



MADER CONTRACTING PTY LTD

FINANCIAL REPORT

**FOR THE YEAR ENDED
30 JUNE 2017**

ABN 36 114 021 537

MADER CONTRACTING PTY LTD

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**MADER CONTRACTING PTY LTD
DIRECTORS REPORT**

Your Directors present their report on the company for the financial year ended 30 June 2017. The names of the directors in office at any time during or since the end of the year are:

Luke Mader

Craig Burton

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

The profit of the company for the financial year after providing for income tax amounted to \$4,243,145.

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

No matters or circumstances 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.

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.

A dividend of \$12,500,000 was declared during this financial year for Ordinary Shareholders.

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

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.

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.

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.

The company was not a party of any such proceedings during the year.

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 2.

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



Luke Mader
Director

Dated this 2nd day of May 2018

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF MADER CONTRACTING PTY LTD**

I declare that, to the best of my knowledge and beliefs, during the year ended 30 June 2017 there have been:

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

AMD Chartered Accountants



Maria Cavallo
Director

Bunbury, Western Australia

Dated this 1st day of May 2018

MADER CONTRACTING PTY LTD
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

	NOTE	2017 \$	2016 \$
Revenue	2	74,227,334	54,458,807
Cost of sales		<u>(60,426,972)</u>	<u>(45,257,934)</u>
Gross profit		<u>13,800,362</u>	<u>9,200,873</u>
Other revenue	2	167,860	186,009
Distribution expense		(29,107)	(16,853)
Marketing expenses		(151,317)	(258,260)
Administration expenses		(7,192,599)	(3,695,362)
Finance costs		(400,387)	(277,311)
Other expenses		<u>(217,898)</u>	<u>(765,099)</u>
Profit before income tax		<u>5,976,912</u>	<u>4,373,997</u>
Income tax expense	4	<u>1,733,767</u>	<u>1,393,164</u>
Profit for the year		<u>4,243,145</u>	<u>2,980,833</u>
Other comprehensive income			
Net gain (loss) on revaluation of financial assets		<u>-</u>	<u>-</u>
Other comprehensive income for the period, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the period		<u>4,243,145</u>	<u>2,980,833</u>
Profit attributable to:			
Members of the company		<u>4,243,145</u>	<u>2,980,833</u>
Total comprehensive income attributable to:			
Members of the company		<u>4,243,145</u>	<u>2,980,833</u>

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes

MADER CONTRACTING PTY LTD
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	NOTE	2017 \$	2016 \$
Current assets			
Cash and cash equivalents	6	997,001	15,140
Trade and other receivables	7	18,490,145	14,850,524
Inventory	8	-	376,148
Financial assets	9	61,987	32,508
Other assets	10	399,844	621,804
Tax Assets	16	779,810	-
Total current assets		<u>20,728,787</u>	<u>15,896,124</u>
Non-current assets			
Property, plant and equipment	11a	5,405,649	4,361,329
Tax assets	16	347,907	369,697
Total non-current assets		<u>5,753,556</u>	<u>4,731,026</u>
Total assets		<u>26,482,343</u>	<u>20,627,150</u>
Current liabilities			
Trade and other payables	12	5,866,126	5,424,319
Financial Liability	13	8,743,254	-
Provisions	14	254,176	153,520
Borrowings	15	6,770,252	2,457,305
Tax liabilities	16	-	640
Total current liabilities		<u>21,633,808</u>	<u>8,035,784</u>
Non-current liabilities			
Provisions	14	190,138	100,390
Borrowings	15	4,030,185	3,605,910
Total non-current liabilities		<u>4,220,323</u>	<u>3,706,300</u>
Total Liabilities		<u>25,854,131</u>	<u>11,742,084</u>
Net assets		<u>628,212</u>	<u>8,885,066</u>
Equity			
Issued capital	18	2	2
Retained earnings		628,210	8,885,064
Total equity		<u>628,212</u>	<u>8,885,066</u>

The above Statement of Financial Position should be read in conjunction with the accompanying notes

MADER CONTRACTING PTY LTD
STATEMENT OF CHANGES IN EQUITY
AS AT 30 JUNE 2017

	NOTE	Issued Capital (Ordinary Shares) \$	Retained Earnings \$	Total \$
Balance at 1 July 2015		2	9,847,861	9,847,863
Comprehensive income				
Profit for the year			2,980,833	2,980,833
Other comprehensive income for the year			-	-
Total comprehensive income for the year attributable to members of the entity			2,980,833	2,980,833
Transactions with owners, in their capacity as owners				
Transfers from retained earnings to general reserve				
Dividends paid or provided for	5	-	(3,943,630)	(3,443,630)
Total transactions with owners		-	(3,943,630)	(3,443,630)
Balance at 30 June 2016	18	2	8,885,064	8,885,066
Comprehensive income				
Profit for the year			4,243,145	4,243,145
Other comprehensive income for the year			-	-
Total comprehensive income for the year attributable to members of the entity			4,243,145	4,243,145
Transactions with owners, in their capacity as owners				
Transfers from retained earnings to general reserve				
Dividends paid or provided for	5	-	(12,500,000)	(12,500,000)
Total transactions with owners		-	(12,500,000)	(12,500,000)
Balance at 30 June 2017	18	2	628,210	628,212

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

MADER CONTRACTING PTY LTD
STATEMENT OF CASH FLOWS
AS AT 30 JUNE 2017

	NOTE	2017 \$	2016 \$
Cash flows from operating activities			
Receipts from customers		70,633,932	52,881,567
Payments to suppliers and employees		(66,131,785)	(47,425,939)
Interest received		11,093	2,367
Finance costs		(362,228)	(241,865)
Income tax paid		(2,492,428)	(1,787,447)
Net cash provided by (used in) operating activities	19	1,658,584	3,428,683
Cash flows from investing activities			
Proceeds from sale of plant and equipment		125,976	(196,697)
Payment for unsecured notes		(9,800)	-
Payments for plant and equipment		(1,847,880)	(2,064,112)
Net cash provided by (used in) investing activities		(1,731,704)	(2,260,809)
Cash flows from financing activities			
Proceeds from (repayment of) loans – related party		(3,366,129)	1,753,656
Dividends paid		-	(3,443,630)
Proceeds from (repayment of) chattel mortgage borrowings (net)		391,776	896,827
Net cash provided by (used in) financing activities		(2,974,353)	(1,293,147)
Net increase (decrease) in cash held		(3,047,473)	(125,274)
Cash at the beginning of the financial year		(450,933)	(325,659)
Cash at the end of the financial year	19	(3,498,406)	(450,933)
Analysis of bank balances of cash and cash equivalents:			
Cash at bank and in hand	6	997,001	15,140
Cash and cash equivalents as stated in the statement of financial position:	6	997,001	15,140
Short term bank borrowings	15	(4,495,407)	(466,073)
Cash and cash equivalents as stated in the statement of cash flows	19	(3,498,406)	(450,933)

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

**MADER CONTRACTING PTY LTD
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

1. Summary of Significant Accounting Policies

Mader Contracting Pty Ltd is a company limited by shares, incorporated and domiciled in Australia. The company was incorporated on 28 April 2005.

Reporting Basis and Conventions

The directors have prepared the financial statements on the basis that the company is a non-reporting entity because there are no users dependent on general purpose financial statements. 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 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 needs of members. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial statements have been prepared on an accruals basis and are based on historic costs unless otherwise stated in the notes. The material accounting policies that have been adopted in the preparation of these statements are as follows:

Accounting Policies

(a) 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.

MADER CONTRACTING PTY LTD
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

Summary of Significant Accounting Policies (continued)

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

(b) 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	25%
Plant and equipment	10 – 30%

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

**MADER CONTRACTING PTY LTD
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

Summary of Significant Accounting Policies (continued)

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.

(c) 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.

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.

(d) 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.

**MADER CONTRACTING PTY LTD
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

Summary of Significant Accounting Policies (continued)

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.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) 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.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

(v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

(vi) 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 CONTRACTING PTY LTD
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

Summary of Significant Accounting Policies (continued)

(e) 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.

(f) 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.

(g) 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.

(h) 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.

(i) Revenue and Other Income

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

Revenue from the sale of goods is recognised at the point of delivery 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.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at reporting date where the outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

**MADER CONTRACTING PTY LTD
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

Summary of Significant Accounting Policies (continued)

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

(j) 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.

(k) Borrowing Costs

Borrowing costs are recognised in accordance with contractual financing arrangements.

(l) 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.

(m) Comparative Figures

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

(n) 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 CONTRACTING PTY LTD
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

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 changes to this standard are not expected to 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.

Although the directors anticipate that the adoption of AASB 15 may have an impact on the Company's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

- 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 CONTRACTING PTY LTD
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

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 impracticable at this stage to provide a reasonable estimate of such impact.

MADER CONTRACTING PTY LTD
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

2. REVENUE

	NOTE	2017 \$	2016 \$
Operating Revenue			
- Labour hire and maintenance services		74,227,334	54,458,807
Total operating revenue		<u>74,227,334</u>	<u>54,458,807</u>
Other revenue			
- Interest from other persons		11,093	2,367
- Other income		156,767	183,642
Total other revenue		<u>167,860</u>	<u>186,009</u>

3. PROFIT FOR THE YEAR

Expenses

Depreciation of plant and equipment	1,388,249	1,088,533
Remuneration of auditor		
- Audit or review	25,200	25,200
- Taxation and other services	450	-
	<u>25,650</u>	<u>25,200</u>

Rental expense of operating leases		
- Lease payments	373,654	297,324

4. INCOME TAX

(a) The Components of tax expense comprise:

Income tax expense current year	1,722,872	1,444,335
Deferred taxes	10,895	(51,171)
	<u>1,733,767</u>	<u>1,393,164</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%	1,793,074	1,312,199
Add:		
Tax Effect of:		
- Non-allowable expenses	10,921	27,693
- Timing differences	(81,123)	112,921

Less

Tax Effect of:		
- Deductible expenses	-	8,478
Income tax expense attributable to entity	<u>1,722,872</u>	<u>1,444,335</u>

The applicable weighted average effective tax rates are as follows	29%	33%
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MADER CONTRACTING PTY LTD
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

5. DIVIDENDS

	NOTE	2017 \$	2016 \$
Distributions paid			
(a) Declared fully franked ordinary class dividend		12,500,000	3,943,630
(b) Balance of franking account at year-end adjusted for franking credits arising from:			
- payment of provision for income tax			
- dividends recognised as receivables, franking debits arising from payment of proposed dividends and franking credits that may be prevented from distribution in subsequent financial years		1,110,840	4,184,662

6. CASH AND CASH EQUIVALENTS

Cash on hand	2	2
Cash at bank	996,532	15,138
Petty cash	467	-
	997,001	15,140

Reconciliation of Cash

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to items in the balance sheet as follows:

Cash and cash equivalents		997,001	15,140
Short term bank borrowings	15	(4,495,407)	(466,073)
		(3,498,406)	(450,933)

7. TRADE AND OTHER RECEIVABLES

Current

Trade receivables	18,453,838	14,774,953
Bonds receivable	60,639	58,239
Accrued income	165,693	165,800
Provision for bad debts	(190,024)	(148,468)
	18,490,145	14,850,524

8. INVENTORY

Current

Work in progress	-	376,148
	-	376,148

MADER CONTRACTING PTY LTD
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9. FINANCIAL ASSETS

	NOTE	2017 \$	2016 \$
Current			
Related party loans			
- Directors and associates		61,987	18,115
- Mader Group Pty Ltd	13	-	11,807
- Short term employee loans	13	-	2,586
		61,987	32,508

The related party loan receivables are interest free and unsecured.

10. OTHER CURRENT ASSETS

Prepayments	378,072	611,667
Unsecured notes	9,800	-
Borrowing costs prepaid	11,972	10,137
	399,844	621,804

Prepayments relate to prepayment of insurance, rent and subscriptions at 30 June 2017.

Prepaid borrowing costs relates to establishment fees on Chattel Mortgages (note 15), capitalised as part of the loan and written off over the life of the loans.

11a. PROPERTY, PLANT & EQUIPMENT

Office furniture and equipment at cost	455,318	340,080
Less accumulated depreciation	(185,441)	(149,185)
	269,877	190,895
 Buildings and property improvements at cost	 41,238	 -
Less accumulated depreciation	(922)	-
	40,361	-
 Plant, equipment and motor vehicles at cost	 9,531,294	 7,456,881
Less accumulated depreciation	(4,487,010)	(3,339,747)
	5,044,285	4,117,134
 Low value pool	 51,126	 53,300
Total property, plant and equipment	5,405,649	4,361,329

MADER CONTRACTING PTY LTD
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11b. Movements in Carrying Amounts

	Beginning Balance	Additions	Disposals	Depreciation	Closing Balance
Office furniture and equipment	190,895	115,238	-	(36,255)	269,877
Low value pool	53,300	16,365	-	(18,539)	51,126
Buildings and property improvements	-	41,249	-	(888)	40,361
Plant, equipment and motor vehicles	4,117,134	2,387,742	(128,025)	(1,332,567)	5,044,285
Total	4,361,329	2,560,594	(128,025)	(1,388,249)	5,405,649

12. TRADE AND OTHER PAYABLES

	NOTE	2017 \$	2016 \$
Current			
Trade payables		1,188,856	677,847
Accrued expenses		1,717,666	1,568,202
Accrued wages		984	(764)
Work In Progress		78,306	-
GST payable		435,297	402,625
Payroll payables		1,618,643	1,649,944
FBT payables		59,358	39,819
PAYG Withholding payable		767,017	1,086,646
		<u>5,866,126</u>	<u>5,424,319</u>

13. FINANCIAL LIABILITY

Current			
Related party loans			
- Mader Group Pty Ltd		8,743,220	-
- Short term employee loans		34	-
		<u>8,743,254</u>	<u>-</u>

14. PROVISIONS

Current			
Provision for employee entitlements		<u>254,176</u>	<u>153,519</u>
Non – Current			
Provision for employee entitlements		<u>190,138</u>	<u>100,390</u>

15. BORROWINGS

Current			
Short term bank borrowings		4,495,407	466,073
Mader International Ltd		189,043	89,823
Premium Funded Insurance		282,449	613,337
Chattel mortgage	17	<u>1,803,353</u>	<u>1,288,074</u>
		<u>6,770,252</u>	<u>2,457,307</u>
Non – Current			
Mader International Ltd		2,551,148	2,003,369
Chattel mortgage	17	<u>1,479,037</u>	<u>1,602,541</u>
		<u>4,030,185</u>	<u>3,605,910</u>

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The company held the following bank facilities at 30 June 2017:

- Asset finance leasing facility of \$3,500,000 with a total of \$224,514 unused at 30 June 2017; and
- Debtor finance facilities of \$6,000,000 with a total of \$1,521,806 unused at 30 June 2017.
- Business credit card facility with NAB unused amount to \$50,000 given the balance is in debit at 30 June 2017. Applicable interest rate of 18.5%.
- Business credit card facility with American Express of \$150,000 with a total of \$99,875 unused at 30 June 2017.

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 Contracting Pty Ltd.

The related party loans payable to Mader Group Pty Ltd (within Note 13) are unsecured and interest free.

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. 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 31 July 2016 and shall be paid monthly thereafter in arrears on the same day of the month. 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 2017. The balance of this agreement is USD 1,532,670. 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 29 June 2018. The balance of this agreement is USD 575,085.

16. TAX

	NOTE	2017 \$	2016 \$
Assets			
Current			
Provision for income tax		779,810	-
Non – Current			
Deferred tax assets		347,907	369,697
Liabilities			
Current			
Provision for income tax		-	640

17. LEASING COMMITMENTS

a. Chattel Mortgage Commitments

Payable – minimum payments			
- No later than 12 months		1,880,195	1,268,947
- Between 12 months and 5 years		1,544,751	1,775,333
Minimum payments		3,424,946	3,044,280
Less future finance charges		(142,556)	(153,665)
Present value of minimum payments	15	3,282,390	2,890,615

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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

The company entered into a property lease for 19 Eva Street Maddington commencing 18 April 2016. The lease is non-cancellable with a three year term (plus further 2 one year option) where rent is payable in advance

The company entered into a property lease for Shop 10, Dunn Bay Centre, 31-33 Dun Bay Road Dunsborough commencing 1 March 2016. The lease is non-cancellable with a two year term (plus further two year option) with rent payable monthly in advance.

The company entered into a property lease for Units 17 & 18, 524 Abernethy Rd Kewdale commencing 15th May 2015. The lease is non-cancellable with a two year term (plus further 3 one year option) where rent is payable monthly in advance. One year option was exercised on 7th February 2017.

The company entered into a property lease for Unit 14, 524 Abernethy Rd Kewdale commencing 1st June 2017. The lease is non-cancellable with a one year term (plus further one year option) where rent is payable monthly in advance.

18. ISSUED CAPITAL

	NOTE	2017 \$	2016 \$
1,000,000 (2016: 1,000,000) fully paid ordinary shares paid to 0.0002c made up of:		2	2
Ordinary shares: 1,000,000			
Shares held by Mader Group Pty Ltd			

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held.

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

MADER CONTRACTING PTY LTD
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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19. CASH FLOW INFORMATION

(a) Cash	NOTE	2017 \$	2016 \$
Cash at bank	6	(3,498,406)	(450,933)
(b) Reconciliation of Cash Flow from Operations with Profit after Income Tax			
Profit after income tax		4,243,145	2,980,833
Depreciation		1,388,248	1,088,533
Movement in foreign exchange		62,733	(60,104)
<i>Change in assets and liabilities:</i>			
Increase (decrease) in creditors		511,008	(1,229,779)
(Increase) decrease in receivables		(3,678,885)	(2,044,123)
(Increase) decrease in accrued income and other assets		(108)	(312,880)
Increase (decrease) in provisions		(845,768)	2,955,032
Increase (decrease) in deferred tax payable		(21,790)	51,171
Net cash flow from operating activities		1,658,584	3,428,683

20. SUBSIDIARY

Mader Plant Hire Pty Ltd was incorporated 3 July 2012 and is a wholly owned subsidiary of Mader Contracting Pty Ltd.

Mader Plant Hire Pty Ltd has not traded since inception, therefore consolidation is not required for the year ended 30 June 2017.

20. SUBSEQUENT EVENTS TO 30 JUNE 2017

No 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

20. COMPANY DETAILS

The registered office of the company is:

1st Floor, Units 17 & 18, 524 Abernethy Road
Kewdale WA 6105

The principal place of business is:

1st Floor, Units 17 & 18, 524 Abernethy Road
Kewdale WA 6105

Company Auditors:

AMD Chartered Accountants
Unit 1, 28-30
Wellington Street
BUNBURY WA 6230

**MADER CONTRACTING PTY LTD
DIRECTORS DECLARATION**

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

The Directors of the company declare that:

1. The financial statements and notes, as set out on pages 3 to 21 are in accordance with the Corporations Act 2001:

(a) comply with 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 company's financial position as at 30 June 2017 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 company will be able to pay its debts as and when they become due and payable.

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



Luke Mader
Director

Dated this 2nd day of May 2018

**INDEPENDENT AUDITOR'S REPORT
TO MADER CONTRACTING PTY LTD****Opinion**

We have audited the financial report of Mader Contracting Pty Ltd (the company), which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the director's declaration.

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

- (i) giving a true and fair view, in all material respects, of the financial position of the company as at 30 June 2017, and of its financial performance and its cash flows for the year then ended in accordance with the accounting policies described in Note 1; and
- (ii) complying with Australian Accounting Standards to the extent described in Note 1, and complying with the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the company in accordance with the ethical 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 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 director's 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.

Responsibilities of Management and Those Charged with Governance

Management is 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. Management's responsibility also includes such internal control as management determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the ability of the company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

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 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 the financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

AMD Chartered Accountants



MARIA CAVALLO
Director

28-30 Wellington Street, Bunbury, Western Australia

Dated this 2nd day of May 2018