

Millennium Hi-Tech Group Pty Ltd

A.B.N 94 103 423 374

Financial Statements

For the Year Ended 30 June 2013

Millennium Hi-Tech Group Pty Ltd

A.B.N 94 103 423 374

Contents

For the Year Ended 30 June 2013

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Directors' Report

30 June 2013

The directors present their report on Millennium Hi-Tech Group Pty Ltd for the financial year ended 30 June 2013.

1. General information

Information on directors

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

Royce Joseph Galea

Stephen Michael John Lidbury

Roger Edward Smeed (Appointed 31 May 2013. Resigned 1 September 2015)

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

Principal activities

The principal activity of Millennium Hi-Tech Group Pty Ltd during the financial year was the performance of contracted cleaning and security services across the states of New South Wales and ACT.

No significant changes in the nature of the Company's activity occurred during the financial year.

2. Operating results and review of operations for the year

Operating results

The profit of the Company after providing for income tax amounted to \$ 1,695,104.

Dividends paid or recommended

Dividends paid or declared during or since the end of the financial year are as follows:

- A fully franked dividend of \$ 400,000 was declared on 1 December 2012 for payment for the year ended 30 June 2013.

3. Other items

Significant changes in state of affairs

There have been no significant changes in the state of affairs of the Company during the year.

Events after the reporting date

In 2015 the company will be amongst a number of entities forming a consolidated group which will list on the ASX.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

Directors' Report

30 June 2013

3. Other items continued
Future developments and results

The company will form part of a Group that is listed on the ASX in 2015.

Environmental issues

The Company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

Indemnification and insurance of officers and auditors

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of Millennium Hi-Tech Group Pty Ltd.

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2013 has been received and can be found on page 3 of the financial report.

Signed in accordance with a resolution of the Board of Directors:

Director:


Royce Joseph Galea

Dated

9/10/2015

Moore Stephens Audit (Vic)

Level 18, 530 Collins Street
Melbourne Victoria 3000

T +61 (0)3 9608 0100

F +61 (0)3 9608 0192

E victoria@moorestephens.com.au

www.moorestephens.com.au

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER S 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF MILLENNIUM HI-TECH GROUP PTY LTD**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2013, there have been:

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



MOORE STEPHENS AUDIT (VIC)
ABN 16 847 721 257



GEORGE S. DAKIS
Partner
Audit & Assurance Services

Melbourne, Victoria

9 October 2015

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2013

		2013
	Note	\$
Revenue	2	27,670,992
Other income	2	247,599
		<u>27,918,591</u>
Direct employee expenses		(13,539,124)
Subcontractor expenses		(7,480,540)
Cost of goods used		(1,742,623)
Occupancy costs		(68,220)
Other expenses		(2,404,632)
Depreciation and amortisation expense		(163,493)
Finance costs		<u>(2,246)</u>
Profit before income tax		2,517,713
Income tax expense		<u>(822,609)</u>
Profit for the year		<u>1,695,104</u>
Other comprehensive income for the year		<u>-</u>
Total comprehensive income for the year		<u>1,695,104</u>

The accompanying notes form part of these financial statements.

Statement of Financial Position

30 June 2013

	Note	2013 \$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	4	2,285,170
Trade and other receivables	5	1,828,449
Other assets	6	1,500
TOTAL CURRENT ASSETS		4,115,119
NON-CURRENT ASSETS		
Trade and other receivables	5	881,838
Property, plant and equipment		509,350
Deferred tax assets		304,157
Intangible assets		149,235
TOTAL NON-CURRENT ASSETS		1,844,580
TOTAL ASSETS		5,959,699
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	7	2,047,369
Current tax liabilities		422,811
Provisions	8	770,730
TOTAL CURRENT LIABILITIES		3,240,910
NON-CURRENT LIABILITIES		
Deferred tax liabilities		4,419
TOTAL NON-CURRENT LIABILITIES		4,419
TOTAL LIABILITIES		3,245,329
NET ASSETS		2,714,370
EQUITY		
Issued capital	9	100
Retained earnings		2,714,270
TOTAL EQUITY		2,714,370

The accompanying notes form part of these financial statements.

Millennium Hi-Tech Group Pty Ltd

A.B.N 94 103 423 374

Statement of Changes in Equity**For the Year Ended 30 June 2013****2013**

	Note	Issued capital \$	Retained earnings \$	Total \$
Balance at 1 July 2012		100	1,419,166	1,419,266
Profit attributable to members of the entity		-	1,695,104	1,695,104
Dividends paid or provided for	10	-	(400,000)	(400,000)
Balance at 30 June 2013		100	2,714,270	2,714,370

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the Year Ended 30 June 2013

	2013
Note	\$
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	30,771,416
Payments to suppliers and employees	(27,933,596)
Interest received	46,043
Income taxes paid	(700,483)
Net cash provided by (used in) operating activities	12 <u>2,183,380</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Payment for intangible asset	(75,162)
Purchase of property, plant and equipment	(349,747)
Loans to related parties - payments made	(1,082,777)
Net cash used by investing activities	<u>(1,507,686)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Dividends paid	(400,000)
Net cash used by financing activities	<u>(400,000)</u>
Net increase (decrease) in cash and cash equivalents held	275,694
Cash and cash equivalents at beginning of year	<u>2,009,476</u>
Cash and cash equivalents at end of financial year	4 <u><u>2,285,170</u></u>

Notes to the Financial Statements

For the Year Ended 30 June 2013

Millennium Hi-Tech Group Pty Ltd is a for profit Company limited by shares, incorporated and domiciled in Australia.

The functional and presentation currency of Millennium Hi-Tech Group Pty Ltd is Australian dollars.

1 Summary of Significant Accounting Policies

(a) Basis of Preparation

The directors have prepared the financial statements on the basis that the Company is a non-reporting entity because there are no users dependent on general purpose financial statements. These financial statements are therefore a special purpose financial statements that has been prepared in order to meet the requirements of the *Corporations Act 2001*.

The financial statements have been prepared in accordance with recognition and measurement criteria in the Australian Accounting Standards and the disclosure requirements of AASB 101 Presentation of Financial Statements, AASB 107 Statement of Cash Flows and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.

The significant accounting policies disclosed below are those which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous period unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes.

(b) Comparative Amounts

Comparatives are consistent with prior years, unless otherwise stated.

Where a change in comparatives has also affected the opening retained earnings previously presented in a comparative period, an opening statement of financial position at the earliest date of the comparative period has been presented.

(c) Income Tax

The tax expense recognised in the statement of profit or loss and other comprehensive income relates to current income tax expense plus deferred tax expense (being the movement in deferred tax assets and liabilities and unused tax losses during the year).

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided on temporary differences which are determined by comparing the carrying amounts of tax bases of assets and liabilities to the carrying amounts in the consolidated financial statements.

Deferred tax is not provided for the following:

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).
- Taxable temporary differences arising on the initial recognition of goodwill.

Notes to the Financial Statements

For the Year Ended 30 June 2013

1 Summary of Significant Accounting Policies continued

(c) Income Tax continued

- Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

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

Deferred tax consequences relating to a non-monetary asset carried at fair value are determined using the assumption that the carrying amount of the asset will be recovered through sale.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current tax assets and liabilities are offset where there is a legally enforceable right to set off the recognised amounts and there is an intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset where there is a legal right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

(d) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to the Company are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for that period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the Company will obtain ownership of the asset or over the term of the lease.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

Notes to the Financial Statements

For the Year Ended 30 June 2013

1 Summary of Significant Accounting Policies continued

(e) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the entity and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

All revenue is stated net of the amount of goods and services tax (GST).

Interest revenue

Interest is recognised using the effective interest method.

Rendering of services

Revenue in relation to rendering of services is recognised depends on whether the outcome of the services can be measured reliably. If this is the case then the stage of completion of the services is used to determine the appropriate level of revenue to be recognised in the period.

If the outcome cannot be reliably measured then revenue is recognised to the extent of expenses recognised that are recoverable.

(f) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

(g) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

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

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

(h) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Notes to the Financial Statements

For the Year Ended 30 June 2013

1 Summary of Significant Accounting Policies continued

(h) Property, Plant and Equipment continued

Property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation.

Leasehold improvements and office equipment are carried at cost less, where applicable, any accumulated depreciation.

Depreciation

The depreciable amount of all property, plant and equipment, except for freehold land is depreciated on a reducing balance method from the date that management determine that the asset is available for use.

Assets held under a finance lease and leasehold improvements are depreciated over the shorter of the term of the lease and the assets useful life.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Plant and Equipment	40 - 60%
Furniture, Fixtures and Fittings	25 - 40%
Motor Vehicles	25%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(i) Financial instruments

Financial instruments are recognised initially using trade date accounting, i.e. on the date that Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial Assets

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables;
- financial assets at fair value through profit or loss;
- available-for-sale financial assets; and
- held-to-maturity investments.

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

Notes to the Financial Statements

For the Year Ended 30 June 2013

1 Summary of Significant Accounting Policies continued

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Company's trade and most other receivables fall into this category of financial instruments.

Discounting is omitted where the effect of discounting is considered immaterial.

Significant receivables are considered for impairment on an individual asset basis when they are past due at the reporting date or when objective evidence is received that a specific counterparty will default.

The amount of the impairment is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

For trade receivables, impairment provisions are recorded in a separate allowance account with the loss being recognised in profit or loss. When confirmation has been received that the amount is not collectable, the gross carrying value of the asset is written off against the associated impairment provision.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

In some circumstances, the Company renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Company does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets:

- acquired principally for the purpose of selling in the near future
- designated by the entity to be carried at fair value through profit or loss upon initial recognition or
- which are derivatives not qualifying for hedge accounting.

Any gain or loss arising from derivative financial instruments is based on changes in fair value, which is determined by direct reference to active market transactions or using a valuation technique where no active market exists.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity. Investments are classified as held-to-maturity if it is the intention of the Company's management to

Notes to the Financial Statements

For the Year Ended 30 June 2013

1 Summary of Significant Accounting Policies continued

hold them until maturity.

Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method, with revenue recognised on an effective yield basis. In addition, if there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated cash flows. Any changes to the carrying amount of the investment are recognised in profit or loss.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets. The Company's available-for-sale financial assets include listed securities and its investment in Example Investment Company.

Purchases and sales of available-for-sale investments are recognised on settlement date.

Gains and losses arising from financial instruments classified as available-for-sale are only recognised in profit or loss when they are sold or when the investment is impaired.

In the case of impairment or sale, any gain or loss previously recognised in equity is transferred to the profit or loss.

Losses recognised in prior period consolidated income statements resulting from the impairment of debt securities are reversed through the income statement, if the subsequent increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

Financial liabilities

Financial liabilities are recognised when the Company becomes a party to the contractual agreements of the instrument. All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included in the income statement line items "finance costs" or "finance income".

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired. Although the Company uses derivative financial instruments in economic hedges of currency and interest rate risk, it does not hedge account for these transactions.

The Company's financial liabilities include borrowings, trade and other payables (including finance lease liabilities), which are measured at amortised cost using the effective interest rate method.

Impairment of financial assets

At the end of the reporting period the Company assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Notes to the Financial Statements

For the Year Ended 30 June 2013

1 Summary of Significant Accounting Policies continued

Available-for-sale financial assets

A significant or prolonged decline in value of an available-for-sale asset below its cost is objective evidence of impairment, in this case, the cumulative loss that has been recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Any subsequent increase in the value of the asset is taken directly to other comprehensive income.

(j) Impairment of non-financial assets

At the end of each reporting period the Company determines whether there is an evidence of an impairment indicator for non-financial assets.

Where this indicator exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the assets is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

(k) Intangible Assets

Customer Contracts

Customer contracts are recognised at cost of acquisition. Customer contracts have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Customer contracts are amortised over their useful life ranging from 3 to 5 years.

(l) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(m) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

Employee benefits expected to be settled more than twelve months after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. Cashflows are discounted using market yields on corporate bonds with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

Notes to the Financial Statements

For the Year Ended 30 June 2013

1 Summary of Significant Accounting Policies continued

Employee benefits are presented as current liabilities in the statement of financial position if the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date regardless of the classification of the liability for measurement purposes under AASB 119.

(n) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(o) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options which vest immediately are recognised as a deduction from equity, net of any tax effects.

(p) Critical accounting estimates and judgments

Key judgments - related party balances

Included in Note 5 of the financial statements are amounts due from related parties.

The recoverability of the receivables is determined on the basis that the company is a party to an Initial Public Offering (IPO) scheduled for the second half of the 2015 calendar year. Refer to Note 13 *Events Occurring after the Reporting Date* for further details on the IPO.

(q) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Company has decided against early adoption of these Standards. The following table summarises those future requirements that impact on the Company:

Standard Name	Effective date for entity	Requirements	Impact
AASB 9 Financial Instruments and amending standards AASB 2010-7 / AASB 2012-6	30 June 2016	Changes to the classification and measurement requirements for financial assets and financial liabilities. New rules relating to derecognition of financial instruments.	The impact of AASB 9 has not yet been determined as the entire standard has not been released.

Notes to the Financial Statements

For the Year Ended 30 June 2013

	2013 \$
2 Revenue and Other Income	
Sales revenue	
- sale of goods	104,548
- provision of services	<u>27,566,444</u>
	<u>27,670,992</u>
Other income includes:	
- Interest income	31,500
3 Profit before income tax	
Direct employee expenses	13,539,124
Finance costs	2,246
The result for the year includes the following specific expenses:	
Write off of Property, Plant and Equipment	13,062
4 Cash and cash equivalents	
Cash at bank and in hand	<u>2,285,170</u>
Reconciliation of cash	
Cash and Cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:	
Cash and cash equivalents	<u>2,285,170</u>
5 Trade and other receivables	
CURRENT	
Trade receivables	1,550,602
Provision for impairment	<u>(95,000)</u>
	1,455,602
Related party receivables	<u>372,847</u>
	<u>1,828,449</u>
NON-CURRENT	
Related party receivables	<u>881,838</u>
	<u>881,838</u>

Notes to the Financial Statements

For the Year Ended 30 June 2013

	2013
	\$
6 Other assets	
CURRENT	
Security bonds	<u><u>1,500</u></u>
7 Trade and other payables	
CURRENT	
Trade payables	1,201,249
GST payable	276,991
Employee benefits	173,403
Sundry payables and accrued expenses	<u><u>395,726</u></u>
	<u><u>2,047,369</u></u>
8 Provisions	
CURRENT	
Annual leave	<u><u>770,730</u></u>
9 Issued Capital	
100 (2012: 100) Ordinary shares	100
The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company. On a show of hands at meetings of the Company, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote.	
10 Dividends	
The following dividends were declared and paid:	
- Interim franked ordinary dividend of \$400,000	400,000

Franked dividends declared or paid during the year were franked at the tax rate of 30%.

Notes to the Financial Statements

For the Year Ended 30 June 2013

2013

\$

11 Contingent Liabilities

Millennium Hi-Tech Group Pty Ltd had at the end of the reporting period a number of public liability claims made against it in relation to incidents occurring at facilities cleaned by the company. These claims are part of normal business activity for companies of this nature and at the year end they are of an immaterial value to the financial report.

12 Cash Flow Information

(a) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

Profit for the year	1,695,104
Cash flows excluded from profit attributable to operating activities	
Non-cash flows in profit:	
- amortisation	37,037
- depreciation	126,456
- write off of property, plant and equipment	13,062
Changes in assets and liabilities:	
- (increase)/decrease in trade and other receivables	9,352
- (increase)/decrease in prepayments	23,982
- (increase)/decrease in deferred tax receivable	(143,927)
- increase/(decrease) in trade and other payables	131,636
- increase/(decrease) in income taxes payable	266,053
- increase/(decrease) in provisions	24,625
Cashflow from operations	<u>2,183,380</u>

13 Events Occurring After the Reporting Date

The company is party of an Initial Public Offering scheduled for the second half of the 2015 calendar year.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

Millennium Hi-Tech Group Pty Ltd

A.B.N 94 103 423 374

Notes to the Financial Statements

For the Year Ended 30 June 2013

14 Company Details

The registered office of and principal place of business of the company is:

Parkview Business Centre
Suite B15, Level 1
1 Maitland Place
Baulkham Hills, NSW, 2153

Directors' Declaration

The directors have determined that the Company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 4 to 19, are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Accounting Standards as stated in Note 1; and
 - (b) give a true and fair view of the Company's financial position as at 30 June 2013 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.
2. 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.

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

Director



Royce Joseph Galea

Dated

9/10/2015

Moore Stephens Audit (Vic)

Level 18, 530 Collins Street
Melbourne Victoria 3000

T +61 (0)3 9608 0100

F +61 (0)3 9608 0192

E victoria@moorestephens.com.au

www.moorestephens.com.au

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MILLENNIUM HI-TECH GROUP PTY LTD

We have audited the accompanying financial report, being a special purpose financial report of Millennium Hi-Tech Group Pty Ltd (the company), which comprises the statement of financial position as at 30 June 2013, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report and have determined that the accounting policies described in Note 1 of the financial report are appropriate to meet the requirements of the *Corporations Act 2001* and are 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 a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We have conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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

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

Independence

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

Opinion

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

- a. giving a true and fair view of the company's financial position as at 30 June 2013 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1; and
- b. complying with Australian Accounting Standards to the extent described in Note 1 and complying with the *Corporations Regulations 2001*.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 of 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.



MOORE STEPHENS AUDIT (VIC)
ABN 16 847 721 257



GEORGE S. DAKIS
Partner
Audit & Assurance Services

Melbourne, Victoria

9 October 2015