki Energy Limited) support and have adhered to the principles of corporate governance and have established a set of policies and manuals for the purpose of managing corporate governance. The Company's detailed corporate governance policy statement is contained in the section headed 'Corporate Governance Statement' of the annual report.

**INSURANCE OF OFFICERS**

The Company does not hold insurance covering Directors and Officers of the Company against any liability arising from a claim brought by a third party against its Directors and Officers, or against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in their capacity as a Director or Officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

**NON-AUDIT SERVICES**

No non-audit services were provided by the Company's auditors.

**AUDITOR INDEPENDENCE**

The following is a copy of a letter received from the Company's auditors:

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

For and on behalf of the Board.

  
Campbell Welch

Chairman

20 September 2019

Walker Wayland Advantage Audit Partnership

Audit & Assurance Services

Level 7, 114 William Street  
Melbourne VIC 3000  
Australia

ABN 47 075 804 075

T +61 3 9274 0600

F +61 3 9274 0660

audit@wwadvantage.com.au

wwadvantage.com.au

**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF RPM AUTOMOTIVE GROUP LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2019 there have been:

- a) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

  
**WALKER WAYLAND ADVANTAGE AUDIT PARTNERSHIP  
CHARTERED ACCOUNTANTS**

  
**BEN BESTER  
PARTNER**

Dated in Melbourne on this 20 day of September 2019

# RPM AUTOMOTIVE GROUP LIMITED (FORMERLY KAIRIKI ENERGY LIMITED) AND ITS CONTROLLED ENTITIES

## CORPORATE GOVERNANCE STATEMENT

The Board of Directors of RPM Automotive Group Limited (formerly Kairiki Energy Limited) is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of RPM Automotive Group Limited (formerly Kairiki Energy Limited) on behalf of the shareholders by whom they are elected and to whom they are accountable. This statement reports on RPM Automotive Group Limited (formerly Kairiki Energy Limited)'s key governance principles and practices.

### 1. COMPLIANCE WITH BEST PRACTICE RECOMMENDATIONS

The Company, as a listed entity, must comply with the Corporations Act 2001 and the ASX Limited (ASX) Listing Rules. The ASX Listing Rules require the Company to report on the extent to which it has followed the Corporate Governance Recommendations published by the ASX Corporate Governance Council (ASXCGC). Where a recommendation has not been followed, that fact is disclosed, together with the reasons for the departure. The Company recognises the publication of the third edition of the principles and recommendations.

The table below summaries the Company's compliance with the Corporate Governance Council's Recommendations:

Principle #	ASX Corporate Governance Council Recommendations	Reference	Comply
<b>Principle 1</b>	<b>Lay solid foundations for management and oversight</b>		
1.1	Establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	2(a)	Yes
1.2	Disclose the process for evaluating the performance of senior executives.	2(h), 3(b), Remuneration Report	Yes
1.3	Provide the information indicated in the Guide to reporting on principle 1.	2(a), 2(h), 3(b), Remuneration Report	Yes
<b>Principle 2</b>	<b>Structure the board to add value</b>		
2.1	A majority of the board should be independent directors.	2(b), 2(e)	Yes
2.2	The chair should be an independent director.	2(c), 2(e)	Yes
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	2(b), 2(c)	Yes
2.4	The Board should establish a nomination committee.	2(d)	No
2.5	Disclose the process for evaluating the performance of the board, its committees and individual directors.	2(h)	Yes
2.6	Provide the information indicated in the Guide to reporting on principle 2.	2(b), 2(c), 2(d), 2(e), 2(h)	Yes
<b>Principle 3</b>	<b>Promote ethical and responsible decision-making</b>		
3.1	Establish a code of conduct and disclose the code or a summary as to:	4(a)	Yes
	<ul style="list-style-type: none"> <li>the practices necessary to maintain confidence in the company's integrity;</li> </ul>		
	<ul style="list-style-type: none"> <li>the practices necessary to take into account the company's legal obligations and the reasonable expectations of its stakeholders; and</li> </ul>		
	<ul style="list-style-type: none"> <li>the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.</li> </ul>		
3.2	Establish a policy concerning diversity and disclose the policy or a summary of that policy.	4(b)	Yes
3.3	Disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.	4(b)	No
3.4	Disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.	4(b)	Yes

**RPM AUTOMOTIVE GROUP LIMITED (FORMERLY KAIRIKI ENERGY LIMITED) AND  
ITS CONTROLLED ENTITIES**

**CORPORATE GOVERNANCE STATEMENT**

<b>Principle #</b>	<b>ASX Corporate Governance Council Recommendations</b>	<b>Reference</b>	<b>Comply</b>
3.5	Provide the information indicated in the Guide to reporting on principle 3.	4(a), 4(b)	Yes
<b>Principle 4</b>	<b>Safeguard integrity in financial reporting</b>		
4.1	The Board should establish an audit committee.	3(a)	Yes
4.2	The audit committee should be structured so that it:	3(a)	No
	• consists only of Non-Executive directors;		
	• consists of a majority of independent directors;		
	• is chaired by an independent chair, who is not chair of the Board; and		
	• has at least three members.		
4.3	The audit committee should have a formal charter	3(a)	Yes
4.4	Provide the information indicated in the Guide to reporting on principle 4.	3(a)	Yes
<b>Principle 5</b>	<b>Make timely and balanced disclosure</b>		
5.1	Establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies.	5(a), 5(b)	Yes
5.2	Provide the information indicated in the Guide to reporting on principle 5.	5(a), 5(b)	Yes
<b>Principle 6</b>	<b>Respect the rights of shareholders</b>		
6.1	Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose the policy or a summary of that policy.	5(a), 5(b)	Yes
6.2	Provide the information indicated in the Guide to reporting on principle 6.	5(a), 5(b)	Yes
<b>Principle 7</b>	<b>Recognise and manage risk</b>		
7.1	Establish policies for the oversight and management of material business risks and disclose a summary of those policies.	6(a)	Yes
7.2	The Board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	6(a), 6(b), 6(d)	Yes
7.3	The Board should disclose whether it had received assurance from the chief executive officer and the chief financial officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	6(c)	Yes
7.4	Provide the information indicated in the Guide to reporting on principle 7.	6(a), 6(b), 6(c), 6(d)	Yes

**RPM AUTOMOTIVE GROUP LIMITED (FORMERLY KAIRIKI ENERGY LIMITED) AND  
ITS CONTROLLED ENTITIES**

**CORPORATE GOVERNANCE STATEMENT**

Principle #	ASX Corporate Governance Council Recommendations	Reference	Comply
<b>Principle 8</b>	<b>Remunerate fairly and responsibly</b>		
8.1	The Board should establish a remuneration committee.	3(b)	No
8.2	Remuneration Committee should be structured so that it: <ul style="list-style-type: none"> <li>consists of a majority of independent directors</li> <li>is chaired by an independent director; and</li> <li>has at least three members.</li> </ul>	3(b)	No
8.3	Clearly distinguish the structure on Non-Executive directors' remuneration from that of executive directors and senior executives.	3(b), Remuneration Report	Yes
8.4	Provide the information indicated in the Guide to reporting on principle 8.	3(b)	Yes

## **2. THE BOARD OF DIRECTORS**

### **2(a) Roles and Responsibilities of the Board**

The Board's primary role is the protection and enhancement of long-term shareholder value. To fulfil this role, the Board is responsible for oversight of the management and the overall corporate governance of the Company including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

The Board operates within the broad principles and responsibilities described in the following:

- Setting the strategic aims of the Company and overseeing management's performance within that framework;
- Making sure that the necessary resources (financial and human) are available to the Company and its senior executives to meet its objectives;
- Overseeing management's performance and the progress and development of the Company's strategic plan;
- Selecting and appointing suitable Executive Directors with the appropriate skills to help the Company in the pursuit of its objectives;
- Determining the remuneration policy for the Board members, Company Secretary and Senior Management;
- Controlling and approving financial reporting, capital structures and material contracts;
- Ensuring that a sound system of risk management and internal controls are in place;
- Setting the Company's values and standards;
- Undertaking a formal and rigorous review of the Corporate Governance policies to ensure adherence to the ASX Corporate Governance Council;
- Ensuring that the Company's obligations to shareholders are understood and met;
- Ensuring the health, safety and well-being of employees in conjunction with the senior management team, including developing, overseeing and reviewing the effectiveness of the Company's occupational health and safety systems to assure the well-being of all employees;
- Ensuring an adequate system is in place for the proper delegation of duties for the effective operative day to day running of the Company without the Board losing sight of the direction that the Company is taking; and
- Any other matter considered desirable and in the interest of the Company.

### **2(b) Board Composition**

The Directors determine the composition of the Board employing the following principles:

- the Board, in accordance with the Company's constitution, must comprise a minimum of three Directors;
- the roles of the Chairman of the Board and of the Chief Executive Officer should be exercised by different individuals;
- the majority of the Board should comprise Directors who are Non-Executive; and
- Directors should bring characteristics which allow a mix of qualifications, skills, experience, expertise and diversity to the Board.



**CORPORATE GOVERNANCE STATEMENT**

---

The Board is currently comprised of three Non-Executive Directors. At all times during the year the Board comprised a majority of Non-Executive Directors. The skills, experience, expertise, qualifications and terms of office of each Director in office at the date of the annual report is included in the Directors' Report.

The Company's constitution requires one-third of the Directors (or the next lowest whole number) to retire by rotation at each Annual General Meeting (AGM). The Directors to retire at each AGM are those who have been longest in office since their last election. Where Directors have served for equal periods, they may agree amongst themselves or determine by lot who will retire. A Director must retire in any event at the third AGM since he or she was last elected or re-elected. Retiring Directors may offer themselves for re-election.

A Director appointed as an additional or casual Director by the Board will hold office until the next AGM when they may be re-elected.

The Managing Director is not subject to retirement by rotation and, along with any Director appointed as an additional or casual Director, is not to be taken into account in determining the number of Directors required to retire by rotation.

**2(c) Roles of the Chairman and Executive Director**

The Chairman is responsible for:

- providing the necessary direction required for an effective Board;
- ensuring that all the Directors receive timely and accurate information so that they can make informed decisions on matters of the Company;
- ensuring that the Board collectively and individual directors' performance is assessed annually; and
- encouraging active engagement from all members of the Board.

The Managing Director is responsible for:

- the executive management of the company's operations;
- policy direction of the operations of the Company;
- the efficient and effective operation of the Company; and
- ensuring all material matters affecting the Company are brought to the Board's attention.

Board policy specifies that the roles of the Chairman and the Chief Executive Officer should be separate roles to be undertaken by separate people. Due to the nature of the company's current activities it does not currently have a Chief Executive Officer.

**2(d) Nomination Committee**

The Company does not comply with ASX Recommendation 2.4. The Company is not of a relevant size to consider formation of a nomination committee to deal with the selection and appointment of new Directors and as such a nomination committee has not been formed.

Nominations of new Directors are considered by the full Board. If any vacancies arise on the Board, all directors are involved in the search and recruitment of a replacement. The Board has taken a view that the full Board will hold special meetings or sessions as required. The Board are confident that this process for selection and review is stringent and full details of all Directors are provided to shareholders in the annual report and on the Company's website.

**2(e) Independent Directors**

The Company recognises that independent Directors are important in assuring shareholders that the Board is properly fulfilling its role and is diligent in holding senior management accountable for its performance. The Board assesses each of the directors against specific criteria to decide whether they are in a position to exercise independent judgment.

Directors of RPM Automotive Group Limited (formerly Kairiki Energy Limited) are considered to be independent when they are independent of management and free from 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 judgement.

# RPM AUTOMOTIVE GROUP LIMITED (FORMERLY KAIRIKI ENERGY LIMITED) AND ITS CONTROLLED ENTITIES

## CORPORATE GOVERNANCE STATEMENT

In making this assessment, the Board considers all relevant facts and circumstances. Relationships that the Board will take into consideration when assessing independence are whether a Director:

- is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- is employed, or has previously been employed in an executive capacity by the Company or another Company member, and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- has within the last three years been a principal of a material professional advisor or a material consultant to the Company or another Company member, or an employee materially associated with the service provided;
- is a material supplier or customer of the Company or other Company member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; or
- has a material contractual relationship with the Company or another Company member other than as a Director.

The Board comprised three independent Non-Executive Directors for the year and subsequent to the end of the year two independent Non-Executive Directors.

In accordance with the definition of independence above, and the materiality thresholds set, the following Directors of RPM Automotive Group Limited (formerly Kairiki Energy Limited) are considered to be independent:

Name	Position
Campbell Welch	Non-Executive Chairman
Scott Brown	Non-Executive Director
Robert Downey	Non-Executive Director – Resigned 28 August 2019

The following persons hold office as directors of RPM Automotive Group Limited (formerly Kairiki Energy Limited) at the date of this report:

Name	Term in Office
Campbell Welch	Since 23 March 2016
Clive Finkelstein	Executive Director – Appointed 28 August 2019
Lawrence Jaffe	Executive Director – Appointed 28 August 2019
Scott Brown	Since 6 May 2016
Robert Downey	Since 15 February 2013 and resigned on 28 August 2019

### 2(f) Avoidance of conflicts of interest by a Director

In order to ensure that any interests of a Director in a particular matter to be considered by the Board are known by each Director, each Director is required by the Company to disclose any relationships, duties or interests held that may give rise to a potential conflict. Directors are required to adhere strictly to constraints on their participation and voting in relation to any matters in which they may have an interest.

### 2(g) Board access to information and independent advice

Directors are able to access members of the management team at any time to request relevant information.

There are procedures in place, agreed by the Board, to enable Directors, in furtherance of their duties, to seek independent professional advice at the company's expense.

### 2(h) Review of Board performance

The performance of the Board, collectively and individually, is reviewed annually by the Chairman. The Chairman conducts performance evaluations which involve an assessment of each Board member's performance against specific and measurable qualitative and quantitative performance criteria. The evaluation process is focussed on objective and tangible criteria such as:

- Performance of the Company
- Accomplishment of long term strategic objectives
- Development of management
- Growth in shareholder value

**CORPORATE GOVERNANCE STATEMENT**

---

**3. BOARD COMMITTEES**

**3(a) Audit Committee**

Given the size and scale of the Company's operations the full Board undertakes the role of the Audit Committee. The Audit Committee does not comply with ASX Recommendation 4.2 as the Chair of the Board is Chair of the Audit Committee. The role and responsibilities of the Audit Committee are summarised below.

The Audit Committee is responsible for reviewing the integrity of the Company's financial reporting and overseeing the independence of the external auditors. The Board sets aside time to deal with issues and responsibilities usually delegated to the Audit Committee to ensure the integrity of the financial statements of the Company and the independence of the auditor.

The Board reviews the audited annual and half-year financial statements and any reports which accompany published financial statements and recommends their approval to the members. The Board also reviews annually the appointment of the external auditor, their independence and their fees.

The Board is also responsible for establishing policies on risk oversight and management. The Company has not formed a separate Risk Management Committee due to the size and scale of its operations.

*External Auditors*

The Company's policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs. It is auditor's policy to rotate engagement partners on listed companies at least every five years. The Company has changed external auditors during the year.

An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services, is provided in the notes to the financial statements in the Annual Report.

There is no indemnity provided by the company to the auditor in respect of any potential liability to third parties.

The external auditor is requested to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and preparation and content of the audit report.

There were no non-audit services provided by the auditors during the year.

**3(b) Remuneration Committee**

The role of a Remuneration Committee is to assist the Board in fulfilling its responsibilities in respect of establishing appropriate remuneration levels and incentive policies for employees.

The Board has not established a separate Remuneration Committee due to the size and scale of its operations. This does not comply with Recommendation 8.1 however the Board as a whole takes responsibility for such issues.

The responsibilities include setting policies for senior officers remuneration, setting the terms and conditions for the Managing Director, reviewing and making recommendations to the Board on the Company's incentive schemes and superannuation arrangements, reviewing the remuneration of both executive and Non-Executive directors and undertaking reviews of the Managing Director's performance.

The Company has structured the remuneration of its senior executives, where applicable, such that it comprises a fixed salary, statutory superannuation and, where applicable, participation in the Company's employee share option plan. The Company believes that by remunerating senior executives in this manner it rewards them for performance and aligns their interests with those of shareholders and increases the Company's performance.

**CORPORATE GOVERNANCE STATEMENT**

---

Non-Executive directors are paid their fees out of the maximum aggregate amount approved by shareholders for Non-Executive director remuneration. The Company does not adhere to Recommendation 8.3 Box 8.2 'Non-Executive directors should not receive options or bonus payments'. The Company has and may, in the future, grant options to Non-Executive directors. The Board is of the view that options (for both executive and Non-Executive directors) are a cost effective benefit for small companies such as RPM Automotive Group Limited (formerly Kairiki Energy Limited) that seek to conserve cash reserves. They also provide an incentive that ultimately benefits both shareholders and the optionholders, as optionholders will only benefit if the market value of the underlying shares exceeds the option strike price. Ultimately, shareholders will make that determination.

The board policy is to remunerate Directors at market rates for time, commitment and responsibilities. The Board determines payments to the Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. Fees for Non-Executive Directors are not linked to the performance of the Company. However, to align Directors' interests with shareholders interests, the Directors are encouraged to hold shares in the Company.

The Company's aim is to remunerate at a level that will attract and retain high-calibre directors and employees. Company officers and Directors are remunerated to a level consistent with the size of the Company.

The Board believes that it has implemented suitable practices and procedures that are appropriate for an organisation of this size and maturity.

In accordance with best practice corporate governance, the structure of Non-Executive Director and Executive compensation is separate and distinct.

In determining remuneration, the Board has taken a view that the full Board will hold special meetings or sessions as required. No Director participated in any deliberation regarding his or her own remuneration or related issues. The Board are confident that this process for determining remuneration is stringent and full details of remuneration policies and remuneration received by directors and executives in the current period is contained in the "Remuneration Report" within the Directors' Report of the Annual Report.

**4. ETHICAL AND RESPONSIBLE DECISION MAKING**

**4(a) Code of Ethics and Conduct**

The Board endeavours to ensure that the Directors, officers and employees of the Company act with integrity and observe the highest standards of behaviour and business ethics in relation to their corporate activities. The "Code of Conduct" sets out the principles, practices, and standards of personal behaviour the Company expects people to adopt in their daily business activities.

All Directors, officers and employees are required to comply with the Code of Conduct. Senior managers are expected to ensure that employees, contractors, consultants, agents and partners under their supervision are aware of the Company's expectations as set out in the Code of Conduct.

All Directors, officers and employees are expected to:

- comply with the law;
- act in the best interests of the Company;
- be responsible and accountable for their actions; and
- observe the ethical principles of fairness, honesty and truthfulness, including prompt disclosure of potential conflicts.

**CORPORATE GOVERNANCE STATEMENT**

---

**4(b) Workplace Diversity Policy**

Diversity includes, but is not limited to, gender, age, ethnicity and cultural background. The Company is committed to diversity and recognises the benefits arising from employee and board diversity and the importance of benefiting from all available talent. Accordingly, the Company has established a diversity policy which is available on the Company's website.

The Board has a commitment to promoting a corporate culture that is supportive of diversity and encourages the transparency of Board processes, review and appointment of Directors. The Board is responsible for developing policies in relation to the achievement of measurable diversity objectives and the extent to which they will be linked to the Key Performance Indicators for the Board, Managing Director and senior executives.

The Company's strategies may include:

- recruiting from a diverse range of candidates for all positions, including senior executive roles and Board positions;
- reviewing pre-existing succession plans to ensure that there is a focus on diversity;
- encourage female participation across a range of roles across the Company;
- review and report on the relative proportion of women and men in the workforce at all levels of the Company;
- articulate a corporate culture which supports workplace diversity and in particular, recognizes that employees at all levels of the Company may have domestic responsibilities;
- develop programs to encourage a broader pool of skilled and experienced senior management and Board candidates, including, workplace development programs, mentoring programs and targeted training and development; and
- any other strategies that the Board or the Nomination Committee develops from time to time.

At the date of this report the Company has no executive female employees. The Company utilises the services of a number of female consultants, in varying roles. No women are currently represented on the Board.

Due to the current size, nature and scale of the Company's activities the Board has not yet developed objectives regarding gender diversity. As the size and scale of the Company grows the Board will set and aim to achieve gender diversity objectives as director and senior executive positions become vacant and appropriately qualified candidates become available.

**5. TIMELY AND BALANCED DISCLOSURE**

**5(a) Shareholder communication**

The Company is committed to:

- Ensuring that shareholders and the market are provided with full and timely information about its activities;
- Complying with the continuous disclosure obligations contained in the ASX Listing Rules and the applicable sections of the Corporations Act 2001; and
- Providing equal opportunity for all stakeholders to receive externally available information issued by the Company in a timely manner.

The Company's Disclosure Policy covers financial markets communication, media contact and continuous disclosure issues.

All information released to the ASX, after clearance from the ASX will be promptly placed on the Company's website.

Shareholders are encouraged to participate in general meetings. Copies of addresses by the Chairman or Chief Executive Officer are disclosed to the market and posted on the Company's website. The Company's external auditor attends the Company's annual general meeting to answer shareholder questions about the conduct of the audit, the preparation and content of the audit report, the accounting policies adopted by the Company and the independence of the auditor in relation to the conduct of the audit.

**CORPORATE GOVERNANCE STATEMENT**

---

**5(b) Continuous disclosure policy**

The Company is committed to ensuring that shareholders and the market are provided with full and timely information and that all stakeholders have equal opportunities to receive externally available information issued by the Company. The Company's "ASX Disclosure Policy" described in 5(a) reinforces the Company's commitment to continuous disclosure and outline management's accountabilities and the processes to be followed for ensuring compliance.

The policy also contains guidelines on information that may be price sensitive. The Company Secretary has been nominated as the person responsible for communications with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements with the ASX Listing Rules and overseeing and coordinating information disclosure to the ASX.

**6. RECOGNISING AND MANAGING RISK**

The Board is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. The Company's policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Company's business objectives. A written policy in relation to risk oversight and management has been established. Considerable importance is placed on maintaining a strong control environment. There is an organisation structure with clearly drawn responsibilities.

**6(a) Board oversight of the risk management system**

The Company is not currently considered to be of a size, nor is its affairs of such complexity to justify the establishment of a separate Risk Management Committee. Instead, the Board, as part of its usual role and through direct involvement in the management of the Company's operations ensures risks are identified, assessed and appropriately managed. Where necessary, the Board draws on the expertise of appropriate external consultants to assist in dealing with or mitigating risk.

The Board is responsible for approving and overseeing the risk management system. The Board reviews, at least annually, the effectiveness of the implementation of the risk management controls and procedures.

The principle aim of the system of internal control is the management of business risks, with a view to enhancing the value of shareholders' investments and safeguarding assets. Although no system of internal control can provide absolute assurance that the business risks will be fully mitigated, the internal control systems have been designed to meet the Company's specific needs and the risks to which it is exposed.

Annually, the Board is responsible for identifying the risks facing the Company, assessing the risks and ensuring that there are controls for these risks, which are to be designed to ensure that any identified risk is reduced to an acceptable level.

The Board is also responsible for identifying and monitoring areas of significant business risk. Internal control measures currently adopted by the Board include:

- monthly reporting to the Board in respect of operations and the Company's financial position, with a comparison of actual results against budget; and
- regular reports to the Board by appropriate members of the management team and/or independent advisers, outlining the nature of particular risks and highlighting measures which are either in place or can be adopted to manage or mitigate those risks.

**6(b) Risk management roles and responsibilities**

The Board is responsible for approving and reviewing the Company's risk management strategy and policy. Executive management is responsible for implementing the Board approved risk management strategy and developing policies, controls, processes and procedures to identify and manage risks in all of the Company's activities.

The Board is responsible for satisfying itself that management has developed and implemented a sound system of risk management and internal control.

**CORPORATE GOVERNANCE STATEMENT**

---

**6(c) Chief Executive Officer and Chief Financial Officer Certification**

The Chief Executive Officer and Chief Financial Officer, or equivalent, provide to the Board written certification that in all material respects:

- The Company's financial statements present a true and fair view of the Company's financial condition and operational results and are in accordance with relevant accounting standards;
- The statement given to the Board on the integrity of the Company's financial statements is founded on a sound system of risk management and internal compliance and controls which implements the policies adopted by the Board; and
- The Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

**6(d) Internal review and risk evaluation**

Assurance is provided to the Board by executive management on the adequacy and effectiveness of management controls for risk on a regular basis.

**7 Trading in Company securities by directors and employees**

The Board has adopted a Securities Trading Policy which complies with the requirements of Listing Rule 12.12 which regulates dealings by Directors, officers and employees in securities issued by the Company.

The policy, which is available on the Company's website, includes the Company's closed periods, restrictions on trading that apply to the Company's key management personnel, trading that is not subject to the policy, exceptional circumstances in which key management personnel may be permitted to trade during a prohibited period with prior written clearance and the procedure for obtaining written clearance. The policy provides that employees, directors and officers must not enter into transactions or arrangements which operate to limit the economic risk of their security holding in the Company without first seeking and obtaining written acknowledgement from the Board.

**RPM AUTOMOTIVE GROUP LIMITED (FORMERLY KAIRIKI ENERGY LIMITED) AND  
ITS CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2019**

		<b>Consolidated</b>	
		<b>2019</b>	<b>2018</b>
	Note	\$	\$
Revenue	3(a)	970	2,591
Other income	3(b)	230	1,483
		<u>1,200</u>	<u>4,074</u>
Administrative expenses	3(c)	317,918	125,426
		<u>317,918</u>	<u>125,426</u>
<b>Profit / (loss) before income tax expense</b>		(316,718)	(121,352)
Income tax expense	4	-	-
<b>Profit / (loss) after tax for the period from continuing operations</b>		<u>(316,718)</u>	<u>(121,352)</u>
<b>Profit / (loss) after tax for the period</b>		(316,718)	(121,352)
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive loss attributable to members of RPM Automotive Group Limited (formerly Kairiki Energy Limited)</b>		<u>(316,718)</u>	<u>(121,352)</u>
		<b>cents</b>	<b>cents</b>
Profit / (loss) per share attributable to ordinary equity holders of the parent (basic and diluted)	5		
From continuing operations		(3.4)	(1.3)
From discontinued operations		-	-
Total		<u>(3.4)</u>	<u>(1.3)</u>

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.



**RPM AUTOMOTIVE GROUP LIMITED (FORMERLY KAIRIKI ENERGY LIMITED) AND  
ITS CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2019**

		<b>Consolidated</b>	
		<b>2019</b>	<b>2018</b>
	Note	\$	\$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	6	51	158,371
Trade and other receivables	7	19,932	1,649
<b>Total Current Assets</b>		<b>19,983</b>	<b>160,020</b>
<b>Total Assets</b>		<b>19,983</b>	<b>160,020</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	8	397,175	220,494
<b>Total Current Liabilities</b>		<b>397,175</b>	<b>220,494</b>
<b>Total Liabilities</b>		<b>397,175</b>	<b>220,494</b>
<b>Net Assets / (Deficiency)</b>		<b>(377,192)</b>	<b>(60,474)</b>
<b>EQUITY</b>			
Issued capital	9	86,101,448	86,101,448
Reserves	10	-	(6,885,355)
Accumulated losses		(86,478,640)	(79,276,567)
<b>Total Equity / (Shareholders' Deficit)</b>		<b>(377,192)</b>	<b>(60,474)</b>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

**RPM AUTOMOTIVE GROUP LIMITED (FORMERLY KAIRIKI ENERGY LIMITED) AND  
ITS CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2019**

	<b>Issued Capital \$</b>	<b>Foreign Currency Translation Reserve \$</b>	<b>Accumulated Losses \$</b>	<b>Total \$</b>
Balance at 30 June 2017	<b>86,101,448</b>	<b>(6,885,355)</b>	<b>(79,155,215)</b>	<b>60,878</b>
Loss for the period	-	-	<b>(121,352)</b>	<b>(121,352)</b>
Total comprehensive income / (loss) for the period			<b>(121,352)</b>	<b>(121,352)</b>
<b>Balance at 30 June 2018</b>	<b>86,101,448</b>	<b>(6,885,355)</b>	<b>(79,276,567)</b>	<b>(60,474)</b>
Loss for the period	-	-	<b>(316,718)</b>	<b>(316,718)</b>
Transfer of reserve to accumulated losses	-	<b>6,885,355</b>	<b>(6,885,355)</b>	-
Total comprehensive income / (loss) for the period	-	<b>6,885,355</b>	<b>(7,202,073)</b>	<b>(316,718)</b>
<b>Balance at 30 June 2019</b>	<b>86,101,448</b>	-	<b>(86,478,640)</b>	<b>(377,192)</b>

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

**RPM AUTOMOTIVE GROUP LIMITED (FORMERLY KAIRIKI ENERGY LIMITED) AND  
ITS CONTROLLED ENTITIES**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2019**

		<b>Consolidated</b>	
		<b>2019</b>	<b>2018</b>
	Note	\$	\$
<b>Cash flows from operating activities</b>			
Receipts		230	1,483
Payments to suppliers and employees		(159,520)	(109,507)
Interest received		970	2,591
<b>Net cash used in operating activities</b>	6(i)	(158,320)	(105,433)
<b>Cash flows from investing activities</b>			
Proceeds from sale of financial assets		-	-
<b>Net cash used in investing activities</b>		-	-
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares(net expenses)		-	-
<b>Net cash provided by / (used in) financing activities</b>		-	-
<b>Net increase / (decrease) in cash held</b>		(158,320)	(105,433)
Cash at the beginning of the financial year		158,371	263,804
Effect of exchange rate changes		-	-
<b>Cash and cash equivalents at end of year</b>	6	51	158,371

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

**NOTES TO THE FINANCIAL STATEMENTS**

---

**1. Corporate Information**

The financial report of RPM Automotive Group Limited (formerly Kairiki Energy Limited) (“RPM” or “the Company”) and its subsidiaries (“the Group”) for the year ended 30 June 2019 was authorised for issue in accordance with a resolution of the Directors on 20 September 2019.

RPM is a company limited by shares incorporated in Australia. Its shares are publicly traded on the Australian Securities Exchange. The nature of the operations and principal activities of the Group are described in the Directors’ Report.

**2. Summary of Significant Accounting Policies**

**Basis of Presentation**

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and authoritative pronouncements of the Australian Accounting Standards Board. The financial report has been prepared on a historical cost basis.

The financial report is presented in Australian dollars.

**Going concern**

The Group incurred a loss from continuing operations of \$316,718 (2018: \$121,352) and net operating cash outflows of \$158,320 (2018: \$105,433).

The ability of the Group to continue as a going concern is principally dependent upon raising additional capital to fund the Group’s ongoing working capital requirements, as and when required.

The Directors therefore believe it is appropriate to prepare the financial statements on a going concern basis.

Although the Directors believe they will be successful in raising additional capital to fund working capital requirements, if they are not, there is a material uncertainty that the Group may be unable to continue as a going concern and therefore may be unable to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

**Statement of compliance**

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS).

**New and amended standards adopted by the Group**

The new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2018 were adopted.

The adoption of these new standards and amendments to standards did not have any impact on the current period or any prior period and is not likely to affect future periods.

**RPM AUTOMOTIVE GROUP LIMITED (FORMERLY KAIRIKI ENERGY LIMITED) AND  
ITS CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS**

**2. Summary of Significant Accounting Policies (continued)**

**New and amended standards adopted by the Group (continued)**

**New accounting standards and interpretations issued but not yet effective**

New accounting standards and interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the reporting period ending 30 June 2019 are outlined in the following table.

Reference	Title	Summary	Application date of standard	Application date for Group
AASB 16	<i>Leases</i>	<p>AASB 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under AASB 117 <i>Leases</i>. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset).</p> <p>Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.</p> <p>Lessor accounting is substantially unchanged from today's accounting under AASB 117. Lessors will continue to classify all leases using the same classification principle as in AASB 117 and distinguish between two types of leases: operating and finance leases.</p>	1 January 2019	1 July 2019

NOTES TO THE FINANCIAL STATEMENTS

2. *Summary of Significant Accounting Policies (continued)*

**Basis of consolidation**

The consolidated financial statements comprise the financial statements of RPM Automotive Group Limited (formerly Kairiki Energy Limited) (“RPM”, the “Company”, or “parent entity”) and its subsidiaries (“the Group”) as at 30 June each year.

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Subsidiaries are fully consolidated from the date the Group obtains control until such time as control ceases.

The financial statements of the subsidiaries are prepared for the same period as the parent entity, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions are eliminated in full.

Investments in subsidiaries held by RPM Automotive Group Limited (formerly Kairiki Energy Limited) are accounted for at cost in the separate financial statements of the parent entity, less any impairment charges.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values. The difference between the above items and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or a discount on acquisition.

**Foreign currency translation**

Both the functional and presentation currency of RPM Automotive Group Limited (formerly Kairiki Energy Limited) and its Australian subsidiaries is Australian dollars (\$A).

Foreign currency transactions are translated to Australian currency at the rate of exchange ruling at the date of the transactions. Monetary items in foreign currencies at balance date are translated at the rates of exchange ruling on that date.

Exchange differences relating to amounts payable and receivable in foreign currencies are brought to account in the Consolidated Statement of Comprehensive Income in the financial year in which the exchange rates change, as exchange gains or losses.

**Significant Accounting Estimates and Judgements**

*Significant accounting judgements*

In the process of applying the Group’s accounting policies, management has made the following judgements, apart from those involving estimations, which have a significant effect on the amounts recognised in the financial statements.

*Exploration and evaluation assets*

The Group’s accounting policy for exploration and evaluation expenditure is set out at Note 2. The application of this policy necessarily requires management to make certain assumptions as to future events and circumstances. Any such assumptions may change as new information becomes available. If, after having capitalised expenditure under the policy, it is concluded that the expenditures are unlikely to be recovered by future exploitation or sale, then the relevant capitalised amount is written off to the statement of profit or loss and other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

2. *Summary of Significant Accounting Policies (continued)*

**Significant Accounting Estimates and Judgements (continued)**

***Significant accounting estimates and assumptions***

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

(i) *Impairment of assets*

In determining the recoverable amount of assets, in the absence of quoted market prices, estimations are made regarding the present value of future cash flows using asset-specific discount rates and a “value in use” discounted cash flow methodology. Additional disclosures are provided about the discount rate and any other significant assumptions.

(ii) *Share-based payment transactions*

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted.

**Cash and cash equivalents**

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as described above, net of outstanding bank overdrafts.

**Trade and other receivables**

Trade receivables are recognised initially at fair value (generally the original invoice amount) and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

Collectability of receivables is reviewed on an ongoing basis. Debts that are known to be uncollectable are written off when identified. An impairment provision is recognised when there is objective evidence that the Group will not be able to collect the receivable. Financial difficulties of the debtor, default payment or debts more than 60 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the effective interest rate.

**Impairment of non-financial assets**

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

**Financial Instruments**

**Initial recognition and measurement**

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

NOTES TO THE FINANCIAL STATEMENTS

2. *Summary of Significant Accounting Policies (continued)*

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15.63.

**Classification and subsequent measurement**

*Financial liabilities*

Financial instruments are subsequently measured at amortised cost

*Financial assets*

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates;
- the business model for managing the financial assets comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

**Derecognition**

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

*Derecognition of financial liabilities*

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

*Derecognition of financial assets*

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

**Impairment**

The Group recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.



**NOTES TO THE FINANCIAL STATEMENTS**

---

*Recognition of expected credit losses in financial statements*

At each reporting date, the Group recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

**Trade and other payables**

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

**Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

**Interests in joint operations**

A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to that arrangement.

Interests in joint operations are reported in the financial statements by including the Group's share of assets employed in the joint operations, the share of liabilities incurred in relation to the joint operations and the share of any expenses and revenues in relation to the joint operations in their respective categories.

**Issued capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**Revenue recognition**

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

Revenue from contracts with customers is recognised under AASB 15. The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. Revenue is recognised by applying a five step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

NOTES TO THE FINANCIAL STATEMENTS

2. *Summary of Significant Accounting Policies (continued)*

**Share-based payment transactions**

*Equity-settled transactions:*

The Group may provide benefits to Directors, employees and consultants of the Group in the form of share-based payments, whereby those individuals render services in exchange for shares or rights over shares.

When provided, the cost of these equity-settled transactions with these individuals is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a binomial model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of RPM Automotive Group Limited (formerly Kairiki Energy Limited) (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant individuals become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The amount charged or credited to the statement of profit or loss and other comprehensive income for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

**Income Tax**

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint arrangements, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint arrangements, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

2. *Summary of Significant Accounting Policies (continued)*

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

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 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 the law.

**Other taxes**

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

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

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

**Segment reporting**

An operating segment is a component of the entity that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. Operating segments have been identified based on the information provided to the chief operating decision makers, being the executive management team.

**Earnings per share**

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

**RPM AUTOMOTIVE GROUP LIMITED (FORMERLY KAIRIKI ENERGY LIMITED) AND  
ITS CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS**

		<b>Consolidated</b>	
		<b>2019</b>	<b>2018</b>
		<b>\$</b>	<b>\$</b>
<b>3.</b>	<b><i>Revenue and Expenses</i></b>		
<b>(a)</b>	<b>Revenue</b>		
	Interest revenue	<u>970</u>	<u>2,591</u>
		<u><b>970</b></u>	<u><b>2,591</b></u>
<b>(b)</b>	<b>Other Income</b>		
	Sundry income	<u>230</u>	<u>1,483</u>
		<u><b>230</b></u>	<u><b>1,483</b></u>
<b>(c)</b>	<b>Expenses</b>		
	<i>Administrative expenses include:</i>		
	Employee benefits expense:		
	Salaries, wages and directors' fees	-	-
	Defined contribution superannuation expense	-	-
		<u>-</u>	<u>-</u>
		<u><b>-</b></u>	<u><b>-</b></u>

**RPM AUTOMOTIVE GROUP LIMITED (FORMERLY KAIRIKI ENERGY LIMITED) AND  
ITS CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS**

	Consolidated 2019	2018
	\$	\$
<b>4. Income Tax</b>		
<b>(a) The major components of income tax are:</b>		
<b>Statement of profit or loss and other comprehensive income</b>		
Current income tax	-	-
Deferred income tax	-	-
Income tax expense reported in the statement of profit or loss and other comprehensive income	-	-
<b>(b) Income Tax Reconciliation</b>		
The reconciliation between tax expense and the product of accounting loss before income tax multiplied by the Company's applicable income tax rate is as follows:		
Loss before tax from continuing operations	(316,718)	(121,352)
Profit / (loss) before tax from discontinued operations	-	-
Profit / (loss) before income tax	(316,718)	(121,352)
Income tax expense / (benefit) at 27.5% (2018: 27.5%)	(87,097)	(33,372)
Unrecognised tax losses	87,097	33,372
Income tax expense reported in the statement of profit or loss and other comprehensive income	-	-
<b>(c) Deferred Income Tax</b>		
<i>Unrecognised Deferred Tax Assets</i>		
Share issue and business related costs	-	5,678
Financial asset classified as available for sale	-	15,882
Accruals	-	3,900
Revenue tax losses	-	6,583,739
Unrecognised deferred tax assets	-	(6,609,199)
	-	-

Net deferred tax assets have not been brought to account as it is not probable within the immediate future that tax profits will be available against which deductible temporary differences and tax losses can be utilised.

**Tax Consolidation Legislation**

RPM Automotive Group Limited (formerly Kairiki Energy Limited) and its 100% owned subsidiaries formed a tax consolidated group on 1 July 2015.

**RPM AUTOMOTIVE GROUP LIMITED (FORMERLY KAIRIKI ENERGY LIMITED) AND  
ITS CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS**

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>

**5. Earnings per Share**

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:

Loss after tax from continuing operations	(316,718)	(121,352)
Profit / (loss) after income tax	(316,718)	(121,352)

	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in the calculation of basic earnings per share	9,434,456	9,434,456*

\* This has been adjusted for the share consolidation in this year

The Company currently has no options outstanding.

**6. Cash and Cash Equivalents**

Cash at bank and on hand	51	158,371
--------------------------	----	---------

**(i) Reconciliation of loss for the year to net cash flows used in operating activities**

Profit / (loss) for the year	(316,718)	(121,352)
Change in operating assets and liabilities:		
(Increase) / decrease in receivables	(18,283)	9,851
(Decrease)/Increase in payables	176,681	6,068
Net cash flows used in operating activities	(158,320)	(105,433)

**(ii) Non-Cash Financing and Investing Activities**

There were no non-cash financing or investing activities during the years ended 30 June 2019 or 30 June 2018.

**7. Trade and Other Receivables**

**Current**

Prepayments	-	200
GST refunds due	19,932	1,449
	19,932	1,649

*Fair Value and Risk Exposures*

- (i) Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.
- (ii) The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security.
- (iii) Other receivables generally have repayments between 30 and 90 days.
- (iv) Receivables do not contain past due or impaired assets as at 30 June 2019 (2018: none).

**8. Trade and Other Payables**

**Current**

	397,175	220,494
--	---------	---------

Included in the trade and other payable amount is \$187,000 payable to current and former key management personnel which will only be paid after the Company's securities are readmitted to quotation on the ASX.

*Fair Value and Risk Exposures*

- (i) Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.
- (ii) Details regarding liquidity risk are disclosed in Note 17.

Trade and other payables are unsecured and usually paid within 60 days of recognition.

**RPM AUTOMOTIVE GROUP LIMITED (FORMERLY KAIRIKI ENERGY LIMITED) AND  
ITS CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS**

**9. Issued Capital**

**Consolidated**

**2019**                      2018  
\$                                \$

**(a) Share capital**

Ordinary shares fully paid	<b>86,101,448</b>	<b>86,101,448</b>
	<b>86,101,448</b>	<b>86,101,448</b>

**(b) Movement in ordinary shares on issue**

	Number	\$
At 30 June 2017	269,122,480	85,783,048
Placement – 25 January 2018	80,000,000	318,400
<b>At 30 June 2018</b>	<b>349,122,480</b>	<b>86,101,448</b>
Share consolidation on the basis of 37:1 on 30 May 2019	<b>(339,688,024)</b>	-
<b>At 30 June 2019</b>	<b>9,434,456</b>	<b>86,101,448</b>

**(c) Options at 30 June 2019**

No unlisted options are outstanding as at 30 June 2019.

**(d) Terms and conditions of contributed equity**

*Ordinary Shares:*

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

**Capital Management**

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

Management may in the future adjust the capital structure to take advantage of favourable costs of capital and issue further shares in the market. Management has no current plans to adjust the capital structure other than as disclosed in the financial statements. There are no plans to distribute dividends in the next year.

**RPM AUTOMOTIVE GROUP LIMITED (FORMERLY KAIRIKI ENERGY LIMITED) AND  
ITS CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS**

---

**10. Reserves**

*Nature and purpose of reserves:*

**Foreign Currency Translation Reserve**

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries. This reserve is no longer required and the balance has been transferred to accumulated losses during the year.

**11. Contingent Assets and Liabilities**

*Contingent Assets*

In March 2009, Kairiki entered into agreements with a previous partner, Alpine Oil & Gas Pty Ltd (AOG) to sell Kairiki's 30% interest in each of the Sicily Channel exploration permits, Pantelleria and Kerkouane. As consideration, AOG agreed to pay US\$280,000 cash (A\$326,836) for each permit if and when AOG disposes of an interest in those permits. US\$280,000 was received in June 2010 in relation to the Kerkouane permit.

*Contingent Liabilities*

There are no contingent liabilities.

**12. Commitments**

The Company has no commitments.

**13. Related Party Transactions**

**(a) Parent entity**

The parent entity within the Group is RPM Automotive Group Limited (formerly Kairiki Energy Limited).

**(b) Subsidiaries**

Name of Controlled Entity	Place of Incorporation	% Held by Parent Entity		Principal Activities
		2019	2018	
Great Southern Mines NL <sup>(i)</sup>	Australia	-	-	Dormant

(i) This company was deregistered during the prior year.



**RPM AUTOMOTIVE GROUP LIMITED (FORMERLY KAIRIKI ENERGY LIMITED) AND  
ITS CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS**

**13. Related Party Transactions (continued)**

**(c) Key management personnel compensation**

	<b>Consolidated</b>	
	<b>2019</b>	2018
	\$	\$
Short-term employment benefits	-	20,000
	-	20,000

Further disclosures relating to key management personnel are set out in the remuneration report in the Directors' Report.

**(d) Transactions with related parties**

**(i) Director-related entities**

A legal firm of which director Robert Downey is a principal provided services totaling \$Nil during the year ended 30 June 2019 (2018: \$Nil). No amount was outstanding at 30 June 2019 (2018: \$Nil).

An entity related to director Robert Downey provided consulting services totalling \$Nil during the year ended 30 June 2019 (2018: \$Nil) and an entity related to former director Stephen Harrison provided consulting services totalling \$Nil (2018: \$Nil). \$44,000 and \$12,100 respectively including GST remained in trade creditors as at 30 June 2019 (2018: \$56,100).

**14. Share-based Payments**

There were no share-based payments granted during the years ended 30 June 2019 or 30 June 2018.

	<b>Consolidated</b>	
	<b>2019</b>	2018
	\$	\$

**15. Auditor's Remuneration**

Amount received or due and receivable by the auditor of RPM Automotive Group Limited (formerly Kairiki Energy Limited) for:

Auditing and reviewing the financial statements	<b>15,000</b>	15,000
	<b>15,000</b>	15,000

(The prior amount and \$5,000 of the current year were paid to the previous external auditors and \$10,000 of the current year amount relates to the current external auditors.)

**16. Segment reporting**

The Group's only continuing operation is reviewing new project opportunities. Its assets and liabilities relate only to Australia. Accordingly, it has only one segment at this time.

For the year ended 30 June 2019, the Group's only operating segment was exploration and evaluation assets, which included assets that were associated with the determination and assessment of the existence of commercial economic reserves. The Group identified its operating segments based on the internal reports that are used by the executive management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

Corporate costs, finance costs, interest revenue and foreign currency gains and losses were not allocated to segments as they were not considered part of the core operations of the segments and are managed on a Group basis.

**RPM AUTOMOTIVE GROUP LIMITED (FORMERLY KAIRIKI ENERGY LIMITED) AND  
ITS CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS**

**17. Financial Risk Management Objectives and Policies**

The Group's principal financial instruments comprise cash and short-term deposits. The main purpose of these financial instruments is to provide working capital for the Group's operations.

The Group has various other financial instruments such as trade creditors, which arise directly from its operations.

It is the Group's policy that no trading in financial instruments shall be undertaken.

	2019 \$	2018 \$
<b>Financial assets at amortised cost</b>		
Cash and cash equivalents	51	158,371
Trade and other receivables	19,932	1,649
<b>Total financial assets</b>	<b>19,932</b>	<b>160,020</b>
<b>Financial liabilities at amortised cost</b>		
Trade and other payables	397,175	220,494
<b>Total financial liabilities</b>	<b>397,175</b>	<b>220,494</b>

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, credit risk and foreign currency risk. The Board reviews and agrees on policies for managing each of these risks and they are summarised below.

**Interest Rate Risk**

At balance date the Group's exposure to market risk for changes in interest rates relates primarily to the Company's short-term cash deposits. The Group constantly analyses its exposure to interest rates, with consideration given to potential renewal of existing positions, the mix of fixed and variable interest rates and the period to which deposits may be fixed.

At balance date, the Group had the following financial assets exposed to variable interest rates that are not designated in cash flow hedges:

	Consolidated 2019 \$	2018 \$
<i>Financial Assets:</i>		
Cash and cash equivalents held in interest-bearing accounts	51	158,371
Net exposure	<b>51</b>	<b>158,371</b>

The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date. The 0.5% sensitivity is based on reasonably possible changes, over a financial year, using an observed range of historical bank interest rate movements over the last three years.

At 30 June 2019, if interest rates had moved as illustrated in the table below, with all other variables held constant, post tax profit and equity relating to financial assets of the Group would have been affected as follows:

	Consolidated 2019 \$	2018 \$
Judgements of reasonably possible movements:		
<i>Post tax profit and equity - higher / (lower)</i>		
+ 0.5%	-	792
- 0.5%	-	(792)

**RPM AUTOMOTIVE GROUP LIMITED (FORMERLY KAIRIKI ENERGY LIMITED) AND  
ITS CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS**

**Liquidity Risk**

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of its cash and funding requirements.

The table below reflects all contractually fixed pay-offs, repayments and interest resulting from recognised financial liabilities as of 30 June 2019. These amounts represent contractual undiscounted cash flows.

The contractual maturities of the Group's financial liabilities are:

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
6 months or less	<b>397,175</b>	220,494

**17. Financial Risk Management Objectives and Policies (continued)**

**Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted the policy of dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company measures credit risk on a fair value basis.

Cash is primarily deposited only with AA-rated (Moody's) financial institutions. The Company does not have any other significant credit risk exposure to a single counterparty or any group of counterparties having similar characteristics.

**Foreign Currency Risk**

The Group manages its foreign exchange risk by constantly reviewing its exposure to commitments payable and ensuring cash balances are maintained in appropriate currencies to meet operational commitments. The Group has limited exposure to foreign currency risk.

**Fair Value**

The methods of estimating fair value are outlined in the relevant notes to the financial statements.

**18. Parent Entity Information**

	<b>Parent</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Current assets	<b>19,983</b>	160,020
Total assets	<b>19,983</b>	160,020
Current liabilities	<b>(397,175)</b>	(220,494)
Total liabilities	<b>(397,175)</b>	(220,494)
<b>Net assets / (Deficiency)</b>	<b>(377,192)</b>	(60,474)
Issued capital	<b>86,101,448</b>	86,101,448
Foreign currency translation reserve	<b>-</b>	(6,885,355)
Accumulated losses	<b>(86,478,640)</b>	(79,276,567)
<b>Total equity / (Shareholders' Deficit)</b>	<b>(377,192)</b>	(60,474)
Loss of the parent entity after tax	<b>(316,718)</b>	(121,352)
Other comprehensive income / (loss), net of tax	<b>-</b>	-
<b>Total comprehensive loss of the parent entity</b>	<b>(316,718)</b>	(121,352)

**RPM AUTOMOTIVE GROUP LIMITED (FORMERLY KAIRIKI ENERGY LIMITED) AND  
ITS CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS**

---

**19. Events Subsequent to the Reporting Period**

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

The suspension of trading in the securities of RPM Automotive Group Limited was lifted on 28 August 2019 following RPM's re-compliance with Chapters 1 and 2 of the Listing Rules.

The company issued the following securities since the end of the financial year:

- 13,064,272 ordinary fully paid shares in the Company via the Public Offer to subscribers under the Prospectus dated 29 May 2019 at an issue price of \$0.20 per share.
- 48,518,400 ordinary fully paid shares in the Company to the vendors of the various RPM Group businesses at an issue price of \$0.25 per share. This includes 5,492,000 Promoter shares split evenly between Mr Clive Finkelstein and Mr Lawrence Jaffe or their nominees.
- 3,000,000 ordinary fully paid shares in the Company to the Convertible Noteholders in RPM Worldwide Pty Ltd.
- 1,000,000 ordinary fully paid shares in the Company to Novus Capital Limited or nominee as the Lead Broker to the transaction.
- 4,716,641 options to existing shareholders in the Company, being a rate of 1 option for every 2 shares held. The options convert into ordinary fully paid shares in the Company and have an exercise price of \$0.25 and an expiry date of 27 May 2021.
- 3,266,065 options to investors under the Public Offer being a rate of 1 option for every 4 shares subscribed for under the Public Offer. The options convert into ordinary fully paid shares in the Company and have an exercise price of \$0.25 and an expiry date of 27 May 2021.
- 1,000,000 options to Novus Capital Limited or nominee as the Lead Broker to the transaction. The options convert into ordinary fully paid shares in the Company and have an exercise price of \$0.25 and an expiry date of 27 May 2021.

On 28 August 2019 Mr Downey resigned as a Director and Messrs Finkelstein and Jaffe were appointed Directors of the Company.

**RPM AUTOMOTIVE GROUP LIMITED (FORMERLY KAIRIKI ENERGY LIMITED) AND  
ITS CONTROLLED ENTITIES**

**DIRECTORS' DECLARATION**

---

1. In the opinion of the Directors:
  - a) The financial statements and notes and additional disclosures included in the Directors' Report designated as audited, are in accordance with the Corporations Act 2001, including:
    - i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the year ended on that date; and
    - ii) complying with Accounting Standards and the Corporations Regulations 2001; and
  - b) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, as disclosed in note 2; and
  - c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2019.

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



**Campbell Welch**

Chairman

20 September 2019

Walker Wayland Advantage Audit Partnership

Audit & Assurance Services

Level 7, 114 William Street  
Melbourne VIC 3000  
Australia

ABN 47 075 804 075

T +61 3 9274 0600

F +61 3 9274 0660

audit@wwadvantage.com.au

wwadvantage.com.au

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RPM AUTOMOTIVE GROUP LIMITED

### Opinion

We have audited the accompanying financial report of RPM Automotive Group Limited and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

### Basis for Opinion

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

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

### Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial report, which indicates that the Group incurred a net loss of \$316,718 during the year ended 30 June 2019 and incurred net operating cash outflows of \$158,320. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RPM AUTOMOTIVE GROUP LIMITED (Continued)**

### **Key Audit Matters**

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

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

### **Other Information**

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

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

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

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

### **Other Matter**

The financial report of the Group for the year ended 30 June 2018 was audited by another auditor who expressed an unmodified opinion on that financial report on 21 September 2018.

### **Responsibilities of the Directors for the Financial Report**

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

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

### **Auditor's Responsibilities for the Audit of the Financial Report**

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

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RPM AUTOMOTIVE GROUP LIMITED (Continued)**

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit.

We identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

We obtain an understanding of internal control relevant to the audit 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 Group's internal control.

We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

We conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse



**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF RPM AUTOMOTIVE GROUP LIMITED (Continued)**

consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on the Remuneration Report**

**Opinion on the Remuneration Report**

We have audited the Remuneration Report included in pages 9 to 12 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of RPM Automotive Group Limited, for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

**Responsibilities**

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

  
**WALKER WAYLAND ADVANTAGE AUDIT PARTNERSHIP  
CHARTERED ACCOUNTANTS**

  
**BEN BESTER  
PARTNER**

Dated in Melbourne on this 20 day of September 2019

**SUPPLEMENTARY INFORMATION**

**Additional information included in accordance with Listing Rules of the Australian Stock Exchange Limited**

The shareholder information set out below was applicable as at 12 September 2019.

**1. Distribution of Holders**

	<b>Fully Paid Ordinary Shares</b>	<b>Options</b>
Number of holders in the following distribution categories:		
0 - 1,000	2,146	2,146
1,001 - 5,000	185	252
5,001 - 10,000	141	76
10,001-100,000	203	113
100,001 and over	78	18
Number of holders	<u>2,753</u>	<u>2,605</u>
Holders of less than a marketable parcel	<u>2,293</u>	<u>-</u>

**2. Twenty Largest Shareholders**

The names of the twenty largest shareholders are as follows:

	<b>Number of Shares</b>	<b>Percentage of Issued Capital</b>
1 RPM Worldwide Group Pty Ltd	23,542,880	31.38
2 RPM Australasia Pty Ltd	10,828,800	14.44
3 Mrs Sonia Rahmani	2,960,000	3.95
4 Mrs Pauley Jaffe	2,746,000	3.66
5 Mrs Jodi Lynne Finkelstein	2,746,000	3.66
6 Mr Ejay Rahmani	1,971,840	2.63
7 Spilco Pty Ltd	1,450,000	1.93
8 Dixson Trust Pty Limited	1,000,000	1.33
9 Spilco Pty Ltd	929,280	1.24
10 Mr Bradley Gilliland	760,320	1.01
11 Mr Paul Nyman	760,320	1.01
12 Sue Simpson Pty Ltd <The Sue Simpson Family A/C>	758,400	1.01
13 Invia Custodian Pty Limited <Andrew William Blackman A/C>	675,675	0.90
14 Mr Mark Allen Barton & Mr Mitchell James Barton	672,027	0.90
15 Mrs Sharlene Abrahams	639,350	0.85
16 Mr Paul Lynton Spindler	505,405	0.67
17 Mrs Erica May Binnie	500,000	0.67
18 E-Tech Capital Pty Ltd <ASF Super Fund A/C>	500,000	0.67
19 Mr Anthony Violi	500,000	0.67
20 Mr Miles Anthony Forest Stephenson	450,000	0.60
	<u>54,896,297</u>	<u>73.18</u>

Shares on issue

75,017,128

SUPPLEMENTARY INFORMATION

Additional information included in accordance with Listing Rules of the Australian Stock Exchange Limited

**3. Options**

There are 8,982,706 options on issue which have an exercise price of \$0.25 and an expiry date of 27 August 2021.

The Twenty Largest Option holders are as follows:

		Number of options	Percentage of options
1	Mr Campbell Douglas Welch	372,564	4.15
2	Spilco Pty Ltd	362,500	4.04
3	Invia Custodian Pty Limited <Andrew William Blackman A/C>	337,837	3.76
4	Stuart James Hercules	333,447	3.71
5	Mr Mark Allen Barton & Mr Mitchell James Barton	263,513	2.93
6	Dixson Trust Pty Limited	250,000	2.78
7	Mr Paul Lynton Spindler	202,702	2.26
8	Novus Capital Limited	200,000	2.23
9	Bellaire Capital Pty Ltd<Bellaire Capital Invest A/C>	188,149	2.09
10	Carroll Superannuation Fund Pty Limited<The Gerard Super Fund A/C>	181,250	2.02
11	Mrs Sharlene Abrahams	159,837	1.78
12	John Wardman & Associates Pty Ltd<The Wardman Super Fund A/C>	156,853	1.75
13	Ms Linvana Thomson	155,077	1.73
14	VFT Investments Pty Ltd	139,961	1.56
15	E-Tech Capital Pty Ltd<ASF Super Fund A/C>	125,000	1.39
16	Sport & Health Allied Professionals & Executive (Shape) Pty Ltd	115,135	1.28
17	Mr Kyriakos Andrianakis	103,148	1.15
18	Mr Brian Edward Williams	102,702	1.14
19	The Lombardo Superannuation Fund Pty Ltd<P Lombardo Super Fund A/C>	100,000	1.11
20	Ms Carol Anne Bingham	94,594	1.05
		<b>3,944,269</b>	<b>43.91</b>
	Options on issue	<b>8,982,706</b>	

**4. Restricted Securities**

The following securities are in escrow:

44,526,400 fully paid ordinary shares until 28 August 2020

6,492,000 fully paid ordinary shares until 28 August 2021

**5. Substantial Shareholders**

Substantial shareholders in the Company as disclosed in the substantial shareholder notices given to the Company:

	Number of Shares	Percentage of Issued Capital
RPM Worldwide Group Pty Ltd	23,542,880	31.38
RPM Australasia Pty Ltd	10,828,800	14.44

**6. Voting Rights**

*Shares*

On a show of hands every member present in person or by proxy or attorney or being a corporation by its authorised representative who is present in person or by proxy, shall have one vote for every fully paid ordinary share of which he is a holder.

*Options*

Options have no voting rights until such options are exercised as fully paid ordinary shares.

**7. On-market Buy-back**

There is no current on-market buy-back of the Company's securities.