



**SAPEX Group Limited**  
**Consolidated Financial Statements**

**For the Year Ended 31 December 2017**

# **SAPEX Group Limited**

ACN 619 195 283

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**For the Year Ended 31 December 2017**

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## **Letter from Chairman**

**31 December 2017**

Dear Investor

I am pleased to provide you my first Chairman's letter outlining the Sapex's progress during its NSX listing, in September of 2017.

The past year, after Company being listed on the National Stock Exchange of Australia (NSX), has seen focus on the following activities:

- Delivering mat support services to local oil, gas and infrastructure companies
- Expansion of relationships with key potential customers, with the objective of closing material contracts in 2018
- Progress in negotiations with parties in the Philippines to establish a joint venture agreement for the provisioning of Dura-Base mat services

The Board has been pleased with the progress in the above activities and views 2018 as a significant year of progress for the Company. The Board notes the Company is in a period of development with the mats services being a foundation for this growth. The Board also recognised, in late 2017, the need for scale. Hence, with Management, it evaluated a number of acquisition opportunities to gain this required scale. As a result of this initiative the Company, in late February 2018, announced the intended acquisition of PT SAS.

PT SAS is a diversified mining, oil and gas products and services provider headquartered in Jakarta, Indonesia. PT SAS has acted as the Indonesian agent for the Dura-Base® mats business since 2002 and owns a total inventory of approximately 4,525 Dura-Base® mats and has generated in excess of A\$20 million in revenues arising from the Dura-Base® mats business since 2015. The acquisition will allow Sapex to reposition itself as the exclusive Indonesian agent, as well as providing logistics services associated with the mats. It also enables Sapex Management to build on the extensive relationships established, over the past 16 years, by PT SAS. PT SAS will remain an integral business partner of the Sapex Group, going forward, both remaining the Sapex group's exclusive local agent within Indonesia for at least the next three years as well as a shareholder of Sapex. The transaction is in progress with the intended closure by mid April. This is a very exciting opportunity for the Company and our shareholders.

Moving forward the Company's business plan is two fold:

- Focus on expanding its Indonesian services using the acquisition of PT SAS as a foundation for growth. This, combined with combined management team's extensive project management experience will drive growth from the Indonesian market in sectors such as:
  - Infrastructure development (roads, rails, ports, etc.)
  - Power transmission
  - Mining
  - Construction
  - Disaster relief

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### **Letter from Chairman**

**31 December 2017**

- Progressing opportunities in selected markets such as the Philippines. Note, this element of the plan will not result in distraction from the primary market of Indonesia and the realisation of value from the PT SAS acquisition.

The Board thanks the shareholders for your support in 2017 and we look forward to updating you, during 2018, on the progress of the Company's progress and delivery of shareholder value.

Sincerely,

A handwritten signature in black ink, appearing to read 'Peter Chambers', with a stylized flourish above the name.

Peter Chambers  
Chairman

## **Directors' Report**

**31 December 2017**

The directors present their report, together with the consolidated financial statements of the Group, being SAPEX Group Limited (the Company) and its controlled entities, for the financial year ended 31 December 2017.

### **1. General information**

#### **Information on directors**

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

Peter Chambers	Non Executive Chairman (Appointed 18 May 2017)
Qualifications	Mr Chambers holds a Bachelor of Business, majoring in finance and accounting from the Royal Melbourne Institute of Technology (Melbourne, Australia)
Experience	Mr Chambers has over than 20 years' experience in the mining, finance and telecommunications industries. He has extensive experience in the development of mining and resource assets in Indonesia and has corporate experience in Asia as previous positions as Head of the South East Asia Communication Practice of Coopers and Lybrand (Hong Kong) and Managing Director - Strategy and Governance with the Rajawali Group (Indonesian based conglomerate company). He is a current member of the Board of Commissioners and member of the Remuneration Committee of Indonesia's PT Excelcomindo Pratama (XL) which is a significant mobile phone operator and was key person in the establishment of the company whilst holding the position of managing director at Rajawali Group.
Other current directorships in listed entities	Director of Indo Mines Limited (listed on ASX)
Ronald Kenneth Larson	Executive Director (Appointed 18 May 2017)
Experience	Mr Larson has over 30 years experience in engineering and in Oil & Gas industries throughout South East Asia. He is one of the founders of SAPEX Oilfield Services Limited and held the position of General Manager for the company. Mr Larson has extensive board and management experience in South East Asia with a number of companies and had served as Deputy Director for Masco Industries (NYSE:MAS). He has an extensive professional network in Indonesia over the past thirty six (36) years and was instrumental in facilitating the distribution of the Dura-Base Mat system in Indonesia through the Indonesian agency company over the last twelve (12) years.
Other current directorships in listed entities	None

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## Directors' Report

31 December 2017

### 1. General information (continued)

#### Information on directors (continued)

Kyle Roy Kenneth Larson	Executive Director (Appointed 18 May 2017)
Qualifications	Mr Larson holds a Bachelor of Arts from University of Alberta
Experience	Mr Larson is the co-founder of SAPEX Oilfield Services Limited and was also responsible for the implementation of the company's business development strategy to increase the introduction to, and market penetration of the Dura-Base product. He has over 20 years management and business development experience in South East Asia and has held the following positions during that time: General Manager at Marsol International Limited (Far East Division), Business Development Manager at Zicom Equipment Pte Ltd, Business Development Manager at PT SAS International. Additionally, his specialized skills, knowledge and expertise in the field of business development will be instrumental and invaluable in the Company's expansion into other industry sectors and geographic markets such as Myanmar and the Philippines.
Other current directorships in listed entities	None
Peter van Ratingen	Non Executive Director (Appointed 18 May 2017)
Qualifications	Mr van Ratingen holds a Bachelor of Science from Murdoch University and Post Graduate Computer Science from Curtin University
Experience	Mr van Ratingens extensive career over a 25 year period has focused on business management and has involved holding numerous regional and global positions in the consulting, insurance and financial services industries. His unique Asian managerial experience in a number of Fortune 500 companies also provides the Company's board with the expertise to enhance the Dura-Base product with the networks to expand its reach within South East Asia. His roles included the Asia Pacific Regional head of Bancassurance; European COO for CIGNA Insurance; Country President for Chubb Insurance, Indonesia & Philippines; and Regional General Manager for PPG International Ltd.
Other current directorships in listed entities	None
Arran Marshall	Non Executive Director (Appointed 18 May 2017) (Resigned 16 January 2018)
Qualifications	Mr Marshall holds a Master of Business Administration from Auckland University of Technology
Experience	Arran has over 10 years experience in senior management and is currently the CEO of Indo Mines Ltd. Before this he held the role of Country Head for AWR Lloyd in Indonesia which specializes in advising the mining and energy sectors in South East Asia. He has experience in the fields of business development, project management, financial modelling, investor relations and capital markets.
Other current directorships in listed entities	None

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## Directors' Report

31 December 2017

### 1. General information (continued)

#### Information on directors (continued)

Guy Markham	Non Executive Director (Appointed 8 February 2018)
Qualifications	Mr Markham holds a Bachelor of Law
Experience	Mr Markham is an Australian qualified lawyer with extensive experience in the oil, gas and energy industry throughout the Asia Pacific and Middle East regions. He has held several key positions in a number of regional and listed companies, mostly recently, the General Counsel, Corporate Secretary and Chief Compliance Officer of a regional independent power producer. Mr Markham has extensive experience in the areas of oil & gas operations both from a service and E&P standpoint as well as in the power sector, in particular, project development and execution amongst others. He further has extensive experience in corporate governance and compliance, in particular, the implementation, management and reporting with respect to compliance and corporate governance matters.
Other current directorships in listed entities	None

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

#### Principal activities and significant changes in nature of activities

The principal activities of the Group during the financial year was the management and distribution, under licence, of the Dura Base product in the South East Asia region. Dura Base is a product, patented in the United States of America, and which has been extensively used in the establishment of working platforms and road infrastructure for the military, oil and gas, mining and civil construction industries. It is a durable, all weather, interlocking composite product, which permits flexible implementation to suit the particular needs of the user.

The following significant changes in the nature of the principal activities occurred during the financial year:

- On 19 May 2017, the Company entered into a Share Purchase Agreement to acquire the entire shareholding of SAPEX Oilfield Services Ltd (and Purchase company duly incorporated in the British Virgin Islands) (SOS) which holds the exclusive licence and is the sole distributor for the DURA BASE® COMPOSITE MAT SYSTEM (Dura Base) in several South east Asian countries; Indonesia, Myanmar; and the Philippines.

There were no other significant changes in the nature of the Group's principal activities during the financial year.

### 2. Operating results and review of operations for the year

#### Operating results

The consolidated loss of the Group amounted to \$ (8,462,781), after providing for income tax.

## **Directors' Report**

**31 December 2017**

### **2. Operating results and review of operations for the year (continued)**

#### **Review of operations**

A review of the operations of the Group during the financial year and the results of those operations show that the Group incurred a net loss for the year of \$8,462,781 and was in a net liability position as at 31 December 2017 of \$748,219. The following summarises the Group's activities during the year:

- The Group is an Indonesian-based construction services firm operating exclusively with blue chip and top tier mining, oil & gas, plantation and civil construction firms. The Group specializes in providing heavy lift and all terrain access for clients operating in remote, inhospitable and often un-accessible locations for their heavy equipment & personnel using the world's leader in Composite Mats: Dura-Base. The Group focus on specialized location access solutions unavailable from any other service provider;
- The Group is a full service, integrated, entity enabling hassle-free solutions for their clients from top-to-bottom: from initial FEED and design stages, through to execution and finally environmental clean-up and remediation. Mitigating impact is a secondary benefit to the Group's clients but is often the most advertised. The Group has, since incorporation, managed and organized thousands of location access solutions for its clients across Indonesia and their clients include Chevron, Exxon-Mobil, Conoco-Philips, Pertamina, Repsol, Newcrest, Ophir Energy and others. The Group holds the exclusive rights for Indonesia, Myanmar and the Philippines for the Dura-Base Composite Mat System (manufactured by US listed firm NEWPARK Resources) and has been so since 2006;
- The Group has employed and developed capable senior managers and engineer with extensive experience in this highly specialized industry to ensure best-in-class services are provided consistently and with the highest degree of satisfaction.

### **3. Financial review**

#### **Financial position**

The net liabilities of the Group exceeded its net assets by \$748,219. This is largely due to the following factors:

- An underwriting fee outstanding to APAC Partners of \$440,000;
- Loan to First Guardian Capital of \$257,475.

### **4. Other items**

#### **Significant changes in state of affairs**

On 19 May 2017, SAPEX Group Limited ("SAA or the company") acquired the entire shareholding of SAPEX Oilfield Services Limited ("SOS") for cash consideration of \$3.00 plus 11,571,844 ordinary SAA shares as detailed in the information memorandum announced by the Company on 15 August 2017. This resulted in SAPEX Group Limited obtaining control of SAPEX Oilfield Services Limited.

The acquisition has been accounted for with reference to the guidance for "reverse acquisitions" set out in Australian Accounting Standard AASB 3 Business Combinations. The application of this guidance has determined that whilst SAA will be the legal acquirer of SOS, SOS has been treated as the accounting acquirer and SAA as the accounting acquiree. Further, the Acquisition has been accounted for as a share-based payment transaction using the principles set out in Australian Accounting Standard AASB 2 Share Based Payments, whereby SOS has been deemed to have issued shares to shareholders of SAA in exchange for the net assets and listing status of SAA.



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## **Directors' Report**

**31 December 2017**

### **4. Other items (continued)**

#### **Significant changes in state of affairs (continued)**

The difference between the fair value of the deemed consideration paid by SOS and the fair value of the identifiable net assets of SAA, is required to be recognised as an expense. Consequently, an amount of \$7,521,698 has been recognised as a corporate transaction accounting expense in the statement of profit or loss and other comprehensive income. Refer to Note 7 of the financial statements for further details.

#### **Dividends paid or recommended**

No dividends have been paid or recommended during the financial period.

#### **Events after the reporting date**

As part of its strategic growth plan, the Company, in late February 2018, announced the intended acquisition of PT. SAS International (PT SAS). PT SAS is a diversified mining, oil and gas products and services provider headquartered in Jakarta, Indonesia. PT SAS has acted as the Indonesian agent for the Dura-Base® mats business since 2002 and owns a total inventory of approximately 4,525 Dura-Base® mats and has generated in excess of A\$20 million in revenues arising from the Dura-Base® mats business since 2015. The acquisition will allow Sapex to reposition itself as the exclusive Indonesian agent, as well as providing logistics services associated with the mats. PT SAS will remain an integral business partner of the SAPEX Group, going forward, both remaining the SAPEX group's exclusive local agent within Indonesia for at least the next three years as well as a shareholder of SAPEX. This transformational transaction is in progress with the intended closure by mid April 2018.

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

#### **Future developments and results**

With numerous new clients intending to explore frontier regions in the market, it is expected that revenue will dramatically increase. Combined with the planned acquisition of local operating partner PT. SAS International's rental fleet of Dura-Base, the net revenue to SAPEX will improve from 20% to 80% of invoiced revenue immediately on acquisition (targeted end April 2018).

#### **Environmental issues**

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

#### **Company secretary**

The following person held the position of Company secretary at the end of the financial year:

Laura Newell (LLB Hons, LLM, AGIA) has been the company secretary since her appointment in August 2017.

## SAPEX Group Limited

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## Directors' Report

31 December 2017

### Meetings of directors

During the financial year, 1 meeting of directors was held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Peter Chambers	1	1
Ronald Kenneth Larson	1	1
Kyle Roy Kenneth Larson	1	1
Peter van Ratingen	1	1
Arran Marshall	1	1
Guy Markham	-	-

### Indemnification and insurance of officers and 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 SAPEX Group Limited.

### Options

At the date of this report, there are no unissued ordinary shares of SAPEX Group Limited under option.

### Non-audit services

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees were paid or payable to the external auditors for non-audit services provided during the year ended 31 December 2017:

	2017	2016
	\$	\$
Preparation of Investigating Accountant's Report	18,597	-

### Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the year ended 31 December 2017 has been received and can be found on page 23 of the consolidated financial report.

# **SAPEX Group Limited**

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## **Directors' Report**

**31 December 2017**

### **Remuneration report (audited)**

#### **Remuneration policy**

The remuneration policy of SAPEX Group Limited has been designed to align key management personnel (KMP) objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Group's financial results. The Board of SAPEX Group Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the Group, as well as create goal congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for key management personnel of the Group is as follows:

- Consultants are engaged as required pursuant to service agreements.
- The Group ensures that fees, salaries and emoluments are in line with general standards for publicly listed companies of the size and type of the Group.
- The Group has a policy to remunerate its directors and officers based on fixed and incentive component salary packages to reflect the short and long term objectives of the Group.
- The salary component of non-executive and executive directors is made up of:
- fixed remuneration; and
- equity based remuneration when invited to participate by the Board in the executive share option plan of the Company
- All key management personnel receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits, and performance incentives.
- The Board reviews key management personnel packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors.

All remuneration paid to key management personnel is valued at the cost to the Group and expensed.

The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting, the current maximum is \$ 72,000. The Board determined \$72,000 to be allocated for the period.

#### **Performance conditions linked to remuneration**

The key performance indicators (KPIs) are set annually, with a certain level of consultation with key management personnel to ensure support. The measures are specifically tailored to the area each individual is involved in and has a level of control over. The KPIs target areas the Board believes hold greatest potential for the Group expansion and profit, covering financial and non-financial as well as short and long-term goals. The level set for each KPI is based on budgeted figures for the Group and respective industry standards.

Performance in relation to the KPIs is assessed annually. Following the assessment, the KPIs are reviewed by the Board in light of the desired and actual outcomes, and their efficiency is assessed in relation to the Group's goals and shareholder wealth, before the KPIs are set for the following year.

## **Directors' Report**

**31 December 2017**

### **Remuneration report (audited) (continued)**

### **Performance conditions linked to remuneration (continued)**

The satisfaction of the financial performance conditions are based on a review of the audited consolidated financial statements of the Group, as such figures reduce any risk of contention relating to payment eligibility. The Board does not believe that performance conditions should include a comparison with factors external to the Group at this time.

### **Employment details of members of key management personnel**

The following table provides employment details of persons who were, during the financial year, members of key management personnel of the Group.

<b>Directors</b>	<b>Position</b>
Peter Chambers	Non-executive Director and Chairman
Ronald Kenneth Larson	Executive Director and COO
Kyle Roy Kenneth Larson	Executive Director and CEO
Peter van Ratingen	Non-executive Director
Arran Marshall	Non-executive Director

#### **KMP**

David Anderson	Chief financial officer
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### **Service Agreements**

On appointment to the Board, all non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including remuneration, relevant to the office of director.

In summary, each Non-Executive Director Service Agreement contains the following key terms:

- The Director is appointed subject to the Company's Corporate Governance Principles, Corporations Act and NSX Listing Rules;
- In the case of each Non-Executive Director may receive remuneration as annual fees of up to \$24,000 (exclusive of GST and superannuation entitlements);
- If the Company terminates the Service Agreement with the Director, it must provide two weeks written notice or payment in lieu of the notice period;
- The Director is subject to a 12 month non-competition covenant from the date of the termination of their Service Agreement; and
- The Service Agreement is subject to the laws of New South Wales.

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## Directors' Report

31 December 2017

### Remuneration report (audited) (continued)

#### Service Agreements (continued)

The remuneration and other terms of employment for the CEO and COO are set out in formal service agreements as summarised below:

- Term: from listing on the NSX and to terminate on 30 June 2019;
- Remuneration: AUD\$115,000
- Termination notice: 3 months
- Non-compete term: 12 months

#### Remuneration details for the year ended 31 December 2017

The following table of benefits and payment details, in respect to the financial year, the components of remuneration for each member of the key management personnel of the Group.

#### Table of benefits and payments

	short term		post employment		share based payments		
	cash salary fees	other	pension and superannuation	other post employment	shares and units	cash-settled	
2017	\$	\$	\$	\$	\$	\$	\$
<b>Directors</b>							
Peter Chambers	-	12,000	-	-	-	-	12,000
Ronald Kenneth Larson	57,817	2,500	-	-	-	-	60,317
Kyle Roy Kenneth Larson	66,816	2,500	-	-	-	-	69,316
Peter van Ratingen	-	12,000	-	-	-	-	12,000
Arran Marshall	-	12,000	-	-	-	-	12,000
	<b>124,633</b>	<b>41,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>165,633</b>

#### Securities received that are not performance related

No members of key management personnel are entitled to receive securities which are not performance-based as part of their remuneration package.

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## Directors' Report

31 December 2017

### Remuneration report (audited) (continued)

#### Key management personnel shareholdings

The number of ordinary shares in SAPEX Group Limited held by each key management person of the Group during the financial year is as follows:

31 December 2017	Balance at beginning of year No	Other changes during the year	Balance at end of year
<b>Directors</b>			
Kyle Roy Kenneth Larson	-	2,892,961	2,892,961
Ronald Kenneth Larson	-	2,892,961	2,892,961
Peter van Ratingen	-	250,000	250,000
Peter Chambers	-	50,000	50,000
Arran Marshall	-	50,000	50,000
	-	6,135,922	6,135,922

#### Restricted Securities

The Directors have entered into NSX Restricted Securities Agreements whereby each party has agreed not to dispose of, create an interest in or omit to do anything that would have an effect on the security interest over or to so omit to do any act that would have the effect of transferring ownership or control of their Shares to any other party. The escrow arrangement will be supported by a holding lock on their Shares, the subject of the agreements. The escrow lasts for a period up to 24 months after the Shares in the Company are quoted on the NSX. The agreements otherwise contain provisions standard for agreements of their nature.

#### KMP related party transactions

The Group undertook the following transactions with:

- Key management personnel (KMP)
- A close member of the family of that person, or
- An entity over which the key management person or family member has, directly or indirectly, control, joint control or significant influence,

during the reporting period.

Information regarding share-based payment transactions with these persons or entities are included elsewhere in the remuneration report.

#### Transactions (excluding loans)

There were no transactions with KMP except as disclosed elsewhere in the remuneration report and Note 23 Related party transactions.

#### Loans made to KMP

There were no loans made to KMP during the period.

#### End of Audited Remuneration Report

**SAPEX Group Limited**

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**Directors' Report**  
**31 December 2017**

This director's report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors.



Director: .....  
Peter Chambers



Director: .....  
Kyle Roy Kenneth Larson

Dated 5 April 2018

## **Corporate Governance Statement**

**31 December 2017**

The Board of Directors of the Company ('the Board') is committed to developing a logistic services business in Indonesia, Myanmar and the Philippines, specialising in the sale and rental of the Dura-Base® Composite Mat System. It will seek to achieve this through strong relationships with our project partners, employees, customers, shareholders, local communities and other stakeholders. The relationships are based on honesty, transparency and mutual value creation. These principles underpin our corporate governance policies and procedures.

The Board of Directors supports the National Stock Exchange of Australia (NSX) Corporate Governance Practice note that outlines expectations by the NSX [https://www.nsx.com.au/documents/practice\\_notes/PN14-CorporateGovernance.pdf](https://www.nsx.com.au/documents/practice_notes/PN14-CorporateGovernance.pdf).

Whilst the Group's practices are largely consistent with the NSX guidelines, the Board considers that the implementation of some Recommendations are not appropriate having regard to the nature and scale of the Group's activities and size of the Board. The Board uses its best endeavours to ensure exceptions to the NSX guidelines do not have a negative impact on the Company and its controlled entities ('the Group') and the best interests of shareholders as a whole. When the Group is not able to implement one of the NSX Recommendations, the Group applies the 'if not, why not' explanation approach by applying practices in accordance with the spirit of the relevant principle.

The following discussion utilises the Australian Stock Exchange (ASX) Corporate Governance Council's eight principles and associated recommendations and the extent to which the Group complies with those recommendations.

Details of all of the Council's Recommendations can be found on the ASX website at [www.asx.com.au](http://www.asx.com.au).

### **1. Principle 1 – Lay solid foundations for management and oversight Board role and responsibilities**

The Board is responsible to shareholders for developing and operating a successful business and maximising shareholder value.

The Board is responsible for ensuring that the Group is managed in such a way to best achieve this desired result. Given the current size and operations of the business, the Board currently undertakes an active, not passive role.

The Board is responsible for evaluating and setting the strategic directions for the Group, establishing goals for management and monitoring the achievement of these goals. The Managing Director is responsible to the Board for the day-to-day management of the Group.

Without intending to limit the role of the Board, the principal functions and responsibilities of the Board include the following:

- formulation and approval of the strategic direction, objectives and goals of the Group;
- the prudential control of the Group's finances and operations, monitoring the financial performance and approving budgets and major expenditures of the Group;
- the resourcing, review and monitoring of performance of senior management;
- ensuring that adequate internal control systems and procedures exist and that compliance with these systems and procedures is maintained;
- the identification of significant business risks and ensuring that such risks are adequately managed;
- the timeliness, accuracy and effectiveness of communications and reporting to shareholders and the market;



## Corporate Governance Statement

31 December 2017

- the establishment and maintenance of appropriate ethical standards;
- overseeing the integrity of the accounting and corporate reporting systems and the external audit process;
- approving the Group's remuneration framework, and;
- monitoring the effectiveness of corporate governance practices.

The Board delegates management of the Group's resources to the Group's executive management team under the leadership of the Chief Executive Officer, to deliver the strategic direction and goals approved by the Board.

Responsibilities delegated by the Board to Management:

- the conduct and operation of the Group's business;
- implementing corporate strategies; and
- operating under approved budgets and an approved authority matrix.

The Group has followed Recommendation 1.1 by establishing the functions reserved to the Board and those delegated to senior executives as disclosed above.

### Board appointments

The Company will follow Recommendation 1.2 by ensuring that the appointment of directors will come before shareholders for re-election at the Company's Annual General Meeting, and that these directors are suitable for the Group and equipped with the knowledge and information to discharge their roles adequately. In addition, the Company will ensure that all relevant information that it possess is disclosed in the notice of meeting to enable shareholders to make a decision on whether or not to elect or re-elect a director.

The Group has followed Recommendation 1.3 by having a written agreement with each director and senior executive setting out the terms of their appointment.

### Company Secretary

The Company has followed Recommendation 1.4 by ensuring that the Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.

### Diversity

Recommendation 1.5 sets out that a company should establish a policy concerning diversity and disclose that policy or a summary of it. Such a policy is to include requirements for the board to establish measurable objectives to achieve gender diversity and to assess annually in respect of both the objectives and progress in achieving them.

The Board is committed to engaging directors, management and employees with the highest qualifications, skills and experience to develop a cohesive team that is best placed to achieve business success regardless of age, nationality, race, gender, religious beliefs, sexuality, physical ability or cultural background. The Board has not yet adopted a formal diversity policy as it believes its current processes and policies for recruitment and appointment are appropriate and adequately take into account diversity amongst a number of factors considered by the Company in ensuring its Directors and workforce have an appropriate mix of qualifications, experience and expertise. The Board does, however, recognise that diversity makes an important contribution to corporate success and the Company considers diversity as one of a number of factors when seeking to appoint Directors, filling senior management roles and positions and reviewing recruitment, retention and management practices, notwithstanding the absence of a formal diversity policy.

## Corporate Governance Statement

31 December 2017

As the Board has not yet adopted a diversity policy, it has not set measurable objectives under such a policy. While the Company considers diversity is important, the priority for the Company when recruiting is ensuring an appropriate mix of qualifications, experience and expertise regardless of age, nationality, race, gender, religious beliefs, sexuality, physical ability or cultural background. The Company does, however, make it clear when seeking to appoint additional Directors, senior management and employees that women are encouraged to apply for roles and that the Company is an equal opportunity employer.

### Board and management evaluation

Although the Group is not of a size to warrant the development of formal processes for evaluating the performance of its Board and individual directors as per Recommendation 1.6 there is on-going monitoring by the Chairman and the Board. The Chairman also speaks to directors individually regarding their role as a director.

Arrangements put in place by the Board to monitor the performance of the Group's executives, in line with recommendation 1.7, include:

- a review by the Board of the Group's financial performance;
  - annual performance appraisal meetings incorporating analysis of key performance indicators with each individual to ensure that the level of reward is aligned with respective responsibilities and individual contributions made to the success of the Group;
  - an analysis of the Group's prospects and projects; and
  - a review of feedback obtained from third parties, including advisors.
- The Remuneration Report discloses the process for evaluating the performance of senior executives, including the Chief Executive Officer. Performance evaluation of senior executives was conducted during the period in accordance with this process.

## **2. Principle 2 – Structure the Board to add value**

### **Board of Directors - Composition, Structure and Process**

The Board has been formed so that it has effective composition, size and commitment to adequately discharge its responsibilities and duties given the Group's current size, scale and nature of its activities.

### Nomination Committee

The Company previous had previously established a Nomination Committee and disclosed the charter of this Nomination Committee, in line with Recommendation 2.1. However due to the now reduced size of the Board, functions that were performed by the Nomination Committee are now performed by the Board as a whole.

## Corporate Governance Statement

31 December 2017

### Skills of the Board

The Board consists of a blend of personal experience at director-level and relevant corporate experience required by the Group for effective decision-making. Directors are appointed based on the specific operational, corporate and governance skills required by the Group and the Company follows Recommendation 2.2 by disclosing the Directors' qualifications, experience, date of appointment and independence status, which satisfy the Board skill matrix below, in the Directors' Report section of the Annual Report.

Area	Competence
Business Finance	Business strategy, financial literacy, executive management
Investment	Corporate mergers and acquisitions, corporate financing, portfolio management
Technical	Geology, project development in the coal industry, coal marketing
Leadership	Experience in public listed companies having the ability but not limited to setting Board directives and representing the Group appropriately

### Independent Directors

The Board has five directors, of which Guy Markham and Peter Van Ratingen are assessed as being independent. Mr Chambers is a representative of the Company's largest shareholder, Indo Mines. Mr K Larson and Mr R Larson are the original Founders of the business.

The names of the directors of the Company in office at the date of this report and their length of services are as follows:

Mr Peter Chambers (non-exec Chairman) – appointed May 2017

Mr Ronald Larson – appointed May 2017

Mr Kyle Larson – appointed May 2017

Mr Peter Van Ratingen (independent) – appointed May 2017

Mr Guy Markham (Independent) – appointed February 2018

### Regular assessment of independence

An independent director, in the view of the Group, is a director who:

- is non-executive;
- is not a substantial shareholder (i.e. greater than 5%) of the Company or an officer of, or otherwise associated, directly or indirectly, with a substantial shareholder of the Company;
- has not within the last three years been employed in an executive capacity by the Company or another Group member, or been a director after ceasing to hold such employment;
- within the last three years has not been a principal or employee of a material professional adviser or a material consultant to the Company or another Group member;
- is not a significant supplier or customer of the Company or another Group member, or an officer of or otherwise associated, directly or indirectly, with a significant supplier or customer;
- has no material contractual relationship with the Company or another Group member other than as a director of the Company; and
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.

## Corporate Governance Statement

31 December 2017

Although the Group does not follow Recommendation 2.4, it is the Board's opinion that all directors bring to the Board their independent judgement, irrespective of whether they are independent or not.

### Chairman and CEO

The roles of chairman and CEO are held by different people as follows:

Peter Chambers is a Non-Executive Chairman

Kyle Larson is an Executive Director

Mr Chambers is not considered to be an independent non-executive chairman, in line with Recommendation 2.5, due to the fact that he is a representative of a major shareholder in the Company. The Board is of the view that this association does not affect the Chairman's capacity to bring an independent judgement to bear on issues before the Board and he is able to act in the best interests of the company and its shareholders.

### Directors' induction and education

In accordance with Recommendation 2.6, the Company encourages Directors to continue their professional development to assist them in performing their role effectively and has a policy to provide each new Director or officer with a copy of the following documents:

- Code of Conduct;
- Continuous Disclosure Policy;
- Share Trading Policy; and
- Shareholders Communication Policy.

### **3. Principle 3 – Act ethically and responsibly** **Code of Conduct Policy and ethical standards**

All directors, executives and employees act with the utmost integrity and objectivity in carrying out their duties and responsibilities, endeavouring at all times to enhance the reputation and performance of the Group. Every employee has direct access to a director to whom they may refer any ethical issues that may arise from their employment.

### Access to Group information and confidentiality

All directors have the right of access to all relevant Group books and to the Group's executive management. In accordance with legal requirements and agreed ethical standards, directors and executives of the Group have agreed to keep confidential information received in the course of exercising their duties and will not disclose non-public information except where disclosure is authorised or legally mandated.

### Share dealings and disclosures

The Group has adopted a policy relating to the trading of Company securities. The Board restricts directors, executives and employees from acting on material information until it has been released to the market. Directors should consult with the Chairman prior to dealing in securities in the Company or other companies with which the Company has a relationship.

Share trading by directors, executives or employees is not permitted at any time whilst in the possession of price sensitive information not already available to the market. In addition, the Corporations Act prohibits the purchase or sale of securities whilst a person is in possession of inside information.

## Corporate Governance Statement

31 December 2017

In addition to the above, Directors must notify the Company Secretary as soon as practicable, but not later than 5 business days, after they have bought or sold the Company's securities or exercised options. In accordance with the provisions of the Corporations Act and the Listing Rules of the NSX, the Company on behalf of the Directors must advise the NSX of any transactions conducted by them in the securities of the Company.

Breaches of this policy will be subject to disciplinary action, which may include termination of employment.

These restrictions have been developed having regard to the current nature of the Company's activities, being rental and sale of composite mat systems to exploration and production companies.

### Conflicts of interest

To ensure that directors are at all times acting in the best interests of the Group, directors must:

- disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the director and the interests of any other parties in carrying out the activities of the Group; and
- if requested by the Board, within seven days or such further period as may be permitted, take such necessary and reasonable steps to remove any conflict of interest.

If a director cannot, or is unwilling to remove a conflict of interest then the director must, as required by the Corporations Act, absent himself from the room when Board discussion and/or voting occurs on matters about which the conflict relates.

### Related party transactions

Related party transactions include any financial transaction between a director and the Group as defined in the Corporations Act or the NSX Listing Rules. Unless there is an exemption under the Corporations Act from the requirement to obtain shareholder approval for the related party transaction, the Board cannot approve the transaction. The Group also discloses related party transactions in its financial statements as required under relevant Accounting Standards.

## 4. Principle 4 – Safeguard integrity in financial reporting

### Audit Committee

Due to the size and nature of the existing Board and the magnitude of the Company's operations, the Company currently has no Audit Committee. The full Board carries out the duties that would ordinarily be assigned to the Audit Committee under the written terms of reference for that committee.

The Board devotes time annually at Board meetings to fulfilling the roles and responsibilities associated with maintaining the Company's internal audit function and arrangements with external auditors. All members of the Board are involved in the Company's audit function to ensure the proper maintenance of the entity and the integrity of all financial reporting.

### CEO and CFO declarations

The Board has, in line with Recommendation 4.2, before approving financial statements for a financial period, received the CEO's declaration as required under section 295A of the Corporations Act. Further the CEO has declared their opinion has been formed on the basis of a sound system of risk management and internal control that is operating effectively.

## Corporate Governance Statement

31 December 2017

### Auditor attendance at Annual General Meeting

The Group will follow Recommendation 4.3 and ensure that a representative of its external auditor PKF will attend the Company's Annual General Meeting and is available to answer questions from security holders relevant to the audit.

## **5. Principle 5 – Make timely and balanced disclosure**

### Continuous Disclosure to the NSX

The Board has designated the Chairman and Company Secretary as being responsible for overseeing and co-ordinating disclosure of information to the NSX as well as communicating with the NSX. Accordingly the Company will notify the NSX promptly of information:

- concerning the Company, that a reasonable person would expect to have a material effect on the price or value of the Company's securities; and
- that would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

Announcements are made in a timely manner, are factual and do not omit material information in order to avoid the emergence of a false market in the Company's securities.

## **6. Principle 6 – Respect the rights of security holder**

The Company has followed Recommendation 6.1 by keeping investors informed through the Company's website [www.sapexservices.com](http://www.sapexservices.com), and on the NSX website, [www.nsx.com.au](http://www.nsx.com.au), under NSX code 'SAA' regarding information about the Group, the Board, policies, reports and NSX announcements.

The Company has followed Recommendations 6.2 and 6.3 by designing a communications program to promote effective communication with shareholders and to encourage their participation at general meetings.

The Board recognises its duty to ensure that its shareholders are informed of all major developments affecting the Group's state of affairs. Information is communicated to shareholders and the market through:

- the Annual Report which is distributed to shareholders (usually with the Notice of Annual General Meeting);
- the Annual General Meeting and other general meetings called to obtain shareholder approvals as appropriate;
- the half-yearly financial statements; and
- other announcements released to the NSX as required under the continuous disclosure requirements of the NSX Listing Rules and other information that may be mailed to shareholders or made available through the Company's website.

The Company has followed Recommendation 6.4 by actively promoting communication with shareholders through a variety of measures, including the use of the Company's website and email.

The Company via its share registry, AUTOMIC, gives shareholders the option to receive communications electronically.

## Corporate Governance Statement

31 December 2017

### 7. Principle 7 – Recognise and manage risk

#### Risk Committee

The Board is responsible for the identification, monitoring and management of significant business risks and the implementation of appropriate levels of internal control, recognising however that no cost effective internal control system will preclude all errors and irregularities. The Board regularly reviews and monitors areas of significant business risk.

Having regard to the current membership of the Board and the size, organisational complexity and scope of operations of the Group, the Group has not formed a committee to oversee risk as per Recommendation 7.1 because the Board has the oversight function of risk management and internal control systems. Therefore, the risk management functions and oversight of material business risks are performed directly by the Board and not by management.

#### Risk management

The Company has followed Recommendation 7.2, whereby the full Board regularly throughout the year reviews and monitors systems of external and internal controls and areas of significant operational, financial and property risk, and ensures arrangements are in place to contain such risks to acceptable levels.

#### Internal audit function

Having regard to the size of the Group and the nature of its activities, an internal audit function has not been established, however, in compliance with Recommendation 7.3, it is disclosed that the full Board carries out the risk management and internal audit functions.

#### Risks and risk management

In compliance with Recommendation 7.4, the material manageable risks which the Group is exposed to include operational risks, capital risks and human resources risks as follows:

- obtaining government approvals;
- ecological and environmental issues;
- oil and gas industry standard safety procedures;
- land access and community disputes;
- the ability to raise additional capital; and
- recruiting and retaining qualified personnel.

The full Board is responsible for overseeing the risk management function and the Chief Executive Officer is in charge of implementing an appropriate level of control to mitigate these risks within the Group. The full Board reviews all major Group strategies and decisions and takes appropriate actions on a continuous basis.

### 8. Principle 8 – Remunerate fairly and responsibly

#### Remuneration Committee

Due to the size of the Board, functions that are usually performed by the Remuneration Committee as listed below are now performed by the Board as a whole.

#### Remuneration responsibilities

The role and responsibility of the Board is to review and make recommendations in respect of:

- executive remuneration policy;
- executive director and senior management remuneration;
- executive incentive plan;
- superannuation arrangements for Directors, senior executives and other employees;

## Corporate Governance Statement

31 December 2017

- non-executive directors' remuneration;
- performance measurement policies and procedures;
- termination policies and procedures;
- equity based plans; and
- required remuneration and remuneration benefits public disclosure.

The group has the following remuneration policy to ensure that remuneration arrangements are equitable, appropriate, and not excessive.

### Remuneration policy

The directors' remuneration policy is adopted by shareholders at the Annual General Meeting. The salary and emoluments paid to officers are approved by the Board. Consultants are engaged as required pursuant to service agreements. The Group ensures that fees, salaries and emoluments are in line with general standards for publicly listed companies of the size and type of the Group. All salaries of directors and officers are disclosed in the Annual Report.

The Group has a policy to remunerate its directors and officers based on fixed and incentive component salary packages to reflect the short and long term objectives of the Group.

The salary component of non-executive and executive directors is made up of:

- fixed remuneration; and
- equity based remuneration when invited to participate by the Board in the executive share option plan of the Company.

As such the Company has not yet established a policy in accordance with Recommendation 8.3 on whether participants in the scheme are permitted to enter into transactions which limit the economic risk of participating in the scheme.



Auditors' Independence Declaration under  
Section 307C of the Corporations Act 2001 to the Directors  
of Sapex Group Limited

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2017 there have been:

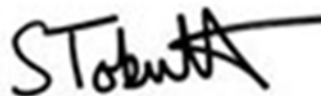
- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



**PKF**  
Chartered Accountants

Sydney

Dated: 5 April 2018



**SCOTT TOBUTT**  
Partner

# SAPEX Group Limited

ACN 619 195 283

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2017

	Note	2017 \$	2016 \$
Revenue	4	769,094	-
Other income	4	127	-
Employee benefits expense	5	(165,633)	-
Corporate transaction accounting expense	7	(7,521,698)	-
Other expenses	5	(1,514,132)	-
Finance costs	5	(30,539)	-
<b>Loss before income tax</b>		<b>(8,462,781)</b>	-
Income tax expense		-	-
<b>Loss for the year</b>		<b>(8,462,781)</b>	-
<b>Other comprehensive loss for the year, net of tax</b>		<b>-</b>	-
<b>Total comprehensive loss for the year</b>		<b>(8,462,781)</b>	-
Loss attributable to:			
Members of the parent entity		(8,462,781)	-
Total comprehensive loss attributable to:			
Members of the parent entity		(8,462,781)	-
		<b>(8,462,781)</b>	-
<b>Earnings per share</b>			
From continuing and discontinued operations:			
Basic earnings per share (cents)	15	(0.59)	-
Diluted earnings per share (cents)	15	(0.59)	-
From continuing operations:			
Basic earnings per share (cents)	15	(0.59)	-
Diluted earnings per share (cents)	15	(0.59)	-

The accompanying notes form part of these financial statements.

# SAPEX Group Limited

ACN 619 195 283

## Consolidated Statement of Financial Position As At 31 December 2017

	Note	2017 \$	2016 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	9	13,142	-
Trade and other receivables	10	4,473	-
Other assets	11	368	-
<b>TOTAL CURRENT ASSETS</b>		<b>17,983</b>	-
<b>TOTAL ASSETS</b>		<b>17,983</b>	-
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	508,727	-
Borrowings	13	257,475	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>766,202</b>	-
<b>TOTAL LIABILITIES</b>		<b>766,202</b>	-
<b>NET ASSETS</b>		<b>(748,219)</b>	-
<b>EQUITY</b>			
Issued capital	14	7,811,990	97,428
Accumulated losses		(8,560,209)	(97,428)
<b>Total equity attributable to equity holders of the Company</b>		<b>(748,219)</b>	-
Non-controlling interest		-	-
<b>TOTAL EQUITY</b>		<b>(748,219)</b>	-

The accompanying notes form part of these financial statements.

# SAPEX Group Limited

ACN 619 195 283

## Consolidated Statement of Changes in Equity For the Year Ended 31 December 2017

### 2017

	Note	Ordinary Shares \$	Accumulated losses \$	Total \$
<b>Balance at 1 January 2017</b>		97,428	(97,428)	-
Loss attributable to members of the parent entity		-	(8,462,781)	(8,462,781)
Total other comprehensive income for the year		-	-	-
<b>Transactions with owners in their capacity as owners</b>				
Fair value of deemed reverse acquisition on SAA by SOS	7	7,714,562	-	7,714,562
<b>Balance at 31 December 2017</b>		<u>7,811,990</u>	<u>(8,560,209)</u>	<u>(748,219)</u>

### 2016

	Note	Ordinary Shares \$	Accumulated losses \$	Total \$
<b>Balance at 1 January 2016</b>		97,428	(97,428)	-
Profit attributable to members of the parent entity		-	-	-
Total other comprehensive income for the year		-	-	-
<b>Transactions with owners in their capacity as owners</b>				
Shares issued during the year		-	-	-
<b>Balance at 31 December 2016</b>		<u>97,428</u>	<u>(97,428)</u>	<u>-</u>

The accompanying notes form part of these financial statements.

**SAPEX Group Limited**

ACN 619 195 283

**Consolidated Statement of Cash Flows**  
**For the Year Ended 31 December 2017**

	Note	2017 \$	2016 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from customers		137,463	-
Payments to suppliers and employees		(254,555)	-
Costs of listing		(200,000)	-
Payments of interest and other finance costs		(22,425)	-
Net cash provided by/(used in) operating activities	24	(339,517)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Net cash provided by/(used in) investing activities		-	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Proceeds from issuance of share capital		192,864	-
Proceeds from issuance of borrowings		469,645	-
Repayment of borrowings		(309,977)	-
Net cash provided by/(used in) financing activities		352,532	-
Exchange differences on cash and cash equivalents		127	-
Net increase/(decrease) in cash and cash equivalents held		13,142	-
Cash and cash equivalents at end of financial year	9	13,142	-

The accompanying notes form part of these financial statements.

## **Notes to the Financial Statements**

### **For the Year Ended 31 December 2017**

The consolidated financial report covers SAPEX Group Limited and its controlled entities ('the Group'). SAPEX Group Limited is a for-profit listed Public Company limited by shares, incorporated and domiciled in Australia.

Each of the entities within the Group prepare their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

The financial report was authorised for issue by the Directors on 5 April 2018.

Comparatives are consistent with prior years, unless otherwise stated.

#### **1 Basis of Preparation**

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards and the *Corporations Act 2001*.

These financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

#### **2 Summary of Significant Accounting Policies**

##### **(a) Basis for consolidation**

###### **(i) Basis for consolidation**

The consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost.

Intragroup assets, liabilities, equity, income, expenses and cashflows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements.

Appropriate adjustments have been made to a controlled entity's financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity. All controlled entities have a December financial year end.

A list of controlled entities is contained in Note 21 to the financial statements.

###### **(ii) Subsidiaries**

Subsidiaries are all entities (including structured entities) over which the parent has control. Control is established when the parent is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

## **Notes to the Financial Statements**

### **For the Year Ended 31 December 2017**

#### **2 Summary of Significant Accounting Policies (continued)**

##### **(a) Basis for consolidation (continued)**

###### **(iii) Associates**

Interests in associates, where the investor has significant influence over the investee, are accounted for using the equity method in accordance with AASB 128 *Investments in Associates and Joint Ventures*. Under this method, the investment is initially recognised as cost and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss and other comprehensive income of the investee after the date of acquisition.

###### **(iv) Reverse acquisition**

SAPEX Group Limited (SAA or the Company) is listed on the National Stock Exchange of Australia (NSX). The Company completed the legal acquisition of SAPEX Oilfield Services Limited ("SOS") on 19 May 2017.

SOS (the legal subsidiary) was deemed to be the acquirer for accounting purposes as it had obtained control over the operations of the legal acquirer SAA (the accounting subsidiary). Accordingly, the consolidated financial statements of SAA have been prepared as a continuation of the financial statements of SOS. SOS (as the deemed acquirer) has accounted for the acquisition of SAA from 19 May 2017.

SOS is considered to be the parent for accounting purposes, and the consolidated financial statements represent a continuation of the financial statements of SOS, with the exception of the capital structure. The results for the year ended 31 December 2017 comprise the results for the full year of SOS and the results of SAA subsequent to the acquisition. Similarly, the statement of cash flows and statement of changes in equity reflect the movements in cash flow and changes in equity of SOS for the year and the results of SAA subsequent to the acquisition.

The comparative information presented is that of SOS.

##### **(b) Going concern**

As at 31 December 2017, SAPEX Group Limited is in a negative net asset position of (\$748,219). During the period, the company has recognised revenue of \$769,094, which only 18% has been received as at the date of this report, accordingly a doubtful debt provision of \$631,631 has been recognised. The debtor represents SAA's primary source of current and future income. These circumstances have given rise to a significant doubt on the entity's ability to continue as a going concern.

Given these circumstances, management has entered an underwriting agreement with a related party APAC Partners Pty Ltd, which states that APAC will continue to provide \$1M of working capital to the company whenever needed for the next 12 months. In addition management has sought confirmation from certain related party creditors that debts will not be called for a period of at least 12 months. Additionally, SAPEX is currently planning a further capital raising which would further secure its ability to continue as a going concern. Refer to Note 26 in relation to Events Occurring After the Reporting Period.

##### **(c) Business combinations**

Business combinations are accounted for by applying the acquisition method which requires an acquiring entity to be identified in all cases. The acquisition date under this method is the date that the acquiring entity obtains control over the acquired entity.

## **Notes to the Financial Statements**

### **For the Year Ended 31 December 2017**

#### **2 Summary of Significant Accounting Policies (continued)**

##### **(c) Business combinations (continued)**

The fair value of identifiable assets and liabilities acquired are recognised in the consolidated financial statements at the acquisition date.

Goodwill or a gain on bargain purchase may arise on the acquisition date, this is calculated by comparing the consideration transferred and the amount of non-controlling interest in the acquiree with the fair value of the net identifiable assets acquired. Where consideration is greater than the net assets acquired, the excess is recorded as goodwill. Where the net assets acquired are greater than the consideration, the measurement basis of the net assets are reassessed and then a gain from bargain purchase recognised in profit or loss.

All acquisition-related costs are recognised as expenses in the periods in which the costs are incurred except for costs to issue debt or equity securities.

Any contingent consideration which forms part of the combination is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity then it is not remeasured and the settlement is accounted for within equity. Otherwise subsequent changes in the value of the contingent consideration liability are measured through profit or loss.

##### **(d) Income Tax**

The tax expense recognised in the consolidated statement of profit or loss and other comprehensive income comprises of current income tax expense plus deferred tax expense.

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

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

Deferred tax is not provided for the following:

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).
- Taxable temporary differences arising on the initial recognition of goodwill.
- Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

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

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



## **Notes to the Financial Statements**

### **For the Year Ended 31 December 2017**

#### **2 Summary of Significant Accounting Policies (continued)**

##### **(d) Income Tax (continued)**

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

##### **(e) Leases**

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

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

##### **(f) Revenue and other income**

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

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

##### **Other income**

Other income is recognised on an accruals basis when the Group is entitled to it.

##### **(g) Borrowing costs**

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

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

##### **(h) Goods and services tax (GST)**

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

Receivables and payable are stated inclusive of GST.

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

##### **(i) Financial instruments**

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

## **Notes to the Financial Statements**

### **For the Year Ended 31 December 2017**

#### **2 Summary of Significant Accounting Policies (continued)**

##### **(i) Financial instruments (continued)**

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

##### *Financial Assets*

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

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

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

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

##### *Loans and receivables*

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

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

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

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

##### *Financial liabilities*

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

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

## **Notes to the Financial Statements**

### **For the Year Ended 31 December 2017**

#### **2 Summary of Significant Accounting Policies (continued)**

##### **(i) Financial instruments (continued)**

All of the Group's derivative financial instruments that are not designated as hedging instruments in accordance with the strict conditions explained in AASB 139 are accounted for at fair value through profit or loss.

##### *Impairment of financial assets*

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

##### **(j) Cash and cash equivalents**

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

##### **(k) Trade and other receivables**

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

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

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

##### **(l) Trade and other payables**

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

##### **(m) Borrowings**

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

##### **(n) Earnings per share**

Basic earnings per share is calculated by dividing the profit attributable to owners of the company by the weighted average number of ordinary shares outstanding during the year.

## **Notes to the Financial Statements**

### **For the Year Ended 31 December 2017**

#### **2 Summary of Significant Accounting Policies (continued)**

##### **(n) Earnings per share (continued)**

Diluted earnings per share adjusts the basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

##### **(o) Share capital**

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

##### **(p) Foreign currency transactions and balances**

###### **Transaction and balances**

Foreign currency transactions are recorded at the spot rate on the date of the transaction.

At the end of the reporting period:

- Foreign currency monetary items are translated using the closing rate;
- Non-monetary items that are measured at historical cost are translated using the exchange rate at the date of the transaction; and
- Non-monetary items that are measured at fair value are translated using the rate at the date when fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition or in prior reporting periods are recognised through profit or loss, except where they relate to an item of other comprehensive income or whether they are deferred in equity as qualifying hedges.

##### **(q) New Accounting Standards and Interpretations**

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Group has decided not to early adopt these Standards. The following table summarises those future requirements, and their impact on the Group where the standard is relevant:

AASB 9 Financial Instruments (and applicable amendments), (effective from 1 January 2018) AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. It has now also introduced revised rules around hedge accounting and impairment. The standard is not applicable until 1 January 2018 but is available for early adoption. The directors do not expect this to have a material impact.

AASB 15 Revenue from Contracts with Customers, (effective from 1 January 2018) The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards. The directors plan to adopt the new standard in line with the

## **Notes to the Financial Statements**

### **For the Year Ended 31 December 2017**

#### **2 Summary of Significant Accounting Policies (continued)**

**(q) New Accounting Standards and Interpretations (continued)**

effective timeline, however given the start up phase of the operation, currently it is not expected to have a material impact.

AASB 16 Leases (effective 1 January 2019). AASB 16 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low-value leases. The accounting for lessors will not significantly change. The directors do not expect this to have a material impact.

**(r) Parent entity**

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the legal parent entity is disclosed in Note 27.

#### **3 Critical Accounting Estimates and Judgments**

The directors make estimates and judgements during the preparation of these consolidated financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

**Key estimates - receivables**

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date. Management has decided to impair 100% of the receivable.

**Key judgments - reverse acquisition**

The accounting for reverse acquisitions using the principles and guidance contained in AASB 3 Business Combinations has been determined a key judgement. Refer to Note 7 for further details.

#### **4 Revenue and Other Income**

**Revenue from continuing operations**

	2017 \$	2016 \$
Other revenue		
- licence fee	769,094	-
<b>Total Revenue</b>	<b>769,094</b>	<b>-</b>

# SAPEX Group Limited

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## Notes to the Financial Statements For the Year Ended 31 December 2017

### 4 Revenue and Other Income (continued)

	2017 \$	2016 \$
Other Income		
- gain on exchange differences	127	-

### 5 Result for the Year

The result for the year was derived after charging / (crediting) the following items:

	2017 \$	2016 \$
Finance Costs		
- Other finance costs	30,539	-
Other expenses:		
Employee benefits expense	165,633	-
Other operating expenses	1,514,132	-
Impairment of receivables:		
- Doubtful debts	631,631	-
Rental expense on operating leases:		
- Minimum lease payments	1,718	-

### 6 Income Tax Expense

(a) The major components of tax expense (income) comprise:

	2017 \$	2016 \$
<b>Total income tax expense</b>	-	-

(b) Reconciliation of income tax to accounting profit:

	2017 \$	2016 \$
Loss	(8,462,781)	-
Tax	30.00 %	- %
	(2,538,834)	-
Add:		
Tax effect of:		
- other non-deductible expenses	-	-
- non-deductible corporate transaction accounting expense	2,256,509	-
- tax losses not recognised	282,325	-
Income tax benefit	-	-

## Notes to the Financial Statements

### For the Year Ended 31 December 2017

#### 7 Business Combinations

On 19 May 2017, SAPEX Group Limited ("SAA or the company") acquired 100% interest of SAPEX Oilfield Services Limited ("SOS") for cash consideration of \$3.00 and a total of 11,571,844 ordinary shares, as detailed in the information memorandum announced by the Company on 15 August 2017.

Consequently, the acquisition has been accounted for with reference to the guidance for reverse acquisitions set out in Australian Accounting Standard AASB 3 Business Combinations. At the time of the Company's acquisition of SOS, SAA's operations did not fall within the scope of a "business" under AASB 3. Consequently, the acquisition does not meet the definition of a "business combination" under AASB 3 Business Combinations and the principles of AASB 3 could not be applied in their entirety. Instead, the acquisition has been accounted for with reference to the guidance for reverse acquisitions as set out in AASB 3. The application of this guidance has determined that whilst SAA will be the legal acquirer of SOS, SOS has been treated as the accounting acquirer and SAA as the accounting acquiree. Refer to the effect upon the basis of preparation at note 2(a)(iv) "Reverse acquisition".

Further, the Acquisition has been accounted for as a share-based payment transaction using the principles set out in Australian Accounting Standard AASB 2 Share Based Payments, whereby SOS has been deemed to have issued shares to shareholders of SAA in exchange for the net assets and listing status of SAA. In accordance with AASB 2, the difference between the fair value of the deemed consideration paid by SOS and the fair value of the identifiable net assets of SAA, is required to be recognised as an expense.

Consequently, an expense of \$7,521,698 has been recognised as set out below. Given SOS is considered to be the parent for accounting purposes, the consolidated financial statements represent a continuation of the financial statements of SAA with the exception of the capital structure. The results for the year ended 31 December 2017 include the results of SOS for the full year and the results of SAA subsequent to the acquisition.

The comparative information provided is that of SOS.

The following table shows the assets acquired, liabilities assumed and the purchase consideration at the acquisition date.

	Acquiree's carrying amount \$	Fair value \$
Purchase consideration:		
- Cash		3
- Fair value of shares transferred		<u>7,714,562</u>
<b>Total purchase consideration</b>		<b>7,714,565</b>
Assets or liabilities acquired:		
Cash	3	3
Trade and other receivables	<u>192,864</u>	<u>192,864</u>
<b>Total net identifiable assets</b>	<u>192,867</u>	<u>192,867</u>
<b>Identifiable assets acquired and liabilities assumed</b>	<u>192,867</u>	<u>192,867</u>
<b>Corporate transaction accounting expense</b>		<u><u>7,521,698</u></u>

## Notes to the Financial Statements

### For the Year Ended 31 December 2017

#### 8 Operating Segments

##### Segment information

##### Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision maker) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of product category and service offerings as the diversification of the Group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Accordingly, management currently identified the Group as having only one reportable segment, being the management and distribution of industrial mats, being the Dura-Base product.

The financial results from this segment are equivalent to the financial statements for the Group.

#### 9 Cash and Cash Equivalents

	2017 \$	2016 \$
Cash at bank and in hand	13,142	-

#### 10 Trade and Other Receivables

	2017 \$	2016 \$
CURRENT		
Trade receivables	631,631	-
Provision for impairment	(631,631)	-
GST receivable	4,473	-
<b>Total current trade and other receivables</b>	<b>4,473</b>	<b>-</b>

##### (a) Impairment of receivables

Reconciliation of changes in the provision for impairment of receivables is as follows:

	2017 \$	2016 \$
Balance at beginning of the year	-	-
Impairment loss recognised	631,631	-
<b>Balance at end of the year</b>	<b>631,631</b>	<b>-</b>



**Notes to the Financial Statements**  
**For the Year Ended 31 December 2017**

**11 Other Assets**

	2017 \$	2016 \$
CURRENT		
Prepayments	368	-

**12 Trade and Other Payables**

	2017 \$	2016 \$
CURRENT		
Trade payables	492,727	-
Accrued expenses	16,000	-
	508,727	-

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

**13 Borrowings**

	2017 \$	2016 \$
CURRENT		
Unsecured liabilities:		
Other loans	257,475	-
	257,475	-
<b>Total current borrowings</b>	<b>257,475</b>	<b>-</b>

**(a) Loan facility**

The Company has been provided with a loan facility from First Guardian Holdings Pty Ltd which expires on 25 September 2018. The lenders has full lien over all assets in the event of default. Interest of 1.5% per month is payable quarterly in advance.

**14 Issued Capital**

	2017 \$	2016 \$
19,286,406 (2016: 50,000) Ordinary shares	7,811,990	97,428
<b>Total</b>	<b>7,811,990</b>	<b>97,428</b>

## Notes to the Financial Statements

### For the Year Ended 31 December 2017

#### 14 Issued Capital (continued)

##### (a) Ordinary shares

	2017 No.	2016 No.
At the beginning of the reporting period	50,000	50,000
Shares relating to deemed reverse acquisition on SAA by SOS	7,714,562	-
Issue of shares to SOS vendors as part of reverse acquisition	11,571,844	-
Elimination of SOS shares	(50,000)	-
At the end of the reporting period	19,286,406	50,000

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company. On a show of hands at meetings of the Company, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote.

The Company does not have authorised capital or par value in respect of its shares.

##### (b) Capital Management

The key objectives of the Company when managing capital is to safeguard its ability to continue as a going concern and maintain optimal benefits to stakeholders. The Company defines capital as its equity and net debt.

The Company manages its capital structure and makes funding decisions based on the prevailing economic environment and has a number of tools available to manage capital risk.

The Board monitors a range of financial metrics including return on capital employed and gearing ratios. A key objective of the Company's capital risk management is to maintain compliance with the covenants attached to the Company's debts. Throughout the year, the Company has complied with these covenants.

#### 15 Earnings per Share

##### (a) Reconciliation of earnings to profit or loss from continuing operations

	2017 \$	2016 \$
Loss from continuing operations	(8,462,781)	-
<b>Earnings used in the calculation of dilutive EPS from continuing operations</b>	<b>(8,462,781)</b>	<b>-</b>

##### (b) Earnings used to calculate overall earnings per share

	2017 \$	2016 \$
Earnings used to calculate overall earnings per share	(8,462,781)	-

## Notes to the Financial Statements

### For the Year Ended 31 December 2017

#### 15 Earnings per Share (continued)

(c) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS

	2017 No.	2016 No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	<b>14,464,804</b>	50,000
<b>Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS</b>	<b>14,464,804</b>	50,000

#### 16 Capital, Leasing and Contracted Commitments

The Group was not party to any capital, leasing or contracted commitments during the year.

#### 17 Financial Risk Management

The Group is exposed to a variety of financial risks through its use of financial instruments.

The Group's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

The most significant financial risks to which the Group is exposed to are described below:

##### Specific risks

- Liquidity risk
- Credit risk
- Market risk - currency risk, interest rate risk and price risk

##### Financial instruments used

The principal categories of financial instrument used by the Group are:

- Trade receivables
- Cash at bank
- Trade and other payables

##### Objectives, policies and processes

The Board of Directors have overall responsibility for the establishment of the Group's financial risk management framework. This includes the development of policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and the use of derivatives.

## **Notes to the Financial Statements**

### **For the Year Ended 31 December 2017**

#### **17 Financial Risk Management (continued)**

##### **Objectives, policies and processes (continued)**

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The day-to-day risk management is carried out by the Group's finance function under policies and objectives which have been approved by the Board of Directors. The Chief Financial Officer has been delegated the authority for designing and implementing processes which follow the objectives and policies. This includes monitoring the levels of exposure to interest rate and foreign exchange rate risk and assessment of market forecasts for interest rate and foreign exchange movements.

The Board of Directors receives monthly reports which provide details of the effectiveness of the processes and policies in place.

Mitigation strategies for specific risks faced are described below:

##### **Liquidity risk**

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities as and when they fall due. The Group maintains cash and marketable securities to meet its liquidity requirements for up to 30-day periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business.

The Group has also received the continued support from APAC Partners Pty Ltd and certain related party creditors as explained in Notes 2(b) and 23.

At the reporting date, these reports indicate that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and will not need to draw down any of the financing facilities.

##### **Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group.

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposure to wholesale and retail customers, including outstanding receivables and committed transactions.

The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The utilisation of credit limits by customers is regularly monitored by line management. Customers who subsequently fail to meet their credit terms are required to make purchases on a prepayment basis until creditworthiness can be re-established.

Trade receivables consist of a single significant customer which was fully provided for during the period.

## Notes to the Financial Statements

For the Year Ended 31 December 2017

### 17 Financial Risk Management (continued)

#### Credit risk (continued)

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

The Group has no significant concentration of credit risk.

On a geographical basis, the Group has significant credit risk exposures in Indonesia given the substantial operations in those regions.

The following table details the Group's trade and other receivables exposure to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled, within the terms and conditions agreed between the Group and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there is objective evidence indicating that the debt may not be fully repaid to the Group.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

	Past due but not impaired (days overdue)						Within initial trade terms
	Gross amount	Past due and impaired	< 30	31-60	61-90	> 90	
	\$	\$	\$	\$	\$	\$	\$
<b>2017</b>							
Trade receivables	631,631	631,631	-	-	-	-	-
Other receivables	4,473	-	-	-	-	-	4,473
Total	<u>636,104</u>	<u>631,631</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,473</u>

The Group does not hold any financial assets with terms that have been renegotiated, but which would otherwise be past due or impaired.

The other classes of receivables do not contain impaired assets.

#### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

##### (i) Foreign exchange risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group.

Exposures to currency exchange rates arise from the Group's overseas sales and purchases, which are primarily denominated in Indonesian Rupiah and US Dollars.

## Notes to the Financial Statements

### For the Year Ended 31 December 2017

#### 17 Financial Risk Management (continued)

Generally, the Group's risk management procedures distinguish short-term foreign currency cash flows (due within 6 months) from longer-term cash flows. Where the amounts to be paid and received in a specific currency are expected to largely offset one another, no further hedging activity is undertaken.

The Group is not exposed to material interest rate risk.

##### (ii) Price risk

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of securities held being available-for-sale or fair value through profit and loss.

The Group is not exposed materially to such risk.

#### 18 Dividends

There were no dividends paid or recommended during the period or since the end of the period. There are no franking credits available to the shareholders of the Company

#### 19 Key Management Personnel Remuneration

Key management personnel remuneration included within employee expenses for the year is shown below:

	2017	2016
	\$	\$
Short-term employee benefits	<b>165,634</b>	-

#### 20 Auditors' Remuneration

	2017	2016
	\$	\$
Remuneration of the auditor PKF, for:)		
- auditing or reviewing the financial statements	<b>16,000</b>	-
- other services	<b>18,597</b>	-
<b>Total</b>	<b>34,597</b>	-

## Notes to the Financial Statements

### For the Year Ended 31 December 2017

#### 21 Interests in Subsidiaries

##### (a) Composition of the Group

	Principal place of business / Country of Incorporation	Percentage Owned (%) <sup>*</sup> 2017	Percentage Owned (%) <sup>*</sup> 2016
<b>Subsidiaries:</b>			
SAPEX Oilfield Services Limited	British Virgin Islands	100	-

<sup>\*</sup>The percentage of ownership interest held is equivalent to the percentage voting rights for all subsidiaries.

#### 22 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 31 December 2017 (31 December 2016:None).

#### 23 Related Parties

##### (a) The Group's main related parties are as follows:

Disclosures relating to key management personnel compensation are set out in Note 19 and the Directors Report.

Disclosures relating to subsidiaries are set out in Note 21.

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

##### (b) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

				Balance outstanding		Provision for bad debts	Bad debts expenses
	Purchases	Sales	Remuneration	Owed to the company	Owed by the company		
Kyle Larson	-	-	69,316	-	17,849	-	-
Ronald Larson	-	-	60,317	-	11,837	-	-
Peter Chambers	-	-	12,000	-	10,000	-	-
Peter van Ratingen	-	-	12,000	-	10,000	-	-
Aaron Marshall	-	-	12,000	-	10,000	-	-
<b>Entities with significant influence</b>							
APAC Partners Pty Ltd - brokerage services	444,000	-	-	-	414,416	-	-
APAC Partners Pty Ltd - service fee	66,000	-	-	-	6,000	-	-

## Notes to the Financial Statements

### For the Year Ended 31 December 2017

#### 23 Related Parties (continued)

##### (b) Transactions with related parties (continued)

Note: APAC Partners Pty Ltd and Mr Conrad Warren are related parties as defined under the Corporations Act 2001. Mr Conrad Warren is the sole director and 100% shareholder of APAC Partners Pty Ltd. Mayee Warren and Chris Warren are related parties and/or associates of Conrad Warren as defined under the Corporations Act 2001. These parties are substantial shareholders of the Company.

##### (c) Loans to/from related parties

	Opening balance	Closing balance	Interest not charged	Interest paid/payable	Impairment
<b>Loans from related parties</b>					
First Guardian Holdings Pty Ltd	-	257,475	-	22,425	-

Terms of the loan from First Guardian Holdings Pty Ltd are disclosed in Note 13.

#### 24 Cash Flow Information

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

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

	2017 \$	2016 \$
Total loss for the year	(8,462,781)	-
Non-cash flows in profit:		
- corporate transaction accounting expense	7,521,698	-
- foreign exchange gain	(127)	-
Changes in assets and liabilities:		
- (increase)/decrease in prepayments	(368)	-
- increase/(decrease) in trade and other payables	602,061	-
Cashflows from operations	(339,517)	-

##### (b) Non-cash financing and investing activities

	2017 \$	2016 \$
Purchase of subsidiary using shares	7,714,562	-

#### 25 Share-based Payments

In the year ended 31 December 2017, the Group's only share based payments related to the acquisition of SAPEX Oilfield Services Limited. Refer to Note 7 for further details.

There were no other share based payments or options granted during the year.



## **Notes to the Financial Statements**

### **For the Year Ended 31 December 2017**

#### **26 Events Occurring After the Reporting Date**

The consolidated financial report was authorised for issue on 5 April 2018 by the Board of Directors.

As part of its strategic growth plan, the Company, in late February 2018, announced the intended acquisition of PT SAS International (PT SAS). PT SAS is a diversified mining, oil and gas products and services provider headquartered in Jakarta, Indonesia. PT SAS has acted as the Indonesian agent for the Dura-Base® mats business since 2002 and owns a total inventory of approximately 4,525 Dura-Base® mats and has generated in excess of A\$20 million in revenues arising from the Dura-Base® mats business since 2015. The acquisition will allow Sapex to reposition itself as the exclusive Indonesian agent, as well as providing logistics services associated with the mats. PT SAS will remain an integral business partner of the SAPEX Group, going forward, both remaining the Sapex group's exclusive local agent within Indonesia for at least the next three years as well as a shareholder of SAPEX. This transformational transaction is in progress with the intended closure by mid April 2018.

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

#### **27 Parent entity**

The following information has been extracted from the books and records of the parent, SAPEX Group Limited and has been prepared in accordance with Accounting Standards.

The financial information for the parent entity, SAPEX Group Limited has been prepared on the same basis as the consolidated consolidated financial statements except as disclosed below.

##### *Investments in subsidiaries, associates and joint ventures*

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the consolidated financial statements of the parent entity. Dividends received from associates are recognised in the parent entity profit or loss, rather than being deducted from the carrying amount of these investments.

## SAPEX Group Limited

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### Notes to the Financial Statements For the Year Ended 31 December 2017

#### 27 Parent entity (continued)

	2017 \$	2016 \$
<b>Statement of Financial Position</b>		
Assets		
Current assets	17,980	-
Non-current assets	3	-
Total Assets	<u>17,983</u>	<u>-</u>
Liabilities		
Current liabilities	766,202	-
Non-current liabilities	83,113	-
Total Liabilities	<u>849,315</u>	<u>-</u>
Equity		
Issued capital	192,864	-
Accumulated losses	<u>(1,024,196)</u>	<u>-</u>
Total Equity	<u>(831,332)</u>	<u>-</u>
<b>Statement of Profit or Loss and Other Comprehensive Income</b>		
Total loss for the year	<u>(1,024,196)</u>	<u>-</u>
<b>Total comprehensive income</b>	<u>(1,024,196)</u>	<u>-</u>

#### Contingent liabilities

The parent entity did not have any contingent liabilities as at 31 December 2017 or 31 December 2016.

#### Contractual commitments

The parent entity did not have any commitments as at 31 December 2017 or 31 December 2016.

#### 28 Statutory Information

The registered office of the company is:

Level 12  
225 George Street  
Sydney NSW 2000

The principal place of business is:

Level 28  
1 Market Street  
Sydney NSW 2000

## **Directors' Declaration**

The directors of the Company declare that:

1. the consolidated financial statements and notes for the year ended 31 December 2017 are in accordance with the *Corporations Act 2001* and:
  - a. comply with Accounting Standards, which, as stated in basis of preparation Note 1 to the consolidated financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
  - b. give a true and fair view of the financial position and performance of the consolidated group;
2. the Chief Executive Officer and Chief Finance Officer have given the declarations required by Section 295A that:
  - a. the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
  - b. the consolidated financial statements and notes for the financial year comply with the Accounting Standards; and
  - c. the consolidated financial statements and notes for the financial year give a true and fair view.
3. 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 with the continuing support of creditors.

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



Director .....  
Peter Chambers



Director .....  
Kyle Roy Kenneth Larson

Dated 5 April 2018

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SAPEX GROUP LIMITED

### Report on the Financial Report

#### Opinion

We have audited the accompanying financial report of Sapex Group Limited ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2017, 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, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

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

- i) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the year ended on that date; and
- ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the Auditor's Responsibility section of our report.

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

#### Emphasis of Matter – Going Concern

We draw our attention to Note 2(b) of the financial report, which describes management's assessment of the entity's ability to continue as a going concern. The entity is currently in a net deficit position of (\$748,221) after raising a doubtful debt against the outstanding accounts receivable. Our opinion is not modified in respect of this matter.

#### Independence

We are independent of the consolidated entity in accordance with 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.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

### 1. Going Concern

#### Why significant

As at 31 December 2017, the net asset position of the company was (\$748,221). In addition, management has outlined circumstances in Note 2 (b) relating to the entity's ability to continue as a going concern.

Given the significance and uncertainty of these circumstances we have considered this to be a Key Audit Matter.

#### How our audit addressed the key audit matter

Our work included, but was not limited to, the following procedures:

- Reviewing managements disclosure of the circumstances regarding going concern.
  - Assess the completeness and accuracy of the disclosed circumstances.
  - Reviewing the underwriting agreements regarding the relating party's ongoing support of working capital.
  - Review of confirmation letters that certain related party payables won't be called for 12 months.
  - Review of directors and board approved budget forecasts over the next 12 months.
- Held discussions with management regarding potential capital raising.

### 2. Revenue Recognition & Recoverability of Receivables

#### Why significant

For the period ended 31 December 2017, Sapex have recognised revenue of \$769,094 relating to monthly licence fees and a profit sharing agreement. At year end, over 80% of the revenue recognised remains uncollected and accordingly management have raised a doubtful debt provision against the total outstanding receivables balance.

Revenue is recognised on an accruals basis, based on agreed contractual terms with a related party entity in Indonesia, however payments have not been made on contracted terms.

Given the uncertainty relating to when revenue will be received, we have considered revenue recognition and the recoverability of receivables to be a Key Audit Matter.

#### How our audit addressed the key audit matter

Our work included, but was not limited to, the following procedures:

- Reviewing disclosure relating to revenue recognition.
- Assess the completeness and accuracy of the disclosed circumstances.
- Confirm revenue recognised agrees with contractual terms of agreements.
- Reviewing the contracts and contractual terms agreed with the related party.
- Obtained confirmation from debtor to confirm outstanding receivable balance.
- Assess the reasonableness of the provision raised for the outstanding doubtful debt.

### 3. Acquisition Accounting

#### Why significant

During the period, an acquisition occurred between Sapex Group Limited and Sapex Oilfield Services Limited (SOS). The acquisition of SOS has been treated as a “reverse acquisition” for accounting purposes as described in Note 2 (a)(iv).

The Acquisition has not been treated as a “Business Combination” under Australian Accounting Standards Board 3 Business Combinations (“AASB 3”), which would necessitate all of the net assets and liabilities of the acquiree (i.e. Sapex) to be recognised at their fair values at the acquisition date.

As a result of the Acquisition being treated as a “reverse acquisition”, Sapex shares not issued to vendors of SOS’s shares have been deemed to be the consideration for the Acquisition (i.e. 7,714,562 shares). These shares have been valued at \$1.00 per share which has been based on the valuation of Sapex (post Acquisition) as agreed between the existing shareholders and future shareholders (i.e. the SOS vendor shareholders) of Sapex, which is also reflected in the initial listing price.

#### How our audit addressed the key audit matter

Our work included, but was not limited to, the following procedures:

- Reviewing management’s disclosure of the circumstances regarding the acquisition.
- Assessed the accounting advice provided by the Independent Accountants Report on the acquisition.
- Reviewing the substance of the transaction in consideration of requirements of accounting standards.
- Assessed the determination of which entity obtained control in the transaction in accordance with accounting standards.
- Reviewing the IFRS Interpretations Committee (“IFRIC”) and AASB 3 guidance in relation to reverse acquisition transactions.

#### Other Information

Other information is financial and non-financial information in the annual report of the Group which is provided in addition to the Financial Report and the Auditor’s Report. The directors are responsible for Other Information in the annual report.

The Other Information we obtained prior to the date of this Auditor’s Report was the Director’s report. The remaining Other Information is expected to be made available to us after the date of the Auditor’s Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, the auditor does not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

## Other Information (cont'd)

We are required to report if we conclude that there is a material misstatement of this Other Information in the Financial Report and based on the work we have performed on the Other Information that we obtained prior the date of this Auditor's Report we have nothing to report.

## Directors' Responsibilities for the Financial Report

The Directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the Directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report, the Directors are responsible for assessing the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using a going concern basis of accounting unless the Directors either intend to liquidate the consolidated entity or to cease operations, or have no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. 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, individual or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

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.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

## Auditor's Responsibilities for the Audit of the Financial Report (cont'd)

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the consolidated entity'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 consolidated entity to cease to continue as a going concern.

We 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 obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the consolidated entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on the Remuneration Report

### Opinion

We have audited the Remuneration Report included in the directors' report for the year ended 31 December 2017. In our opinion, the Remuneration Report of Sapex Group Limited for the year ended 31 December 2017, complies with section 300A of the Corporations Act 2001.

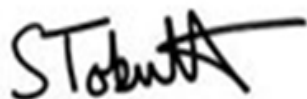


## Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



PKF



SCOTT TOBUTT

PARTNER

5 APRIL 2018

SYDNEY

## **Additional Information for Listed Public Companies**

**31 December 2017**

### **NSX Additional Information**

Additional information required by the NSX Listing Rules and not disclosed elsewhere in this report is set out below. This information is effective as at 31 December 2017.

### **Substantial shareholders**

The number of substantial shareholders and their associates are set out below:

<b>Shareholders</b>	<b>Number of shares</b>
INDOMINES LIMITED	5,785,922
KYLE LARSON	2,892,961
RON LARSON	2,892,961

### **Voting rights**

#### *Ordinary Shares*

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

#### *Options*

No voting rights.

### **Distribution of equity security holders**

<b>Holding</b>	<b>Ordinary shares</b>	
	<b>Holders</b>	<b>% of issued shares</b>
1,001 - 5,000	<b>32</b>	<b>0.34</b>
5,001 - 10,000	<b>2</b>	<b>0.10</b>
10,001 - 100,000	<b>9</b>	<b>2.88</b>
100,000 and over	<b>17</b>	<b>96.68</b>
<b>Total</b>	<b>60</b>	<b>100.00</b>

There were Nil holders of less than a marketable parcel of ordinary shares.

## **Additional Information for Listed Public Companies**

**31 December 2017**

### **Twenty largest shareholders**

	Ordinary shares	
	Number held	% of issued shares
INDOMINES LIMITED	5,785,922	30.00
KYLE LARSON	2,892,961	15.00
RON LARSON	2,892,961	15.00
APAC PARTNERS PTY LTD	923,000	4.79
CONRAD WARREN	913,324	4.74
MAYEE WARREN	825,922	4.28
CHRIS CARTER	602,000	3.12
MR ADAM THOMAS LEONARDI	574,775	2.98
CHRIS WARREN	547,000	2.84
NEAL WATMOUGH	538,000	2.79
DR CHRISTOPHER DAVID ATKINSON	500,000	2.59
BASTIAN SAGILD	500,000	2.59
JAMES MIDGLEY		
<THE STOCKMANS INVESTMENT A/C>	400,000	2.07
PETER VAN RATINGEN	250,000	1.30
EILEEN VAN RATINGEN	200,000	1.04
FALCON CAPITAL LIMITED		
<FG EMERGING COMPANIES A/C>	190,000	0.99
MR ADAM THOMAS LEONARDI		
<AT LEONARDI SUPER FUND A/C>	110,000	0.57
NIGEL LONDON	100,000	0.52
SIMON FIELD	100,000	0.52
DANIEL EDWARD POWELL & JOANNE MARY POWELL <D & J POWELL SUPER FUND A/C>	80,000	0.41

### **Unissued equity securities**

There are no unissued equity securities.

### **Securities exchange**

The Company is listed on the National Stock Exchange of Australia.