Primero Group Pty Limited

ABN 96 149 964 045

Annual Report - 30 June 2015

Primero Group Pty Limited
Directors' report
30 June 2015

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2015.

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

Cameron Henry
Dean Ercegovic
Peter Grigsby
Ben Davies
Ryan McFarlane (resigned on 16/12/2014)

Principal activities
During the financial year the principal continuing activities of the company consisted of:
- Engineering and Design in the resources sector
- Construction in the resources sector
- Commissioning in the resources sector

Dividends
Dividends paid during the financial year were as follows:

	2015 $	2014 $
Final dividend for the year ended 30 June 2015 of 4.69 cents (2014: 3.29 cents) per ordinary share	300,000	210,000

Review of operations
The profit (loss) for the company after providing for income tax amounted to $4,373 (30 June 2014: ($721,548)).

Significant changes in the state of affairs
There were no significant changes in the state of affairs of the company during the financial year.

Matters subsequent to the end of the financial year
No matter or circumstance has arisen since 30 June 2015 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

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

Environmental regulation
The company is not subject to any significant environmental regulation under Australian Commonwealth or State law.

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

Shares issued on the exercise of options
There were no ordinary shares of the company issued on the exercise of options during the year ended 30 June 2015 and up to the date of this report.

Indemnity and insurance of officers
The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor
The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

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

Rounding of amounts
The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

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

On behalf of the directors

Cameron Henry
Director

4 November 2015

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AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF PRIMERO GROUP PTY LTD

I declare that to the best of my knowledge and belief, during the year ended 30 June 2015 there has 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.

Neil Pace

NEIL PACE
PARTNER

Moore Stephens

MOORE STEPHENS
CHARTERED ACCOUNTANTS

Signed at Perth this 4th day of November 2015

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General information

The financial statements cover Primero Group Pty Limited as an individual entity. The financial statements are presented in Australian dollars, which is Primero Group Pty Limited's functional and presentation currency.

Primero Group Pty Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office	Principal place of business
78 Hasler Road OSBORNE PARK WA 6017	78 Hasler Road OSBORNE PARK WA 6017

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 4 November 2015. The directors have the power to amend and reissue the financial statements.

Primero Group Pty Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2015

	Note	2015 $'000	2014 $'000
Revenue	3	35,786	14,162
Other income	4	142	112
Expenses			
Cost of Sales	5	(29,478)	(11,659)
Bad Debts		(2,803)	(400)
Depreciation and amortisation expense	5	(565)	(259)
Other expenses		(2,725)	(2,735)
Finance costs	5	(344)	(109)
Profit (loss) before income tax expense		13	(888)
Income tax expense		(9)	166
Profit (loss) after income tax expense for the year attributable to the owners of Primero Group Pty Limited	23	4	(722)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Gain on the revaluation of land and buildings, net of tax		-	-
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges transferred to profit or loss, net of tax		-	-
Cash flow hedges transferred to inventory in the statement of financial position, net of tax		-	-
Net change in the fair value of cash flow hedges taken to equity, net of tax		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Primero Pty Limited		4	(722)

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

Primero Group Pty Limited
Statement of financial position
As at 30 June 2015

	Note	2015 $'000	2014 $'000
Assets			
Current assets			
Cash and cash equivalents	6	1,693	1,181
Trade and other receivables	7	4,255	4,568
Inventories	8	309	385
Other	9	969	665
Total current assets		7,226	6,799
Non-current assets			
Receivables	10	1,515	1,387
Property, plant and equipment	11	2,491	1,395
Intangibles	12	128	68
Deferred tax	13	157	166
Investments in Other Companies	14	124	124
Total non-current assets		4,415	3,140
Total assets		11,641	9,939
Liabilities			
Current liabilities			
Trade and other payables	15	5,591	4,000
Borrowings	16	878	1,025
Income tax	17	0	532
Employee benefits	18	245	126
Provisions	19	21	0
Other	20	470	333
Total current liabilities		7,205	6,016
Non-current liabilities			
Borrowings	21	1,402	593
Total non-current liabilities		1,402	593
Total liabilities		8,607	6,609
Net assets		3,034	3,330
Equity			
Issued capital	22	144	144
Retained profits	23	2,890	3,186
Total equity		3,034	3,330

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

Primero Group Pty Limited
Statement of changes in equity
For the year ended 30 June 2015

	Issued capital $'000	Reserves $'000	Retained profits $'000	Total equity $'000
Balance at 1 July 2013	144	0	4,119	4,263
Profit (Loss) after income tax expense for the year	-	-	(722)	(722)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(722)	(722)
Transactions with owners in their capacity as owners:				
Dividends paid (note 24)	-	-	(211)	(211)
Balance at 30 June 2014	144	0	3,186	3,330

	Issued capital $'000	Reserves $'000	Retained Profits $'000	Total equity $'000
Balance at 1 July 2014	144	0	3,186	3,330
Profit after income tax expense for the year	-	-	4	4
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	4	4
Transactions with owners in their capacity as owners:				
Dividends paid (note 24)	-	-	(300)	(300)
Balance at 30 June 2015	144	0	2,890	3,034

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

Primero Group Pty Limited
Statement of cash flows
For the year ended 30 June 2015

	Note	2015 $'000	2014 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		33,094	14,257
Payments to suppliers and employees (inclusive of GST)		(30,680)	(12,983)
		2,414	1,274
Interest received		44	27
Other revenue		140	103
Income taxes paid		(490)	(842)
Net cash from operating activities	29	2,108	562
Cash flows from investing activities			
Payments for property, plant and equipment		(1,764)	(1,126)
Proceeds from disposal of property, plant and equipment		23	44
Recepts for Investments		472	210
Payments for Investments		(360)	(974)
Net cash used in investing activities		(1,629)	(1,846)
Cash flows from financing activities			
Dividends paid	24	(300)	(210)
Repayment of borrowings		(1,767)	(533)
Proceeds from Borrowings		2,287	1,875
Finance Costs		(187)	(17)
Net cash used in financing activities		33	1,115
Net increase (decrease) in cash and cash equivalents		512	(169)
Cash and cash equivalents at the beginning of the financial year		1,181	1,350
Cash and cash equivalents at the end of the financial year	6	1,693	1,181

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

Note 1. Significant accounting policies

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

New, revised or amending Accounting Standards and Interpretations adopted
The company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation
In the directors' opinion, the company is not a reporting entity because there are no users dependent on general purpose financial statements.

These are special purpose financial statements that have been prepared for the purposes of complying with the Corporations Act 2001 requirements to prepare and distribute financial statements to the owners of Primero Group Pty Limited. The directors have determined that the accounting policies adopted are appropriate to meet the needs of the owners of Primero Pty Limited.

These financial statements have been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the disclosure requirements of AASB 101 'Presentation of Financial Statements', AASB 107 'Statement of Cash Flows', AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors', AASB 1031 'Materiality', AASB 1048 'Interpretation of Standards' and AASB 1054 'Australian Additional Disclosures', as appropriate for for-profit oriented entities.

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Foreign currency translation
The financial statements are presented in Australian dollars, which is Primero Group Pty Limited's functional and presentation currency.

Revenue recognition
Revenue is recognised when it is probable that the economic benefit will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Sale of goods
Sale of goods revenue is recognised at the point of sale, which is where the customer has taken delivery of the goods, the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns and trade discounts.

Rendering of services
Rendering of services revenue from computer maintenance fees is recognised by reference to the stage of completion of the contracts.

Stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract. Where the contract outcome cannot be reliably estimated, revenue is only recognised to the extent of the recoverable costs incurred to date.

Note 1. Significant accounting policies (continued)

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

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

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

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

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

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

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

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

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

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

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Note 1. Significant accounting policies (continued)

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

Inventories
Inventories and work in progress are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and estimated costs necessary to make the sale.

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

Depreciation is calculated on a diminishing value basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Leasehold improvements	3-40 years
Plant and equipment	2-10 years
Plant and equipment under lease	2-5 years

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

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Leases
The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the company will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Note 1. Significant accounting policies (continued)

Intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Software
Significant costs associated with software are deferred and amortised on a diminishing value over the period of their expected benefit, being their finite life of 2.5 years.

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

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

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

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

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Provisions
Provisions are recognised when the company has a present (legal or constructive) obligation as a result of a past event, it is probable the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

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

Note 1. Significant accounting policies (continued)

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

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

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

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

Issued capital
Ordinary shares are classified as equity.

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

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

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

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

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

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

Rounding of amounts
The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the company for the annual reporting period ended 30 June 2015. The company has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 2. Critical accounting judgements, estimates and assumptions

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

Provision for impairment of receivables
The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtors financial position.

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

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

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

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

Employee benefits provision
As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Note 3. Revenue

	2015 $'000	2014 $'000
Sales revenue		
Rendering of services	35,627	14,086
	35,627	14,086
Other revenue		
Interest	159	76
	159	76
Revenue	35,786	14,162

Note 4. Other income

	2015 $'000	2014 $'000
Net gain on disposal of property, plant and equipment	2	9
Insurance recoveries	33	75
R & D Rebate	59	-
Other	48	28
Other income	142	112

Note 5. Expenses

	2015 $'000	2014 $'000
Profit before income tax includes the following specific expenses:		
Cost of sales		
Cost of sales	29,478	11,659
Depreciation		
Leasehold improvements	45	-
Plant and equipment	306	128
Motor Vehicles	143	87
Total depreciation	494	215
Amortisation		
Software	71	44
Total amortisation	71	44
Total depreciation and amortisation	565	259
Interest and finance charges paid/payable	222	109
Debtor Funding Charges	122	0
Finance costs expensed	344	109
Rental expense relating to operating leases		
Minimum lease payments	252	148
Superannuation expense		
Defined contribution superannuation expense	883	517

Note 6. Current assets - cash and cash equivalents

	2015 $'000	2014 $'000
Cash at bank	958	875
Cash on deposit	735	306
	1,693	1,181

Note 7. Current assets - trade and other receivables

	2015 $'000	2014 $'000
Trade receivables	3,408	4,482
Less: Provision for impairment of receivables	-	-
	3,408	4,482
Retentions	838	-
Related Parties	-	82
Interest receivable	9	4
	4,255	4,568

Note 8. Current assets - inventories

	2015 $'000	2014 $'000
Work in progress	309	385
	309	385

Note 9. Current assets - other

	2015 $'000	2014 $'000
Accrued revenue	842	438
Prepayments	127	100
Convertible Note	-	90
Security deposits	-	37
	969	665

Note 10. Non-current assets - receivables

	2015 $'000	2014 $'000
Other receivables	1,515	1,387

The other receivables are due to be repaid by 30 June 2018 and the effect of discounting is considered not to be material. This receivable is not past due nor impaired.

Note 11. Non-current assets - property, plant and equipment

	2015 $'000	2014 $'000
Leasehold improvements - at cost	396	178
Less: Accumulated depreciation	(45)	(0)
	351	178
Plant and equipment - at cost	1,905	1,005
Less: Accumulated depreciation	(503)	(203)
	1,402	802
Motor Vehicles	987	541
Less: Accumulated depreciation	(249)	(126)
	738	415
	2,491	1,395

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

	Leasehold improvements $'000	Plant and equipment $'000	Motor Vehicles $'000	Total $'000
Balance at 1 July 2013	0	247	316	563
Additions	178	684	220	1,082
Disposals	-	-	(34)	(34)
Depreciation expense	-	(129)	(87)	(216)
Balance at 30 June 2014	178	802	415	1,395
Additions	218	928	487	1,633
Disposals	-	(22)	(21)	(43)
Depreciation expense	(45)	(306)	(143)	(494)
Balance at 30 June 2015	351	1402	738	2,491

Property, plant and equipment secured under finance leases
Refer to note 30 for further information on property, plant and equipment secured under finance leases.

Note 12. Non-current assets - intangibles

	2015 $'000	2014 $'000
Software - at cost	302	171
Less: Accumulated amortisation	(174)	(103)
	128	68
	128	68

Note 12. Non-current assets - intangibles (continued)

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

	Software $'000	Total $'000
Balance at 1 July 2013	68	68
Additions	44	44
Amortisation expense	(44)	(44)
Balance at 30 June 2014	68	68
Additions	131	131
Amortisation expense	(71)	(71)
Balance at 30 June 2015	128	128

Note 13. Non-current assets - deferred tax

	2015 $'000	2014 $'000
Deferred tax asset	157	166

Note 14. Investment in Other Companies

	2015 $'000	2014 $'000
Enerji Ltd	124	124

Note 15. Current liabilities - trade and other payables

	2015 $'000	2014 $'000
Trade payables	3,628	2,302
Other payables	1,963	1,698
	5,591	4,000

Note 16. Current liabilities - borrowings

	2015 $'000	2014 $'000
Bank loans	135	-
Related Parties	282	862
Lease liability	461	163
	878	1,025

Refer to note 21 for further information on assets pledged as security and financing arrangements.

Note 17. Current liabilities - income tax

	2015 $'000	2014 $'000
Provision for income tax	-	532

Note 18. Current liabilities - employee benefits

	2015 $'000	2014 $'000
Employee benefits	245	126

Amounts not expected to be settled within the next 12 months
The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the company does not have an unconditional right to defer settlement. However, based on past experience, the company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

The following amounts reflect leave that is not expected to be taken within the next 12 months:

	2015 $'000	2014 $'000
Employee benefits obligation expected to be settled after 12 months	-	-

Note 19. Current liabilities - provisions

	2015 $'000	2014 $'000
Audit Fees	21	-
	21	-

Note 19. Current liabilities - provisions (continued)

Movements in provisions
Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

2015	Audit $'000
Carrying amount at the start of the year	-
Additional provisions recognised	21
Amounts transferred from non-current	-
Amounts used	-
Unused amounts reversed	-
Carrying amount at the end of the year	21

Note 20. Current liabilities - other

	2015 $'000	2014 $'000
Unearned Revenue	470	333
	470	333

Note 21. Non-current liabilities - borrowings

	2015 $'000	2014 $'000
Lease liability	1,402	593
	1,402	593

Total secured liabilities
The total secured liabilities (current and non-current) are as follows:

	2015 $'000	2014 $'000
Lease liability	1,402	593
	1,402	593

The lease liabilities are effectively secured as the rights to the leased assets, recognised in the statement of financial position, revert to the lessor in the event of default.

Note 22. Equity - issued capital

	2015 Shares	2014 Shares	2015 $'000	2014 $'000
Ordinary shares - fully paid	63,989	63,989	144	144

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 23. Equity - retained profits

	2015 $'000	2014 $'000
Retained profits at the beginning of the financial year	3,186	4,119
Profit after income tax expense for the year	4	(722)
Dividends paid (note 24)	(300)	(211)
Retained profits at the end of the financial year	2,890	3,186

Note 24 Equity - dividends

Dividends
Dividends paid during the financial year were as follows:

	2015 $'000	2014 $'000
Final dividend for the year ended 30 June 2015 of 4.68 cents (2014: 3.29 cents) per ordinary share	300	211

Franking credits

	2015 $'000	2014 $'000
Franking credits available for subsequent financial years based on a tax rate of 30%	1,031	730

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

Note 25. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Moore Stephens, the auditor of the company:

	2015 $	2014 $
Audit services – Moore Stephens		
Audit of the financial statements	21,000	-
Other services - Moore Stephens		
Preparation of the tax return	-	-
	21,000	-

Note 26. Contingent liabilities

Primero Group Pty Ltd has provided bank guarantees to various customers for satisfactory contract performance in the amount of $731,362.

There are no contingent liabilities other than those listed above.

Note 27. Commitments

	2015 $'000	2014 $'000
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	342	314
One to five years	1,100	1,442
	1,442	1,756
Lease commitments - finance		
Committed at the reporting date and recognised as liabilities, payable:		
Within one year	576	205
One to five years	1,567	662
Total commitment	2,143	867
Less: Future finance charges	(280)	(111)
Net commitment recognised as liabilities	1,863	756
Representing:		
Lease liability - current (note 16)	461	163
Lease liability - non-current (note 21)	1,402	593
	1,863	756

Operating lease commitments includes warehouses and offices under non-cancellable operating leases expiring within one to ten years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Note 32. Commitments (continued)

Finance lease commitments includes contracted amounts for various plant and equipment with a written down value of $1,887,000 (2014: $751,000) under finance leases expiring within one to five years. Under the terms of the leases, the company has the option to acquire the leased assets for predetermined residual values on the expiry of the leases.

Note 28. Events after the reporting period

No matter or circumstance has arisen since 30 June 2015 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Note 29. Reconciliation of profit after income tax to net cash from operating activities

	2015 $'000	2014 $'000
Profit after income tax expense for the year	4	(722)
Adjustments for:		
Depreciation and amortisation	565	260
Net (gain)/Loss on disposal of non-current assets	20	(9)
Finance Costs	329	67
Related Party Loan Interest	(68)	(44)
Change in operating assets and liabilities:		
(Increase)/Decrease in trade and other receivables	1,074	733
(Increase)/Decrease in inventories	77	(121)
(Increase)/Decrease in deferred tax assets	9	(166)
(Increase)/Decrease in accrued revenue & retentions	(1,246)	(442)
(Increase)/Decrease in prepayments	10	(66)
Increase/(decrease) in trade and other payables	1,594	1,505
Increase/(decrease) in provision for income tax	(532)	(801)
Increase/(decrease) in employee benefits	115	34
Increase/(decrease) in other provisions	21	-
Increase/(decrease) in unearned revenue	136	334
Net cash from operating activities	2,108	562

Note 30. Non-cash investing and financing activities

	2015 $'000	2014 $'000
Acquisition of plant and equipment by means of finance leases	1,958	1,013
	1,958	1,013

Primero Group Pty Limited
Directors' declaration
30 June 2015

In the directors' opinion:

- the company is not a reporting entity because there are no users dependent on general purpose financial statements. Accordingly, as described in note 1 to the financial statements, the attached special purpose financial statements have been prepared for the purposes of complying with the Corporations Act 2001 requirements to prepare and distribute financial statements to the owners of Primero Group Pty Limited;

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards as described in note 1 to the financial statements, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2015 and of its performance for the financial year ended on that date; and

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

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

On behalf of the directors

Cameron Henry
Director

4 November 2015

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INDEPENDENT AUDIT REPORT TO THE MEMBERS OF PRIMERO GROUP PTY LTD

Report on the Financial Report

The special purpose financial report comprises the statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and accompanying notes to the financial statements, and the directors' declaration for Primero Group Pty Ltd (the "Company") for the financial year ended 30 June 2015.

Directors' Responsibility 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 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 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 gives a true and fair view and 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 about 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 company'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 company'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*, has been provided to the directors.

Basis of Qualification - Comparative Financial Information

We have not audited the comparative financial information for the year ended 30 June 2014 and consequently do not express an opinion in relation to the 2014 comparatives.

Qualified Audit Opinion
In our opinion, except for the matter noted above, the special purpose financial report of Primero Group Pty Ltd is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Company's financial position as at 30 June 2015 and of its performance for the year ended on that date and in accordance with the accounting policies described in Note 1; and
- complying with applicable 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 purposes 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.

Neil Pace

NEIL PACE
PARTNER

Moore Stephens

MOORE STEPHENS
CHARTERED ACCOUNTANTS

Dated this 4th day of November 2015