# Aquirian Pty Ltd and controlled entities

**ABN:** 23 634 457 506

## Consolidated Financial report

For the period ended 30 June 2020

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# DIRECTORS' REPORT

The directors present their report together with the financial report of Aquirian Pty Ltd (the "company") and its controlled entities the ("group"), for the "period" from 27 June 2019 (date of incorporation) to 30 June 2020 and auditor's report thereon.

## Directors names

The names of the directors in office at any time during or since the end of the period are:

David Kelly Appointed 27 June 2019

Gregory Patching Appointed 27 June 2019

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

## Results

The profit of the group for the period after providing for income tax amounted to $1,174,311.

## Review of operations

The group continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

## Significant changes in state of affairs

There were no significant changes in the group's state of affairs that occurred during the financial period, other than those referred to elsewhere in this report.

## Principal activities

The principal activity of the group during the period was the provision of equipment, workforce and training solutions to the mining and resources industry.

No significant change in the nature of these activities occurred during the period.

### After balance date events

Particulars of matters or circumstances that have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the group, the results of those operations or the state of affairs of the group in future financial years are as follows:

On 4 October 2020, the group acquired 100% of the business assets and liabilities of Maglok Australia, an explosives and dangerous substances storage business. Total consideration paid for the acquisition was $700,000, net of adjustment for certain liabilities assumed.

On 18 March 2021, the shareholders of Aquirian Pty Ltd resolved that it's 100,000 fully paid ordinary shares be split into 40,000,000 fully paid ordinary shares. Shareholders received 400 shares for each fully paid ordinary share held prior to the resolution being carried.

### Likely developments

The group expects to maintain the present status and level of operations.

### Environmental regulation

The group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

### Indemnification of officers

No indemnities have been given or insurance premiums paid, during or since the end of the period, for any person who is or has been an officer of the group.

### Indemnification of auditors

No indemnities have been given or insurance premiums paid, during or since the end of the period, for any person who is or has been an auditor of the group.

### Auditor's independence declaration

A copy of the auditor's independence declaration under section 307C of the *Corporations Act 2001* in relation to the audit for the financial period is provided with this report.

### Proceedings on behalf of the group

No person has applied for leave of Court to bring proceedings on behalf of the group or intervene in any proceedings to which the group is a party for the purpose of taking responsibility on behalf of the group for all or any part of those proceedings.

**Rounding of amounts**

In accordance with *ASIC Corporations (Rounding in Financial/Director's Reports) Instrument 2016/191*, the amounts in the Director's report and in the financial statements have been rounded to the nearest $1 (where rounding is applicable).

Signed on behalf of the board of directors.

Director: ______________________________

David Kelly

Director: ______________________________

Gregory Patching

Dated this day of 2021

**AUDITOR'S INDEPENDENCE DECLARATION**
**TO THE DIRECTORS OF AQUIRIAN PTY LTD**

In relation to the independent audit for the period ended 30 June 2020, to the best of my knowledge and belief there have been:

(i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and

(ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

This declaration is in respect of Aquirian Pty Ltd and the entities it controlled during the period.

PITCHER PARTNERS BA&A PTY LTD

PAUL MULLIGAN
Executive Director
Perth, 1 April 2021

AQUIRIAN PTY LTD AND CONTROLLED ENTITIES
ABN: 23 634 457 506

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD FROM 27 JUNE 2019 (DATE OF INCORPORATION) TO 30 JUNE 2020

| | Note | June 2020 $ |
|---|---|---|
| **Revenue and other income** | | |
| Revenue from contracts with customers | 3 | 10,460,781 |
| Other revenue | | 165,928 |
| Other income | | 400,143 |
| | | 11,026,852 |
| **Less: expenses** | | |
| Materials and consumables used | | (6,234,254) |
| Depreciation and amortisation expense | 4 | (675,706) |
| Employee benefits expense | | (1,828,283) |
| Occupancy expense | | (38,146) |
| Advertising expense | | (88,319) |
| Finance costs | 4 | (85,464) |
| Professional fees | | (156,226) |
| Insurance expenses | | (100,211) |
| Other expenses | | (352,452) |
| | | (9,559,061) |
| **Profit before income tax expense** | | 1,467,791 |
| Income tax expense | 5 | (293,480) |
| **Net profit from continuing operations** | | 1,174,311 |
| **Other comprehensive income for the period** | | - |
| **Total comprehensive income** | | 1,174,311 |

The accompanying notes form part of these financial statements.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

| | Note | June 2020 $ |
|---|---|---|
| **Current assets** | | |
| Cash and cash equivalents | 6 | 1,774,006 |
| Receivables | 7 | 682,407 |
| Inventories | 8 | 51,099 |
| Other assets | 9 | 77,084 |
| **Total current assets** | | 2,584,596 |
| **Non-current assets** | | |
| Intangible assets | 10 | 335,421 |
| Lease assets | 11 | 431,457 |
| Deferred tax assets | 5 | 167,517 |
| Property, plant and equipment | 12 | 1,374,170 |
| **Total non-current assets** | | 2,308,565 |
| **Total assets** | | 4,893,161 |
| **Current liabilities** | | |
| Payables | 13 | 923,380 |
| Lease liabilities | 11 | 109,640 |
| Borrowings | 14 | 434,043 |
| Provisions | 15 | 144,266 |
| Current tax liabilities | 5 | 512,321 |
| **Total current liabilities** | | 2,123,650 |
| **Non-current liabilities** | | |
| Lease liabilities | 11 | 336,572 |
| Borrowings | 14 | 640,670 |
| **Total non-current liabilities** | | 977,242 |
| **Total liabilities** | | 3,100,892 |
| **Net assets** | | 1,792,269 |
| **Equity** | | |
| Share capital | 16 | 100 |
| Retained earnings | 17 | 1,792,169 |
| **Total equity** | | 1,792,269 |

The accompanying notes form part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
## FOR THE PERIOD ENDED 30 JUNE 2020

| | Note | Contributed equity $ | Reserves $ | Retained earnings $ | Total equity $ |
|---|---|---|---|---|---|
| **Balance as at 27 June 2019 (date of incorporation)** | | - | - | - | - |
| Profit for the period | | - | - | 1,174,311 | 1,174,311 |
| **Total comprehensive income for the period** | | - | - | 1,174,311 | 1,174,311 |
| **Transactions with owners in their capacity as owners:** | | | | | |
| Contributions | | 100 | - | - | 100 |
| Reserve recognised as part of the common control transaction | 2 | - | 617,858 | - | 617,858 |
| Less reserve amounts transferred to retained earnings during the period | 2 | - | (617,858) | 617,858 | - |
| **Total transactions with owners in their capacity as owners** | | 100 | - | 617,858 | 617,958 |
| **Balance as at 30 June 2020** | | 100 | - | 1,792,169 | 1,792,269 |

The accompanying notes form part of these financial statements.

AQUIRIAN PTY LTD AND CONTROLLED ENTITIES
ABN: 23 634 457 506

# CONSOLIDATED STATEMENT OF CASH FLOWS
## FOR THE PERIOD ENDED 30 JUNE 2020

| | Note | June 2020 $ |
|---|---|---|
| **Cash flow from operating activities** | | |
| Receipts from customers | | 12,072,780 |
| Payments to suppliers and employees | | (10,639,621) |
| Interest received | | 928 |
| Finance costs | | (67,606) |
| Income tax paid | | (233,074) |
| Finance costs - lease liabilities | | (17,858) |
| **Net cash provided by operating activities** | 19(b) | 1,115,549 |
| **Cash flow from investing activities** | | |
| Proceeds from sale of property, plant and equipment | | 543,500 |
| Payment for property, plant and equipment | | (224,387) |
| Payment for intangibles | | (115,090) |
| Acquisition of Modular Training Pty Ltd, net of cash acquired | | (146,170) |
| **Net cash provided by investing activities** | | 57,853 |
| **Cash flow from financing activities** | | |
| Repayment of borrowings | | (599,986) |
| Principal portion of lease payments | | (110,326) |
| Repayment of related parties | | - |
| **Net cash used in financing activities** | | (710,312) |
| **Reconciliation of cash** | | |
| Cash at beginning of the period | | 1,310,916 |
| Net increase in cash held | | 463,090 |
| **Cash at end of period** | 19(a) | 1,774,006 |

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The directors have determined that the group is not a reporting entity on the basis that, 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 financial report is a special purpose financial report, which has been prepared to satisfy the financial reporting requirements of the *Corporations Act 2001*.

The financial report covers Aquirian Pty Ltd and its consolidated entities (the "group"). Aquirian Pty Ltd is a company limited by shares, incorporated and domiciled in Australia. Aquirian Pty Ltd is a for-profit entity for the purpose of preparing the financial statements.

The financial report was approved by the directors as at the date of the directors' report.

The financial report has been prepared in accordance with the *Corporations Act 2001*, the recognition and measurement requirements specified by all Australian Accounting Standards and Interpretations, and the disclosure requirements of:

| | |
|---|---|
| AASB 10: | Consolidated Financial Statements |
| AASB 101: | Presentation of Financial Statements |
| AASB 107: | Statement of Cash Flows |
| AASB 108: | Accounting Policies, Changes in Accounting Estimates and Errors |
| AASB 112: | Income Taxes |
| AASB 1054: | Australian Additional Disclosures |

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this financial report:

### (a) Basis of preparation of the financial report

*Historical Cost Convention*

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

*Rounding of amounts*

In accordance with *ASIC Corporations (Rounding in Financial/Director's Reports) Instrument 2016/191*, the amounts in the Director's report and in the financial statements have been rounded to the nearest $1 (where rounding is applicable).

*Significant accounting estimates and judgements*

The preparation of the financial report requires the use of certain estimates and judgements in applying the group's accounting policies. Those estimates and judgements significant to the financial report are disclosed in Note 2 to the financial statements.

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (b) Going concern

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

### (c) Principles of consolidation

The consolidated financial statements are those of the consolidated entity ("the group"), comprising the financial statements of the parent entity and all of the entities the parent controls. The group controls an entity where it has the power, for which the parent has exposure or rights to variable returns from its involvement with the entity, and for which the parent has the ability to use its power over the entity to affect the amount of its returns.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies which may exist.

All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation. Subsidiaries are consolidated from the date on which control is obtained by the group and are de-recognised from the date that control ceases.

Equity interests in a subsidiary not attributable, directly or indirectly, to the group are presented as non-controlling interests. Non-controlling interests are initially recognised either at fair value or at the non-controlling interests' proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. Non-controlling interests in the results of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of financial position respectively.

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (d) Business combinations

A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses and results in the consolidation of the assets and liabilities acquired. Business combinations are accounted for by applying the acquisition method.

The consideration transferred is the sum of the acquisition date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree. Deferred consideration payable is measured at its acquisition date fair value. Contingent consideration to be transferred by the acquirer is recognised at the acquisition date fair value. At each reporting date subsequent to the acquisition, contingent consideration payable is measured at its fair value with any changes in the fair value recognised in profit or loss unless the contingent consideration is classified as equity, in which case the contingent consideration is measured at its acquisition date fair value.

Goodwill is initially recognised at an amount equal to the excess of: (a) the aggregate of the consideration transferred, the amount of any non-controlling interest, and the acquisition date fair value of the acquirer's previously held equity interest (in the case of a step acquisition); over (b) the net fair value of the identifiable assets acquired and liabilities assumed. For accounting purposes, such measurement is treated as the cost of goodwill at that date.

If the net fair value of the acquirer's interest in the identifiable assets acquired and liabilities assumed is greater than the aggregate of the consideration transferred, the amount of any non-controlling interest, and the acquisition date fair value of the acquirer's previously held equity interest, the difference is immediately recognised as a gain in profit or loss.

Acquisition related costs are expensed as incurred.

### (e) Revenue from contracts with customers

The group derives revenue from the sale and rental of mining equipment. Revenue is also derived from labour hire services and educational training. Revenue is recognised as, or when, goods or services are transferred to the customer, and is measured at an amount that reflects the consideration to which the group expects to be entitled in exchange for the goods or services.

*Receivables from contracts with customers*

A receivable from a contract with a customer represents the group's unconditional right to consideration arising from the transfer of goods or services to the customer (i.e., only the passage of time is required before payment of the consideration is due). Subsequent to initial recognition, receivables from contracts with customers are measured at amortised cost and are tested for impairment.

### (f) Other revenue and other income

*Interest*

Interest revenue is measured in accordance with the effective interest method.

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

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (g) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

### (h) Government grants

Government grants are recognised when there is reasonable certainty that the grant will be received and all grant conditions are met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to depreciable assets are credited to deferred income and are recognised in profit or loss over the period and in the proportions in which depreciation expense on those assets is recognised.

Government grants include amounts received or receivable under the Federal Government's JobKeeper Payment Scheme and Cash Flow Boost Scheme, which provide temporary subsidies to eligible businesses significantly affected by coronavirus (Covid-19).

### (i) Income tax

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities are settled. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not recognised if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

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

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

*Tax Consolidation*

The parent entity Aquirian Pty Ltd and its subsidiaries have implemented the tax consolidation legislation and have formed a tax-consolidated group from 1 July 2019. The parent entity and subsidiaries in the tax-consolidated group have entered into a tax funding agreement such that each entity in the tax-consolidated group recognises the assets, liabilities, expenses and revenues in relation to its own transactions, events and balances only. This means that:

- the parent entity recognises all current and deferred tax amounts relating to its own transactions, events and balances only;
- the subsidiaries recognise current or deferred tax amounts arising in respect of their own transactions, events and balances;

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (i) Income tax (Continued)

- current tax liabilities and deferred tax assets arising in respect of tax losses, are transferred from the subsidiary to the head entity as inter-company payables or receivables.

The tax-consolidated group also has a tax sharing agreement in place to limit the liability of subsidiaries in the tax-consolidated group arising under the joint and several liability requirements of the tax consolidation system, in the event of default by the parent entity to meet its payment obligations.

### (j) Employee benefits

*(i) Short-term employee benefit obligations*

Liabilities arising in respect of wages and salaries, annual leave and other employee benefits (other than termination benefits) expected to be settled wholly before twelve months after the end of the reporting period are measured at the (undiscounted) amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables in the consolidated statement of financial position.

*(ii) Long-term employee benefit obligations*

The provision for other long-term employee benefits, including obligations for long service leave and annual leave, which are not expected to be settled wholly before twelve months after the end of the reporting period, are measured at the present value of the estimated future cash outflow to be made in respect of the services provided by employees up to the reporting date. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee turnover, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. For currencies in which there is no deep market in such high quality corporate bonds, the market yields (at the end of the reporting period) on government bonds denominated in that currency are used. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the change occurs.

Other long-term employee benefit obligations are presented as current liabilities in the consolidated statement of financial position if the group does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur. All other long-term employee benefit obligations are presented as non-current liabilities in the consolidated statement of financial position.

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (k) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position.

### (l) Property, plant and equipment

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

*Plant and equipment*

Plant and equipment is measured at cost, less accumulated depreciation and any accumulated impairment losses.

*Depreciation*

The depreciable amount of all other property, plant and equipment is depreciated over their estimated useful lives commencing from the time the asset is held available for use, consistent with the estimated consumption of the economic benefits embodied in the asset.

| Class of fixed asset | Depreciation rates | Depreciation basis |
|---|---|---|
| Plant and equipment at cost | 15% - 50% | Straight line |

### (m) Intangible assets

*Goodwill*

Goodwill represents the future economic benefits arising from other assets acquired in a business combination that are not individually identifiable or separately recognised. Goodwill is initially recognised at an amount equal to the excess of: (a) the aggregate of the consideration transferred, the amount of any non controlling interest, and the acquisition date fair value of the acquirer’s previously held equity interest (in the case of a step acquisition); over (b) the net fair value of the identifiable assets acquired and liabilities assumed. For accounting purposes, such measurement is treated as the cost of goodwill at that date.

Goodwill is not amortised, but is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. Subsequent to initial recognition, goodwill is measured at cost less any accumulated impairment losses.

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (m) Intangible assets (Continued)

*Separately acquired intangible assets*

Except for indefinite useful life intangible assets, which are not amortised but are tested annually for impairment, separately acquired intangible assets are recognised at cost and amortised over their estimated useful lives commencing from the time the asset is available for use. The amortisation method applied to an intangible asset is consistent with the estimated consumption of economic benefits of the asset. Subsequent to initial recognition, separately acquired intangible assets are measured at cost, less accumulated amortisation (where applicable) and any accumulated impairment losses.

The group has applied for and currently holds a number of patents across various jurisdictions. The group capitalises costs associated with patent design and application. Capitalised patent costs are amortised over a 20 year useful life, in line with the patent exclusivity period.

### (n) Financial instruments

*Initial recognition and measurement*

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

Financial instruments are initially measured at fair value adjusted for transaction costs, except where the instrument is classified as fair value through profit or loss, in which case transaction costs are immediately recognised as expenses in profit or loss.

*Classification of financial assets*

Financial assets recognised by the group are subsequently measured in their entirety at either amortised cost or fair value, subject to their classification and whether the group irrevocably designates the financial asset on initial recognition at fair value through other comprehensive income (FVtOCI) in accordance with the relevant criteria in AASB 9.

Financial assets not irrevocably designated on initial recognition at FVtOCI are classified as subsequently measured at amortised cost, FVtOCI or fair value through profit or loss (FVtPL) on the basis of both:

(a) the group's business model for managing the financial assets; and

(b) the contractual cash flow characteristics of the financial asset.

*Classification of financial liabilities*

Financial liabilities classified as held-for-trading, contingent consideration payable by the group for the acquisition of a business, and financial liabilities designated at FVtPL, are subsequently measured at fair value.

All other financial liabilities recognised by the group are subsequently measured at amortised cost.

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (n) Financial instruments (Continued)

*Trade and other receivables*

Trade and other receivables arise from the group's transactions with its customers and are normally settled within 30 days.

Consistent with both the group's business model for managing the financial assets and the contractual cash flow characteristics of the assets, trade and other receivables are subsequently measured at amortised cost.

*Impairment of financial assets*

The following financial assets are tested for impairment by applying the 'expected credit loss' impairment model:

(a) debt instruments measured at amortised cost;

(b) debt instruments classified at fair value through other comprehensive income; and

(c) receivables from contracts with customers, contract assets and lease receivables.

The group applies the simplified approach under AASB 9 to measuring the allowance for credit losses for receivables from contracts with customers, contract assets and lease receivables. Under the AASB 9 simplified approach, the group determines the allowance for credit losses for receivables from contracts with customers, contract assets and lease receivables on the basis of the lifetime expected credit losses of the financial asset. Lifetime expected credit losses represent the expected credit losses that are expected to result from default events over the expected life of the financial asset.

For all other financial assets subject to impairment testing, when there has been a significant increase in credit risk since the initial recognition of the financial asset, the allowance for credit losses is recognised on the basis of the lifetime expected credit losses. When there has not been an increase in credit risk since initial recognition, the allowance for credit losses is recognised on the basis of 12-month expected credit losses. '12-month expected credit losses' is the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The group consider a range of information when assessing whether the credit risk has increased significantly since initial recognition. This includes such factors as the identification of significant changes in external market indicators of credit risk, significant adverse changes in the financial performance or financial position of the counterparty, significant changes in the value of collateral, and past due information.

The group assumes that the credit risk on a financial asset has not increased significantly since initial recognition when the financial asset is determined to have a low credit risk at the reporting date. The group considers a financial asset to have a low credit risk when the counterparty has an external 'investment grade'' credit rating (if available) of BBB or higher, or otherwise is assessed by the group to have a strong financial position and no history of past due amounts from previous transactions with the group.

The group assumes that the credit risk on a financial instrument has increased significantly since initial recognition when contractual payments are more than 30 days past due.

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (n) Financial instruments (Continued)

The group determines expected credit losses using a provision matrix based on the group's historical credit loss experience, adjusted for factors that are specific to the financial asset as well as current and future expected economic conditions relevant to the financial asset. When material, the time value of money is incorporated into the measurement of expected credit losses. There has been no change in the estimation techniques or significant assumptions made during the reporting period.

The group has identified contractual payments more than 90 days past due as default events for the purpose of measuring expected credit losses. These default events have been selected based on the group's historical experience. Because contract assets are directly related to unbilled work in progress, contract assets have a similar credit risk profile to receivables from contracts with customers. Accordingly, the group applies the same approach to measuring expected credit losses of receivables from contracts with customers as it does to measuring impairment losses on contract assets.

The measurement of expected credit losses reflects the group's 'expected rate of loss', which is a product of the probability of default and the loss given default, and its 'exposure at default', which is typically the carrying amount of the relevant asset. Expected credit losses are measured as the difference between all contractual cash flows due and all contractual cash flows expected based on the group's exposure at default, discounted at the financial asset's original effective interest rate.

Financial assets are regarded as 'credit-impaired' when one or more events have occurred that have a detrimental impact on the estimated future cash flows of the financial asset. Indicators that a financial asset is 'credit-impaired' include observable data about the following:

(a) significant financial difficulty of the issuer or the borrower;

(b) breach of contract;

(c) the lender, for economic or contractual reasons relating to the borrower's financial difficulty, has granted concessions to the borrower that the lender would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

The gross carrying amount of a financial asset is written off (i.e., reduced directly) when the counterparty is in severe financial difficulty and the group has no realistic expectation of recovery of the financial asset. Financial assets written off remain subject to enforcement action by the group. Recoveries, if any, are recognised in profit or loss.

### (o) Leases

Accounting policy applied to the information presented for the current period under AASB 16 Leases:

At the commencement date of a lease (other than leases of 12-months or less and leases of low value assets), the group recognises a lease asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (o) Leases (Continued)

*Lease assets*

Lease assets are initially recognised at cost, comprising the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date of the lease, less any lease incentives received, any initial direct costs incurred by the group, and an estimate of costs to be incurred by the group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Subsequent to initial recognition, lease assets are measured at cost (adjusted for any remeasurement of the associated lease liability), less accumulated depreciation and any accumulated impairment loss.

Lease assets are depreciated over the shorter of the lease term and the estimated useful life of the underlying asset, consistent with the estimated consumption of the economic benefits embodied in the underlying asset.

*Lease liabilities*

Lease liabilities are initially recognised at the present value of the future lease payments (i.e., the lease payments that are unpaid at the commencement date of the lease). These lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or otherwise using the group's incremental borrowing rate.

Subsequent to initial recognition, lease liabilities are measured at the present value of the remaining lease payments (i.e., the lease payments that are unpaid at the reporting date). Interest expense on lease liabilities is recognised in profit or loss (presented as a component of finance costs). Lease liabilities are remeasured to reflect changes to lease terms, changes to lease payments and any lease modifications not accounted for as separate leases.

Variable lease payments not included in the measurement of lease liabilities are recognised as an expense when incurred.

*Leases of 12-months or less and leases of low value assets*

Lease payments made in relation to leases of 12-months or less and leases of low value assets (for which a lease asset and a lease liability has not been recognised) are recognised as an expense on a straight-line basis over the lease term.

<u>Accounting policy applied to the information presented for the prior period under AASB 117 Leases:</u>

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (o) Leases (Continued)

*Finance leases*

Leases of fixed assets, where substantially all of the risks and benefits incidental to ownership of the asset, but not the legal ownership, are transferred to the group are classified as finance leases. Finance leases are capitalised, recording an asset and liability equal to the fair value or, if lower, the present value of the minimum lease payments, including any guaranteed residual values. The interest expense is calculated using the interest rate implicit in the lease, if this is practicable to determine; if not, the group's incremental borrowing rate is used. Interest expense on finance leases is included in finance costs in the statement of profit or loss and other comprehensive income. Lease assets are depreciated on a straight line basis over their estimated useful lives where it is likely the group will obtain ownership of the asset, or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period in accordance with the effective interest method.

*Operating leases*

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

### (p) Goods and services tax (GST)

Revenues, expenses and purchased assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the consolidated statement of financial position are shown inclusive of GST.

Cash flows are presented in the consolidated statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (q) New and revised accounting standards effective at 30 June 2020

The group has applied all new and revised Australian Accounting Standards that apply to annual reporting periods beginning on or after 1 July 2019, including AASB 16 *Leases* (AASB 16).

***AASB 16: Leases***

AASB 16 replaces AASB 117 *Leases* and introduces a single lessee accounting model that requires a lessee to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Right-of-use assets are initially measured at cost and lease liabilities are initially measured on a present value basis. Subsequent to initial recognition:

(a) right-of-use assets are accounted for on a similar basis to non-financial assets, whereby the right-of-use asset is accounted for on a cost basis unless the underlying asset is accounted for on a revaluation basis, in which case if the underlying asset is:

  i. investment property, the lessee applies the fair value model in AASB 140 *Investment Property* to the right-of-use asset; or

  ii. property, plant or equipment, the lessee applies the revaluation model in AASB 116 *Property, Plant and Equipment* to all of the right-of-use assets that relate to that class of property, plant and equipment; and

(b) lease liabilities are accounted for on a similar basis to other financial liabilities, whereby interest expense is recognised in respect of the lease liability and the carrying amount of the lease liability is reduced to reflect the principal portion of lease payments made.

AASB 16 substantially carries forward the lessor accounting requirements of the predecessor standard, AASB 117. Accordingly, under AASB 16 a lessor continues to classify its leases as operating leases or finance leases subject to whether the lease transfers to the lessee substantially all of the risks and rewards incidental to ownership of the underlying asset, and accounts for each type of lease in a manner consistent with the current approach under AASB 117.

In accordance with the transition requirements of AASB 16, the group has elected to apply AASB 16 retrospectively to those contracts that were previously identified as leases under the predecessor standard, with the cumulative effect, if any, of initially applying the new standard recognised as an adjustment to opening retained earnings at the date of initial application (i.e., at 1 July 2019). Accordingly, comparative information has not been restated.

The group has also elected to apply the following practical expedients to the measurement of right-of-use assets and lease liabilities in relation to those leases previously classified as operating leases under the predecessor standard:

- to recognise each right-of-use asset at the date of initial application at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application;
- to not recognise a right-of-use asset and a lease liability for leases for which the underlying asset is of low value;
- to not recognise a right-of-use asset and a lease liability for leases for which the lease term ends within 12 months of the date of initial application;

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (q) New and revised accounting standards effective at 30 June 2020 (Continued)

- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics;
- to adjust each right-of-use asset at the date of initial application by the amount of any provision for onerous leases recognised in the statement of financial position immediately before the date of initial application;
- to exclude initial direct costs from the measurement of each right-of-use asset at the date of initial application; and
- to use hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

The application of AASB 16 resulted in the recognition of right-of-use assets with an aggregate carrying amount of $556,538 (referred to in these financial statements as "lease assets") and corresponding lease liabilities with an aggregate carrying amount of $556,538. The weighted average incremental borrowing rate applied in the calculation of the initial carrying amount of lease liabilities was 3.60%.

The following is a reconciliation of non-cancellable operating lease commitments disclosed at the end of the prior reporting period (i.e., at 30 June 2019) to the aggregate carrying amount of lease liabilities recognised at the date of the initial application (i.e., at 1 July 2019):

| | $ |
|---|---|
| Aggregate non-cancellable operating lease commitments at 30 June 2019 | 605,391 |
| Less: impact of discounting lease payments to their present value at 1 July 2019 | (48,853) |
| Carrying amount of lease liabilities recognised at 1 July 2019 | 556,538 |

Further details of the group's accounting policy in relation to accounting for leases under AASB 16 are contained in Note 1(o) .

## NOTE 2: SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

*(a) Impairment of goodwill*

Goodwill is allocated to a cash generating unit or units (CGU's) according to management's expectations regarding which assets will be expected to benefit from the synergies arising from the business combination that gave rise to the goodwill. The recoverable amount of a CGU is based on value in use calculations. These calculations are based on projected cash flows approved by management covering a maximum of five years. Management's determination of cash flow projections and gross margins are based on past performance and its expectation for the future.

Goodwill recognised during the period pertains to the acquisition of Modular Training Pty Ltd (refer to Note 20). The present value of future cash flows has been calculated using an average growth rate of 3% for cash flows in year two to five, a terminal value growth rate of 1.0%, and a discount rate of 10% to determine value-in-use.

## NOTE 2: SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

*(b) Income tax*

Deferred tax assets and liabilities are based on the assumption that no adverse change will occur in the income tax legislation and the anticipation that the group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

*(c) Common control transaction*

On 30 June 2019, Aquirian Pty Ltd acquired 100% (the "transaction") of the share capital of TBS Mining Solutions Pty Ltd and it's controlled entity, TBS Workforce Pty Ltd ("TBS Group").

The primary reason for the transaction was as part of an internal restructuring of it's operations as part of it's growth strategy.

100,000 shares were issued as consideration transferred and at a price of $0.001 to the existing shareholders of TBS Group, in proportion to their existing ownership holding percentages.

As Aquirian Pty Ltd is ultimately controlled by the same shareholders as that of TBS Group prior to the transfer taking place, this transaction is considered a common control transaction and outside the scope of AASB 3 Business Combinations.

As such, there is no substantive change to the assets and liabilities of TBS Group, which remain recognised at their previous carrying amounts with no fair value adjustments made.

The difference between the cost of Aquirian Pty Ltd's investment ($100) and the net assets of TBS Group as at the date of the transaction ($617,958) was $617,858. This amount was recognised within other reserves as at 30 June 2019, before being subsequently transferred to Retained Earnings during the period.

## NOTE 3: REVENUE FROM CONTRACTS WITH CUSTOMERS

| | June 2020 $ |
|---|---|
| Revenue from contracts with customers | |
| Sale of goods | 3,380,951 |
| Rendering of services | 7,079,830 |
| | 10,460,781 |

## NOTE 4: OPERATING PROFIT

Profit / (losses) before income tax has been determined after:

| | June 2020 $ |
|---|---|
| Net gain on disposal of non-current assets: | |
| - Profit on sale of property, plant and equipment | 250,008 |
| Cost of sales | |
| - Purchases/Materials used | 6,234,254 |
| Finance costs | 85,464 |
| Depreciation | |
| - plant and equipment | 547,030 |
| Amortisation of non-current assets | |
| - leased assets | 125,081 |
| - patents | 3,595 |
| | 128,676 |
| Foreign currency translation gains | (42,635) |
| Employee benefits: | |
| - Short term benefits | 1,543,556 |
| - Superannuation guarantee contributions | 157,257 |
| - Other employee benefits | 127,470 |
| | 1,828,283 |
| Net loss on disposal of non-current assets | |
| - Loss on sale of property, plant and equipment | 493 |

## NOTE 5: INCOME TAX

### (a) Components of tax expense

| | June 2020 $ |
|---|---|
| Current tax | 364,462 |
| Deferred tax | (70,982) |
| | 293,480 |

### (b) Income tax reconciliation

The prima facie tax payable on profit before income tax is reconciled to the income tax expense as follows:

| | June 2020 $ |
|---|---|
| Prima facie income tax payable on profit before income tax at 27.5% | 403,643 |
| Add tax effect of: | |
| - Other non-allowable items | 8,133 |
| | 8,133 |
| Less tax effect of: | |
| - Other non-assessable items | 52,983 |
| - Recognise carry forward losses on acquisition | 65,313 |
| | 118,296 |
| Income tax expense attributable to profit | 293,480 |

### (c) Current tax

Current tax relates to the following:

| | June 2020 $ |
|---|---|
| *Current tax liabilities* | |
| Opening balance | 377,540 |
| Income tax | 364,462 |
| Tax payments | (229,681) |
| Current tax liabilities | 512,321 |

| | June 2020 $ |
|---|---|

## NOTE 5: INCOME TAX (CONTINUED)

**(d) Deferred tax**

Deferred tax relates to the following:

| | June 2020 $ |
|---|---|
| *Deferred tax assets* | |
| The balance comprises: | |
| Tax losses carried forward | 56,252 |
| Employee benefits | 39,673 |
| Business Related Costs | 1,773 |
| Accruals | 53,805 |
| Property, plant and equipment | 34,520 |
| Property, plant and equipment under lease | 4,057 |
| | 190,080 |
| *Deferred tax liabilities* | |
| The balance comprises: | |
| Accrued Revenue | 21,923 |
| Prepayments | 640 |
| | 22,563 |
| Net deferred tax assets | 167,517 |

**(e) Deferred income tax (revenue)/expense included in income tax expense comprises**

| | June 2020 $ |
|---|---|
| Increase in deferred tax assets | (179,574) |
| Increase in deferred tax liabilities | 105,199 |
| | (74,375) |

## NOTE 6: CASH AND CASH EQUIVALENTS

| | June 2020 $ |
|---|---|
| Cash on hand | 100 |
| Cash at bank | 1,773,906 |
| | 1,774,006 |

## NOTE 7: RECEIVABLES

| | June 2020 $ |
|---|---|
| CURRENT | |
| Receivables from contracts with customers | 653,256 |
| Other receivables | 29,151 |
| | 682,407 |

| | June 2020 $ |
|---|---|

## NOTE 8: INVENTORIES

| | |
|---|---|
| CURRENT | |
| *At cost* | |
| Consumables - at cost | 51,099 |

## NOTE 9: OTHER ASSETS

| | |
|---|---|
| CURRENT | |
| Prepayments | 867 |
| Accrued income | 66,600 |
| Prepaid borrowing expenses | 7,217 |
| Other current assets | 2,400 |
| | 77,084 |

## NOTE 10: INTANGIBLE ASSETS

| | |
|---|---|
| Goodwill at cost | 146,170 |
| Patents and Design Costs | 196,441 |
| Accumulated amortisation and impairment | (7,190) |
| | 189,251 |
| Total intangible assets | 335,421 |

### (a) Reconciliations

Reconciliation of the carrying amounts of intangible assets for the period from incorporation to 30 June 2020:

| | |
|---|---|
| *Goodwill at cost* | |
| Opening balance | - |
| Additions through business combinations | 146,170 |
| Closing balance | 146,170 |
| | |
| *Patents and Design Costs* | |
| Opening balance | - |
| Acquired as part of a common control transaction | 77,756 |
| Additions | 115,090 |
| Amortisation | (3,595) |
| Closing balance | 189,251 |

**June 2020**
**$**

## NOTE 10: INTANGIBLE ASSETS (CONTINUED)

### (a) Reconciliations (Continued)

Amortisation expense in relation to intangible assets has been recognised in depreciation and amortisation expenses within profit or loss.

## NOTE 11: LEASE ASSETS AND LEASE LIABILITIES

### Lease arrangements (30 June 2020)

The following information relates to the current reporting period only, and is presented in accordance with AASB 16 *Leases* (which was applied by the group for the first time in the current reporting period).

| | June 2020 $ |
|---|---|
| **(a) Lease assets** | |
| Lease of Bentley Warehouse & Perth Office | |
| Under lease | 556,538 |
| Accumulated depreciation | (125,081) |
| | 431,457 |
| Total carrying amount of lease assets | 431,457 |

### Reconciliations

Reconciliation of the carry amount of lease assets for the period from incorporation to 30 June 2020:

| | |
|---|---|
| *Lease of Bentley Warehouse & Perth Office* | |
| Opening carrying amount | - |
| Adoption of AASB 16 | 556,538 |
| Depreciation | (125,081) |
| Closing carrying amount | 431,457 |

## NOTE 11: LEASE ASSETS AND LEASE LIABILITIES (CONTINUED)

| | June 2020 $ |
|---|---|
| **(b) Lease liabilities** | |
| CURRENT | |
| Lease liability | 109,640 |
| NON CURRENT | |
| Lease liability | 336,572 |
| Total carrying amount of lease liabilities | 446,212 |
| **(c) Lease expenses and cashflows** | |
| - Interest expense on lease liabilities | 17,858 |
| - Depreciation expense on lease assets | 125,081 |
| - Cash outflow in relation to leases | (128,184) |

## NOTE 12: PROPERTY, PLANT AND EQUIPMENT

| | June 2020 $ |
|---|---|
| **Plant and equipment** | |
| Plant and equipment at cost | 2,171,364 |
| Accumulated depreciation | (797,194) |
| | 1,374,170 |
| Total property, plant and equipment | 1,374,170 |

**(a) Reconciliations**

Reconciliation of the carrying amounts of property, plant and equipment for the period from incorporation to 30 June 2020:

| | |
|---|---|
| *Plant and equipment* | |
| Opening carrying amount | - |
| Acquired as part of a common control transaction | 1,447,285 |
| Additions | 666,373 |
| Disposals | (293,913) |
| Additions through business combinations | 45,455 |
| Transfer from other capital assets | 56,000 |
| Depreciation expense | (547,030) |
| Closing carrying amount | 1,374,170 |

| | June 2020 $ |
|---|---|

## NOTE 12: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### (a) Reconciliations (Continued)

| | |
|---|---|
| *Assets under construction* | |
| Opening carrying amount | - |
| Acquired as part of a common control transaction | 56,000 |
| Transfers to plant and equipment | (56,000) |
| Closing carrying amount | - |

## NOTE 13: PAYABLES

| | |
|---|---|
| CURRENT | |
| *Unsecured liabilities* | |
| Trade creditors | 63,735 |
| Sundry creditors and accruals | 741,576 |
| | 805,311 |
| *Secured liabilities* | |
| Sundry creditors and accruals | 118,069 |
| | 923,380 |

## NOTE 14: BORROWINGS

| | |
|---|---|
| CURRENT | |
| *Unsecured liabilities* | |
| Hire purchase liability | 477,023 |
| Unexpired term charges | (42,980) |
| Amounts payable to: | |
| - directors | - |
| | 434,043 |
| NON CURRENT | |
| *Unsecured liabilities* | |
| Hire purchase liability | 694,156 |
| Unexpired term charges | (53,486) |
| | 640,670 |

| | | June 2020 $ |
|---|---|---|
| **NOTE 15: PROVISIONS** | | |
| CURRENT | | |
| Employee benefits | (a) | 144,266 |
| (a) Aggregate employee benefits liability | | 144,266 |
| | | |
| **NOTE 16: SHARE CAPITAL** | | |
| Issued and paid-up capital | | |
| 100,000 Ordinary Shares | | 100 |
| | | |
| **NOTE 17: RETAINED EARNINGS** | | |
| Retained earnings at beginning of period | | - |
| Net profit | | 1,174,311 |
| Transfers from / (to) reserves | 2 | 617,858 |
| | | 1,792,169 |
| | | |
| **NOTE 18: RESERVES** | | |
| Other reserves | | - |
| | | - |

The other reserve was used to record the difference between consideration paid to acquire 100% of the issued capital of TBS Mining Solutions Pty Ltd, and its net assets of TBS Mining Solutions Pty Ltd and TBS Workforce Pty Ltd as at the date of their acquisition (30 June 2019). Refer to Note 2 for further details.

This reserve amount was subsequently transferred to retained earnings during the period.

## NOTE 19: CASH FLOW INFORMATION

### (a) Reconciliation of cash

Cash at the end of the financial year as shown in the consolidated statement of cash flows is reconciled to the related items in the consolidated statement of financial position is as follows:

| | June 2020 $ |
|---|---|
| Cash on hand | 100 |
| Cash at bank | 1,773,906 |
| | 1,774,006 |

### (b) Reconciliation of cash flow from operations with profit after income tax

| | June 2020 $ |
|---|---|
| Profit from ordinary activities after income tax | 1,174,311 |
| **Adjustments and non-cash items** | |
| Amortisation | 129,034 |
| Depreciation | 547,030 |
| Net gain on disposal of property, plant and equipment | (250,008) |
| **Changes in operating assets and liabilities** | |
| Increase in receivables | 250,786 |
| Increase in other assets | 35,720 |
| Increase in inventories | 4,172 |
| Decrease in payables | (89,937) |
| Decrease in other liabilities | (778,952) |
| Increase in income tax payable | 60,406 |
| Increase in provisions | 32,987 |
| Cash flows from operating activities | 1,115,549 |

## NOTE 20: BUSINESS COMBINATIONS

On 4 November 2019, the group acquired 100% of the share capital of Modular Training Pty Ltd ("Modular Training").

The primary reason for the business combination was to expand the group's service offering within the mining and resources industry.

Details of the purchase consideration are as follows:

| | $ |
|---|---|
| Consideration paid | 200,000 |
| less working capital adjustments | (13,940) |
| Total purchase consideration | 186,060 |

## NOTE 20: BUSINESS COMBINATIONS (CONTINUED)

### Assets and liabilities acquired

Assets and liabilities acquired as a result of the business combination were:

| | Recognised on acquisition at fair value $ |
|---|---|
| Assets and liabilities held at acquisition date: | |
| - Trade receivables | 35,777 |
| - Cash and cash equivalents | 35,521 |
| - Motor vehicle acquired | 45,455 |
| - Trade creditors | (4,904) |
| - Other liabilities | (41,046) |
| - Motor vehicle finance paid out | (28,168) |
| - SGC late payment charges | (2,745) |
| Net identifiable assets acquired | 39,890 |
| Add: Goodwill | 146,170 |
| Total purchase consideration | 186,060 |

The goodwill on acquisition comprises Modular Training's know how, rights, training modules and associated training materials for delivery of shotfire qualification courses.

Goodwill is not deductible for tax purposes.

The following table provides a reconciliation of the opening and closing balances of goodwill for the reporting period.

| | Recognised on acquisition at fair value $ |
|---|---|
| Opening carrying amount | - |
| Goodwill acquired during the period | 146,170 |
| Closing carrying amount | 146,170 |

### Transaction costs

Transaction costs of $21,586 were incurred in relation to the acquisition. These costs are included within professional fees expenses in the Consolidated statement of profit or loss and other comprehensive income.

## NOTE 21: EVENTS SUBSEQUENT TO REPORTING DATE

Particulars of matters or circumstances that have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the group, the results of those operations or the state of affairs of the group in future financial years are as follows:

On 4 October 2020, the group acquired 100% of the business assets and liabilities of Maglok Australia, an explosives and dangerous substances storage business. Total consideration paid for the acquisition was $700,000, net of adjustment for certain liabilities assumed.

On 18 March 2021, the shareholders of Aquirian Pty Ltd resolved that the 100,000 fully paid ordinary shares be split into 40,000,000 fully paid oridinary shares. Shareholders received 400 shares for each fully paid ordinary share held prior to the resolution being carried.

## NOTE 22: INTERESTS IN SUBSIDIARIES

*(a) Subsidiaries*

The following are the group's significant subsidiaries:

| Subsidiaries of Aquirian Pty Ltd: | Country of incorporation | Ownership interest held by the group June 2020 % |
|---|---|---|
| TBS Mining Solutions Pty Ltd * | Australia | 100 |
| TBS Workforce Pty Ltd * | Australia | 100 |
| Modular Training Pty Ltd ** | Australia | 100 |
| Swiftequip Solutions Pty Ltd *** | Australia | 100 |

* Acquired on 30 June 2019, refer to Note 2 for further details.
** Acquired as part of the business combination during the period. Refer to Note 20 for further details.
*** Incorporated on 13 February 2020.

## NOTE 23: ENTITY DETAILS

The registered office of the group is:

Aquirian Pty Ltd
Level 11
12-14 The Esplanade
PERTH WA 6000

The principal place of business is:

Aquirian Pty Ltd
Level 3
190 St Georges Terrace
PERTH WA 6000

## 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 outlined in Note 1 to the financial statements.

The directors of the company declare that:

1. In the directors opinion, the financial statements and notes, as set out on pages 5 - 34, are in accordance with the *Corporations Act 2001*, including:

    (a) complying with Accounting Standards in Australia as detailed in Note 1 to the financial statements and the *Corporations Regulations 2001*; and

    (b) giving a true and fair view of the financial position as at 30 June 2020 and performance for the period ended on that date of the consolidated entity 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: ______________________________

David Kelly

Director: ______________________________

Gregory Patching

Dated this day of 2021

**AQUIRIAN PTY LTD AND CONTROLLED ENTITIES**
**ABN: 23 634 457 506**

**INDEPENDENT AUDITOR'S REPORT**
**TO THE MEMBERS OF AQUIRIAN PTY LTD**

**Report on the Audit of the Financial Report**

*Opinion*

We have audited the financial report, being a special purpose financial report of Aquirian Pty Ltd, "the Company", which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period 27 June 2019 (date of incorporation) to 30 June 2020 (the "period"), and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of Aquirian Pty Ltd, 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 2020 and of its financial performance for the period then ended; and

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

*Basis for Opinion*

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

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

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

*Emphasis of Matter - Basis of Accounting*

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist Aquirian Pty Ltd to meet the requirements of *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.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AQUIRIAN PTY LTD

*Responsibilities of the Directors for the Financial Report*

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

In preparing the financial report, the directors are responsible for assessing the Company's ability 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 Company 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 Company'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 Company'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 Company to cease to continue as a going concern.

**INDEPENDENT AUDITOR'S REPORT**
**TO THE MEMBERS OF AQUIRIAN PTY LTD**

*Auditor's Responsibilities for the Audit of the Financial Report (Continued)*

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

We 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.

PITCHER PARTNERS BA&A PTY LTD

PAUL MULLIGAN
Executive Director
Perth, 1 April 2021