Redox Pty Ltd and Controlled Entities

ABN 92 000 762 345

Annual report for the year ended 30 June 2020

Redox Pty Ltd and Controlled Entities

ABN 92 000 762 345

Contents **Page**

Redox Pty Ltd and Controlled Entities
ABN 92 000 762 345
Directors' declaration

The directors of Redox Pty Ltd ("the company") submit herewith the annual report of the company and its controlled entities ("the Group") at the end of, or during the financial year ended 30 June 2020. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

Directors
The names of each person who has been a director during the year and to the date of this report are:

Name	**Particulars**
Mr Robert Coneliano	Chairman
Mr Renato Coneliano	Director
Mr Malcolm Perrins	Director
Mr Richard Coneliano	Director
Mr Ian Campbell	Non-executive director
Mr Raimond Coneliano	Director
Mr Kenneth Perrins	Director

The above-named directors held office during and since the end of the financial year unless otherwise stated.

Company secretary
Mr Malcom Perrins held the position of company secretary of Redox Pty Ltd at the end of the financial year.

Principal activity
The principal activity of the Group during the financial year was wholesaling of chemicals, ingredients, plastics and other raw materials.

Review of operations
The profit for the Group after providing for income tax amounted to $33,159,882 (2019: $28,540,340). Profit before interest, income tax, depreciation and amortisation for property, plant and equipment and right-of-use asset amounted to $60,718,023 (2019: $49,779,989). A review of the operations of the Group during the financial year and the results of those operations show that during the year, the Group continued to engage in its principal activity, the results of which are disclosed in the attached consolidated financial statements.

Meetings of directors
The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director.

Name of director	Directors' meetings		Audit and risk committee meetings		Environment committee meetings		Remuneration committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Mr Robert Coneliano	11	11	4	3	1	1	2	2
Mr Renato Coneliano	11	11	4	4	-	-	-	-
Mr Malcolm Perrins	11	11	-	-	1	1	2	2
Mr Richard Coneliano	11	11	4	4	-	-	-	-
Mr Ian Campbell	11	11	4	4	-	-	-	-
Mr Raimond Coneliano	11	11	-	-	-	-	-	-
Mr Kenneth Perrins	11	10	-	-	-	-	-	-

Remuneration of key management personnel
Information about the remuneration of key management personnel is set out in Note 24 of the Notes to the consolidated financial statements. The term 'key management personnel' refers to those persons having authority and responsibility for planning, directing and controlling the activities of the consolidated entity (i.e. Group), directly or indirectly, including any director (whether executive or otherwise) of the consolidated entity.

Dividends
In respect of the year ended 30 June 2020, a final dividend of $30.000,000 (2019: $125,913,252) or $12.90 (2019: $54.14) per share franked to 100% at 30% corporate income tax rate was paid to the holders of fully paid ordinary shares on 1 July 2019.

Redox Pty Ltd and Controlled Entities
ABN 92 000 762 345
Directors' declaration

Change in the state of affairs
There were no other significant changes in the state of affairs of the group during the financial year.

Subsequent events
There has not been any matter or circumstance occurring subsequent to the end of the financial year that has 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.

The directors have assessed that COVID-19 has not had a material impact on the operations of the Group for the year ended 30 June 2020. Subsequent to the end of the financial year there continues to be considerable economic impacts in Australia and globally arising from the outbreak of COVID-19 virus and Government actions to reduce the spread of the virus. As the severity and duration of the economic impact of COVID-19 is unknown at the date of signing the financial report, the Group is unable to determine what financial effects the outbreak of the virus may have on the Group, if any, in the coming financial period. As a result, no future financial effects or adjustments arising from the economic impacts of the virus has been necessary in the financial results and position for the year ended 30 June 2020.

Future developments
Disclosure of information regarding likely developments in the operations of the Group in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Group. Accordingly, this information has not been disclosed in this report.

Environmental regulations
Operational licenses granted to the Group regulate the management of water, air & noise quality, storage & handling of dangerous & hazardous materials and disposal of wastes.
The Group's operations are compliant with applicable environmental laws and regulatory permissions relevant to its operations within Australia and other countries in which it operates. Where instances of non-compliance occur, Group's procedures require that relevant government authorities are notified in accordance with statutory requirements and internal investigations are conducted to determine the cause of the non-compliance to ensure the risk of recurrence is minimised or avoided. Throughout the year there have been no material breaches of relevant environmental regulatory requirements.

Share options
No options over issued shares or interests in the Group were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

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

Proceedings on behalf of the Group
No person has applied for leave of court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings. The Group was not a party to any such proceedings during the year.

Auditor's independence declaration
The auditor's independence declaration is included on page 4 of the annual report.

This directors' report is signed in accordance with a resolution of directors made pursuant to s.298(2) of the *Corporations Act 2001*.

On behalf of the Directors

Director:	Director: ....
Robert Coneliano	Renato Coneliano
Dated: 7 September 2020	Dated: 7 September 2020

Redox Pty Ltd and Controlled Entities
ABN 92 000 762 345
Directors' declaration

The directors declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable

(b) in the directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 2 to the financial statements

(c) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity, and

Signed in accordance with a resolution of the directors made pursuant to s.295 (5) of the *Corporations Act 2001*.

On behalf of the directors

....
Robert Coneliano
Director
Sydney
7 September 2020

....
Renato Coneliano
Director
Sydney
7 September 2020

Deloitte Touche Tohmatsu
ABN 74 490 121 060
Eclipse Tower
60 Station Street
Parramatta
Sydney, NSW, 2150
Australia

Phone: +61 2 9840 7000
www.deloitte.com.au

7 September 2020

The Board of Directors
Redox Pty Ltd
2 Swettenham Rd
Minto NSW 2566

Dear Board Members

Redox Pty Ltd

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Redox Pty Ltd.

As lead audit partner for the audit of the financial statements of Redox Pty Ltd for the financial year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

David Sartorio
Partner
Chartered Accountants
Parramatta

Redox Pty Ltd and Controlled Entities

ABN 92 000 762 345

Consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2020

	Note	2020 $	2019 $
Sales revenue	3	718,467,209	704,934,966
Cost of sales		(568,549,177)	(570,355,926)
Gross profit		149,918,032	134,579,040
Other (loss)/income		(5,377,003)	779,691
Distribution and storage expense		(32,248,816)	(36,488,833)
Administration expense		(44,692,868)	(41,862,624)
Other expenses		(13,626,431)	(9,021,858)
Finance costs	5	(6,713,368)	(5,956,936)
		(102,658,486)	**(92,550,560)**
Profit before tax	6	**47,259,546**	**42,028,480**
Income tax expense	7 (a)	(14,099,664)	(13,488,140)
Profit for the year		**33,159,882**	**28,540,340**
Other comprehensive income for the year, net of income tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		(1,775,483)	1,548,692
Total comprehensive income for the year		**31,384,399**	**30,089,032**

The accompanying notes form part of these financial statements.

Redox Pty Ltd and Controlled Entities

ABN 92 000 762 345

Consolidated statement of financial position
as at 30 June 2020

	Note	2020 $	2019 $
Assets			
Current assets			
Cash and cash equivalents	19 (a)	19,170,911	22,701,374
Trade and other receivables	8	126,564,909	117,808,347
Inventories	10	190,481,367	148,726,199
Other assets	9	1,378,226	1,141,121
Other financial assets	11	-	660,786
Total current assets		**337,595,413**	**291,037,827**
Non-current assets			
Property, plant and equipment	12 (a)	8,665,417	8,592,525
Intangibles	12 (b)	-	-
Right-of-use asset	20 (a)	43,725,527	-
Deferred tax assets	7 (c)	4,406,428	2,193,088
Total non-current assets		**56,797,372**	**10,785,613**
Total assets		**394,392,785**	**301,823,440**
Liabilities			
Current liabilities			
Trade and other payables	13	69,183,408	54,506,239
Borrowings	15	124,587,479	98,526,732
Provisions	14	6,636,810	6,112,081
Other financial liabilities	11	5,321,154	-
Lease liability	20 (b)	4,288,670	-
Current tax liabilities	7 (b)	249,929	352,171
Total current liabilities		**210,267,450**	**159,497,223**
Non-current liabilities			
Lease liability	20 (b)	40,300,044	-
Provisions	14	976,512	861,837
Total non-current liabilities		**41,276,556**	**861,837**
Total liabilities		**251,544,006**	**160,359,060**
Net assets		**142,848,779**	**141,464,380**
Equity			
Issued capital	16	2,325,909	2,325,909
Reserves	17	1,418,821	3,194,304
Retained earnings		139,104,049	135,944,167
Total equity		**142,848,779**	**141,464,380**

The accompanying notes form part of these financial statements.

Redox Pty Ltd and Controlled Entities

ABN 92 000 762 345

Consolidated statement of changes in equity
as at 30 June 2020

	Note	Issued capital $	Retained earnings $	Asset revaluation reserve $	Foreign currency translation reserve $	Total $
Balance at 1 July 2018		**2,325,909**	**213,485,039**	**19,832,040**	**1,645,612**	**237,288,600**
Profit for the year		-	28,540,340	-	-	28,540,340
Other comprehensive income for the year, net of income tax		-	-	-	1,548,692	1,548,692
Movement on transfer of properties		-	19,832,040	(19,832,040)	-	-
Dividends paid or payable	18	-	(125,913,252)	-	-	(125,913,252)
Balance at 30 June 2019		**2,325,909**	**135,944,167**	**-**	**3,194,304**	**141,464,380**
Balance at 1 July 2019		**2,325,909**	**135,944,167**	**-**	**3,194,304**	**141,464,380**
Profit for the year		-	33,159,882	-	-	33,159,882
Other comprehensive income for the year, net of income tax		-	-	-	(1,775,483)	(1,775,483)
Dividends paid or payable	18	-	(30,000,000)	-	-	(30,000,000)
Balance at 30 June 2020		**2,325,909**	**139,104,049**	**-**	**1,418,821**	**142,848,779**

The accompanying notes form part of these financial statements.

Redox Pty Ltd and Controlled Entities

ABN 92 000 762 345

Consolidated statement of cash flows
for the year ended 30 June 2020

	Note	2020 $	2019 $
Cash flows from operating activities			
Receipts from customers		781,539,737	772,751,237
Payments to suppliers and employees		(750,228,853)	(713,516,661)
Interest received	5	68,685	90,319
Finance costs – interest expense	5	(4,789,934)	(5,956,936)
Finance costs – lease liability	5	(1,923,434)	-
Income taxes paid		(16,415,246)	(11,939,332)
Net cash generated by operating activities	19 (b)	**8,250,955**	**41,428,627**
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		-	179,577
Payments for property, plant and equipment	12	(2,137,544)	(1,916,071)
Net cash used in investing activities		**(2,137,544)**	**(1,736,494)**
Cash flows from financing activities			
Net repayments from/ (loans to) shareholder		(5,636,899)	3,511,129
Payment for lease liabilities capitalised under AASB 16		(6,169,529)	-
Proceeds from / (Repayment of) borrowings		1,697,646	(35,120,031)
Net cash (used in)/generated by financing activities		**(10,108,782)**	**(31,608,902)**
Net (decrease)/increase in cash and cash equivalents held		(3,995,371)	8,083,231
Cash and cash equivalents at the beginning of the year		22,701,374	14,072,557
Effects of exchange rate changes on the balance of cash held in foreign currencies		464,908	545,586
Cash and cash equivalents at the end of the year	19 (a)	**19,170,911**	**22,701,374**

1. General information

Redox Pty Ltd (the “company”) is a proprietary company incorporated in Australia and operating in Australia. It has other entities operating in New Zealand, Malaysia and the United States of America, known collectively as “the Group”. The parent company of the Group is Redox Pty Ltd. The ultimate parent company is Redox Group Pty Ltd.

The address of the Group’s registered office and principal place of business is as follows:
2 Swettenham Rd,
Minto NSW 2566, Australia

The principal activity of the Group during the financial year was wholesaling of chemicals, ingredients, plastics and other raw materials

For the purposes of preparing the financial statements, the Group is a for-profit entity.

The financial statements were authorised for issue by the directors on 7 September 2020.

2. Significant accounting policies

(a) Statement of compliance

These financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards – General Purpose Financial Statements and other authoritative pronouncements issued by the Australian Accounting Standards Board (AASB) and comply with other requirements of the law.

These consolidated financial statements and notes represent Redox Pty Ltd and controlled entities (“the Group”). For the purposes of preparing the consolidated financial statements, the Group is a for-profit entity.

Accounting Standards include Australian Accounting Standards. Compliance with Australia Accounting standards ensures that the financial statements and notes of the company and the Group comply with International Financial Reporting Standard (IFRS).

Basis of accounting

The consolidated financial statements have been prepared on the basis of historical cost. Historical cost is generally based on the fair values of the consideration given in exchange for assets.

All amounts are presented in Australian dollars, unless otherwise noted.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2, leasing transactions that are within the scope of AASB 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 102 or value in use in AASB 136.

The principal accounting policies are set out below.

2. Significant accounting policies (cont'd)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company (its subsidiaries) made up to 30 June each year. Control is achieved when the Group:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affects its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Group
.

(b) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree.

Acquisition-related costs are recognised in profit or loss as incurred.

2. Significant accounting policies (cont'd)

(c) Business combinations (cont'd)

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with AASB 112 *Income Taxes* and AASB 119 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with AASB 2 *Share-Based Payments* at the acquisition date (see below); and
- assets (or disposal Groups) that are classified as held for sale in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified.

Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss. When a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss.

Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete.

Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

2. Significant accounting policies (cont'd)

(d) Goodwill

Goodwill is initially recognised and measured as set out above.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or Groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(e) Revenue recognition

The Group recognises revenue from the sale of chemicals, ingredients, plastics and other raw materials and raw to various industries.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties.

Revenue from the sale of goods is recognised when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. A receivable is recognised by the Group when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

The Group recognises revenue in accordance with AASB 15. The Group recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The directors of the Group have assessed that the only performance obligation is from the sale of the products and accordingly, revenue will be recognised for this performance obligation at the point in time when control over the corresponding goods is transferred to the customer.

(f) Foreign currencies

For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Australian dollars ('$'), which is the functional currency of the parent entity and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity

2. Significant accounting policies (cont'd)

(g) Taxation

The Group is part of a tax-consolidated Group under Australian taxation law, of which Redox Group Pty Ltd is the head entity. As a result, Redox Pty Ltd is subject to income tax through its membership of the tax-consolidated Group. The consolidated current and deferred tax amounts for the tax-consolidated Group are allocated to the members of the tax-consolidated Group using the 'separate taxpayer within Group' approach, with deferred taxes being allocated by reference to the carrying amounts in the financial statements of each member entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits arising from this allocation process are then accounted for as immediately assumed by the head entity, as under Australian taxation law the head entity has the legal obligation (or right) to these amounts.

Entities within the tax-consolidated Group have entered into a tax funding arrangement and a tax sharing agreement with the head entity. Under the terms of the tax funding arrangement, Redox Pty Ltd have agreed to pay a tax equivalent payment to or from the head entity equal to the tax liability or asset assumed by the head entity for that period as noted above. Such amounts are reflected in amounts receivable from or payable to the head entity. Accordingly, the amount arising under the tax funding arrangement for each period is equal to the tax liability or asset assumed by the head entity for that period and no contribution from (or distribution to) equity participants arises in relation to income taxes.

The tax sharing agreement entered into between members of the tax-consolidated Group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations or if an entity should leave the tax-consolidated Group. The effect of the tax sharing agreement is that the Group's liability for tax payable by the tax consolidated Group is limited to the amount payable to the head entity under the tax funding arrangement.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. A provision is recognised for those matters for which the tax determination is uncertain, but it is considered probable that there will be a future outflow of funds to a tax authority.

The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Group supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.
In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

2. Significant accounting policies (cont'd)

(g) Taxation (cont'd)

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

<u>Current tax and deferred tax for the year</u>
Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

(h) Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services for rental to others, or for administrative purposes, are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any accumulated depreciation and accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date.

Any revaluation increase arising on the revaluation of such land and assets is credited to the asset revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in carrying amount arising on the revaluation of such land and assets is charged as an expense to the extent that it exceeds the balance, if any, held in the assets revaluation reserve relating to a previous revaluation of that asset.

On the subsequent sale of a revalued asset, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognised.

Freehold land is not depreciated.

Depreciation on assets is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the asset revaluation reserve is transferred directly to retained earnings.

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss.

2. Significant accounting policies (cont'd)

(h) Property, plant and equipment (cont'd)

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction less their residual values over their useful lives, using the straight-line method, on the following bases:

Class of property, plant and equipment	Depreciation rate
Buildings	2.5% - 4.0%
Plant and equipment	7.5% - 40%
Motor vehicles	12.5% - 20%
Computers	25% - 40%
Lease plant and equipment	20% - 40%
Furniture& fittings	5% - 13%

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(i) Impairment of tangible assets

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any).

Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so 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 (or cash-generating unit) in prior years.

A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2. Significant accounting policies (cont'd)

(j) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

(k) Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(l) Investments in subsidiaries

Investments in subsidiaries are accounted for at cost, less impairment. When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between:

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and
(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary.

(m) Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.
All recognised financial assets are measured subsequently in their entirety at either amortised cost. or fair value, depending on the classification of the financial assets.

<u>Classification of financial assets</u>
Debt instruments that meet the following conditions are measured subsequently at amortised cost:
- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group's financial assets at amortised cost includes trade receivables.

<u>Amortised cost and effective interest method</u>
The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, adjusted for any loss allowance. The gross carrying amount of a

financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

2. Significant accounting policies (cont'd)

(m) Financial instruments (cont'd)

Impairment of financial assets
The Group recognises a loss allowance for expected credit losses on trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime expected credit losses (ECL) for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

(i) Significant increase in credit risk
In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.
A financial instrument is determined to have low credit risk if:

1. The financial instrument has a low risk of default,
2. The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
3. Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.
4. The Group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there are no past due amounts.

2. Significant accounting policies (cont'd)

(m) Financial instruments (cont'd)

Financial assets (cont'd)

(ii) Definition of default
The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets
A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;
(b) a breach of contract, such as a default or past due event (see (ii) above);
(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy
The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss

(v) Measurement and recognition of expected credit losses
The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above.

As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with AASB 16 Leases.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

2. Significant accounting policies (cont'd)

(m) Financial instruments (cont'd)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings or payables, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables and, loans and borrowings.

Subsequent measurement
The measurement of financial liabilities depends on their classification.

Interest
Interest paid is classified as expenses or as distributions of profit consistent with the balance sheet classification of the related debt or equity instruments or component parts of compound instruments.

Derecognition of financial liabilities
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, demand deposits and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of change in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

(o) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(p) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required, and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.
Liabilities made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

2. Significant accounting policies (cont'd)

(q) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

(i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

(ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.
Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

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

(s) Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment testing of receivables
When measuring expected credit losses, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.
Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Useful lives of property, plant and equipment
The Group reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. During the current year, the directors determined that the useful lives of fixed assets has remained consistent from previous year.

Fair value of land
Land is measured at fair value and the revaluations of land are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. The fair value of land is determined by the directors based on market-based evidence provided by external appraisers. The critical assumptions underlying the estimates of fair values are those relating to capitalisation rates that reflect current market conditions and evidence of recent property sales transactions. If there is any change in these assumptions or regional, national or international economic conditions, the fair value of land may differ.

2. Significant accounting policies (cont'd)

(t) Adoption of new and revised Accounting Standards

New and amended Accounting Standards that are effective for the current year

In the current year, the Group has adopted all of the new and revised Standards and interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 July 2019.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Group include:

- AASB 16 *Leases*
- AASB 2017-6 *Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation*
- AASB 2017-7 *Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures*
- AASB 2018-1 *Amendments to Australian Accounting Standards – Annual Improvements 2015–2017 Cycle*
- AASB 2018-2 *Amendments to Australian Accounting Standards – Plan Amendment, Curtailment or Settlement*
- AASB 2018-3 *Amendments to Australian Accounting Standards – Reduced Disclosure Requirements*
- Interpretation 23 *Uncertainty over Income Tax Treatments and AASB 2017-4 Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments*

AASB 16 Leases

In the current year, the Group has applied AASB 16 *Leases*, which is effective for annual periods that begin on or after 1 July 2019.

AASB 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets.

In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described below. The impact of the adoption of AASB 16 on the Group's consolidated financial statements are detailed below.

The date of initial application of AASB 16 for the Group is 1 July 2019. The Group has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated.

Impact of the new definition of a lease

The change in definition of a lease mainly relates to the concept of control. AASB 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in AASB 117 and Interpretation 4.

Impact on lease accounting - Former operating leases

AASB 16 changes how the Group accounts for leases previously classified as operating leases under AASB 117, which were off balance sheet.

Applying AASB 16, for all leases (except as noted below), the Group:

- Recognises right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments
- Recognises depreciation of right-of-use assets and interest on lease liabilities in profit or loss
- Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the consolidated statement of cash flows.

2. Significant accounting policies (cont'd)

(t) Adoption of new and revised Accounting Standards

AASB 16 Leases (cont'd)

Lease incentives (e.g. rent-free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under AASB 117 they resulted in the recognition of a lease incentive, amortised as a reduction of rental expenses generally on a straight-line basis. Under AASB 16, right-of-use assets are tested for impairment in accordance with AASB 136 Impairment of Assets.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as tablet and personal computers, small items of office furniture and telephones), the Group has opted to recognise a lease expense on a straight-line basis as permitted by AASB 16. This expense is presented within 'other expenses' in profit or loss.

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones).

For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

The Group did not make any such adjustments during the periods presented.

2. Significant accounting policies (cont'd)

(t) Adoption of new and revised Accounting Standards

AASB 16 Leases (cont'd)

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under AASB 137.

To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies AASB 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy. Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other expenses" in profit or loss.

Impact on lease accounting - Former finance leases

The main differences between AASB 16 and AASB 117 with respect to contracts formerly classified as finance leases is the measurement of the residual value guarantees provided by the lessee to the lessor. AASB 16 requires that the Group recognises as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by AASB 117. This change did not have a material effect on the Group's consolidated financial statements.

Impact on lessor accounting

AASB 16 does not change substantially how a lessor accounts for leases. Under AASB 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently

However, AASB 16 has changed and expanded the disclosures required, in particular with regard to how a lessor manages the risks arising from its residual interest in leased assets.

Under AASB 16, an intermediate lessor accounts for the head lease and the sub-lease as two separate contracts. The intermediate lessor is required to classify the sub-lease as a finance or operating lease by reference to the right-of-use asset arising from the head lease (and not by reference to the underlying asset as was the case under AASB 117).

Because of this change, the Group has reclassified certain of its sub-lease agreements as finance leases. As required by AASB 9 *Financial Instruments*, an allowance for expected credit losses has been recognised on the finance lease receivables.

2. Significant accounting policies (cont'd)

(t) Adoption of new and revised Accounting Standards

AASB 16 Leases (cont'd)

Financial impact of the initial application of AASB 16

The tables below show the amount of adjustment for each financial statement line item affected by the application of AASB 16 for the current and prior years.

Impact on profit/(loss) for the year	**2020**	**2019**
	$	**$**
Decrease in operating sub-lease income	-	-
Increase in finance income	-	-
Increase depreciation of right-of-use asset	4,998,228	-
Increase in finance costs	1,923,434	-
Decrease in other expenses	(6,058,014)	-
Increase / (decrease) in profit/(loss) for the year	**863,648**	**-**

Impact on assets, liabilities and equity as at 1 July 2019	**As previously reported $**	**AASB 16 adjustments $**	**As restated $**
Right-of-use assets	-	48,782,035	48,782,035
Property, plant and equipment	8,592,525	-	8,592,525
Net impact on total assets	**8,592,525**	**48,782,035**	**57,374,560**
Lease liabilities	-	48,782,035	48,782,035
Net impact on total liabilities	**-**	**48,782,035**	**48,782,035**

For tax purposes the Group receives tax deductions in respect of the right-of-use assets and the lease liabilities in a manner consistent with the accounting treatment.

The Group as a lessee:
The application of AASB 16 to leases previously classified as operating leases under AASB 117 resulted in the recognition of right-of-use assets of $48,782,035 and lease liabilities of $48,782,035. It also resulted in a decrease in other expenses of $6,058,014 and an increase in depreciation of $4,998,228 and interest expense of $1,923,434.

Financial impact of the initial application of AASB 16
The application of AASB 16 has an impact on the consolidated statement of cash flows of the Group.
Under AASB 16, lessees must present:

- Short-term lease payments, payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability as part of operating activities
- Cash paid for the interest portion of a lease liability as either operating activities or financing activities, as permitted by AASB 107 (the Group has opted to include interest paid as part of financing activities)
- Cash payments for the principal portion for a lease liability, as part of financing activities.

Under AASB 117, all lease payments on operating leases were presented as part of cash flows from operating activities. Consequently, the net cash generated by operating activities has increased by $6,169,529 (2019: $6,021,981, being the lease payments, and net cash used in financing activities has increased by the same amount.

2. Significant accounting policies (cont'd)

(t) Adoption of new and revised Accounting Standards

Other pronouncements adopted for the first time in the current period

In the current year, the Group has applied a number of amendments to Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (the Board) that are effective for an annual period that begins on or after 1 July 2019. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

AASB 2017-6 Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation

The Group has adopted the amendments to AASB 9 *Financial Instruments* for the first time in the current year. The amendments clarify that for the purpose of assessing whether a prepayment feature meets the 'solely payments of principal and interest' (SPPI) condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, financial assets with prepayment features with negative compensation do not automatically fail SPPI.

AASB 2017-7 Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures

The Group has adopted the amendments to AASB 128 *Investments in Associates and Joint Ventures* for the first time in the current year. The amendment clarifies that AASB 9 *Financial Instruments*, including its impairment requirements, applies to other financial instruments in an associate or joint venture to which the equity method is not applied. These include long-term interests that, in substance, form part of the entity's net investment in an associate or joint venture. The Group applies AASB 9 to such long-term interests before it applies AASB 128. In applying AASB 9, the Group does not take account of any adjustments to the carrying amount of long-term interests required by AASB 128 (i.e., adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with AASB 128).

AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015–2017 Cycle

The Group has adopted the amendments included in AASB 2008-1 for the first time in the current year. The Standard include amendments to four Standards:

- AASB 112 *Income Taxes* – The amendments clarify that the Group should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the Group originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits

- AASB 123 *Borrowing Costs* – The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings

- AASB 3 *Business Combinations* – The amendments clarify that when the Group obtains control of a business that is a joint operation, the Group applies the requirements for a business combination achieved in stages, including remeasuring its previously held interest in the joint operation at fair value. The previously held interest to be remeasured includes any unrecognised assets, liabilities and goodwill relating to the joint operation

- AASB 11 *Joint Arrangements* - The amendments clarify that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint operation, the Group does not remeasure its previously held interest in the joint operation.

2. Significant accounting policies (cont'd)

(t) Adoption of new and revised Accounting Standards (cont'd)

Other pronouncements adopted for the first time in the current period (cont'd)

Interpretation 23 Uncertainty over Income Tax Treatments

The Group has adopted Interpretation 23 for the first time in the current year. Interpretation 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires the Group to:

- Determine whether uncertain tax positions are assessed separately or as a group
- Assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings:
  – If yes, the Group should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings
  – If no, the Group should reflect the effect of uncertainty in determining its accounting tax position using either the most likely amount or the expected value method.

(u) Standards and Interpretations in issue not yet effective

At the date of authorisation of the financial statements, the Standards and Interpretations that were issued but not yet effective are listed below:

Standard/Interpretation	Effective for annual reporting periods beginning on or after
AASB 2018-6 *Amendments to Australian Accounting Standards - Definition of a Business*	1 January 2020
AASB 2018-7 *Amendments to Australian Accounting Standards – Definition of Material*	1 January 2020
AASB 2019-1 *Amendments to Australian Accounting Standards – References to the Conceptual Framework*	1 January 2020
AASB 2019-3 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform*	1 January 2020
AASB 2019-5 *Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia*	1 January 2020
AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current*	1 January 2022 (i)
AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments*	1 January 2022
AASB 2020-4 *Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions**	1 June 2020 (ii)

(i) The IASB and AASB are currently consulting on a proposal to delay the effective date of these amendments by one year to annual reporting periods beginning on or after 1 January 2023.

(ii) Where AASB 2020-4 is early adopted in the current period, it should not be included in this table.

2. Significant accounting policies (cont'd)

(u) Standards and Interpretations in issue not yet effective (cont'd)

AASB 2018-6 ***Amendments to Australian Accounting Standards – Definition of a Business***

Amends AASB 3 Business Combinations to clarify the definition of a business, with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendments:
- Clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs
- Remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs
- Add guidance and illustrative examples to help entities assess whether a substantive process has been acquired
- Narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs
- Add an optional 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

This Standard applies to annual reporting periods beginning on or after 1 January 2020. The directors of the Group do not anticipate that the application of this Standard will have a material impact on the Group's consolidated financial statements but may have an impact on the assessment and accounting for of future business combinations.

AASB 2018-7 ***Amendments to Australian Accounting Standards – Definition of Material***

Makes amendments intended to address concerns that the wording in the definition of 'material' was different in the Conceptual Framework for Financial Reporting, AASB 101 *Presentation of Financial Statements* and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

The amendments address these concerns by:
- Replacing the term 'could influence' with 'could reasonably be expected to influence'
- Including the concept of 'obscuring information' alongside the concepts of 'omitting' and 'misstating' information in the definition of material
- Clarifying that the users to which the definition refers are the primary users of general-purpose financial statements referred to in the Conceptual Framework
- Aligning the definition of material across Australian Accounting Standards and other publications.

This Standard applies to annual reporting periods beginning on or after 1 January 2020. The directors of the Group do not anticipate that the application of this Standard will have a material impact on the Group's consolidated financial statements.

AASB 2019-1 ***Amendment to Australian Accounting Standards – References to the Conceptual Framework***

Makes amendments to various Accounting Standards to reflect the issue of the revised Conceptual Framework for Financial Reporting. This Standard updates references to, or quotations from, previous versions of the Framework contained in many Accounting Standards.

This Amending Standard applies to for-profit sector entities that have public accountability and are required by legislation to comply with Australian Accounting Standards and other for-profit entities that elect to apply the Conceptual Framework, for annual reporting periods beginning on or after 1 January 2020. The directors of the Group do not anticipate that the application of this Standard will have a material impact on the Group's consolidated financial statements.

AASB 2019-3 ***Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform***

The amendments affect entities that apply the hedge accounting requirements of AASB 9 *Financial Instruments* or AASB 19 *Financial Instruments: Recognition and Measurement* to hedging relationships directly affected by the interest rate benchmark reform. The amendments would mandatorily apply to all hedging relationships that are directly affected by the interest rate benchmark reform and modify specific hedge accounting requirements, so that entities would apply those hedge accounting requirements assuming that the interest rate benchmark is not altered as a result of the interest rate benchmark reform. This Amending Standard applies to annual reporting periods beginning on or after 1 January 2020. The directors of the Group anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements, as the Group will be able to continue to apply hedge accounting to hedges that are eligible for the relief in the amendments.

2. Significant accounting policies (cont'd)

(u) Standards and Interpretations in issue not yet effective (cont'd)

AASB 2019-5 *Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia*

Amends AASB 1054 *Australian Additional Disclosures* to add a requirement for entities that intend to be compliant with IFRS standards to disclose the information required by AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* (specifically paragraphs 30 and 31) for the potential effect of each IFRS pronouncement that has not yet been issued by the AASB. This Amending Standard applies to annual reporting periods beginning on or after 1 January 2020. The directors of the Group anticipate that the application of the Amending Standard will not have an impact on the Group's consolidated financial statements, as the Group already includes the disclosures required by the Amending Standard.

AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current*

Amends AASB 101 *Presentation of Financial Statements* to:

- Clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period
- Specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability
- Explain that rights are in existence if covenants are complied with at the end of the reporting period
- Introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

This Amending Standard applies to annual reporting periods beginning on or after 1 January 2022. The directors of the Group have not yet assessed the impact that the application of this Standard will have on the Group's consolidated financial statements.

Note: The IASB and AASB are currently consulting on a proposal to delay the effective date of these amendments by one year to annual reporting periods beginning on or after 1 January 2023.

AASB 2020-3 *Amendments to Australian Accounting Standards - Annual Improvements 2018–2020 and Other Amendments (continued)*

Amends numerous Standards to effect of number of minor changes, as set out below. The amendments apply to annual reporting periods beginning on or after 1 January 2022 (apart from the amendments to AASB 16 which affect the Illustrative Examples which accompanying but are not part of the Standard and so do not have an effective date).

Annual Improvements

The annual improvements amend the following standards:

- AASB 1 *First-time Adoption of International Financial Reporting Standards* to permit a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs

- AASB 9 *Financial Instruments* to clarify the fees included in the '10 per cent' test in paragraph B3.3.6 of AASB 9 in assessing whether to derecognise a financial liability, explaining that only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf are included

- AASB 16 *Leases* to amend Illustrative Example 13 to remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example

The directors of the Group anticipate that the application of the amendments will not have an impact on the Group's consolidated financial statements, as many of the amendments either do not affect the Group's existing accounting policies, or apply to situations, transactions and events that the Group does not undertake.

2. Significant accounting policies (cont'd)

(u) Standards and Interpretations in issue not yet effective (cont'd)

Property, Plant and Equipment — Proceeds before Intended Use
The amendments to AASB 116 *Property, Plant and Equipment* to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the proceeds from selling such items, and the cost of producing those items, is recognised in profit or loss. The directors of the Group anticipate that the application of the amendments will likely impact on the Group's accounting policies in respect of the construction of assets, as certain proceeds of selling items produced whilst bringing assets under construction are currently deducted from the cost of the asset. However, the directors have not assessed the financial effect of this change in accounting policy.

Onerous Contracts — Cost of Fulfilling a Contract
The amendments to AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* to specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (e.g. direct labour and materials) or an allocation of other costs that relate directly to fulfilling contracts (e.g. the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The directors of the Group anticipate that the application of the amendments may impact on the Group's accounting policies in respect of the determination of when contracts are onerous, and the measurement of provision for onerous contracts recognised. However, the directors have not assessed the financial effect of this change in accounting policy.

AASB 2020-4 *Amendments to Australian Accounting Standards – Covid-19 Related Rent Concessions*

Amends AASB 16 *Leases* to provide practical relief to lessees in accounting for rent concessions arising as a result of COVID-19, by including an additional practical expedient in the standard.

The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying AASB 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession would meet this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021)
- There is no substantive change to other terms and conditions of the lease.

The amendments apply to annual reporting periods beginning on or after 1 June 2020. The directors of the Group do not anticipate that the amendments will have a material impact on the Group.

	2020 $	2019 $
3. Revenue		
Sale of goods	**718,467,209**	**704,934,966**
4. Other losses		
Net loss on disposal of property, plant and equipment *(refer Note 19b)*	**320,509**	**85,784**
5. Finance income and costs		
Finance costs		
Finance costs - Interest expense	4,789,934	5,956,936
Finance costs – Lease liability	1,923,434	-
Interest expense	**6,713,368**	**5,956,936**
Finance income		
Interest income	**68,686**	**90,319**
6. Profit before tax		
(a) Profit before tax includes the following significant items of expense:		
Depreciation and amortisation expense	(1,746,881)	(1,794,573)
Depreciation for Right-of-use assets	(4,998,228)	-
Forward exchange contract (loss)/gain	(5,445,689)	660,789
Impairment (loss)/reversal on receivables *(refer Note 8(ii))*	11,737	(14,423)
Employee benefits expense:		
- Post-employment benefits	(644,839)	(34,322)
- Other employee benefits	(40,219,556)	(38,152,256)
(b) Profit before interest, income tax, depreciation and amortisation:		
Profit before tax	47,259,546	42,028,480
Interest	(6,713,368)	(5,956,936)
Depreciation and amortisation expense	(1,746,881)	(1,794,573)
Depreciation for Right-of-use assets	(4,998,228)	-
Profit before interest, income tax, depreciation and amortisation	60,718,023	49,779,992
7. Income taxes		
(a) Income tax expense		
Income tax expense comprises:		
Current tax expense	(16,313,004)	(13,489,064)
Deferred tax expense	2,213,340	924
Total income tax expense	**(14,099,664)**	**(13,488,140)**

7. Income taxes (cont'd)

(a) Income tax expense (cont'd)

The prima facie income tax expense in the consolidated statement of profit or loss and other comprehensive income is as follows:

	2020 $	2019 $
Profit before income tax from continuing operations	47,259,546	42,028,480
Income tax expense calculated at 30% (2019: 30%)	14,177,864	12,608,544
Income tax expense on non-deductible expenses	152,075	119,861
Adjustments recognised in current year in relation to the prior year tax expense	(302,387)	938,040
Other	72,112	(178,305)
Total income tax expense	**14,099,664**	**13,488,140**

(b) Current tax liabilities

	2020 $	2019 $
Current tax liabilities	**249,929**	**352,171**

(c) Deferred tax

Deferred tax asset

	2020 $	2019 $
Temporary differences (i)	**4,406,428**	**2,193,088**

(i) Temporary differences

2019	Opening balance $	Charge to profit or loss $	Closing balance $
Accruals and provisions	116,503	27,256	143,759
Accrued employee provisions	2,075,661	12,315	2,087,976
Unrealised foreign exchange gain	-	(38,647)	(38,647)
	2,192,164	**924**	**2,193,088**
2020			
Accruals and provisions	143,759	(47,049)	96,710
Accrued employee provisions	2,087,976	191,987	2,279,963
Unrealised foreign exchange gain/(loss)	(38,647)	1,813,811	1,775,164
AASB 16 Leases impact	-	254,591	254,591
Total deferred tax assets	**2,193,088**	**2,213,340**	**4,406,428**

8. Trade and other receivables

	2020 $	2019 $
Current		
Trade receivables (i)	126,822,100	118,057,950
Loss allowance (ii)	(257,191)	(249,603)
	126,564,909	**117,808,347**

(i) Trade receivables are non-interest bearing and are generally on 30 to 60-day trading terms. With the implementation of AASB 9, impairment losses are now recognised using the expected credit loss (ECL) model. This involves a three-stage approach in which financial assets move through the three stages as their credit quality changes however a simplified approach is permitted for financial assets that don't have a significant financing component, such as trade receivables. The Group has applied the simplified approach which requires expected lifetime losses to be recognised from initial recognition of the receivables. The calculation of impairment losses under this approach impacts the allowance for doubtful debts, now termed the credit loss allowance.

A provision matrix is determined based on historic credit losses, adjusted for any material expected changes to the future credit risk. On this basis the credit loss allowance as at 30 June 2020 was determined as follows:

	Receivables $	Allowance based on historic and expected changes in credit risk	Credit loss Allowance $
Current	90,823,061	0.00%	-
Sum of 0-30 days	30,631,098	0.05%	-
Sum of 31 - 60 days	3,519,729	0.09%	-
Sum of 61 - 90 days	728,384	0.55%	-
Sum of 90 - 120 days	159,821	26.16%	41,815
Over 120 days	960,007	22.43%	215,376
Total receivables	**126,822,100**		**257,191**

The Group holds an active credit insurance policy which, as at the reporting date, provided coverage for 90% of debtors, including all debtors with a balance owing equal to or greater than $5,000.

	2020 $	2019 $
(ii) Movement in loss allowance		
Balance at the beginning of the year	(249,603)	(237,572)
Impairment (loss)/gain recognised	11,737	(14,423)
Amounts written off as uncollectable	(19,325)	-
Amounts recovered during the year	-	2,392
Balance at the end of the year	**(257,191)**	**(249,603)**

9. Other assets

	2020 $	2019 $
Current		
Prepayments	**1,378,226**	**1,141,121**

	2020 $	2019 $
10. Inventories		
Current		
Stock on hand	123,749,117	105,309,542
Goods in transit	66,732,250	43,416,657
	190,481,367	**148,726,199**
11. Other financial assets/(liabilities)		
Current		
Foreign currency forward contracts	**(5,321,154)**	**660,786**

12. (a) Property, plant and equipment

	Land at valuation	Building at cost	Plant and equipment at cost	Motor vehicles at cost	Computer and office equipment at cost	Furniture & fittings at cost	Total
	$	$	$	$	$	$	$
Cost or valuation							
Balance at 1 July 2018	47,212,351	47,874,873	8,881,556	2,686,330	2,784,536	5,120,822	114,560,468
Additions	-	90,186	745,982	546,544	290,512	242,847	1,916,071
Disposals	(47,212,351)	(47,514,919)	(561,726)	(428,023)	(15,709)	(126,923)	(95,859,651)
Currency translation differences	-	-	258	29,449	9,292	-	38,999
Balance at 30 June 2019	-	450,140	9,066,070	2,834,300	3,068,631	5,236,746	20,655,887
Balance at 1 July 2019	-	450,140	9,066,070	2,834,300	3,068,631	5,236,746	20,655,887
Additions	-	190,325	749,847	850,594	208,149	138,628	2,137,544
Disposals	-	-	(290,229)	(578,134)	(566,487)	(23,649)	(1,458,499)
Currency translation differences	-	-	(159)	(5,605)	(683)	5,677	(770)
Balance at 30 June 2020	-	640,465	9,525,529	3,101,155	2,709,610	5,357,402	21,334,162

12. Property, plant and equipment (cont'd)

Accumulated depreciation

	Land at valuation $	Building at cost $	Plant and equipment at cost $	Motor vehicles at cost $	Computer and office equipment at cost $	Furniture & fittings at cost $	Total $
Balance at 1 July 18	-	(14,414,741)	(5,558,204)	(704,177)	(2,216,459)	(2,500,068)	(25,393,649)
Depreciation expense	-	(153,056)	(605,648)	(376,202)	(284,803)	(374,864)	(1,794,573)
Eliminated on disposals	-	14,285,139	438,739	304,047	11,666	112,568	15,152,159
Exchange differences	-	-	(179)	(18,125)	(7,078)	(1,917)	(27,299)
Balance at 30 Jun 19	-	(282,658)	(5,725,292)	(794,457)	(2,496,674)	(2,764,281)	(12,063,362)
Balance at 1 July 19	-	(282,658)	(5,725,292)	(794,457)	(2,496,674)	(2,764,281)	(12,063,362)
Depreciation expense	-	(152,316)	(604,492)	(401,942)	(247,005)	(341,126)	(1,746,881)
Eliminated on disposals	-	-	253,868	304,737	557,318	22,067	1,137,990
Exchange differences	-	-	109	875	1,591	933	3,508
Balance at 30 Jun 20	-	(434,974)	(6,075,807)	(890,787)	(2,184,770)	(3,082,407)	(12,668,745)

Carrying amount

At 30 June 2019	-	167,482	3,340,778	2,039,843	571,957	2,472,465	**8,592,525**
At 30 June 2020	-	205,491	3,449,722	2,210,368	524,840	2,274,995	**8,665,417**

The Group's freehold land is stated at their revalued amounts, being the fair value at the date of revaluation.

This determination was made having regard to market appraisals reviewed by the directors. The fair value of the freehold land was determined based on the market comparable approach that reflects recent transaction prices for similar properties. There has been no change to the valuation basis during the year.

	2020 $	2019 $
12. (b) Intangibles		
Goodwill	4,620,507	4,620,507
Accumulated impairment losses	(4,620,507)	(4,620,507)
	-	-

13. Trade and other payables

	2020 $	2019 $
Current		
Unsecured liabilities		
Trade payables (i)	64,108,660	50,251,670
Sundry payables and accrued expenses	5,074,748	4,254,569
	69,183,408	**54,506,239**

(i) Trade payables are non-interest bearing and are normally settled on 30 days end of month terms.

14. Provisions

Current		
Employee benefits (a)		
Annual leave	2,907,881	2,507,357
Long service leave	3,728,929	3,604,724
	6,636,810	**6,112,081**
Non-current		
Employee benefits (a)		
Long service leave	**976,512**	**861,837**

(a) Provision for employee benefits

Provision for employee benefits represents amounts accrued to annual leave and long service leave. The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken has been considered.

15. Borrowings

	2020 $	2019 $
Current		
Secured liabilities		
Trade Finance	5,472,167	3,774,521
Unsecured liabilities		
Related party loan (i)	119,115,312	94,752,211
	124,587,479	**98,526,732**

(i) The interest rate on the related party loans is 5%. (2019: 5%)

Borrowing facility		
Drawn	5,472,167	3,774,521
Undrawn limit available for use	66,927,833	68,625,479
Total borrowing facility	72,400,000	72,400,000

16. Issued capital

	2020 $	2019 $
2,325,909 fully paid ordinary shares (2019: 2,325,909)		
C Class ordinary (iii)	2,325,909	2,325,909
	2,325,909	**2,325,909**

Upon restructure of the Group in 2018, all of the fully paid ordinary shares were classified as 'C' Class ordinary.

17. Reserves

	2020 $	2019 $
Foreign currency translation reserve (ii)	1,418,821	3,194,304
	1,418,821	**3,194,304**
(i) Asset revaluation reserve		
Balance at the beginning of the year	-	19,826,939
Movement on disposal of properties	-	(19,826,939)
Balance at the end of the year	-	-
(ii) Foreign currency translation reserve		
Balance at the beginning of the year	3,194,304	1,645,612
Exchange differences arising on translation of foreign operations	(1,775,483)	1,548,692
Balance at the end of the year	**1,418,821**	**3,194,304**

(i) The properties revaluation reserve arises on the revaluation of land. When revalued land is transferred, the portion of the properties revaluation reserve that relates to that asset is transferred directly to retained earnings.

(ii) Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Australian dollars) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve.

18. Dividends

	2020 Cents per share	2020 Total $	2019 Cents per share	2019 Total $
Fully paid ordinary shares				
Final dividends	1,290	30,000,000	5,414	125,913,252

19. Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as follows:

(a) Reconciliation of cash

	2020 $	**2019 $**
Cash on hand	13,030	13,092
Cash at bank	19,157,881	22,688,282
	19,170,911	**22,701,374**

(b) Reconciliation of profit for the year to net cash flows from operating activities

Profit for the year	33,159,882	28,540,340
Depreciation and amortisation expense	6,745,109	1,794,573
Net loss on disposal of plant and equipment	320,509	85,784
Impairment (gain)/loss recognised on trade receivables	(11,737)	14,423
Unrealised loss/(gain) on foreign currency forward contracts	5,981,940	(660,786)
Unrealised foreign exchange gain	(2,243,129)	(1,399,923)
Movements in working capital		
(Increase)/decrease in assets:		
Trade and other receivables	(8,744,825)	(2,707,730)
Inventories	(41,755,168)	8,376,680
Other asset	(237,104)	(414,508)
Current tax asset	-	1,197,561
Deferred tax asset	(2,213,340)	(924)
Increase/(decrease) in liabilities:		
Trade and other payables	14,677,169	6,208,455
Provisions	639,404	42,511
Lease liability	2,034,487	-
Current tax liabilities	(102,242)	352,171
Net cash from operating activities	**8,250,955**	**41,428,627**

	2020 $	2019 $
20. (a) Right-of-use assets		
Cost		
At 1 July 2019	48,723,755	-
Additions	-	-
Cost at 30 June 2020	**48,723,755**	**-**
Accumulated Depreciation		
At 1 July 2019	-	-
Charge for the year	(4,998,228)	-
Cost at 30 June 2020	**(4,998,228)**	**-**
Net written down value at 30 June 2020	**43,725,527**	**-**

The Group leases its premises and warehouses at various locations.

20. (b) Lease Liability

	2020 $	2019 $
Lease Liability - current	4,288,670	-
Lease Liability – non-current	40,300,044	-
	44,588,714	**-**

Lease liabilities relate to leases of the Group's building and warehouses.

At the reporting date, the Group had outstanding commitments for future minimum lease payments under non-cancellable leases, which fall due as follows:

	2020 $	2019 $
Within one year	6,037,017	40,369
In the second to fifth years inclusive	17,932,878	-
After five years	29,280,647	-
	53,250,452	40,369
Add/Less future finance charges	8,661,829	(454)
Present value of minimum lease payments	**44,588,714**	**39,915**

21. Contingent liabilities

	2020 $	2019 $
Bank guarantees	1,944,327	1,928,744
Surrendered bills of lading	3,931,150	5,001,782
Documentary letters of credit	1,496,878	3,227,881
	7,372,355	**10,158,407**

22. Auditors' remuneration

	2020 $	2019 $
Audit the financial statements	102,450	105,000
Taxation services	9,500	9,500
Other non-audit services	30,000	22,000
	141,950	**136,500**

The auditor of Redox Pty Limited is Deloitte Touche Tohmatsu.

23. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name of entity	Country of incorporation	Principal activity	Ownership Interest 2020 %	Ownership Interest 2019 %
Redox Chemicals Sdn Bhd	Malaysia	Wholesaling of chemicals, ingredients, plastics and other raw materials	100	100
Redox Inc	USA	Wholesaling of chemicals, ingredients, plastics and other raw materials	100	100

24. Related party transactions and balances

Name of related party	Nature of transaction	2020 $	2019 $
Redox Group Pty Ltd	Interest expense	4,749,996	5,000,002
Redox Investment Pty Ltd	Lease expense (formerly rent)	6,679,812	5,839,200

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

	2020 $	2019 $
Short term employee benefits	2,868,414	2,492,446
Long term employee benefits	238,019	89,080
Key management personnel compensation	**3,106,433**	**2,581,526**

Related party loan is disclosed at Note 15.

The following is a summary of balances outstanding at year end and transactions throughout the year:

Name of related party	Nature of balance	2020 $	2019 $
Redox Group Pty Ltd	Loan payable	**119,115,312**	**94,542,394**

(*) Loan payable is comprised of shareholder loans. Interest expense on shareholders loans disclosed in note 15.

25. Parent entity information

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements. Refer to note 2 for a summary of the significant accounting policies relating to the Group.

	2020 $	2019 $
Statement of financial position		
Assets		
Current assets	296,718,668	251,387,447
Investments	1,575,564	1,575,564
Non-current assets	55,381,739	10,061,714
Total assets	**353,675,971**	**263,024,725**
Liabilities		
Current liabilities	168,513,870	123,246,279
Non-current liabilities	43,864,047	19,965
Total liabilities	**212,377,917**	**123,266,244**
Net assets	**141,298,054**	**139,758,481**
Equity		
Issued capital	2,325,909	2,325,909
Reserves	1,398,103	1,477,066
Retained earnings	137,574,042	135,955,506
Total equity	**141,298,054**	**139,758,481**
Profit for the year	31,803,285	25,887,488
Other comprehensive income	-	-
Total comprehensive income	**31,803,285**	**25,887,488**

Contingent liabilities
The parent entity contingent liabilities at 30 June 2020 are disclosed in note 21 above.

Capital commitments - property, plant and equipment
The parent entity did not have any commitments to procurement relating to construction of property as at 30 June 2020 (2019: nil).

26. Financial instruments

(a) Classes and categories of financial instruments and their fair values

The following table combines information about:
- classes of financial instruments based on their nature and characteristics;
- the carrying amounts of financial instruments

	2020 $	2019 $
Financial assets		
Cash and cash equivalents	19,170,911	22,701,374
Trade and other receivables	126,564,909	117,808,347
Financial liabilities		
Trade and other payables	69,183,408	54,506,239
Borrowings	124,587,479	98,526,732

(b) Financial risk management objectives

The Group's exposure to market risk is mainly arising from interest rate risk, foreign currency risk, operating expenditure risk and price risk (sales and margin).

Key sensitivities	2020 $	2019 $
Sales (+/-1%)	7,184,672	7,049,350
Gross profit margin (+/-1%)	1,499,180	1,345,790
Other operating costs (+/- 1%)	(905,681)	(873,733)
Interest expense (+/- 1%)	(67,134)	(59,569)
AUD / NZD (+/- 5%)	(88,747)	(77,435)

(c) Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

(i) Foreign currency risk management

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts. The Group is mainly exposed to the currency of New Zealand (NZD), Europe (EUR), and USA (USD).

The carrying amounts of the Group's significant foreign currency denominated net monetary assets/(liabilities) monetary liabilities at 30 June 2020 are as follows: -

Currency	2020 $ AUD Liabilities	2020 $ AUD Assets	2020 $ AUD Net exposure	2019 $ AUD Net exposure
Currency EUR	(2,145,120)	60,617	(2,084,503)	(774,797)
Currency USD	(26,978,142)	11,014,687	(15,963,454)	(2,285,979)
Currency NZD	(2,227,946)	10,064,301	7,836,356	9,038,504

26. Financial instruments (Cont'd)

(i) Foreign currency risk management (Cont'd)

The following details the Group's sensitivity to a 10 per cent increase and decrease in currency units against the relevant foreign currencies. 10 per cent is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.
The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 10 per cent change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number indicates an increase in profit and other equity where currency units strengthens 10 per cent against the relevant currency. For a 10 per cent weakening of currency units against the relevant currency, there would be a comparable impact on the profit and other equity, and the balances would be negative.

The impact on profit for 30 June 2020 is :$(178,991) for EUR (2019: $71,952), $(2,922,375) for USD (2019: $194,712) and $(1,117,477) for NZD (2019: $(821,683)).

(ii) Interest rate risk management

The Group is exposed to interest rate risk because entities in the Group borrow funds, predominantly fixed interest rates through the shareholder loans. As at balance date, there are no significant external borrowings. Fixed rate loans expose the Group the fair value interest rate risk. The risk is managed by the Group by managing the shareholder loans at or close to market rates. The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the reporting date. The analysis is prepared assuming the amount of asset/liability outstanding at reporting date was outstanding for the whole year. A 1 per cent increase or decrease is used when reporting interest rate risk internally and represents management's assessment of the reasonably possible change in interest rates. If interest rates had been 1 per cent higher/lower and all other variables were held constant, there will not be a material impact on the Group's profitability.

(d) Credit risk management

In order to minimise credit risk, the Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group uses other publicly available financial information and its own trading records to rate its major customers.
The Group does not have significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk did not exceed 10% of gross monetary assets at any time during the year. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

Credit approvals and other monitoring procedures are also in place to ensure that follow-up action is taken to recover overdue debts. Furthermore, the Group reviews the recoverable amount of each trade debt and debt investment on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts. In this regard, the directors of the Group consider that the Group's credit risk is significantly reduced. Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

26. Financial instruments (cont'd)

(e) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Details of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk are set out in Note 15.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

	Weighted average effective interest rate %	Less than 1 month $	1 to 3 months $	3 months to 1 years $	1 to 5 years $	Total $
2020						
Trade and other payables	N/A	-	69,183,408	-	-	69,183,408
Bank loan and trade finance	1.36%	-	5,472,167	-	-	5,472,167
Shareholders loan	5%	-	124,587,479	-	-	124,587,479
2019						
Trade and other payables	N/A	-	54,506,239	-	-	54,506,239
Bank loan and trade finance	2.3%	-	3,774,521	-	-	3,774,521
Shareholders loan	5%		98,526,732	-	-	98,526,732

f) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2018.

The capital structure of the Group consists of net debt (borrowings disclosed in note 15 after deducting cash and bank balances) and equity of the Group (comprising issued capital, reserves and retained earnings as disclosed in note 16).
The Group is not subject to any externally imposed capital requirements.

27. Events after the reporting period

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significant affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future years.
The directors have assessed that COVID-19 has not had a material impact on the operations of the Group for the year ended 30 June 2020. Subsequent to the end of the financial year there continues to be considerable economic impacts in Australia and globally arising from the outbreak of COVID-19 virus and Government actions to reduce the spread of the virus. As the severity and duration of the economic impact of COVID-19 in unknown at the date of signing the financial report, the Group is unable to determine what financial effects the outbreak of the virus may have on the Group , if any, on the Fund in the coming financial period.

As a result, no future financial effects or adjustments arising from the economic impacts of the virus has been deemed necessary in the financial results and position for the year ended 30 June 2020.

Deloitte Touche Tohmatsu
ABN 74 490 121 060
Eclipse Tower
60 Station Street
Parramatta
Sydney, NSW, 2150
Australia

Phone: +61 2 9840 7000
www.deloitte.com.au

Independent Auditor's Report to the Members of Redox Pty Limited

Opinion

We have audited the financial report of Redox Pty Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2020, 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 accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and

(ii) 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 (including Independence Standards) (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.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 2 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' report for the year ended 30 June 2020 but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the 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.

Deloitte.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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.

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

- 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.

- 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- 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.

- 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.

- 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's 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.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

David Sartorio
Partner
Chartered Accountants
Parramatta, 7 September 2020

Redox Ltd

(Formerly known as Redox Pty Ltd)

ABN 92 000 762 345

Annual Report - 30 June 2021

Contents

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Redox Ltd (formerly known as Redox Pty Ltd) (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2021.

Directors
The following persons were directors of Redox Ltd during the whole of the financial year and up to the date of this report, unless otherwise stated:

Robert Coneliano	Chairman
Renato Coneliano	Director
Malcolm Perrins	Director
Richard Coneliano	Director
Ian Campbell	Non-Executive Director
Raimond Coneliano	Director
Kenneth Perrins	Director

Principal activities
The principal activity of the Group during the financial year was wholesaling of chemicals, ingredients, plastics and other raw materials.

Dividends
Dividends paid during the financial year were as follows:

	Consolidated	
	2021 $'000	2020 $'000
Dividend for the year ended 30 June 2021 (2020: 30 June 2020) of $3.74 (2020: $12.90) per ordinary share paid on 9 February 2021	8,699	30,000

A dividend of $3.74 per share was declared on 27 January 2021. Cash payments of $2,386,000 in respect of the dividend declared were paid to the shareholders on 9 February 2021. The balance of the dividend of $6,313,000 was, at the direction of the recipient shareholders, paid to the related party entity, Ceneda Pty Ltd on 30 June 2021, to be applied to shareholder loan accounts in that entity.

The board of directors declared and paid a final dividend of $7.07 per share on 2 September 2021 to all registered shareholders on this date.

Review of operations
The profit for the Group after providing for income tax amounted to $47,577,000 (2020: $33,160,000).

The directors consider Earnings Before Interest, Tax, Depreciation and Amortisation (‘EBITDA’) to reflect the core earnings of the Group. EBITDA is a financial measure which is not prescribed by Australian Accounting Standards ('AAS') and represents the profit under AAS adjusted for non-cash and significant items.

	Consolidated	
	2021 $'000	2020 $'000
Profit after income tax for the year	47,577	33,160
Finance income	(6)	(69)
Finance costs	7,070	6,713
Income tax expense	20,585	14,100
Depreciation and amortisation (note 5)	6,739	6,745
EBITDA	81,965	60,649

Significant changes in the state of affairs
The ultimate parent company of the Group was Ceneda Pty Ltd (formerly known as Redox Group Pty Ltd). The Company demerged from the ultimate parent on 1 January 2021.

There were no other significant changes in the state of affairs of the Group during the financial year.

Matters subsequent to the end of the financial year
On the 7 October 2021 the Company converted to a public company and changed its name from Redox Pty Ltd to Redox Ltd. Accordingly, updates have been made to the Company's constitution to reflect this change.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while there has not been any material impact financially for the Group up to 30 June 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

In addition to the dividend declared as disclosed in note 20, no other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely developments and expected results of operations
Information on likely developments in the operations of the Group and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the Group.

Environmental regulation
Operational licenses granted to the Group regulate the management of water, air and noise quality, storage and handling of dangerous and hazardous materials and disposal of wastes.

The Group's operations are compliant with applicable environmental laws and regulatory permissions relevant to its operations within Australia and other countries in which it operates. Where instances of non-compliance occur, the Group's procedures require that relevant government authorities are notified in accordance with statutory requirements and internal investigations are conducted to determine the cause of the non-compliance to ensure the risk of recurrence is minimised or avoided. Throughout the year there have been no material breaches of relevant environmental regulatory requirements.

Shares under option
There were no unissued ordinary shares of Redox Ltd under option outstanding at the date of this report.

Shares issued on the exercise of options
There were no ordinary shares of Redox Ltd issued on the exercise of options during the year ended 30 June 2021 and up to the date of this report.

Indemnity and insurance of directors, officers and auditor
During the financial year, the Group paid a premium in respect of a contract insuring the Directors and Executive Officer of the Group against any liability incurred in their role as Director or Executive Officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium. The Company has not otherwise, during or since the end of the financial year, indemnified or agreed to indemnify an Officer or auditor of the Group or of any related body corporate against a liability incurred as such by an Officer or auditor.

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

Rounding of amounts
The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Robert Coneliano
Director

Renato Coneliano
Director

29 October 2021
Sydney

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060
Eclipse Tower
60 Station Street
Parramatta
Sydney, NSW, 2150
Australia

Phone: +61 2 9840 7000
www.deloitte.com.au

The Board of Directors
Redox Ltd (formerly known as Redox Pty Ltd)
2 Swettenham Rd
Minto NSW 2566

29 October 2021

Dear Board Members

Redox Ltd
(formerly known as Redox Pty Ltd)

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Redox Ltd (formerly known as Redox Pty Ltd).

As lead audit partner for the audit of the financial statements of Redox Ltd (formerly known as Redox Pty Ltd) for the financial year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

David Sartorio
Partner
Chartered Accountants
Parramatta

Redox Ltd
(Formerly known as Redox Pty Ltd)
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2021

	Note	Consolidated 2021 $'000	Consolidated 2020 $'000
Revenue	4	796,341	718,467
Cost of sales		(631,419)	(568,549)
Gross profit		164,922	149,918
Net gain/(loss) on forward foreign exchange contracts		8,080	(5,446)
Distribution and storage expenses		(35,258)	(32,249)
Administration expenses		(48,879)	(44,693)
Other expenses		(13,639)	(13,626)
Operating profit		75,226	53,904
Finance income	6	6	69
Finance costs	6	(7,070)	(6,713)
Profit before income tax expense		68,162	47,260
Income tax expense	7	(20,585)	(14,100)
Profit after income tax expense for the year attributable to the owners of Redox Ltd		47,577	33,160
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		401	(1,775)
Other comprehensive income for the year, net of tax		401	(1,775)
Total comprehensive income for the year attributable to the owners of Redox Ltd		47,978	31,385

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

Redox Ltd
(Formerly known as Redox Pty Ltd)
Consolidated statement of financial position
As at 30 June 2021

	Note	Consolidated 2021 $'000	Consolidated 2020 $'000
Assets			
Current assets			
Cash and cash equivalents	8	23,244	19,171
Trade and other receivables	9	145,066	126,566
Inventories	10	204,733	190,481
Derivative financial instruments	16	2,609	-
Prepayments		1,615	1,378
Total current assets		377,267	337,596
Non-current assets			
Property, plant and equipment	11	8,981	8,665
Right-of-use assets	12	40,609	43,726
Deferred tax	7	1,867	4,406
Total non-current assets		51,457	56,797
Total assets		428,724	394,393
Liabilities			
Current liabilities			
Trade and other payables	13	81,299	69,183
Borrowings	14	38,020	124,587
Lease liabilities	15	4,643	4,289
Derivative financial instruments	16	-	5,321
Income tax	7	2,780	250
Employee benefits	17	7,161	6,637
Total current liabilities		133,903	210,267
Non-current liabilities			
Borrowings	14	74,049	-
Lease liabilities	15	37,567	40,300
Employee benefits	17	1,077	977
Total non-current liabilities		112,693	41,277
Total liabilities		246,596	251,544
Net assets		182,128	142,849
Equity			
Issued capital	18	2,326	2,326
Reserves	19	1,820	1,419
Retained profits		177,982	139,104
Total equity		182,128	142,849

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

Redox Ltd
(Formerly known as Redox Pty Ltd)
Consolidated statement of changes in equity
For the year ended 30 June 2021

Consolidated	Issued capital $'000	Reserves $'000	Retained profits $'000	Total equity $'000
Balance at 1 July 2019	2,326	3,194	135,944	141,464
Profit after income tax expense for the year	-	-	33,160	33,160
Other comprehensive income for the year, net of tax	-	(1,775)	-	(1,775)
Total comprehensive income for the year	-	(1,775)	33,160	31,385
Transactions with owners in their capacity as owners:				
Dividends paid (note 20)	-	-	(30,000)	(30,000)
Balance at 30 June 2020	2,326	1,419	139,104	142,849

Consolidated	Issued capital $'000	Reserves $'000	Retained profits $'000	Total equity $'000
Balance at 1 July 2020	2,326	1,419	139,104	142,849
Profit after income tax expense for the year	-	-	47,577	47,577
Other comprehensive income for the year, net of tax	-	401	-	401
Total comprehensive income for the year	-	401	47,577	47,978
Transactions with owners in their capacity as owners:				
Dividends paid (note 20)	-	-	(8,699)	(8,699)
Balance at 30 June 2021	2,326	1,820	177,982	182,128

Redox Ltd
(Formerly known as Redox Pty Ltd)
Consolidated statement of cash flows
For the year ended 30 June 2021

	Note	Consolidated 2021 $'000	2020 $'000
Cash flows from operating activities			
Receipts from customers		783,312	781,540
Payments to suppliers and employees		(728,488)	(752,152)
Interest received	6	6	69
Interest and other finance costs paid	6	(7,070)	(6,713)
Income taxes paid		(15,516)	(16,415)
Net cash from operating activities	30	32,244	6,329
Cash flows from investing activities			
Payments for property, plant and equipment	11	(2,360)	(2,138)
Proceeds from disposal of property, plant and equipment		269	-
Net cash used in investing activities		(2,091)	(2,138)
Cash flows from financing activities			
Proceeds from borrowings	30	32,548	1,698
Repayment of related party loans	30	(45,066)	(5,637)
Dividends paid	20	(8,699)	-
Repayment of lease liabilities	30	(4,264)	(4,247)
Net cash used in financing activities		(25,481)	(8,186)
Net increase/(decrease) in cash and cash equivalents		4,672	(3,995)
Cash and cash equivalents at the beginning of the financial year		19,171	22,701
Effects of exchange rate changes on cash and cash equivalents		(599)	465
Cash and cash equivalents at the end of the financial year	8	23,244	19,171

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

Note 1. General information

The financial statements cover Redox Ltd (the 'Company' or 'parent') and the entities it controlled (together the 'Group') at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Redox Ltd's functional and presentation currency.

Redox Ltd is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

2 Swettenham Rd,
Minto NSW 2566, Australia

A description of the nature of the Group's operations and its principal activities is included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 29 October 2021. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted the following new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

	Effective for annual reporting period beginning on or after
AASB 2018-6 *Amendments to Australian Accounting Standards – Definition of a Business*	1 January 2020
AASB 2018-7 *Amendments to Australian Accounting Standards – Definition of Material*	1 January 2020
Conceptual Framework for Financial Reporting and AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework	1 January 2020
AASB 2020-4 *Amendments to Australian Accounting Standards – Covid-19 Related Rent Concessions*	1 January 2020
AASB 2021-3 *Amendments to Australian Accounting Standards – COVID-19-related Rent Concessions beyond 30 June 2021*	1 April 2021

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, derivative financial instruments which are at fair value.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 28.

Note 2. Significant accounting policies (continued)

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries and its New Zealand branch (refer to note 29) of as at 30 June 2021 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those 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 on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Foreign currency translation

Foreign currency transactions

Foreign currency transactions are translated into the Company's functional currency using the average exchange rates prevailing at the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency translation reserve in equity.

The foreign currency translation reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition

The Group recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Note 2. Significant accounting policies (continued)

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of goods
Revenue from the sale of goods is recognised when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer.

The only performance obligation of the Group is from the sale of the chemicals and accordingly, revenue is recognised for this performance obligation at the point in time when control over the corresponding good is transferred to the customer.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties.

A receivable is recognised by the Group when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

An income tax benefit will arise for the financial year where an income tax loss is incurred and, where permitted to do so, is carried-back against a qualifying prior period’s tax payable to generate a refundable tax offset.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- when the deferred income tax asset or liability arises from the initial recognition of goodwill or 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 nor taxable profits; or
- when the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Note 2. Significant accounting policies (continued)

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Ceneda Pty Ltd (previously the head entity of Redox Ltd) had formed an income tax consolidated group under the tax consolidation regime which included Redox Ltd. Under the tax consolidated group, the head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. As of 1 January 2021, Redox Ltd demerged from the tax consolidated group and accordingly Redox Ltd is a separate tax payer.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 - 60 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Inventories
Stock in hand is stated at the lower of cost and net realisable value on a 'weighted average cost' basis. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

Stock in transit is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Note 2. Significant accounting policies (continued)

Derivative financial instruments
Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date, with the movement recognised in profit or loss.

Derivatives are classified as current or non-current depending on the expected period of realisation.

Impairment of financial assets
The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

Property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives at the following rates:

Buildings	2.5% - 4%
Plant and equipment	7.5% - 40%
Furniture and fittings	5% - 13%
Motor vehicles	12.5% - 20%
Computer and office equipment	20% - 40%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Note 2. Significant accounting policies (continued)

Impairment of non-financial assets
Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Finance costs
All finance costs are expensed in the period in which they are incurred.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Note 2. Significant accounting policies (continued)

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques used to measure fair value are those that are appropriate in the circumstances and which maximise the use of relevant observable inputs and minimise the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

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.

Dividends
Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

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

Rounding of amounts
The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Note 2. Significant accounting policies (continued)

New Accounting Standards and Interpretations not yet mandatory or early adopted
Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Group for the year ended 30 June 2021. These amendments are not expected to have a significant impact on the financial statements of the Group on adoption.

	Effective for annual reporting period beginning on or after
AASB 2020-8 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2*	1 January 2021
AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments*	1 January 2022
AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates*	1 January 2023
AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current*	1 January 2023

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Coronavirus (COVID-19) pandemic
Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Allowance for expected credit losses
The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, the impact of the COVID-19 pandemic and forward-looking information that is available. The allowance for expected credit losses, as disclosed in note 9, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

Estimation of useful lives of assets
The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets
The Group assesses impairment of non-financial assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment indicator exists, the recoverable amount of the asset is determined. This involves assessing the value of the asset at fair value less costs of disposal and using value-in-use models which incorporate a number of key estimates and assumptions.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Income tax
The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Lease term
The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate
Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Group estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Note 4. Revenue

	Consolidated	
	2021	2020
	$'000	$'000
Sale of goods	796,341	718,467

Note 4. Revenue (continued)

Disaggregation of revenue
The disaggregation of revenue from contracts with customers is as follows:

	Consolidated 2021 $'000	Consolidated 2020 $'000
Major product lines		
Chemicals	795,713	717,559
Other	628	908
	796,341	718,467
Geographical regions		
Australia	704,498	640,365
New Zealand	65,098	57,762
USA	19,059	14,402
Malaysia	7,686	5,938
	796,341	718,467
Timing of revenue recognition		
Goods transferred at a point in time	796,341	718,467

Note 5. Expenses

	Consolidated 2021 $'000	Consolidated 2020 $'000
Profit before income tax includes the following specific expenses:		
Depreciation		
Buildings	151	152
Plant and equipment	720	605
Furniture and fittings	173	341
Motor vehicles	449	402
Computer and office equipment	244	247
Buildings right-of-use assets	5,002	4,998
Total depreciation	6,739	6,745
Impairment		
Allowance for expected credit losses/(reversal)	66	(12)
Net loss on disposal		
Net loss on disposal of property, plant and equipment	38	321
Employee benefits expense		
Post-employment benefits	626	645
Other employee benefits	42,644	40,220
Total employee benefits expense	43,270	40,865

Note 6. Finance costs (net)

	Consolidated	
	2021 $'000	2020 $'000
Finance income		
Interest income	(6)	(69)
Finance costs		
Interest and finance charges paid/payable	5,281	4,790
Interest and finance charges paid/payable on lease liabilities	1,789	1,923
Total finance costs	7,070	6,713
Finance costs (net)	7,064	6,644

Note 7. Income tax

	Consolidated	
	2021 $'000	2020 $'000
Income tax expense		
Current tax	18,046	16,313
Deferred tax - origination and reversal of temporary differences	2,539	(2,213)
Aggregate income tax expense	20,585	14,100
Deferred tax included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets	2,539	(2,213)
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	68,162	47,260
Tax at the statutory tax rate of 30%	20,449	14,178
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Sundry items	22	152
	20,471	14,330
Adjustments recognised for prior periods	198	(302)
Other	(84)	72
Income tax expense	20,585	14,100

Note 7. Income tax (continued)

	Consolidated 2021 $'000	Consolidated 2020 $'000
Deferred tax asset		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in statement of financial position:		
Property, plant and equipment	(561)	-
Accruals and provisions	104	97
Accrued employee provisions	2,384	2,280
Unrealised foreign exchange gain	(532)	1,775
Leases	472	254
Deferred tax asset	1,867	4,406
Movements:		
Opening balance	4,406	2,193
Credited/(charged) to profit or loss	(2,539)	2,213
Closing balance	1,867	4,406

	Consolidated 2021 $'000	Consolidated 2020 $'000
Provision for income tax		
Provision for income tax	2,780	250

Note 8. Cash and cash equivalents

	Consolidated 2021 $'000	Consolidated 2020 $'000
Current assets		
Cash on hand	11	13
Cash at bank	23,233	19,158
	23,244	19,171

Note 9. Trade and other receivables

	Consolidated 2021 $'000	Consolidated 2020 $'000
Current assets		
Trade receivables	145,389	126,823
Less: Allowance for expected credit losses	(323)	(257)
	145,066	126,566

Allowance for expected credit losses

The Group has recognised a loss of $66,000 (2020: reversal of losses $12,000) in profit or loss in respect of the expected credit losses for the year ended 30 June 2021.

Note 9. Trade and other receivables (continued)

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	2021	2020	2021	2020	2021	2020
Consolidated	%	%	$'000	$'000	$'000	$'000
Not overdue	-	-	107,703	90,823	-	-
0 to 30 days overdue	-	-	32,472	30,631	-	-
31 to 60 days overdue	-	-	3,214	3,520	-	-
61 to 90 days overdue	3%	1%	1,281	729	34	-
91 to 120 days	46%	22%	132	160	61	42
Over 120 days	41%	22%	587	960	228	215
			145,389	126,823	323	257

The Group has increased its monitoring of debt recovery as there is an increased probability of customers delaying payment or being unable to pay, due to the Coronavirus (COVID-19) pandemic. As a result, the calculation of expected credit losses has been revised as at 30 June 2021 and rates have increased in each category up to 6 months overdue.

Movements in the allowance for expected credit losses are as follows:

	Consolidated	
	2021	2020
	$'000	$'000
Opening balance	257	250
Additional provisions recognised	110	-
Reversal of provisions recognised	-	(12)
Receivables written off during the year as uncollectable	(44)	19
Closing balance	323	257

Note 10. Inventories

	Consolidated	
	2021	2020
	$'000	$'000
Current assets		
Stock on hand - at cost	142,148	123,749
Stock in transit - at cost	62,585	66,732
	204,733	190,481

During the year ended 30 June 2021, the Group wrote down inventories by $968,000 (2020: $1,821,000). These amounts were recognised in the stock in hand in the statement of financial position.

Note 11. Property, plant and equipment

	Consolidated 2021 $'000	Consolidated 2020 $'000
Non-current assets		
Buildings - at cost	823	640
Less: Accumulated depreciation	(586)	(435)
	237	205
Plant and equipment - at cost	10,072	9,526
Less: Accumulated depreciation	(6,383)	(6,076)
	3,689	3,450
Furniture and fittings - at cost	5,885	5,357
Less: Accumulated depreciation	(3,422)	(3,082)
	2,463	2,275
Motor vehicles - at cost	3,168	3,101
Less: Accumulated depreciation	(985)	(891)
	2,183	2,210
Computer and office equipment - at cost	2,730	2,710
Less: Accumulated depreciation	(2,321)	(2,185)
	409	525
	8,981	8,665

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Buildings $'000	Plant and equipment $'000	Furniture and fittings $'000	Motor vehicles $'000	Computer and office equipment $'000	Total $'000
Balance at 1 July 2019	167	3,341	2,472	2,040	572	8,592
Additions	190	750	139	851	208	2,138
Disposals	-	(36)	(2)	(274)	(9)	(321)
Exchange differences	-	-	7	(5)	1	3
Depreciation expense	(152)	(605)	(341)	(402)	(247)	(1,747)
Balance at 30 June 2020	205	3,450	2,275	2,210	525	8,665
Additions	183	1,035	361	653	128	2,360
Disposals	-	(76)	-	(231)	-	(307)
Depreciation expense	(151)	(720)	(173)	(449)	(244)	(1,737)
Balance at 30 June 2021	237	3,689	2,463	2,183	409	8,981

Note 12. Right-of-use assets

	Consolidated 2021 $'000	Consolidated 2020 $'000
Non-current assets		
Buildings - right-of-use	50,609	48,724
Less: Accumulated depreciation	(10,000)	(4,998)
	40,609	43,726

The Group leases buildings for its offices and warehouses under agreements of between 1 to 10 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

For AASB 16 Lease disclosures refer to:
- note 5 for depreciation on right-of-use assets;
- note 6 for interest on lease liabilities;
- note 15 for lease liabilities and total cash outflow for leases; and
- consolidated statement of cash flows for repayment of lease liabilities.

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Buildings $'000
Balance at 1 July 2019	-
Recognised on adoption of AASB 16	48,724
Depreciation expense	(4,998)
Balance at 30 June 2020	43,726
Additions/modification	1,885
Depreciation expense	(5,002)
Balance at 30 June 2021	40,609

Note 13. Trade and other payables

	Consolidated 2021 $'000	Consolidated 2020 $'000
Current liabilities		
Trade payables	74,681	64,109
Sundry payables and accrued expenses	6,618	5,074
	81,299	69,183

Note 14. Borrowings

	Consolidated 2021 $'000	Consolidated 2020 $'000
Current liabilities		
Trade finance	38,020	5,472
Loan from related party	-	119,115
	38,020	124,587
Non-current liabilities		
Loan from related party	74,049	-
	112,069	124,587

Refer to note 21 for further information on financial instruments.

Trade finance
This facility is renewed on an annual basis.

Loan from the related party
The interest payable on the loan from a related party is at a fixed rate of 5% (2020: 5%) per annum and is unsecured. During the year the loan was amended to change the terms from being repayable on demand to being repayable on 30 June 2023. There is no impact on the income statement of the modification.

Financing arrangements
Unrestricted access was available at the reporting date to the following lines of credit facility:

	Consolidated 2021 $'000	Consolidated 2020 $'000
Total facilities		
Trade finance	64,000	72,400
Used at the reporting date		
Trade finance	38,020	5,472
Unused at the reporting date		
Trade finance	25,980	66,928

Note 15. Lease liabilities

	Consolidated 2021 $'000	Consolidated 2020 $'000
Current liabilities		
Lease liability	4,643	4,289
Non-current liabilities		
Lease liability	37,567	40,300
	42,210	44,589

The Group had total cash outflows for leases of $6,053,000 during the year ended 30 June 2021 (2020: $6,170,000).

Refer to note 21 for maturity analysis of leases.

Note 16. Derivative financial instruments

	Consolidated 2021 $'000	Consolidated 2020 $'000
Current assets		
Forward foreign exchange contracts	2,609	-
Current liabilities		
Forward foreign exchange contracts	-	(5,321)
	2,609	(5,321)

Refer to note 21 for further information on financial instruments.

Refer to note 22 for further information on fair value measurement.

Note 17. Employee benefits

	Consolidated 2021 $'000	Consolidated 2020 $'000
Current liabilities		
Annual leave	3,195	2,908
Long service leave	3,966	3,729
	7,161	6,637
Non-current liabilities		
Long service leave	1,077	977
	8,238	7,614

Note 18. Issued capital

	Consolidated			
	2021 Shares	2020 Shares	2021 $'000	2020 $'000
B Class ordinary shares - fully paid (i)	20,000	-	20	-
C Class ordinary shares - fully paid (ii)	2,305,909	2,325,909	2,306	2,326
	2,325,909	2,325,909	2,326	2,326

On 1 January 2021, 20,000 C Class fully paid ordinary shares were reclassified as B Class fully paid ordinary shares as per the demerger ruling.

Ordinary shares

(i) B Class ordinary shares entitle the holder to vote, to receive dividends as declared by the board of directors and to participate in capital on winding up.

(ii) C Class ordinary shares entitle the holder to vote when B Class ordinary shares are no longer in existence. C Class ordinary shares continue to receive dividends as declared by the board of directors and to participate in capital on a winding up.

Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

The Group is not subject to any externally imposed capital requirements.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The capital risk management policy remains unchanged from the 2020 Annual Report.

Note 19. Reserves

	Consolidated	
	2021 $'000	2020 $'000
Foreign currency translation reserve	1,820	1,419

Foreign currency translation reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

Note 19. Reserves (continued)

Movements in reserve
Movement in reserve during the current and previous financial year are set out below:

Consolidated	Foreign currency translation $'000
Balance at 1 July 2019	3,194
Foreign currency translation	(1,775)
Balance at 30 June 2020	1,419
Foreign currency translation	401
Balance at 30 June 2021	1,820

Note 20. Dividends

Dividends
Dividends paid during the financial year were as follows:

	Consolidated 2021 $'000	Consolidated 2020 $'000
Dividend for the year ended 30 June 2021 (2020: 30 June 2020) of $3.74 (2020: $12.90) per ordinary share paid on 9 February 2021	8,699	30,000

A dividend of $3.74 per share was declared on 27 January 2021. Cash payments of $2,386,000 in respect of the dividend declared were paid to the shareholders on 9 February 2021. The balance of the dividend of $6,313,000 was, at the direction of the recipient shareholders, paid to the related party entity, Ceneda Pty Ltd on 30 June 2021, to be applied to shareholder loan accounts in that entity.

The board of directors declared and paid a final dividend of $7.07 per share on 2 September 2021 to all registered shareholders on this date.

Franking credits

	Consolidated 2021 $'000	Consolidated 2020 $'000
Franking credits available for subsequent financial years based on a tax rate of 30%	3,645	-

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:
- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

Note 21. Financial instruments

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ageing analysis of credit risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Group's operating units. Finance reports to the Board on a monthly basis.

The Group’s exposure to market risk is mainly arising from interest rate risk, foreign currency risk, operating expenditure risk and price risk (sales and margin).

	Consolidated	
Key sensitivities	2021 $'000	2020 $'000
Sales (+/-1%)	7,963	7,185
Gross profit margin (+/-1%)	1,649	1,499
Other operating costs (+/-1%)	(1,048)	(906)
Interest expense (+/-1%)	(1,126)	(67)

Market risk

Foreign currency risk

The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

In order to protect against exchange rate movements, the Group has entered into forward foreign exchange contracts. These contracts are hedging highly probable forecasted cash flows for the ensuing financial year.

The carrying amounts of the Group’s significant foreign currency denominated net monetary assets/(liabilities) and impact on profit is set out below:

	Assets		Liabilities		Net exposure		Impact on profit*	
Currency	2021 $'000	2020 $'000	2021 $'000	2020 $'000	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Euros	14	61	(964)	(2,146)	(950)	(2,085)	(137)	(179)
US dollars	15,022	11,015	(27,181)	(26,978)	(12,159)	(15,963)	(1,470)	(2,922)
New Zealand dollars	11,770	10,064	(379)	(2,228)	11,391	7,836	(964)	(1,117)

*Sensitivity - impact on profit**

The table above details the Group’s sensitivity to a 10 per cent increase and decrease in currency units against the relevant foreign currencies. 10 per cent is the sensitivity rate used when reporting foreign currency risk internally to the Board and represents the finance’s assessment of the reasonably possible change in foreign exchange rates.

Note 21. Financial instruments (continued)

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 10 per cent change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number indicates an increase in profit and other equity where currency units strengthens 10 per cent against the relevant currency. For a 10 per cent weakening of currency units against the relevant currency, there would be a comparable impact on the profit and other equity, and the balances would be negative.

Price risk
The Group is not exposed to any significant price risk.

Interest rate risk
The Group's main interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the Group to interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk.

As at the reporting date, the Group had the following variable rate borrowing:

	2021		2020	
Consolidated	Weighted average interest rate %	Balance $'000	Weighted average interest rate %	Balance $'000
Trade finance	1.28%	38,020	1.36%	5,472
Net exposure to cash flow interest rate risk		38,020		5,472

An analysis by remaining contractual maturities in shown in 'liquidity and interest rate risk management' below.

Sensitivity
A 1 per cent increase or decrease is used when reporting interest rate risk internally and represents finance’s assessment of the reasonably possible change in interest rates. If interest rates had been 1 per cent higher/lower and all other variables were held constant, there will not be a material impact on the Group’s profitability.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

In order to minimise credit risk, the Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group uses other publicly available financial information and its own trading records to rate its major customers. In addition, the Group managed its credit risk by insuring its receivables via trade credit insurance policy with a reputable insurance company.

The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available. As disclosed in note 9, due to the Coronavirus (COVID-19) pandemic, the calculation of expected credit losses has been revised as at 30 June 2021.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Note 21. Financial instruments (continued)

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

Liquidity risk
Ultimate responsibility for liquidity risk management rests with the Board, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Details of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk are set out in note 14.

Remaining contractual maturities
The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities and lease liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2021	Weighted average interest rate %	1 year or less $'000	Between 1 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives					
Non-interest bearing					
Trade and other payables	-	81,299	-	-	81,299
Interest-bearing - variable					
Trade finance	1.28%	38,020	-	-	38,020
Lease liability	4.15%	6,316	24,875	24,440	55,631
Interest-bearing - fixed rate					
Loan from related party	5.00%	3,702	75,900	-	79,602
Total non-derivatives		129,337	100,775	24,440	254,552

Consolidated - 2020	Weighted average interest rate %	1 year or less $'000	Between 1 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives					
Non-interest bearing					
Trade and other payables	-	69,183	-	-	69,183
Interest-bearing - variable					
Trade finance	1.36%	5,472	-	-	5,472
Lease liability	4.15%	6,037	17,933	29,281	53,251
Interest-bearing - fixed rate					
Loan from related party	5.00%	122,093	-	-	122,093
Total non-derivatives		202,785	17,933	29,281	249,999
Derivatives					
Forward foreign exchange contracts	-	5,321	-	-	5,321
Total derivatives		5,321	-	-	5,321

Note 21. Financial instruments (continued)

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Note 22. Fair value measurement

Fair value hierarchy
The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

Consolidated - 2021	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Forward foreign exchange contracts	-	2,609	-	2,609
Total assets	-	2,609	-	2,609

Consolidated - 2020	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Liabilities				
Forward foreign exchange contracts	-	5,321	-	5,321
Total liabilities	-	5,321	-	5,321

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Valuation techniques for fair value measurements categorised within level 2
Derivative financial instruments have been valued using quoted market rates. This valuation technique maximises the use of observable market data where it is available and relies as little as possible on entity specific estimates.

Note 23. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	Consolidated 2021 $	Consolidated 2020 $
Short-term employee benefits	3,101,918	2,868,414
Long-term benefits	273,267	238,019
	3,375,185	3,106,433

Note 24. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Deloitte Touche Tohmatsu, the auditor of the Company:

	Consolidated 2021 $	2020 $
Audit services		
Audit of the financial statements	143,750	102,450
Other services		
Preparation of the tax return	26,000	9,500
Other non-audit services	42,349	30,000
	68,349	39,500
	212,099	141,950

Note 25. Contingent liabilities

Contingent liabilities for current and previous period are set out below:

	Consolidated 2021 $'000	2020 $'000
Bank guarantees	1,117	1,944
Surrendered bills of lading	2,927	3,931
Documentary letters of credit	2,755	1,497
	6,799	7,372

The bank guarantees are provided to relevant government authorities for access to deferred GST scheme. No contingent liability has been provided for litigation as it is unlikely to have any material impact on the financial result of the Group. Litigation risk is mitigated via the Group's terms and condition of sales and various insurance policies.

During the current financial year the Company exited from a tax consolidated group and at 30 June 2021 the Company is a separate tax payer. The head entity of the former tax consolidated group is Ceneda Pty Ltd, a related party and former Parent Entity of the Company. Tax liabilities of the former tax consolidated group are joint and several to its members. Accordingly any tax obligation arising to the former head entity for an income year where the Company was part of the tax consolidated group may be attached to Redox Ltd under the joint and several liability clauses if it is not paid to the ATO by Ceneda Pty Ltd. As at 30 June 2021 no additional tax obligations have been recognised and as of the date of this financial report, the Company has not been notified of any further tax obligations, as a result of being a member of the former tax consolidated group.

Note 26. Commitments

The Group had no capital commitments as at 30 June 2021 and 30 June 2020.

Note 27. Related party transactions

Subsidiaries
Interests in subsidiaries are set out in note 29.

Key management personnel
Disclosures relating to key management personnel are set out in note 23.

Note 27. Related party transactions (continued)

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated 2021 $	Consolidated 2020 $
Payment for other expenses:		
Interest paid to the related party	5,250,000	4,749,996
Lease expense paid to related party	5,926,760	6,679,812

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated 2021 $	Consolidated 2020 $
Current borrowings:		
Loan from related party	-	119,115,312
Non-current borrowings:		
Loan from related party	74,048,954	-

* Refer to note 14 for terms and note 30 for reconciliation of loan related party.

Note 28. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent 2021 $'000	Parent 2020 $'000
Profit after income tax	43,705	31,803
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income	43,705	31,803

Note 28. Parent entity information (continued)

Statement of financial position

	Parent 2021 $'000	Parent 2020 $'000
Total current assets	357,948	296,719
Total non-current assets	52,030	56,957
Total assets	409,978	353,676
Total current liabilities	122,780	168,514
Total non-current liabilities	111,239	43,864
Total liabilities	234,019	212,378
Net assets	175,959	141,298
Equity		
Issued capital	2,326	2,326
Foreign currency translation reserve	1,053	1,398
Retained profits	172,580	137,574
Total equity	175,959	141,298

Contingent liabilities
The parent entity contingent liabilities at 30 June 2021 and 30 June 2020 are disclosed in note 25.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2021 and 30 June 2020.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity.

Note 29. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries and its New Zealand branch (Redox Pty Ltd New Zealand Branch) in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest 2021 %	Ownership interest 2020 %
Redox Chemicals Sdn Bhd	Malaysia	100%	100%
Redox Inc	USA	100%	100%
Redox Ingredientes Mexico, S.A de C.V*	Mexico	100%	-
Redox UK Ltd**	UK	100%	-

* The company was incorporated on 10 February 2021 and was dormant during the year
** The company was incorporated on 13 April 2021 and was dormant during the year

Note 30. Cash flow information

Reconciliation of profit after income tax to net cash from operating activities

	Consolidated 2021 $'000	Consolidated 2020 $'000
Profit after income tax expense for the year	47,577	33,160
Adjustments for:		
Net loss on disposal of property, plant and equipment	38	321
Depreciation	6,739	6,745
Allowance for/(reversal of) expected credit losses	66	(12)
Unrealised (gain)/loss on forward foreign exchange contracts	(2,609)	5,982
Unrealised foreign exchange loss/(gain)	1,000	(2,243)
Change in operating assets and liabilities:		
Increase in trade and other receivables	(18,500)	(8,745)
Increase in inventories	(14,252)	(41,755)
Decrease/(increase) in deferred tax assets	2,539	(2,213)
Increase in other operating assets	(237)	(237)
Increase in trade and other payables	6,729	12,754
Increase/(decrease) in provision for income tax	2,530	(102)
Increase in employee benefits	624	639
Increase in lease liabilities	-	2,035
Net cash from operating activities	32,244	6,329

Non-cash investing and financing activities

	Consolidated 2021 $'000	Consolidated 2020 $'000
Additions to the right-of-use assets	2,085	48,724
Dividends	-	30,000
	2,085	78,724

Changes in liabilities arising from financing activities

Consolidated	Trade finance $'000	Loan from related party $'000	Lease liability $'000	Total $'000
Balance at 1 July 2019	3,774	94,752	-	98,526
Net cash from/(used in) financing activities	1,698	(5,637)	(4,247)	(8,186)
Dividends	-	30,000	-	30,000
Recognised on adoption of AASB 16	-	-	48,724	48,724
Other	-	-	112	112
Balance at 30 June 2020	5,472	119,115	44,589	169,176
Net cash from/(used in) financing activities	32,548	(45,066)	(4,264)	(16,782)
Additions/modification	-	-	1,885	1,885
Balance at 30 June 2021	38,020	74,049	42,210	154,279

Note 31. Events after the reporting period

On the 7 October 2021 the Company converted to a public company and changed its name from Redox Pty Ltd to Redox Ltd. Accordingly, updates have been made to the Company's constitution to reflect this change.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while there has not been any material impact financially for the Group up to 30 June 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

In addition to the dividend declared as disclosed in note 20, no other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Redox Ltd
(Formerly known as Redox Pty Ltd)
Directors' declaration
30 June 2021

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;

- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and

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

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Robert Coneliano
Director

Renato Coneliano
Director

29 October 2021
Sydney

Deloitte Touche Tohmatsu
ABN 74 490 121 060
Eclipse Tower
60 Station Street
Parramatta
Sydney, NSW, 2150
Australia

Phone: +61 2 9840 7000
www.deloitte.com.au

Independent Auditor's Report to the Members of Redox Ltd (formerly known as Redox Pty Ltd) and Controlled Entities

Opinion

We have audited the financial report of Redox Ltd (formerly known as Redox Pty Ltd) (the "Company") and its controlled entities (the "Group") which comprises the consolidated statement of financial position as at 30 June 2021, 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 accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2021 and of their financial performance for the year then ended; and
(ii) 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* (including Independence Standards) (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.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the 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 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.

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

- 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.
- 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Deloitte.

- 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.

- 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.

- 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's 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.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

David Sartorio
Partner
Chartered Accountants
Parramatta, 29 October 2021

Redox Ltd

(Formerly known as Redox Pty Ltd)

ABN 92 000 762 345

Annual Report - 30 June 2022

Redox Ltd
(Formerly known as Redox Pty Ltd)
Contents
30 June 2022

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Redox Ltd - (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2022.

Directors

The following persons were directors of Redox Ltd during the whole of the financial year and up to the date of this report, unless otherwise stated:

Robert Coneliano	Chairman
Renato Coneliano	Director
Raimond Coneliano	Director
Malcolm Perrins	Director
Richard Coneliano	Director
Ian Campbell	Non-Executive Director
Kenneth Perrins	Director

Principal activities

The principal activity of the Group during the financial year was wholesaling of chemicals, ingredients, plastics and other raw materials.

Review of operations

The profit for the Group after providing for income tax amounted to $88,024,000 (2021: $47,577,000).

Redox's working capital requirements have progressively increased during the COVID-19 pandemic, and especially during the current year ended 30 June 2022 resulting in a cash outflow from operations of $48,977,000 (2021: cash inflow from operations of $32,244,000). This was predominantly due to:

- Management making the strategic decision to build inventory balances to help maintain supply to customers during a period of supply disruptions;
- Inventory lead times increasing as a result of delays in international shipping and port congestion;
- Increases in input prices inherently increasing the valuation of inventory levels and receivables;
- Overseas suppliers having been progressively demanding payment in advance for inventory purchases; and
- Growth in sales, which has grown debtor balances (although average debtor days remain stable).

The directors consider Earnings Before Interest, Tax, Depreciation and Amortisation ('EBITDA') to reflect the core earnings of the Group. EBITDA is a financial measure which is not prescribed by Australian Accounting Standards ('AAS') and represents the profit under AAS adjusted for non-cash and significant items.

	Consolidated	
	2022 $'000	2021 $'000
Profit after income tax for the year	88,024	47,577
Finance income (note 8)	(7)	(6)
Finance costs (note 8)	7,217	7,070
Income tax expense	35,836	20,585
Depreciation and amortisation (note 7)	7,230	6,739
EBITDA	138,300	81,965

Dividends
Dividends paid during the financial year were as follows:

	Consolidated	
	2022 $'000	2021 $'000
Interim dividend for the year ended 30 June 2022 (2021: 30 June 2021) of $8.86 (2021: $3.74) per ordinary share paid on 9 March 2022	20,608	8,699
Final dividend for the year ended 30 June 2021 (2021: 30 June 2020) of $7.07 (2021: $nil) per ordinary share paid on 2 September 2021	16,444	-
	37,052	8,699

Significant changes in the state of affairs
On 7 October 2021, the Company converted to a public company and changed its name from Redox Pty Ltd to Redox Ltd. Accordingly, updates have been made to the Company's constitution to reflect this change.

There were no other significant changes in the state of affairs of the Group during the financial year.

Matters subsequent to the end of the financial year
No matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely developments and expected results of operations
Information on likely developments in the operations of the Group and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the Group.

Environmental regulation
Operational licenses granted to the Group regulate the management of water, air and noise quality, storage and handling of dangerous and hazardous materials and disposal of wastes.

The Group's operations are compliant with applicable environmental laws and regulatory permissions relevant to its operations within Australia and other countries in which it operates. Where instances of non-compliance occur, the Group's procedures require that relevant government authorities are notified in accordance with statutory requirements and internal investigations are conducted to determine the cause of the non-compliance to ensure the risk of recurrence is minimised or avoided. Throughout the year there have been no material breaches of relevant environmental regulatory requirements.

Shares under option
There were no unissued ordinary shares of Redox Ltd under option outstanding at the date of this report.

Shares issued on the exercise of options
There were no ordinary shares of Redox Ltd issued on the exercise of options during the year ended 30 June 2022 and up to the date of this report.

Indemnity and insurance of directors, officers and auditor
During the financial year, the Group paid a premium in respect of a contract insuring the Directors and Executive Officers of the Group against any liability incurred in their role as Director or Executive Officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium. The Company has not otherwise, during or since the end of the financial year, indemnified or agreed to indemnify an Officer or auditor of the Group or of any related body corporate against a liability incurred as such by an Officer or auditor.

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

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Raimond Coneliano
Director

Renato Coneliano
Director

31 August 2022
Sydney

Deloitte Touche Tohmatsu
ABN 74 490 121 060
Eclipse Tower
60 Station Street
Parramatta
Sydney, NSW, 2150
Australia

Phone: +61 2 9840 7000
www.deloitte.com.au

The Board of Directors
Redox Ltd
2 Swettenham Rd
Minto NSW 2566

31 August 2022

Dear Board Members

Redox Ltd
(formerly known as Redox Pty Ltd)

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Redox Ltd.

As lead audit partner for the audit of the financial statements of Redox Ltd for the financial year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

David Sartorio
Partner
Chartered Accountants
Parramatta

Redox Ltd
(Formerly known as Redox Pty Ltd)
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2022

	Note	Consolidated 2022 $'000	Consolidated 2021 $'000
Revenue	5	1,081,816	796,341
Cost of sales		(838,027)	(631,419)
Gross profit		243,789	164,922
Net unrealised gain on forward exchange contracts	6	4,067	8,080
Distribution and storage expenses		(41,411)	(35,258)
Administration expenses		(58,112)	(48,879)
Other expenses		(17,263)	(13,639)
Operating profit		131,070	75,226
Finance income	8	7	6
Finance costs	8	(7,217)	(7,070)
Profit before income tax expense		123,860	68,162
Income tax expense	9	(35,836)	(20,585)
Profit after income tax expense for the year attributable to the owners of Redox Ltd		88,024	47,577
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		720	401
Other comprehensive income for the year, net of tax		720	401
Total comprehensive income for the year attributable to the owners of Redox Ltd		88,744	47,978
		Cents	Cents
Basic earnings per share (cents)	10	3,784.5	2,045.5
Diluted earnings per share (cents)	10	3,784.5	2,045.5

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

Redox Ltd
(Formerly known as Redox Pty Ltd)
Consolidated statement of financial position
As at 30 June 2022

	Note	Consolidated 2022 $'000	Consolidated 2021 $'000
Assets			
Current assets			
Cash and cash equivalents	11	40,597	23,244
Trade and other receivables	12	204,044	145,066
Inventories	13	338,348	204,733
Derivative financial instruments	19	6,648	2,609
Prepayments		2,689	1,615
Total current assets		592,326	377,267
Non-current assets			
Property, plant and equipment	14	8,602	8,981
Right-of-use assets	15	37,821	40,609
Deferred tax	9	807	1,867
Total non-current assets		47,230	51,457
Total assets		639,556	428,724
Liabilities			
Current liabilities			
Trade and other payables	16	123,036	81,299
Borrowings	17	108,762	38,020
Lease liabilities	18	5,200	4,643
Income tax	9	11,587	2,780
Employee benefits	20	8,070	7,161
Total current liabilities		256,655	133,903
Non-current liabilities			
Borrowings	17	113,230	74,049
Lease liabilities	18	34,628	37,567
Employee benefits	20	1,223	1,077
Total non-current liabilities		149,081	112,693
Total liabilities		405,736	246,596
Net assets		233,820	182,128
Equity			
Issued capital	21	2,326	2,326
Reserves	22	2,540	1,820
Retained profits		228,954	177,982
Total equity		233,820	182,128

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

Redox Ltd
(Formerly known as Redox Pty Ltd)
Consolidated statement of changes in equity
For the year ended 30 June 2022

Consolidated	Issued capital $'000	Reserves $'000	Retained profits $'000	Total equity $'000
Balance at 1 July 2020	2,326	1,419	139,104	142,849
Profit after income tax expense for the year	-	-	47,577	47,577
Other comprehensive income for the year, net of tax	-	401	-	401
Total comprehensive income for the year	-	401	47,577	47,978
Transactions with owners in their capacity as owners:				
Dividends paid (note 23)	-	-	(8,699)	(8,699)
Balance at 30 June 2021	2,326	1,820	177,982	182,128

Consolidated	Issued capital $'000	Reserves $'000	Retained profits $'000	Total equity $'000
Balance at 1 July 2021	2,326	1,820	177,982	182,128
Profit after income tax expense for the year	-	-	88,024	88,024
Other comprehensive income for the year, net of tax	-	720	-	720
Total comprehensive income for the year	-	720	88,024	88,744
Transactions with owners in their capacity as owners:				
Dividends paid (note 23)	-	-	(37,052)	(37,052)
Balance at 30 June 2022	2,326	2,540	228,954	233,820

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

		Consolidated	
	Note	2022 $'000	2021 $'000
Cash flows from operating activities			
Receipts from customers		1,132,336	861,643
Payments to suppliers and employees		(1,148,135)	(806,819)
Interest received	8	7	6
Interest and other finance costs paid	8	(7,217)	(7,070)
Income taxes paid		(25,968)	(15,516)
Net cash (used in)/from operating activities	33	(48,977)	32,244
Cash flows from investing activities			
Payments for property, plant and equipment	14	(1,585)	(2,360)
Proceeds from disposal of property, plant and equipment		366	269
Net cash used in investing activities		(1,219)	(2,091)
Cash flows from financing activities			
Net proceeds from borrowings	33	70,742	32,548
Net repayment of related party loans	33	39,181	(45,066)
Repayment of lease liabilities	33	(5,124)	(4,264)
Dividends paid	23	(37,052)	(8,699)
Net cash from/(used in) financing activities		67,747	(25,481)
Net increase in cash and cash equivalents		17,551	4,672
Cash and cash equivalents at the beginning of the financial year		23,244	19,171
Effects of exchange rate changes on cash and cash equivalents		(198)	(599)
Cash and cash equivalents at the end of the financial year	11	40,597	23,244

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

Note 1. General information

The financial statements cover Redox Ltd (the 'Company' or 'parent') and the entities it controlled (together the 'Group') at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Redox Ltd's functional and presentation currency.

Redox Ltd is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

2 Swettenham Rd,
Minto NSW 2566, Australia

A description of the nature of the Group's operations and its principal activities is included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 31 August 2022. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted the following new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

	Effective for annual reporting period beginning on or after
AASB 2020-8 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2*	1 January 2021
AASB 2021-3 *Amendments to Australian Accounting Standards – COVID-19-related Rent Concessions beyond 30 June 2021*	1 April 2021

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, derivative financial instruments which are at fair value.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 31.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries and its New Zealand branch (refer to note 32) as at 30 June 2022 and the results of all subsidiaries for the year then ended.

Note 2. Significant accounting policies (continued)

Subsidiaries are all those 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 on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM are responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation

Foreign currency transactions
Foreign currency transactions are translated into the Company's functional currency using the average exchange rates prevailing at the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency translation reserve in equity.

The foreign currency translation reserve is recognised in profit or loss when the foreign operation or net investment is disposed.

Revenue recognition
The Group recognises revenue as follows:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Note 2. Significant accounting policies (continued)

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of goods
Revenue from the sale of goods is recognised when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The only performance obligation of the Group is from the sale of the goods and accordingly, revenue is recognised for this performance obligation at the point in time when control over the corresponding good is transferred to the customer.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties.

A receivable is recognised by the Group when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

An income tax benefit will arise for the financial year where an income tax loss is incurred and, where permitted to do so, is carried-back against a qualifying prior period's tax payable to generate a refundable tax offset.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- when the deferred income tax asset or liability arises from the initial recognition of goodwill or 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 nor taxable profits; or
- when the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Note 2. Significant accounting policies (continued)

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 - 60 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Inventories
Stock in hand is stated at the lower of cost and net realisable value on a 'weighted average cost' basis. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

Stock in transit is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Derivative financial instruments
Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date, with the movement recognised in profit or loss.

Derivatives are classified as current or non-current depending on the expected period of realisation.

Property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Note 2. Significant accounting policies (continued)

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives at the following rates:

Buildings	2.5% - 4%
Plant and equipment	7.5% - 40%
Furniture and fittings	5% - 13%
Motor vehicles	12.5% - 20%
Computer and office equipment	20% - 40%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

~~Lease payments on these assets are expensed to profit or loss as incurred.~~

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Note 2. Significant accounting policies (continued)

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Finance costs
All finance costs are expensed in the period in which they are incurred.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques used to measure fair value are those that are appropriate in the circumstances and which maximise the use of relevant observable inputs and minimise the use of unobservable inputs.

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.

Dividends
Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Redox Ltd, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming conversion of all dilutive potential ordinary shares.

Note 2. Significant accounting policies (continued)

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

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

Rounding of amounts
The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Group for the year ended 30 June 2022. These amendments are not expected to have a significant impact on the financial statements of the Group on adoption.

	Effective for annual reporting period beginning on or after
AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments*	1 January 2022
AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates*	1 January 2023
AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current*	1 January 2023

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Allowance for expected credit losses
The allowance for expected credit losses assessment requires a degree of estimation and judgement, and makes assumptions to allocate expected credit losses on an account by account basis. These assumptions include recent sales experience, historical collection rates of individual accounts, the impact of the COVID-19 pandemic and forward-looking information that is available. The allowance for expected credit losses, as disclosed in note 12, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Estimation of useful lives of assets
The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets
The Group assesses impairment of non-financial assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves assessing the value of the asset at fair value less costs of disposal and using value-in-use models which incorporate a number of key estimates and assumptions.

Income tax
The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Lease term
The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate
Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Group estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Note 4. Operating segments

Identification of reportable operating segments
The Group operates in one segment, based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers) in assessing performance and in determining the allocation of resources.

Redox manages its operations as a single business operation and there are no parts of the business or geographical locations that qualify as separate operating segments under AASB 8 Operating Segments. The Directors assess the financial performance of Redox on an integrated basis only and accordingly, Redox is managed on the basis of a single segment.

Note 5. Revenue

	Consolidated 2022 $'000	Consolidated 2021 $'000
Sale of goods	1,081,816	796,341

Disaggregation of revenue
The disaggregation of revenue from contracts with customers is as follows:

	Consolidated 2022 $'000	Consolidated 2021 $'000
Major product lines		
Chemicals, ingredients, plastics and raw materials	1,080,266	795,713
Other	1,550	628
	1,081,816	796,341
Geographical regions		
Australia and New Zealand	1,015,361	769,596
USA and Mexico	53,533	19,059
Malaysia	12,922	7,686
	1,081,816	796,341
Timing of revenue recognition		
Goods transferred at a point in time	1,081,816	796,341

Note 6. Net unrealised gain on forward exchange contracts

	Consolidated 2022 $'000	Consolidated 2021 $'000
Net unrealised gain on forward exchange contracts	4,067	8,080
	4,067	8,080

Note 7. Expenses

	Consolidated	
	2022	2021
	$'000	$'000
Profit before income tax includes the following specific expenses:		
Depreciation		
Property, plant and equipment	1,712	1,737
-Right-of-use assets	5,518	5,002
Total depreciation	7,230	6,739
Impairment		
Net allowance for expected credit losses	31	66
Net loss on disposal		
Net (gain)/loss on disposal of property, plant and equipment	(105)	38
Employee benefits expense		
Post-employment benefits	1,058	626
Other employee benefits	50,288	42,644
Total employee benefits expense	51,346	43,270

Note 8. Finance costs (net)

	Consolidated	
	2022	2021
	$'000	$'000
Finance income		
Interest income	(7)	(6)
Finance costs		
Interest and finance charges paid/payable	5,730	5,281
Interest and finance charges paid/payable on lease liabilities	1,487	1,789
Total finance costs	7,217	7,070
Finance costs (net)	7,210	7,064

Note 9. Income tax

	Consolidated 2022 $'000	Consolidated 2021 $'000
Income tax expense		
Current tax	34,776	18,046
Deferred tax - origination and reversal of temporary differences	1,060	2,539
Aggregate income tax expense	35,836	20,585
Deferred tax included in income tax expense comprises:		
Decrease in deferred tax assets	1,060	2,539
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	123,860	68,162
Tax at the statutory tax rate of 30%	37,158	20,449
Tax effect amounts which are not deductible in calculating taxable income:		
Sundry items	233	22
	37,391	20,471
Adjustments recognised for prior periods	(159)	198
Utilisation of tax losses in foreign jurisdiction	(1,100)	-
Tax rate differential in foreign jurisdiction	(214)	(89)
Other	(82)	5
Income tax expense	35,836	20,585

	Consolidated 2022 $'000	Consolidated 2021 $'000
Deferred tax asset		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in statement of financial position:		
Property, plant and equipment	(864)	(561)
Accruals and provisions	652	104
Accrued employee provisions	2,722	2,384
Unrealised foreign exchange gains	(2,297)	(532)
Leases	594	472
Deferred tax asset	807	1,867
Movements:		
Opening balance	1,867	4,406
Charged to profit or loss	(1,060)	(2,539)
Closing balance	807	1,867

Note 9. Income tax (continued)

	Consolidated	
	2022	2021
	$'000	$'000
Provision for income tax		
Provision for income tax	11,587	2,780

Note 10. Earnings per share

	Consolidated	
	2022	2021
	$'000	$'000
Profit after income tax attributable to the owners of Redox Ltd	88,024	47,577
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	2,325,909	2,325,909
Weighted average number of ordinary shares used in calculating diluted earnings per share	2,325,909	2,325,909
	Cents	Cents
Basic earnings per share (cents)	3,784.5	2,045.5
Diluted earnings per share (cents)	3,784.5	2,045.5

Note 11. Cash and cash equivalents

	Consolidated	
	2022	2021
	$'000	$'000
Current assets		
Cash on hand	11	11
Cash at bank	40,586	23,233
	40,597	23,244

Note 12. Trade and other receivables

	Consolidated	
	2022	2021
	$'000	$'000
Current assets		
Trade receivables	204,398	145,389
Less: Allowance for expected credit losses	(354)	(323)
	204,044	145,066

Allowance for expected credit losses

The Group has recognised a net loss of $31,000 (2021: $66,000) in profit or loss in respect of the expected credit losses for the year ended 30 June 2022.

Note 12. Trade and other receivables (continued)

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

Consolidated	Expected credit loss rate 2022 %	Expected credit loss rate 2021 %	Carrying amount 2022 $'000	Carrying amount 2021 $'000	Allowance for expected credit losses 2022 $'000	Allowance for expected credit losses 2021 $'000
Not overdue	-	-	188,696	107,703	89	-
0 to 30 days overdue	-	-	12,349	32,472	-	-
31 to 60 days overdue	-	-	2,103	3,214	6	-
61 to 90 days overdue	6%	3%	547	1,281	33	34
91 to 120 days	26%	46%	109	132	28	61
Over 120 days	33%	41%	594	587	198	228
			204,398	145,389	354	323

The Group has increased its monitoring of debt recovery as there is an increased probability of customers delaying payment or being unable to pay, due to the Coronavirus (COVID-19) pandemic.

Movements in the allowance for expected credit losses are as follows:

	Consolidated 2022 $'000	Consolidated 2021 $'000
Opening balance	323	257
Additional provisions recognised	387	110
Reversal of provisions recognised	(356)	-
Receivables written off during the year as uncollectable	-	(44)
Closing balance	354	323

Note 13. Inventories

	Consolidated 2022 $'000	Consolidated 2021 $'000
Current assets		
Inventory on hand - at cost	209,128	143,446
Inventory in transit - at cost	129,220	61,287
	338,348	204,733

During the year ended 30 June 2022, the Group wrote down inventories by $2,563,000 (2021: $968,000). These amounts were recognised in the stock in hand in the statement of financial position.

Whilst inventory levels have increased significantly during the pandemic there has not been an increase in the ageing profile of inventory on hand in Redox's warehouses. This is because the increase in inventory levels has been driven by greater lead times leading to more inventory in transit.

Note 14. Property, plant and equipment

	Consolidated 2022 $'000	Consolidated 2021 $'000
Non-current assets		
Buildings - at cost	830	823
Less: Accumulated depreciation	(596)	(586)
	234	237
Plant and equipment - at cost	10,345	10,072
Less: Accumulated depreciation	(6,777)	(6,383)
	3,568	3,689
Furniture and fittings - at cost	6,015	5,885
Less: Accumulated depreciation	(3,725)	(3,422)
	2,290	2,463
Motor vehicles - at cost	3,078	3,168
Less: Accumulated depreciation	(1,003)	(985)
	2,075	2,183
Computer and office equipment - at cost	2,814	2,730
Less: Accumulated depreciation	(2,379)	(2,321)
	435	409
	8,602	8,981

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Buildings $'000	Plant and equipment $'000	Furniture and fittings $'000	Motor vehicles $'000	Computer and office equipment $'000	Total $'000
Balance at 1 July 2020	205	3,450	2,275	2,210	525	8,665
Additions	183	1,035	361	653	128	2,360
Disposals	-	(76)	-	(231)	-	(307)
Depreciation expense	(151)	(720)	(173)	(449)	(244)	(1,737)
Balance at 30 June 2021	237	3,689	2,463	2,183	409	8,981
Additions	176	417	182	560	250	1,585
Disposals	-	(9)	(3)	(247)	(2)	(261)
Exchange differences	(1)	(1)	1	7	3	9
Depreciation expense	(178)	(528)	(353)	(428)	(225)	(1,712)
Balance at 30 June 2022	234	3,568	2,290	2,075	435	8,602

Note 15. Right-of-use assets

	Consolidated 2022 $'000	Consolidated 2021 $'000
Non-current assets		
Buildings - right-of-use	53,309	50,609
Less: Accumulated depreciation	(15,488)	(10,000)
	37,821	40,609

The Group leases buildings for its offices and warehouses under agreements of between 1 to 10 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

For AASB 16 Lease disclosures refer to:
- note 7 for depreciation on right-of-use assets;
- note 8 for interest on lease liabilities;
- note 18 for lease liabilities and total cash outflow for leases; and
- consolidated statement of cash flows for repayment of lease liabilities.

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Buildings $'000
Balance at 1 July 2020	43,726
Additions/modification	1,885
Depreciation expense	(5,002)
Balance at 30 June 2021	40,609
Additions/modification	2,718
Exchange differences	12
Depreciation expense	(5,518)
Balance at 30 June 2022	37,821

Note 16. Trade and other payables

	Consolidated 2022 $'000	Consolidated 2021 $'000
Current liabilities		
Trade payables	115,587	74,681
Sundry payables and accrued expenses	7,449	6,618
	123,036	81,299

Note 17. Borrowings

	Consolidated 2022 $'000	Consolidated 2021 $'000
Current liabilities		
Trade finance	108,762	38,020
Non-current liabilities		
Loan from related party	113,230	74,049
	221,992	112,069

Refer to note 24 for further information on financial instruments.

Trade finance
The trade finance facilities are renewed on an annual basis.

Loan from the related party
The interest payable on the loan from a related party is at a fixed rate of 5% (2021: 5%) per annum and is unsecured. The loan is contracted to be repaid on 1 July 2023.

Financing arrangements
Unrestricted access was available at the reporting date to the following lines of credit facility:

	Consolidated 2022 $'000	Consolidated 2021 $'000
Total facilities		
Trade finance	135,804	64,000
Used at the reporting date		
Trade finance	108,762	38,020
Unused at the reporting date		
Trade finance	27,042	25,980

Note 18. Lease liabilities

	Consolidated 2022 $'000	Consolidated 2021 $'000
Current liabilities		
Lease liability	5,200	4,643
Non-current liabilities		
Lease liability	34,628	37,567
	39,828	42,210

The Group had total cash outflows for leases of $6,611,000 during the year ended 30 June 2022 (2021: $6,053,000).

Refer to note 24 for maturity analysis of lease liabilities.

Note 19. Derivative financial instruments

	Consolidated 2022 $'000	Consolidated 2021 $'000
Current assets		
Unrealised gain on forward foreign exchange contracts	6,648	2,609

Refer to note 25 for further information on fair value measurement.

Note 20. Employee benefits

	Consolidated 2022 $'000	Consolidated 2021 $'000
Current liabilities		
Annual leave	3,861	3,195
Long service leave	4,209	3,966
	8,070	7,161
Non-current liabilities		
Long service leave	1,223	1,077
	9,293	8,238

Note 21. Issued capital

	Consolidated 2022 Shares	2021 Shares	2022 $'000	2021 $'000
B Class ordinary shares - fully paid (i)	20,000	20,000	20	20
C Class ordinary shares - fully paid (ii)	2,305,909	2,305,909	2,306	2,306
	2,325,909	2,325,909	2,326	2,326

Ordinary shares

(i) B Class ordinary shares entitle the holder to vote, to receive dividends as declared by the board of directors and to participate in capital on winding up.

(ii) C Class ordinary shares entitle the holder to vote when B Class ordinary shares are no longer in existence. C Class ordinary shares continue to receive dividends as declared by the board of directors and to participate in capital on a winding up.

Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

The Group is not subject to any externally imposed capital requirements.

Note 21. Issued capital (continued)

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The capital risk management policy remains unchanged from the 2021 Annual Report.

Note 22. Reserves

	Consolidated	
	2022 $'000	2021 $'000
Foreign currency translation reserve	2,540	1,820

Foreign currency translation reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

Movements in reserve
Movement in reserve during the current and previous financial year are set out below:

Consolidated	Foreign currency translation $'000
Balance at 1 July 2020	1,419
Foreign currency translation	401
Balance at 30 June 2021	1,820
Foreign currency translation	720
Balance at 30 June 2022	2,540

Note 23. Dividends

Dividends
Dividends paid during the financial year were as follows:

	Consolidated	
	2022 $'000	2021 $'000
Interim dividend for the year ended 30 June 2022 (2021: 30 June 2021) of $8.86 (2021: $3.74) per ordinary share paid on 9 March 2022	20,608	8,699
Final dividend for the year ended 30 June 2021 (2021: 30 June 2020) of $7.07 (2021: $nil) per ordinary share paid on 2 September 2021	16,444	-
	37,052	8,699

Franking credits

	Consolidated	
	2022 $'000	2021 $'000
Franking credits available for subsequent financial years based on a tax rate of 30%	21,425	3,645

Note 23. Dividends (continued)

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:
- franking credits that arise from the payment of the amount of income tax at the reporting date.
- franking debits that arise from the payment of dividends recognised as a liability at the reporting date.
- franking credits that arise from the receipt of dividends recognised as receivables at the reporting date.

Note 24. Financial instruments

Financial risk management objectives
The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ageing analysis for credit risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Group's operating units. Finance reports to the Board on a monthly basis.

The Group’s exposure to market risk is mainly arising from interest rate risk, foreign currency risk, operating expenditure risk and price risk (sales and margin).

	Consolidated	
Key sensitivities	2022 $'000	2021 $'000
Sales (+/-1%)	10,818	7,963
Gross profit margin (+/-1%)	2,413	1,649
Other operating costs (+/-1%)	(1,216)	(1,048)
Interest expense (+/-1%)	(2,220)	(1,126)

Market risk

Foreign currency risk
The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

In order to protect against exchange rate movements, the Group has entered into forward foreign exchange contracts. These contracts are hedging highly probable forecasted cash flows for the ensuing financial year.

The carrying amounts of the Group’s significant foreign currency denominated net monetary assets/(liabilities) and impact on profit is set out below:

	Assets		Liabilities		Net exposure		Impact on profit*	
Currency	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Euros	-	14	(1,486)	(964)	(1,486)	(950)	(205)	(137)
US dollars	12,666	15,022	(59,261)	(27,181)	(46,595)	(12,159)	(6,149)	(1,470)
New Zealand dollars	11,985	11,770	(679)	(379)	11,306	11,391	927	(964)

Note 24. Financial instruments (continued)

*Sensitivity - impact on profit**
The table above details the Group’s sensitivity to a 10 per cent increase and decrease in currency units against the relevant foreign currencies. 10 per cent is the sensitivity rate used when reporting foreign currency risk internally to the Board and represents finance’s assessment of the reasonably possible change in foreign exchange rates.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 10 per cent change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number indicates an increase in profit and other equity where currency units strengthens 10 per cent against the relevant currency. For a 10 per cent weakening of currency units against the relevant currency, there would be a comparable impact on the profit and other equity, and the balances would be negative.

Price risk
The Group is not exposed to any significant price risk.

Interest rate risk
The Group's main interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the Group to interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk.

As at the reporting date, the Group had the following variable rate borrowing:

	2022		2021	
Consolidated	Weighted average interest rate %	Balance $'000	Weighted average interest rate %	Balance $'000
Trade finance	2.38%	108,762	1.28%	38,020
Net exposure to cash flow interest rate risk		108,762		38,020

An analysis by remaining contractual maturities is shown in 'liquidity and interest rate risk management' below.

Sensitivity
A 2 per cent increase or decrease is used when reporting interest rate risk internally and represents finance’s assessment of the reasonably possible change in interest rates. If interest rates had been 2 per cent higher/lower and all other variables were held constant, there would -a $2,175,000 (2021: no material impact) impact on the Group’s profitability.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

In order to minimise credit risk, the Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group uses other publicly available financial information and its own trading records to rate its major customers. In addition, the Group manages its credit risk by insuring its receivables via trade credit insurance policy with a reputable insurance company.

The Group evaluates the risk of default on individual debts at the reporting date on an account by account basis. To support the evaluation process the Group takes into account both qualitative and quantitative information including recent sales experience, historical collection rates of individual accounts, the impact of the COVID-19 pandemic and forward-looking information that is available. Forward looking information taken into account includes future industry volatility expectations from industry expert reports and governmental bodies, and multiple external sources of future economic information pertaining to the individual debtor’s industry sector.

Note 24. Financial instruments (continued)

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The concentration of credit risk is limited due to the fact that the customer base is large and unrelated. As such the Group has no significant credit risk with any single customer or group of customers.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Details of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk are set out in note 17.

Remaining contractual maturities

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities and lease liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated – 2022	Weighted average interest rate %	1 year or less $'000	Between 1 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives					
Non-interest bearing					
Trade and other payables	-	123,036	-	-	123,036
Interest-bearing – variable					
Trade finance	2.38%	111,348	-	-	111,348
Lease liability	3.93%	6,494	32,008	6,345	44,847
Interest-bearing - fixed rate					
Loan from related party	5.00%	5,662	113,230	-	118,892
Total non-derivatives		246,540	145,238	6,345	398,123

Note 24. Financial instruments (continued)

Consolidated – 2021	Weighted average interest rate %	1 year or less $'000	Between 1 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives					
Non-interest bearing					
Trade and other payables	-	81,299	-	-	81,299
Interest-bearing – variable					
Trade finance	1.28%	38,020	-	-	38,020
Lease liability	4.15%	6,316	24,875	24,440	55,631
Interest-bearing - fixed rate					
Loan from related party	5.00%	3,702	75,900	-	79,602
Total non-derivatives		129,337	100,775	24,440	254,552

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Note 25. Fair value measurement

Fair value hierarchy
The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

Consolidated – 2022	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Forward foreign exchange contracts	-	6,648	-	6,648
Total assets	-	6,648	-	6,648

Consolidated – 2021	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Forward foreign exchange contracts	-	2,609	-	2,609
Total assets	-	2,609	-	2,609

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

Valuation techniques for fair value measurements categorised within level 2
Derivative financial instruments have been valued using values derived from adjusted quoted prices. This valuation technique maximises the use of observable market data where it is available and relies as little as possible on entity specific estimates.

Note 26. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	Consolidated	
	2022	2021
	$	$'000
Short-term employee benefits	5,342,136	3,102,918
Long-term benefits	290,297	273,267
	5,632,433	3,376,185

Note 27. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Deloitte Touche Tohmatsu, the auditor of the Company:

	Consolidated	
	2022	2021
	$	$
Audit services		
Audit of the financial statements	279,438	143,750
Other services		
Preparation of the tax return	58,002	26,000
Other non-audit services	832,909	42,349
	890,911	68,349
	1,170,349	212,099

Note 28. Contingent liabilities

Contingent liabilities for current and previous period are set out below:

	Consolidated	
	2022	2021
	$'000	$'000
Bank guarantees	3,287	1,117
Surrendered bills of lading	2,892	2,927
Documentary letters of credit	6,747	2,755
	12,926	6,799

The bank guarantees are provided to relevant government authorities for access to the deferred GST scheme. No contingent liability has been provided for litigation as it is unlikely to have any material impact on the financial result of the Group. Litigation risk is mitigated via the Group's terms and condition of sales and various insurance policies.

Note 29. Commitments

The Group had no capital commitments as at 30 June 2022 and 30 June 2021.

Note 30. Related party transactions

Subsidiaries
Interests in subsidiaries are set out in note 32.

Key management personnel
Disclosures relating to key management personnel are set out in note 26.

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated	
	2022 $	2021 $
Payment for other expenses:		
Interest paid to the related party	4,691,692	5,250,000
Lease expense paid to related party	6,344,228	5,926,760

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated	
	2022 $	2021 $
Non-current borrowings:		
Loan from related party*	113,230,497	74,048,954

* Refer to note 17 for terms and note 33 for reconciliation of loan from related party.

Note 31. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	2022 $'000	2021 $'000
Profit after income tax	84,330	47,660
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income	84,330	47,660

Note 31. Parent entity information (continued)

Statement of financial position

	Parent 2022 $'000	Parent 2021 $'000
Total current assets	548,176	361,586
Total non-current assets	82,202	68,101
Total assets	630,378	429,687
Total current liabilities	248,173	130,950
Total non-current liabilities	148,869	112,509
Total liabilities	397,042	243,459
Net assets	233,336	186,228
Equity		
Issued capital	2,326	2,326
Foreign currency translation reserve on translation of NZ Branch	(588)	(159)
Retained profits	231,598	184,061
Total equity	233,336	186,228

Contingent liabilities
The parent entity contingent liabilities at 30 June 2022 and 30 June 2021 are disclosed in note 28.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2022 and 30 June 2021.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity.

Note 32. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries and its New Zealand branch (Redox Ltd New Zealand Branch) in accordance with the accounting policy described in note 2:

		Ownership interest	
Name	Principal place of business / Country of incorporation	2022 %	2021 %
Redox Chemicals Sdn Bhd	Malaysia	100%	100%
Redox Inc	USA	100%	100%
Redox Ingredientes Mexico, S.A de C.V	Mexico	100%	100%
Redox UK Ltd*	UK	100%	100%
Redox Investments Pty Ltd**	Australia	100%	100%

*The company was incorporated on 13 April 2021 and was dormant during the year.
** The company was incorporated on 20 May 2021 and was dormant during the year

Note 33. Cash flow information

Reconciliation of profit after income tax to net cash (used in)/from operating activities

	Consolidated	
	2022 $'000	2021 $'000
Profit after income tax expense for the year	88,024	47,577
Adjustments for:		
Net (gain)/loss on disposal of property, plant and equipment	(105)	38
Depreciation	7,230	6,739
Allowance for expected credit losses	31	66
Unrealised gain on forward foreign exchange contracts	(4,058)	(2,609)
Unrealised foreign exchange loss	909	1,000
Change in operating assets and liabilities:		
Increase in trade and other receivables	(58,978)	(18,500)
Increase in inventories	(133,615)	(14,252)
Decrease in deferred tax assets	1,060	2,539
Increase in other operating assets	(1,074)	(237)
Increase in trade and other payables	41,737	6,729
Increase in provision for income tax	8,807	2,530
Increase in employee benefits	1,055	624
Net cash (used in)/from operating activities	(48,977)	32,244

Non-cash investing and financing activities

	Consolidated	
	2022 $'000	2021 $'000
Additions to right-of-use assets	2,718	2,085

Note 33. Cash flow information (continued)

Changes in liabilities arising from financing activities

Consolidated	Trade finance $'000	Loan from related party $'000	Lease liability $'000	Total $'000
Balance at 1 July 2020	5,472	119,115	44,589	169,176
Net cash from/(used in) financing activities	32,548	(45,066)	(4,264)	(16,782)
Additions/modification	-	-	1,885	1,885
Balance at 30 June 2021	38,020	74,049	42,210	154,279
Net cash from/(used in) financing activities	70,742	39,181	(5,124)	104,799
Additions/modification	-	-	2,734	2,734
Exchange differences	-	-	8	8
Balance at 30 June 2022	108,762	113,230	39,828	261,820

Note 34. Events after the reporting period

No matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Raimond Coneliano
Director

Renato Coneliano
Director

31 August 2022
Sydney

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060
Eclipse Tower
60 Station Street
Parramatta
Sydney, NSW, 2150
Australia

Phone: +61 2 9840 7000
www.deloitte.com.au

Independent Auditor's Report to the Members of Redox Ltd (formerly known as Redox Pty Ltd) and Controlled Entities

Opinion

We have audited the financial report of Redox Ltd (formerly known as Redox Pty Ltd) (the "Company") and its controlled entities (the "Group") which comprises the consolidated statement of financial position as at 30 June 2022, 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 accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2022 and of their financial performance for the year then ended; and
(ii) 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* (including Independence Standards) (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.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' report for the year ended 30 June 2022 but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the 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 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.

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

- 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.

- 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- 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.

Deloitte.

- 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.

- 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's 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.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

David Sartorio
Partner
Chartered Accountants
Parramatta, 5 September 2022