

**Marrakech Road Pty Ltd
and controlled entities**

ACN 165 867 372

Consolidated Financial Report for the year
ended 30 June 2019

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Consolidated Financial Report
for the year ended
30 June 2019

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Directors' report

The directors of Marrakech Road Pty Ltd submit herewith the financial report of Marrakech Road Pty Ltd (the company) and the consolidated entity, being the company and its controlled entities for the year ended 30 June 2019 and auditor's report thereon. In order to comply with the provisions of the *Corporations Act 2001*, the directors' report as follows:

The names and particulars of the directors of the company during or since the end of the financial year are:

Directors

Name

Mr Brendan Philip Boyd

Mr John Anthony Joseph Sood

The directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal activities

The consolidated entity's principal activities during the year consisted of the provision of warehousing, wharf cartage, distribution and supply chain services.

The consolidated entity had operations in Victoria, New South Wales, Queensland, Western Australia and South Australia and offered these principal activities across each region.

Review of operations

For the financial year ended 30 June 2019 the consolidated entity reported a net loss after tax of \$789,000 (2018: \$1,739,000 profit).

Changes in state of affairs

There were no significant changes in the consolidated entity's state of affairs that occurred during the financial year.

Subsequent events

There has not been any other matter or circumstance that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years other than noted below:

Financing

On 2 August 2019, Marrakech Road Pty Ltd entered into the following agreements:

- 427,230 preference shares were issued for consideration of \$20,000,000 to Tor Asia Investments
- A new external financing facility was entered into with Westpac Banking Corporation providing an additional facility of \$15,000,000 and an increase to the existing bank guarantee facility.

Acquisition

On 5 August 2019, Marrakech Road Pty Ltd acquired 100% of the shares in Rocke Brothers Pty Ltd for a consideration of \$31,148,057 in addition to deferred consideration of \$6,000,000 payable to the vendor on 31 March 2020 and a further deferred contingent consideration up to a maximum value of \$6,000,000.

Future developments

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

Environmental regulations

The consolidated entity's operations are regulated by environmental regulations under laws of the Commonwealth or of a State or Territory.

Indemnification of officers and auditors

As at the date of this report, the consolidated entity has paid a premium in respect of a contract insuring the directors of the company (as named above), and all executive officers of the company and of any related body corporate against a liability incurred as such a 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 consolidated entity has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor.

Auditor's independence declaration

The auditor's independence declaration is included on page 4.

Rounding off of amounts

The company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

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

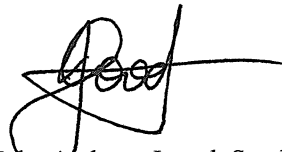
On behalf of the directors



Mr Brendan Philip Boyd

Director

Melbourne, 22 November 2019



Mr John Anthony Joseph Sood

Director

Melbourne, 22 November 2019

The Board of Directors
Marrakech Road Pty Ltd
850 Lorimer Street
Port Melbourne, VIC 3207

22 November 2019

Dear Directors

Marrakech Road 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 Marrakech Road Pty Ltd.

As lead audit partner for the audit of the financial statements of Marrakech Road Pty Ltd for the financial year ended 30 June 2019, 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


Peter Glynn
Partner
Chartered Accountants

Independent Auditor's Report to the Members of Marrakech Road Pty Ltd

Opinion

We have audited the financial report being a special purpose financial report of Marrakech Road Pty Ltd (the "Company") and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year ended on that date, notes comprising 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:

- (a) giving a true and fair view of the Company and Group's financial position as at 30 June 2019 and of their financial performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards to the extent described in Note 1 and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

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

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 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 of the Company are responsible for the other information. The other information comprises the Directors' Report, 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 determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members. The directors' responsibility also includes 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 have 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 the 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



Peter Glynn
Partner
Chartered Accountants
Melbourne, 22 November 2019

Directors' declaration

As detailed in Note 1 to the financial statements, the company is not a reporting entity because in the opinion of the directors there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. Accordingly, this 'special purpose financial report' has been prepared to satisfy the directors' reporting requirements under the *Corporations Act 2001*.

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- (b) 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 company and consolidated entity.

At the date of this declaration, the company is within the class of companies affected by ASIC Class Order 98/1418. The nature of the deed of cross guarantee is such that each company which is party to the deed, guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.

In the directors' opinion, there are reasonable grounds to believe that the company and the companies to which the ASIC Class Order applies, as detailed in note 18 to the financial statements will, as a group, be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

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

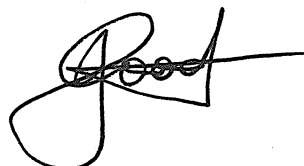
On behalf of the directors



Mr Brendan Philip Boyd

Director

Melbourne, 22 November 2019



Mr John Anthony Joseph Sood

Director

Melbourne, 22 November 2019

Consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2019

		Consolidated		Company	
	Note	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Continuing operations					
Revenue	2	194,830	143,880	-	-
Other income	2	321	180	684	595
Employee benefits expense	2	(50,685)	(36,998)	-	-
Depreciation expense	2	(4,573)	(1,370)	-	-
Occupancy expense		(36,107)	(28,828)	-	-
Finance costs	2	(1,295)	(4,448)	(878)	(4,268)
Direct warehouse and transport costs		(55,548)	(38,227)	-	-
Subcontractor costs		(38,869)	(24,930)	-	-
(Loss)/profit on sale of property, plant and equipment	2	(185)	61	-	-
Administration expense		(5,472)	(4,486)	-	(7)
Transaction costs		(2,363)	(2,091)	(2,363)	(2,091)
Loss arising on financial liabilities designated at FVTPL		-	(187)	-	(187)
Profit/(loss) before tax		54	2,556	(2,557)	(5,958)
Income tax (expense)/benefit	3	(843)	(817)	89	1,765
(Loss)/profit for the year		(789)	1,739	(2,468)	(4,193)
Other comprehensive income for the year		-	-	-	-
Total comprehensive (loss)/ income for the year		(789)	1,739	(2,468)	(4,193)

The accompanying notes form part of these financial statements.

Consolidated statement of financial position as at 30 June 2019

		Consolidated		Company	
	Note	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Assets					
Current assets					
Cash and cash equivalents	19(a)	10,624	33,787	69	24,590
Trade and other receivables	4	27,496	20,563	-	-
Current tax assets		1,532	-	1,532	-
Other assets	5	1,807	1,414	551	89
Total current assets		41,459	55,764	2,152	24,679
Non-current assets					
Other financial assets	6	-	-	53,724	27,763
Property, plant and equipment	7	6,645	4,295	-	-
Intangible assets	8	13,455	543	-	-
Deferred tax assets	9	5,800	5,283	668	905
Total non-current assets		25,900	10,121	54,392	28,668
Total assets		67,359	65,885	56,544	53,347
Liabilities					
Current liabilities					
Trade and other payables	10	17,154	16,112	966	2,860
Other financial liabilities	11	1,010	618	-	-
Current tax liabilities		-	1,156	-	1,156
Provisions	12	3,790	4,259	-	-
Deferred revenue	13	-	186	-	-
Borrowings	14	4,000	4,000	20,394	4,000
Total current liabilities		25,954	26,331	21,360	8,016
Non-current liabilities					
Borrowings	14	10,000	14,000	10,000	21,179
Other financial liabilities	11	9,289	8,662	-	-
Provisions	12	3,292	779	-	-
Total non-current liabilities		22,581	23,441	10,000	21,179
Total liabilities		48,535	49,772	31,360	29,195
Net assets		18,824	16,113	25,184	24,152
Equity					
Issued capital	15	32,275	28,775	32,275	28,775
Reserves	17	(24,453)	(24,453)	(24,453)	(24,453)
Retained earnings	16	11,002	11,791	17,362	19,830
Total equity		18,824	16,113	25,184	24,152

The accompanying notes form part of these financial statements.

Consolidated statement of changes in equity for the year ended 30 June 2019

Consolidated	Note	Share capital	Share buy-back reserve	Retained earnings	Total
Balance at 25 June 2017		2,438	(24,453)	10,052	(11,963)
Profit for the year		-	-	1,739	1,739
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		-	-	1,739	1,739
 Issued capital	15	27,500	-	-	27,500
Share issue costs	15	(1,163)	-	-	(1,163)
Balance at 24 June 2018		28,775	(24,453)	11,791	16,113
 Loss for the year		-	-	(789)	(789)
Other comprehensive income for the year		-	-	-	-
Total comprehensive loss for the year		-	-	(789)	(789)
 Issued capital	15	3,500	-	-	3,500
Balance at 30 June 2019		32,275	(24,453)	11,002	18,824

Company	Note	Share capital	Share buy-back reserve	Retained earnings	Total
Balance at 25 June 2017		2,438	(24,453)	24,023	2,008
Loss for the year		-	-	(4,193)	(4,193)
Other comprehensive income for the year		-	-	-	-
Total comprehensive loss for the year		-	-	(4,193)	(4,193)
 Issued capital	15	27,500	-	-	27,500
Share issue costs	15	(1,163)	-	-	(1,163)
Balance at 24 June 2018		28,775	(24,453)	19,830	24,152
 Loss for the year		-	-	(2,468)	(2,468)
Other comprehensive income for the year		-	-	-	-
Total comprehensive loss for the year		-	-	(2,468)	(2,468)
 Issued capital	15	3,500	-	-	3,500
Balance at 30 June 2019		32,275	(24,453)	17,362	25,184

The accompanying notes form part of these financial statements.

Consolidated statement of cash flows for the year ended 30 June 2019

	Note	Consolidated		Company	
		2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Cash flows from operating activities					
Receipts from customers		215,904	153,545	-	-
Payments to suppliers and employees		(214,937)	(141,845)	(4,257)	(250)
Cash generated from operations		967	11,700	(4,257)	(250)
Interest received		117	123	27	245
Interest and other costs of finance paid		(1,291)	(1,908)	(878)	(426)
Tax paid		(3,950)	(1,111)	(2,362)	(613)
Net cash (used in)/provided by operating activities	19(b)	(4,157)	8,804	(7,470)	(1,044)
Cash flows from investing activities					
Business acquisitions		(12,596)	-	(16,078)	-
Net amount received from related parties		-	-	3,027	1,975
Payment for property, plant and equipment		(714)	(1,983)	-	-
Proceeds from sale of property, plant and equipment		3,455	61	-	-
Net cash (used in) / provided by investing activities		(9,855)	(1,922)	(13,051)	1,975
Cash flows from financing activities					
Proceeds from issue of equity		-	27,500	-	27,500
Share issue transaction costs		-	(1,163)	-	(1,163)
Proceeds from issue of borrowings		-	18,000	-	18,000
Repayment of borrowings		(9,151)	(27,436)	(4,000)	(20,700)
Net cash (used in)/provided by financing activities		(9,151)	16,901	(4,000)	23,637
Net (decrease)/increase in cash and cash equivalents		(23,163)	23,783	(24,521)	24,568
Cash and cash equivalents at the beginning of the financial year		33,787	10,004	24,590	22
Cash and cash equivalents at the end of the year	19(a)	10,624	33,787	69	24,590

The accompanying notes form part of these financial statements.

1. Summary of accounting policies

Marrakech Road Pty Ltd (the “company”) is a proprietary company incorporated and domiciled in Australia. The financial report of the company for the year ended 30 June 2019 comprises the company and its subsidiaries (together referred to as the “consolidated entity”). The comparatives included throughout this report are for the year ended 24 June 2018.

The consolidated entity’s principal activities are the provision of warehousing, wharf cartage, distribution and supply chain services.

The financial report was authorised for issue by the directors on 22 November 2019.

Financial reporting framework

The company is not a reporting entity because in the opinion of the directors there are unlikely to exist users of the financial report who are unable to command the preparation of the reports tailored so as to satisfy specifically all of their information needs. Accordingly, this ‘special purpose financial report’ has been prepared to satisfy the directors reporting requirements under the *Corporations Act 2001*.

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

Statement of compliance

The financial statements have been prepared in accordance with the *Corporations Act 2001*, the recognition and measurement requirements specified by all Accounting Standards and Interpretations, and the disclosure requirements of Accounting Standards AASB 101 “Presentation of Financial Statements”, AASB 107 “Cash Flow Statements”, AASB 108 “Accounting Policies, Changes in Accounting Estimates and Errors” and AASB 1054 “Australian Additional Disclosures”.

Basis of preparation

The financial statements have been prepared on the historical cost basis, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. 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.

The company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with the Class Order, amounts in the financial statement are rounded off to the nearest thousand dollars, unless otherwise stated.

Working capital deficiency

The financial report has been prepared on a going concern basis, which assumes the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

At reporting date, the parent company reported a deficiency in current assets compared to current liabilities of \$19,208,000 (2018 surplus: \$16,663,000). The Company is party to a deed of cross guarantee with the Group party to this deed disclosed in note 18 reporting a surplus of current assets compared to current liabilities of \$6,907,000.

At the date of this report and having considered the above factors the Directors are confident that the company will be able to continue as a going concern.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Principles of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has 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 affect its returns.

The Company 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 Company has less than a majority of the voting rights of an investee, 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 Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including: the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders; potential voting rights held by the Company, other vote holders or other parties; rights arising from other contractual arrangements; and any additional facts and circumstances that indicate that the Company 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 Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the Profit or Loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Accounting policies of all controlled entities are aligned with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts 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 owners of the Company.

(b) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments at call. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(c) Revenue recognition

In general, revenue is recognised when the entity has transferred control to the buyer.

Revenue from services provided is recognised over the period of service and / or in accordance with agreed contractual terms in the period in which the service is provided.

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

Dividend income is recognised when the Shareholder's right to receive payment has been established.

(d) Financial instruments

Recognition and Derecognition

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification of Financial assets

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
- 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.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets
- 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.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Initial measurement of financial assets

Financial assets are classified according to their business model and the characteristics of their contractual cash flows. Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs.

Subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following four categories:

- Financial assets at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Equity instruments at FVTOCI
- Financial assets at FVTPL

(i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

(ii) Debt instruments at fair value through other comprehensive income (Debt FVTOCI)

Debt FVTOCI initially measured at fair value plus transaction costs. Subsequently, changes in the carrying amount of these as a result of foreign exchange gains and losses, impairment gains or losses, and interest income calculated using the effective interest method are recognised in profit or loss.

(iii) Equity instruments at fair value through other comprehensive income (Equity FVTOCI)

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

(d) Financial instruments (cont'd)

(iv) Financial assets at fair value through profit or loss (FVTPL)

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line.

Impairment of financial assets

The entity recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables and 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.

Trade and other receivables

The company makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses.

Financial liabilities and Equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Financial liabilities

Financial liabilities at FVTPL

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in profit or loss.

Financial liabilities measured subsequently at amortised cost

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

(e) 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 as operating cash flows.

(f) Impairment of assets

At each reporting date, the company 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 in order 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 company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell 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 (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

(g) Income tax

The Company is part of a tax-consolidated group under Australian taxation law, of which Marrakech Road Pty Limited is the head entity. The Marrakech Road Pty Limited tax consolidated group was formed on 1 July 2016. As a result, Marrakech Road 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 (including Marrakech Road Pty Ltd) 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-sharing agreement with the head entity. Under the terms of this agreement, Marrakech Road Pty Ltd and each of the entities in the tax-consolidated group have agreed to pay a tax equivalent payment to or from the head entity, based on the net taxable profit or loss of the entity and the current tax rate. Amounts owing from or to the head entity in accordance with the tax sharing agreement are recognised as an income tax or revenue and inter-company receivables or payables. 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.

(g) Income tax

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 Company'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

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date.

Deferred tax

Deferred tax is recognised on temporary 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. Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from 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.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the company 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. 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 the end of each reporting period 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 assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company 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 company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the statement of comprehensive income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

(h) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service 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 twelve months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. The expected cost of short-term employee benefits in the form of compensated absences is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

Liabilities recognised in respect of employee benefits which are not expected to be settled within twelve months are measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to reporting date.

The consolidated entity recognises a provision when a bonus is payable in accordance with the employee's contract of employment or approved by the board as part of a short-term incentive arrangement in the period of service and the amount can be reliably measured.

(i) Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(j) Leased Assets

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Fixed rate increases to lease rental payments (excluding contingent or indexed based rental increases) are recognised on a straight line basis over the lease term. An asset or liability arises for the difference between the amount paid and the lease expense brought to account on a straight line basis. Lease incentives received are recognised in the income statement as an integral part of the total lease expense and spread over the lease term.

(k) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition or construction of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment. For assets acquired, depreciation is calculated either on a diminishing value or straight line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. Any new additions are depreciated on a straight line basis. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(I) 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.

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 12 Income Taxes and AASB 19 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; 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.

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, 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.

(m) Critical Accounting Judgements and Key Sources of Estimation Uncertainty*Property, plant and equipment*

Useful lives and residual value of property, plant and equipment are reviewed annually. Judgement is applied in determining the useful lives of property, plant and equipment. Any reassessment of useful lives and residual value in a particular year will affect depreciation and amortisation expense (either increasing or decreasing) from the date of reassessment through to the end of the reassessed useful life for both the current and future years.

Employee entitlements

Management judgement is applied in determining the following key assumptions used in the calculation of employee entitlements at reporting date:

- future increases in salaries and wages;
- future on cost rates; and
- experience of employee departures and period of service.

Provision for doubtful debts

Management's judgement is applied in determining the provision for doubtful debts in accordance with note 3(d).

Classification of preference shares

Management's judgement is applied in determining whether there is any obligation for the Company to deliver cash or another financial asset as part of the preference share arrangement.

Impairment of assets

Determining whether the goodwill is impaired requires an estimation of the value in use of the cash generating unit to which the goodwill is associated. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value. Where the actual cash flows are less than expected, a material impairment loss may arise.

(n) New and revised AASBs affecting amounts reported and/or disclosures in the financial statements

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 their operations and effective for an accounting period that begins on or after 1 July 2018.

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

- AASB 9 *Financial Instruments*
- AASB 15 *Revenue from Contracts with Customers*, 2014-5 *Amendments to Australian Accounting Standards arising from AASB 15*, 2015-8 *Amendments to Australian Accounting Standards – Effective date of AASB 15*, 2017-3 *Amendments to Australian Accounting Standards – Clarifications to AASB 15*

AASB 9 - Financial Instruments

In the current year, the Group has applied AASB 9 *Financial Instruments* (as amended) and the related consequential amendments to other Accounting Standards that are effective for an annual period that begins on or after 1 July 2018. The transition provisions of AASB 9 allow an entity not to restate comparatives.

AASB 9 introduced new requirements for:

- The classification and measurement of financial assets and financial liabilities, and
- Impairment of financial assets

None of the reclassifications or assessment of impairment of financial assets have had any impact on the Company's financial position, profit or loss, other comprehensive income or total comprehensive income in either year.

Further, the Company doesn't have any financial instrument to which the provision for hedge accounting shall apply.

(n) New and revised AASBs affecting amounts reported and/or disclosures in the financial statements (cont'd)

AASB 15 - Revenue from Contracts with Customers

In the current year, the Group has applied AASB 15 *Revenue from Contracts with Customers* (as amended in April 2016) which is effective for an annual period that begins on or after 1 July 2018. AASB 15 introduced a 5-step approach to revenue recognition. Details of the new requirements as well as their impact on the Group's financial statements are described below :

The core principle of AASB 15 is that an entity should recognise 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. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under AASB 15, an entity recognises revenue 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 Group's current practice for the recognition of revenue when the Group has transferred to the buyer the significant risks and rewards of ownership, is still be an appropriate method under the new standard. Hence, the new standard has no material impact on the Group's financial position and performance.

(o) *Standards and Interpretations in issue not yet adopted*

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

<i>Standard/Interpretation</i>	<i>Effective for annual reporting periods beginning on or after</i>
AASB 16 <i>Leases</i>	1 July 2019
AASB 2008-1 <i>Amendments to Australian Accounting Standards – Annual Improvements 2015-2017 Cycle</i>	1 July 2019

AASB 16 - Leases

AASB 16 was issued in June 2016 and will supersede AASB 117 *Leases* and its associated interpretative guidance. The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the predecessor AASB 117.

The Group has one main class of lease agreements which will be impacted by the new Standard, premises lease under non-cancellable operating lease agreements. The Group is currently in the process of estimating the incremental lease liability that would be recognised as a consequence of the application of the new AASB 16.

The directors continue to analyse and determine the material impact to the financial statements.

	Consolidated		Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
2. (Loss)/profit for the year				
(Loss)/profit for the year has been arrived at after charging / (crediting):				
Revenue:				
Warehousing and transport services	(194,636)	(143,666)	-	-
Other services	(194)	(214)	-	-
	(194,830)	(143,880)	-	-
Other income:				
Interest revenue	(117)	(123)	(684)	(595)
Other income	(204)	(57)	-	-
	(321)	(180)	(684)	(595)
Finance costs:				
Bank fees	19	9	5	5
Amortisation of borrowing costs	50	267	46	267
Interest	1,147	4,166	827	3,996
Financing charges	79	6	-	-
	1,295	4,448	878	4,268
Depreciation of property, plant and equipment	4,573	1,370	-	-
Loss/(profit) on sale of plant and equipment	185	(61)	-	-
Employee benefits expense:				
Post-employment benefits to defined contribution plans	3,257	2,718	-	-
Other employee benefits	47,428	34,280	-	-
	50,685	36,998	-	-

	Consolidated		Company	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
3. Income tax				
Prima facie tax payable				
The income tax expense for the year can be reconciled to accounting profit as follows:				
Profit/(loss) before tax	54	2,556	(2,557)	(5,958)
Income tax expense/(benefit) at 30% (2018: 30%)	16	766	(767)	(1,788)
Effect of expenses that are not deductible in determining taxable profit	824	57	675	29
Under/(over) provision for tax in prior year	3	(6)	3	(6)
Income tax expense/(benefit)	843	817	(89)	(1,765)
4. Trade and other receivables				
Trade receivables	26,169	20,471	-	-
Allowance for doubtful debts	(17)	(12)	-	-
	26,152	20,459	-	-
Other receivables	1,344	104	-	-
	27,496	20,563	-	-
5. Other Assets				
Accrued income	318	331	-	-
Prepayments	926	994	-	-
Other assets	563	89	551	89
	1,807	1,414	551	89

	Consolidated		Company	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
6. Other financial assets				
Investments in controlled entities	-	-	24,878	5,300
Loans to controlled entities	-	-	28,846	22,463
	-	-	53,724	27,763
Current	-	-	-	-
Non-current	-	-	53,724	27,763
	-	-	53,724	27,763
7. Property, plant and equipment				
Plant and equipment				
At cost	14,935	10,471	-	-
Accumulated depreciation	(8,290)	(6,176)	-	-
Total property, plant and equipment	6,645	4,295	-	-
Useful lives of 3-15 years are used in the calculation of depreciation for plant and equipment.				
8. Intangible assets				
Software				
At cost	2,633	2,496	-	-
Accumulated depreciation	(2,293)	(1,953)	-	-
Total software	340	543	-	-
Goodwill (refer note 21)	13,115	-	-	-
Total intangible assets	13,455	543	-	-
9. Deferred tax assets				
Temporary differences	5,800	5,283	668	905
	5,800	5,283	668	905
10. Trade and other payables				
Trade payables	9,469	9,256	-	-
Goods and services tax (GST) payable	785	616	-	-
Other accruals	6,900	6,240	966	2,860
	17,154	16,112	966	2,860
11. Other financial liabilities				
Lease incentive	9,500	9,280	-	-
Finance leases	799	-	-	-
	10,299	9,280	-	-
Current	1,010	618	-	-
Non-current	9,289	8,662	-	-
	10,299	9,280	-	-

	Consolidated		Company	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
12. Provisions				
Employee benefits	5,587	4,750	-	-
Make good provision	1,383	-	-	-
Pallet provision	-	288	-	-
Onerous lease provision	112	-	-	-
	<u>7,082</u>	<u>5,038</u>	<u>-</u>	<u>-</u>
Current	3,790	4,259	-	-
Non-current (i)	3,292	779	-	-
	<u>7,082</u>	<u>5,038</u>	<u>-</u>	<u>-</u>

(i) non-current proportion of employee benefits and make good provisions

13. Deferred revenue

Arising from warehousing contracts	-	186	-	-
	<u>-</u>	<u>186</u>	<u>-</u>	<u>-</u>

14. Borrowings

Related party loans	-	-	16,394	7,179
External borrowings – secured (i)	14,000	18,000	14,000	18,000
	<u>14,000</u>	<u>18,000</u>	<u>30,394</u>	<u>25,179</u>
Current	4,000	4,000	20,394	4,000
Non-current – secured	10,000	14,000	10,000	21,179
	<u>14,000</u>	<u>18,000</u>	<u>30,394</u>	<u>25,179</u>

- (i) On 20 June 2018, an external financing arrangement was entered into with Westpac Banking Corporation, which involved the receipt of \$18,000,000 borrowing funds by the consolidated entity, as well as an increase in Bank Guarantee facility to \$12,000,000. Terms of the facility include cash interest and principal repayment each quarter.

On 2 August 2019, a new external financing facility was entered into with Westpac Banking Corporation providing an additional facility of \$15,000,000 and an increase to the existing bank guarantee facility.

	Consolidated		Company	
	2019	2018	2019	2018
	'000	\$'000	'000	\$'000
15. Issued capital				
2,477,932 fully paid ordinary shares (2018:1,459,790)	4,960	1,460	4,960	1,460
Preference shares issued	28,478	28,478	28,478	28,478
Share issue costs	(1,163)	(1,163)	(1,163)	(1,163)
Balance at end of the year	32,275	28,775	32,275	28,775

	2019		2018	
	Consolidated and company		Consolidated and company	
	No.		No.	
	'000	\$'000	'000	\$'000
Fully paid ordinary and preference shares				
Balance at beginning of the year	2,433	28,775	2,438	2,438
Ordinary shares issued/(cancelled)	45	3,500	(978)	(978)
Preference shares issued	-	-	973	28,478
Share issue costs	-	-	-	(1,163)
Balance at end of the year	2,478	32,275	2,433	28,775

Fully paid ordinary shares carry one vote per share and carry the right to dividends.
The shares bought back in the prior year were canceled immediately.

	Consolidated		Company	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
16. Retained earnings				
Balance at beginning of the year	11,791	10,052	19,830	24,023
Net (loss)/ profit for the period	(789)	1,739	(2,468)	(4,193)
Balance at the end of the year	11,002	11,791	17,362	19,830

17. Share buyback reserve

Share buyback reserve (i)	24,453	24,453	24,453	24,453
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- (i) Effective 1 August 2016, the company undertook a selective share buyback whereby the purchase price for 4,062,000 fully paid ordinary shares totaled \$28,515,000. An amount of \$4,062,000 was applied against the share capital of Marrakech Road Pty Ltd with the remainder allocated to the share buyback reserve and amounted to \$24,453,000.

18. Controlled Entities

Details of the controlled entities at the end of the reporting period are as follows:

Name of entity	Country of incorporation	Ownership interest %	
		2019	2018
Parent entity			
Marrakech Road Pty Ltd	Australia	100	100
Controlled entities			
Hoffmann SPV Pty Ltd (i)	Australia	100	100
R Hoffmann & Co Pty Ltd (i)	Australia	100	100
Kagan SPV Pty Ltd (i)	Australia	100	100
Kagan Bros. Storage Pty Ltd (i)	Australia	100	100
Kagan Bros. (VIC) Pty Ltd (i)	Australia	100	100
Silk Contract Logistics Pty Ltd (i)	Australia	100	100
Marrakech Lane Pty Ltd	Australia	100	-
Container Swinglift Services Pty Ltd	Australia	100	-
Flincept Pty Ltd	Australia	100	-
L & M Scott Haulage Pty Ltd	Australia	100	-

- (i) These wholly owned subsidiaries have entered into a deed of cross guarantee with Marrakech Road Pty Ltd pursuant to ASIC Class Order 98/1418 and are relieved from the requirement to prepare and lodge audited financial statements. This deed of cross guarantee was entered into on 22 June 2015. All wholly owned subsidiaries have a financial year ended 30 June 2019 (prior year: 24 June 2018). The consolidated statement of financial position and consolidated statement of profit or loss and other comprehensive income of the entities party to the deed of cross guarantee are included in the consolidated accounts below.

Consolidated profit or loss and other comprehensive income, consolidated statement of financial position and movements in consolidated retained earnings of entities party to the deed of cross guarantee

	Consolidated	
	2019 \$'000	2018 \$'000
Statement of profit or loss and other comprehensive income		
Revenue	167,045	143,880
Other income	292	180
Employee benefits expense	(42,122)	(36,998)
Depreciation expense	(1,897)	(1,370)
Occupancy expense	(33,822)	(28,828)
Finance costs	(1,240)	(4,448)
Direct warehouse and transport costs	(44,287)	(38,227)
Subcontractor costs	(35,448)	(24,930)
Profit on sale of property, plant and equipment	254	61
Administration expense	(4,818)	(4,486)
Transaction costs	(2,363)	(2,091)
Loss arising on financial liabilities designated at FVTPL	-	(187)
Profit before tax	1,594	2,556
Income tax expense	(1,211)	(817)
Profit for the year	383	1,739
Other comprehensive income for the year	-	-
Total comprehensive income for the year	383	1,739

Consolidated profit or loss and other comprehensive income, consolidated statement of financial position and movements in consolidated retained earnings of entities party to the deed of cross guarantee (cont'd)

Statement of financial position	Consolidated	
	2019 \$'000	2018 \$'000
Assets		
Current assets		
Cash and cash equivalents	5,921	33,787
Trade and other receivables	30,064	20,563
Current tax assets	1,514	-
Other assets	1,633	1,414
Total current assets	39,132	55,764
Non-current assets		
Other financial assets	19,577	-
Property, plant and equipment	4,662	4,295
Intangible assets	340	543
Deferred tax assets	5,499	5,283
Total non-current assets	30,078	10,121
Total assets	69,210	65,885
Liabilities		
Current liabilities		
Trade and other payables	19,198	16,112
Other financial liabilities	755	618
Current tax liabilities	-	1,156
Provisions	3,371	4,259
Deferred revenue	-	186
Borrowings	4,000	4,000
Total current liabilities	27,324	26,331
Non-current liabilities		
Borrowings	10,000	14,000
Other financial liabilities	8,744	8,662
Provisions	3,146	779
Total non-current liabilities	21,890	23,441
Total liabilities	49,214	49,772
Net assets	19,996	16,113
Equity		
Issued capital	32,275	28,775
Reserves	(24,453)	(24,453)
Retained earnings	12,174	11,791
Total equity	19,996	16,113

Consolidated profit or loss and other comprehensive income, consolidated statement of financial position and movements in consolidated retained earnings of entities party to the deed of cross guarantee (cont'd)

	Consolidated	
	2019 \$'000	2018 \$'000
Retained earnings as at beginning of the financial year	11,791	10,052
Profit for the year	383	1,739
Retained earnings as at end of the financial year	12,174	11,791

Consolidated		Company	
2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000

19. Cash and cash equivalents

(a) Reconciliation of cash and cash equivalents

For the purposes of the cash flow statement, cash includes cash on hand and in banks, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

Cash and cash equivalents	10,624	33,787	69	24,590
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(b) Reconciliation of (loss)/profit for the period to net cash flows from operating activities

(Loss)/profit for the period	(789)	1,739	(2,468)	(4,193)
Loss/(gain) on sale of property, plant and equipment	185	(61)	-	-
Capitalised interest expenses	-	2,561	-	2,680
Non-cash interest income	-	-	(657)	(352)
Loss on financial liability designated at FVTPL	-	187	-	187
Capitalised borrowing costs	-	(89)	-	(89)
Depreciation of non-current assets	4,573	1,370	-	-
Changes in net assets and liabilities, net of effects from acquisition of businesses:				
(Increase)/decrease in assets:				
Trade and other receivables	1,823	(4,485)	-	2
Other current assets	(1,180)	(255)	-	-
Deferred tax assets	(419)	(706)	237	27
Increase/(decrease) in liabilities:				
Trade and other payables	(5,711)	6,739	(1,894)	2,574
Current tax amounts	(2,688)	391	(2,688)	391
Provisions	15	428	-	-
Deferred revenue	(186)	(51)	-	-
Other liabilities	220	1,036	-	(2,271)
Net cash (used in)/ provided by operating activities	(4,157)	8,804	(7,470)	(1,044)

Marrakech Road Pty Ltd and controlled entities
Notes to the financial statements

	Consolidated		Company	
	2019	2018	2019	2018
	\$	\$	\$	\$
20. Remuneration of auditors				
Audit of the financial statement	109,700	48,715	-	-
Tax compliance	49,000	14,150	-	-
Tax advisory services	23,000	10,000	-	-
Corporate advisory services	74,000	28,650	-	-
	255,700	101,515	-	-

The auditor of Marrakech Road Pty Ltd is Deloitte Touche Tohmatsu

21. Business Combinations

21.1 Business acquired

On 2 July 2018, Marrakech Road Pty Ltd acquired Container Swinglift Services Pty Ltd and Marrakech Lane Pty Ltd (formerly Tapper Group Pty Ltd), collectively known as "CSS".

On 13 November 2018, Marrakech Road Pty Ltd acquired Flincept Pty Limited and L & M Scott Haulage Pty Limited, collectively known as "CTC".

	CSS	CTC	Total
	2019	2019	2019
	\$'000	\$'000	\$'000
Current assets			
Cash and cash equivalents	301	3,181	3,482
Trade and other receivables	2,800	4,662	7,462
Other assets	453	54	507
Total current assets at fair value	3,554	7,897	11,451
Non-current assets			
Property, plant and equipment	6,213	2,092	8,305
Deferred tax assets	57	41	98
Total non-current assets at fair value	6,270	2,133	8,403
Total assets	9,824	10,030	19,854
Liabilities			
Total liabilities			
Trade and other payables	2,692	4,061	6,755
Provisions	546	142	688
Borrowings	4,804	1,146	5,950
Total liabilities at fair value	8,042	5,349	13,393
Total identifiable net assets acquired at fair value	1,782	4,681	6,461

21.2 Goodwill arising on acquisition

	CSS 2019 \$'000	CTC 2019 \$'000	Total 2019 \$'000
Consideration transferred	10,168	5,910	16,078
Issuance of shares	-	3,500	3,500
Less: fair value of identifiable net assets acquired	(1,782)	(4,681)	(6,463)
Goodwill arising on acquisition	8,386	4,729	13,115
Net cash outflow arising on acquisition:			
Cash consideration	10,168	5,910	16,078
Less: cash and cash equivalents on acquisition date	(301)	(3,181)	(3,482)
	9,867	2,729	12,596

22. Subsequent Events

There has not been any other matter or circumstance that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years other than noted below:

Financing

On 2 August 2019, Marrakech Road Pty Ltd entered into the following agreements:

- 427,230 preference shares were issued for consideration of \$20,000,000 to Tor Asia Investments
- A new external financing facility was entered into with Westpac Banking Corporation providing an additional facility of \$15,000,000 and an increase to the existing bank guarantee facility.

Acquisition

- On 5 August 2019, Marrakech Road Pty Ltd acquired 100% of the shares in Rocke Brothers Pty Ltd for a consideration of \$31,148,057 in addition to deferred consideration of \$6,000,000 payable to the vendor on 31 March 2020 and a further deferred contingent consideration up to a maximum value of \$6,000,000.

23. Additional company information

Marrakech Road Pty Ltd is a proprietary company, incorporated and operating in Australia.

Registered office

Unit 3. 850 Lorimer St

Port Melbourne VIC 3207

Principal place of business

Unit 3. 850 Lorimer St

Port Melbourne VIC 3207