



MADER GROUP PTY LTD

AUDITED CONSOLIDATED FINANCIAL REPORT

FOR THE YEAR ENDED
30 JUNE 2018

ABN 51 159 340 397

MADER GROUP PTY LTD

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MADER GROUP PTY LTD DIRECTORS REPORT

Your Directors present their report on the company for the financial year ended 30 June 2018. The names of the directors in office at any time during or since the end of the year are:

Luke Mader Craig Burton Patrick Conway (appointed 8 November 2018)

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

Operating Results

The profit of the company for the financial year after providing for income tax amounted to \$6,649,045 (2017: 3,398,157)

Principle Activities

The principal activities of the company during the financial year were provision of labour hire and maintenance services to the mining sector.

After Balance Date Events

Matter or circumstances that have arisen during or since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company within future financial years.

Mader Contracting

- Master asset finance agreement facility of \$10,000,000 signed with NAB at 9th July 2018 and executed on 9th July 2018.
- Debtor finance facilities of \$18,000,000 signed with NAB on the 21st June 2018 and executed on 12th July 2018.
- Business credit card facility with NAB limit increased from to \$200,000 at applicable interest rate of 12.65% as of 13st July 2018.
- One year variation contract signed with Rio Tinto effective 1 October
- BHP labour hire contract extension signed effective from 1 November 2018 to 22 March 2019.

Mader Queensland

- New debtor finance facilities of \$4,000,000 signed with NAB at 11 July 2018 but executed on 12 July 2018.
- New master asset finance facility of \$6,000,000 signed with NAB on the 9 July 2018 but executed on 12th July 2018

Future Developments

Likely developments in the operations of the company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

Dividend

A dividend of \$3,000,000 was declared and paid during this financial year to Ordinary Shareholders. Dividend of \$2,800,000 was declared and paid in October 2018 to Ordinary Shareholders.

Environmental Issues

The company's operations are not regulated by a significant environmental regulation under a law of the Commonwealth or of a state or territory.

**MADER GROUP PTY LTD
DIRECTORS REPORT**

Options

No options over issued shares or interests in the company were granted during or since the end of the financial year, for any person who is or has been an officer or auditor of the company.

Proceedings on behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the company or 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 any part of those proceedings. The company was not a party of any such proceedings during the year.

Indemnifying Officer or Auditor

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

Auditors Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 4.

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



Luke Mader
Director

Dated this 18th day of December 2018



**MADER GROUP PTY LTD
DIRECTORS' DECLARATION**

The Directors have determined that the Group 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 Group declare that:

1. The financial statements and notes, as set out on pages 5 to 23 are in accordance with the Corporations Act 2001:

(a) comply with Australian Accounting Standards to the extent described in Note 1 to the financial statements and the Corporations Regulations 2001; and

(b) give a true and fair view of the Group's financial position as at 30 June 2018 and of the performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements

2. In the Directors' opinion there are reasonable grounds to believe that the Group 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.

A handwritten signature in black ink, appearing to read "Luke Mader", written over a horizontal line.

Luke Mader
Director

Dated this 19th day of December 2018



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DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF MADER GROUP PTY LTD

As lead auditor of Mader Group Pty Ltd for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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

Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth, 18 December 2018

MADER GROUP PTY LTD
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	NOTE	2018 \$	2017 \$
Current assets			
Cash and cash equivalents	5	3,232,840	1,277,907
Financial assets	8	321,947	62,152
Trade and other receivables	6	33,629,807	20,293,581
Inventory	7	990,399	-
Other assets	10	783,985	461,980
Current tax receivable		1,068,441	780,442
Total current assets		40,027,419	22,876,062
Non-current assets			
Property, plant and equipment	11	12,533,255	7,187,364
Trade and other receivables	6	184,898	116,432
Investment	9	530,653	47,128
Deferred tax assets		632,578	347,907
Total non-current assets		13,881,384	7,698,831
Total assets		53,908,803	30,574,893
Current liabilities			
Trade and other payables	12	16,535,420	6,556,996
Financial liabilities	13	-	34
Provisions	14	444,899	254,176
Borrowings	15	11,764,576	6,817,140
Total current liabilities		28,744,895	13,628,346
Non-current liabilities			
Provisions	14	250,952	190,138
Deferred tax liabilities		102,652	-
Borrowings	15	8,532,316	4,127,465
Total non-current liabilities		8,885,920	4,317,603
Total liabilities		37,630,815	17,945,949
Net assets		16,277,988	12,628,943
Equity			
Issued capital	17	43	43
Retained earnings	18	16,277,945	12,628,900
Total equity		16,277,988	12,628,943

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

MADER GROUP PTY LTD
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME FOR THE YEAR ENDED 30 JUNE 2018

	NOTE	2018 \$	2017 \$
Revenue	2	128,801,013	78,852,068
Cost of sales		(105,814,038)	(64,820,715)
Gross profit		22,986,975	14,031,353
Other revenue	2	177,065	176,380
Distribution expense		(40,042)	(33,081)
Marketing expenses		(339,724)	(178,364)
Administration expenses		(12,250,391)	(8,238,223)
Finance costs		(761,330)	(408,243)
Other expenses		(675,223)	(217,898)
Profit before income tax		9,097,330	5,131,924
Income tax expense	4	(2,448,285)	(1,733,767)
Profit for the year		6,649,045	3,398,157
Other comprehensive income for the year		-	-
Total comprehensive income for the year		6,649,045	3,398,157
Profit attributable to:			
Members of the company		6,649,045	3,398,157
Total comprehensive income attributable to:			
Members of the company		6,649,045	3,398,157

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

MADER GROUP PTY LTD
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

	NOTE	Issued Capital (Ordinary Shares) \$	Retained Earnings \$	Total \$
Balance at 1 July 2016	18	43	9,230,743	9,230,786
Comprehensive income				
Profit for the year		-	3,398,157	3,398,157
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year attributable to members of the entity		-	3,398,157	3,398,157
Transactions with owners, in their capacity as owners				
Dividends paid or provided for		-	-	-
Total transactions with owners		-	-	-
Balance at 30 June 2017	18	43	12,628,900	12,628,943
Comprehensive income				
Profit for the year		-	6,649,045	6,649,045
Other comprehensive income for the year				
Total comprehensive income for the year attributable to members of the entity		-	6,649,045	6,649,045
Transactions with owners, in their capacity as owners				
Dividends paid or provided for		-	(3,000,000)	(3,000,000)
Total transactions with owners		-	(3,000,000)	(3,000,000)
Balance at 30 June 2018	18	43	16,277,945	16,277,988

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes

MADER GROUP PTY LTD
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

	NOTE	2018 \$	2017 \$
Cash flows from operating activities			
Receipts from customers		115,892,074	73,464,820
Payments to suppliers and employees		(107,614,892)	(70,500,885)
Interest received		-	11,093
Finance costs		(638,742)	(370,105)
Income tax paid		(2,918,298)	(2,492,480)
Net cash provided by (used in) operating activities	19	4,720,142	112,443
Cash flows from investing activities			
Proceeds from sale of plant and equipment		543,839	125,975
Payment for unsecured notes		(483,525)	(9,800)
Payments for plant and equipment		(8,820,775)	(3,704,187)
Net cash provided by (used in) investing activities		(8,760,461)	(3,588,012)
Cash flows from financing activities			
Proceeds from (repayment of) loans – related party		2,239,540	387,676
Dividends paid		(3,000,000)	-
Proceeds from (repayment of) chattel mortgage borrowings (net)		5,592,428	310,325
Net cash provided by (used in) financing activities		4,831,968	698,001
Net increase (decrease) in cash held		791,649	(2,777,568)
Cash at the beginning of the financial year		(3,226,343)	(448,775)
Cash at the end of the financial year	19	(2,434,694)	(3,226,343)
Analysis of bank balances of cash and cash equivalents:			
Cash at bank and in hand	5	3,232,840	1,277,907
Cash and cash equivalents as stated in the statement of financial position:	5	3,232,840	1,277,907
Bank overdraft	15	(5,667,534)	(4,504,250)
Cash and cash equivalents as stated in the statement of cash flows	19	(2,434,694)	(3,226,343)

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes

**MADER GROUP PTY LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

1. Summary of Significant Accounting Policies

Mader Group Pty Ltd is a company limited by shares, incorporated and domiciled in Australia. The company was incorporated on 4 July 2012.

(a) Basic of Preparation

The Directors have prepared the Financial Statements on the basis that the Group is a non-reporting entity because there are no users dependent on the general purpose financial statements. The financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the Corporations Act 2001. The company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements have been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the Corporations Act 2001 and the significant accounting policies disclosed below which the Directors have determined are appropriate to meet the purposes of preparation. Such accounting policies are consistent with the previous period unless otherwise stated.

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

(b) Basis of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Mader Group Pty Ltd ("Company" or "parent entity") as at 30 June 2018 and the results of all subsidiaries for the year then ended. Mader Group Pty Ltd and its subsidiaries together are referred to in these financial statements as the Group or the consolidated entity.

Subsidiaries are all entities (including special purpose entities) over which the Group has control. The Group has control over an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to use its power to affect those returns.

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

The acquisition method of accounting is used to account for business combinations by the Group.

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

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

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position

**MADER GROUP PTY LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

Summary of Significant Accounting Policies (continued)

and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

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

(c) Income Tax

The income tax expense for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income.

Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of profit or loss when the tax related to items that are credited or charged directly to equity.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that the future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority or either the same taxable entity or different entities where it is intended that the net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in

**MADER GROUP PTY LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

Summary of Significant Accounting Policies (continued)

which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(d) Plant and equipment

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

Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets, excluding freehold land, is depreciated on a diminishing value basis over the asset's useful life to the company commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are;

Class of fixed asset	Depreciation rate
Computer equipment	37.5%
Office furniture and fittings	10 – 40%
Motor vehicles	30%
Plant and equipment	10 – 30%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the Statement of Profit or Loss and Other Comprehensive Income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(e) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the assets (but not the legal ownership) are transferred to entities in the company, are classified as finance leases.

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

Leased assets are depreciated on a diminishing value basis over their useful lives.

**MADER GROUP PTY LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

Summary of Significant Accounting Policies (continued)

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as an expense in the period in which they are incurred.

(f) Financial Instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as (i) the amount at which the financial asset or financial liability is measured at initial recognition; (ii) less principal repayments; (iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and (iv) less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period as is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

(g) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are substantially measured at amortised cost.

(h) Financial liabilities

Loans and borrowings are non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

(i) Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

MADER GROUP PTY LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Summary of Significant Accounting Policies (continued)

(j) Impairment of Assets

At each reporting date, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Profit or Loss and Other Comprehensive Income.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(k) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits have been measured at nominal amounts expected to be paid when the liability is settled (excluding on-costs).

Provision for long service leave is recognised when an employee reached seven years of consecutive service.

(l) Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured at the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(m) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within financial liabilities in current liabilities on the Statement of Financial Position.

(n) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable.

Revenue from the render of services is recognised for work completed in temporary placement in accordance with time worked indicated on employee timesheets.

Revenue from the sale of goods is recognised at the point of completion as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement of those goods

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

**MADER GROUP PTY LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

Summary of Significant Accounting Policies (continued)

(o) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the costs of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented in the 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.

(p) Borrowing Costs

Borrowing costs are recognised in accordance with contractual financing arrangements.

(q) Staff bonuses

A bonus is anticipated for reporting purposes if, and only if:

- (i) The bonus is a legal obligation or past practice would make the bonus a constructive obligation for which the entity has no realistic alternative but to make the payments, and;
- (ii) A reliable estimate of the obligation can be made.

(r) Trade and Other Receivables

Trade receivables and other receivables, including distributions receivable, are recognised at the nominal transaction value without taking into account the time value of money. If required a provision for doubtful debt has been created.

(s) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the company that remain unpaid at 30 June 2018. Trade payables are recognised at their transaction price. They are subject to normal credit terms and do not bear interest.

(n) Comparative Figures

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

(t) New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Company. The Company has decided not to early adopt any of the new and amended pronouncements. The Company's assessment of the new and amended pronouncements that are relevant to the Company but applicable in future reporting periods is set out below:

- AASB 9: *Financial Instruments* and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

**MADER GROUP PTY LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

Summary of Significant Accounting Policies (continued)

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The adoption this standard is not expected to materially impact the Company's financial statements.

- AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods commencing on or after 1 January 2018).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

This Standard will require retrospective restatement, as well as enhanced disclosures regarding revenue.

The adoption this standard is not expected to materially impact the Company's financial statements.

- AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

MADER GROUP PTY LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Summary of Significant Accounting Policies (continued)

The main changes introduced by the new Standard include:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Although the directors anticipate that the adoption of AASB 16 will impact the company's financial statements, it is still in the process of quantifying the impact.

MADER GROUP PTY LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

2. Revenue	2018	2017
	\$	\$
Operating revenue		
- Maintenance services	128,801,013	78,852,068
Total operating revenue	<u>128,801,013</u>	<u>78,852,068</u>
Other revenue		
- Interest income/(expense) from other persons	(4,681)	11,093
- Other income	181,746	165,287
Total other revenue	<u>177,065</u>	<u>176,380</u>
3. Profit for the year	2018	2017
	\$	\$
Expenses		
Depreciation of plant and equipment	3,118,397	1,697,059
Wages and Salaries	84,151,990	52,833,667
Remuneration of auditor		
- Audit or review	42,250	25,200
- Taxation and other services	13,850	450
	<u>56,100</u>	<u>25,650</u>
Rental expense of operating leases		
- Lease payments	622,120	373,654
4. Income tax	2018	2017
	\$	\$
(a) The Components of tax expense comprise:		
Income tax expense current year	2,619,272	1,722,872
Deferred taxes	140,304	10,895
Under/(over) provision in prior years	(311,291)	-
	<u>2,448,285</u>	<u>1,733,767</u>
(b) The prima facie tax payable on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax payable on profit from ordinary activities before income tax @ 30%	2,729,199	1,539,577
Add:		
Tax Effect of:		
- Non-allowable expenses	30,377	10,921
- Timing differences	-	183,269
Less		
Tax Effect of:		
- Adjustments for current tax period prior	(138)	-
- Under/(over) provision in prior years	311,429	-
- Deductible expenses	-	-
Income tax expense attributable to entity	<u>2,448,285</u>	<u>1,733,767</u>
The applicable weighted average effective tax rates are as follows	27%	34%

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FOR THE YEAR ENDED 30 JUNE 2018

5. Cash and cash equivalents	2018	2017
	\$	\$
Cash on hand	45	47
Cash at bank	3,232,748	1,277,395
Petty cash	47	465
	<u>3,232,840</u>	<u>1,277,907</u>

Reconciliation of Cash:

Cash at the end of the financial year as shown in the Consolidated Statement of Cash Flows is reconciled to items in the Consolidated Statement of Financial Position as follows:

Cash and cash equivalents		3,232,840	1,277,907
Bank overdraft	15	<u>(5,667,534)</u>	<u>(4,504,250)</u>
		<u>(2,434,694)</u>	<u>(3,226,343)</u>

6. Trade and other receivables	2018	2017
	\$	\$
<i>Current</i>		
Trade receivables	33,624,554	20,317,912
Accrued income	285,122	165,693
Provision for bad debts	<u>(279,869)</u>	<u>(190,024)</u>
	<u>33,629,807</u>	<u>20,293,581</u>

Non - Current

Bonds receivable	<u>184,898</u>	<u>116,432</u>
	<u>184,898</u>	<u>116,432</u>

7. Inventory	2018	2017
	\$	\$
<i>Current</i>		
Work in progress	<u>990,399</u>	<u>-</u>
	<u>990,399</u>	<u>-</u>

8. Financial assets	2018	2017
	\$	\$
<i>Current</i>		
Directors and associates	309,725	62,152
Short Term employee loan	<u>12,222</u>	<u>-</u>
	<u>321,947</u>	<u>62,152</u>

The related party loan receivables are interest free and unsecured and it is repayable on demand.

9. Investments	2018	2017
	\$	\$
<i>Non-current</i>		
Investment – Seed Investment Trust	483,525	-
Investment – Site Focus Pty Ltd	<u>47,128</u>	<u>47,128</u>
	<u>530,653</u>	<u>47,128</u>

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10. Other current assets

	2018	2017
	\$	\$
Prepayment	736,560	437,804
Other	47,425	24,176
	<u>783,985</u>	<u>461,980</u>

11a. Property, plant and equipment

	2018	2017
	\$	\$
Office furniture and equipment at cost	644,929	477,144
Less accumulated depreciation	<u>(243,884)</u>	<u>(187,322)</u>
	<u>401,045</u>	<u>289,822</u>
Buildings and property improvements at cost	130,719	42,476
Less accumulated depreciation	<u>(2,046)</u>	<u>(922)</u>
	<u>128,673</u>	<u>41,554</u>
Plant, equipment and motor vehicles at cost	19,560,492	11,597,334
Less accumulated depreciation	<u>(7,624,561)</u>	<u>(4,802,492)</u>
	<u>11,935,931</u>	<u>6,794,842</u>
Low value pool	67,606	61,146
Total property, plant and equipment	<u>12,533,255</u>	<u>7,187,364</u>

11b. Movements in Carrying Amounts

	Beginning Balance	Additions	Disposals	Depreciation	Closing Balance
Office furniture and equipment	289,822	167,995	-	(56,772)	401,045
Low value pool	61,146	31,589	-	(25,129)	67,606
Buildings and property improvements	41,554	88,278	-	(1,159)	128,673
Plant, equipment and motor vehicles	6,794,842	8,655,668	(479,242)	(3,035,337)	11,935,931
Total	<u>7,187,364</u>	<u>8,943,530</u>	<u>(479,242)</u>	<u>(3,118,397)</u>	<u>12,533,255</u>

12. Trade and other payables

	2018	2017
	\$	\$
<i>Current</i>		
Trade payables	2,800,227	1,383,732
Other payables and accrued expenses	13,735,193	5,173,264
Total	<u>16,535,420</u>	<u>6,556,996</u>



MADER GROUP PTY LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

13. Financial liability	2018	2017
	\$	\$
<i>Current</i>		
- Short term employee loans	-	34
	-	34
14. Provisions	2018	2017
	\$	\$
<i>Current</i>		
Provision for employee entitlements	444,899	254,176
<i>Non – Current</i>		
Provision for employee entitlements	250,952	190,138
15. Borrowings	2018	2017
	\$	\$
<i>Current</i>		
Bank overdraft	5,667,534	4,504,250
Premium Funded Insurance	125,823	291,281
Loan – Mader International	2,042,376	189,043
Chattel mortgage	3,928,843	1,832,566
	11,764,576	6,817,140
<i>Non – Current</i>		
Loan – Mader International	3,459,845	2,551,148
Chattel mortgage	5,072,471	1,576,317
	8,532,316	4,127,465

Mader Contracting Pty Ltd held the following bank facilities at 30 June 2018:

- Master asset finance facility of \$5,552,386 at 30 June 2018 and the full facility is used;
- Debtor finance facilities of \$6,000,000 with a total of \$1,574,095 unused at 30 June 2018. The facilities is a revolving leasing limit with a yearly annual review;
- Business credit card facility with NAB unused amount to \$33,750 given the balance is in debit at 30 June 2018. Applicable interest rate of 12.65%; and
- Business credit card facility with American Express of \$150,000 with a total of \$95,453 unused at 30 June 2018.

Mader Queensland Pty Ltd held the following bank facilities at 30 June 2018:

- Business credit card facility with NAB of \$20,000 with a total of \$2,878 unused at 30 June 2018. Applicable interest rate of 0.00%;
- Asset finance leasing facility of \$3,383,841 with a total of \$4,477 unused at 30 June 2018; and
- Debtor finance facilities of \$2,000,000 with a total of \$828,960 unused at 30 June 2018

Under the term of the facilities there is no financial covenant to comply with.

Luke Benjamin Mader, Craig Ian Burton and Mader Group Pty Ltd are guarantors on all bank facilities.

Security interest and charge over all of the present and future rights, property and undertaking of Mader Group Pty Ltd.

MADER GROUP PTY LTD
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The related party loans payable to Mader International are unsecured. Interest is applied to the funds borrowed in accordance with the bank variable housing loan interest rate last published by the Reserve Bank of Australia before the start of the income year. Another repayment schedule has been entered into and in accordance with the Loan Agreement stating repayment of the Principal and Interest will occur in full on 31 July 2015. The balance of this agreement is USD639,557. Another repayment schedule has been entered into and in accordance with the First Deed of variation to Loan Agreement stating repayment of Principal and Interest shall commence on the 31 July 2016. The balance of this agreement is USD897,142. A repayment schedule has been entered into in accordance with the First Deed of variation to Loan Agreement stating repayments of Principal and Interest shall commence on 29 June 2017 and shall be paid monthly thereafter in arrears on the same day of the month. The balance of this agreement is USD 1,213,623. Another repayment schedule has been entered into and in accordance with the Loan Agreement stating repayment of the Principal and Interest will occur in full on 31 January 2018. The balance of this agreement is USD1,316,370.

16. Commitments and contingency

	2018	2017
	\$	\$
a. Chattel Mortgage Commitments		
Payable – minimum payments		
- No later than 12 months	4,210,175	1,936,200
- Between 12 months and 5 years	5,313,116	1,620,250
Minimum payments	9,523,291	3,556,450
Less future finance charges	(521,977)	(147,567)
Present value of minimum payments 15	9,001,314	3,408,883

The majority of chattel mortgage contracts are taken out with NAB with repayments paid monthly in advance. All chattel mortgages are for motor vehicles, small on-road trucks and tooling.

b. Operating Lease Commitments

Non-cancellable operating leases contracted but not recognised in the financial statements:

	NOTE	2018	2017
		\$	\$
Payable – minimum lease payments			
- No later than 12 months		371,351	499,574
- Between 12 months and 5 years		147,394	505,654
		518,745	1,005,228

c. Capital Expenditure Commitments

There is no capital expenditure commitments as at 30 June 2018

d. Contingency

There is no contingent assets or liabilities as at 30 June 2018

17. Issued capital

	2018	2017
	\$	\$
40,000,000 ordinary shares @		
\$0.000001 per share	40	40
1 "A" class share @ \$1 per share	1	1
1 "B" class share @ \$1 per share	1	1
1 "C" class share @ \$1 per share	1	1
	43	43

MADER GROUP PTY LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

18. Retained earnings	2018	2017
	\$	\$
Opening balance	12,628,900	9,230,743
Dividends paid	(3,000,000)	-
Current year earnings	6,649,045	3,398,157
	<u>16,277,945</u>	<u>12,628,900</u>

19. Cash-flow Information	NOTE	2018	2017
		\$	\$
(a) Cash			
Cash at bank	5	<u>(2,434,694)</u>	<u>(3,226,343)</u>
(b) Reconciliation of Cash Flow from Operations with Profit after Income Tax			
Profit after income tax		6,649,045	3,398,157
Depreciation		3,118,397	1,697,059
Movement in foreign exchange		274,753	62,733
Gain on disposal of property, plant and equipment		(64,597)	-
<i>Change in assets and liabilities:</i>			
Increase (decrease) in creditors		9,900,538	1,349,145
(Increase) decrease in receivables		(14,615,458)	(5,475,487)
(Increase) decrease in accrued income and other assets		(318,015)	(50,970)
Increase (decrease) in provisions		251,536	(845,768)
Increase (decrease) in deferred tax payable		(476,057)	(22,426)
Net cash flow from operating activities		<u>4,720,142</u>	<u>112,443</u>

20. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and result of the following subsidiaries in accordance with the accounting policy disclosed in note 1:

Name	Country of incorporation	% Equity interest	
		2018	2017
Mader Queensland Pty Ltd	Australia	100%	100%
Mader Contracting Pty Ltd	Australia	100%	100%

21. Events after the end of the reporting period

Mader Contracting

New master asset finance leasing facility of \$10,000,000 signed with NAB at 9 July 2018 and executed on 9th July 2018.

New debtor finance facilities of \$18,000,000 signed with NAB on the 21 June 2018 but executed on 12th July 2018.

**MADER GROUP PTY LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

Business credit card facility with NAB limit increased from \$50,000 to \$200,000. Applicable interest rate of 12.65% as of 13 July 2018.

Variation contract signed with Rio Tinto effective 1 October 2018 for the period of one year.

Labour hire contract extension signed with BHP effective 1 November 2018 to 22 March 2019.

Mader Queensland

New debtor finance facilities of \$4,000,000 signed with NAB at 11 July 2018 but executed on 12 July 2018.

New master asset finance facility of \$6,000,000 signed with NAB on the 9 July 2018 but executed on 12th July 2018

Mader Group

Property lease for Suite A1 Hkew Alpha Building 2 George Wiencke Drive Perth Airport commencing 1 July 2018. The lease is non-cancellable with an eight year term (plus further four year option) where rent is payable monthly in advance.

Mader Group Pty Ltd became a public company on the 9 November 2018.

Dividend of \$2.8m was declared and paid in October 2018 to shareholders.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years

22. Company Details

The registered office of the company is:

Suite A1, Hkew Alpha Building
2 George Wiencke Drive
Perth Airport WA 6105

The principal place of business is:

Suite A1, Hkew Alpha Building
2 George Wiencke Drive
Perth Airport WA 6105

Company Auditors:

BDO
Level 1, 38 Station Street
Subiaco WA 6008



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Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Mader Group Pty Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Mader Group Pty Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of Mader Group Pty Ltd, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards to the extent described in Note 1, and the *Corporations Regulations 2001*.

Basis for opinion

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

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

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

Emphasis of matter - Basis of accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information in the Directors' report for the year ended 30 June 2018, but does not include the financial report and the auditor's report thereon.



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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a 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 Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf

This description forms part of our auditor's report.

BDO Audit (WA) Pty Ltd

BDO
A handwritten signature in dark ink, appearing to read 'P. Murdoch', is written over a horizontal line.

Phillip Murdoch

Director

Perth, 18 December 2018