

9 October 2020

Stephanie Patchell  
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ASX Compliance Pty Ltd  
Level 40, Central Park, 152-158 St Georges Terrace, Perth WA 6000

By email: [Stephanie.Patchell@asx.com.au](mailto:Stephanie.Patchell@asx.com.au)

Dear Stephanie

**Response to ASX Query – Full Year Accounts**

We refer to your letter dated 6 October 2020 and provide the following responses to your queries:

1. *Is AOP able to confirm that in the Directors' Opinion the Full Year Accounts:*
  - (a) *comply with the relevant Accounting Standards; and*
  - (b) *give a true and fair view of AOP's financial performance and position?*

Yes. Please refer also to the Directors' Declaration on page 28 of the Full Year Accounts where this specific confirmation was given.

2. *Please explain the basis for and the factors considered by the Directors to satisfy themselves regarding AOP's assessment of the tax treatment in respect of the disposal of AOP's overseas operations as disclosed in Notes 7 and 28 to the consolidated financial statements, including whether AOP sought advice from tax consultants in relation to its assessment of its tax liabilities in Australia and overseas.*

AOP sought and received Australian and overseas advice from tax consultants in assessing the tax treatment of the transactions. AOP based its assessment of the appropriate Australian and overseas tax treatment under AASB Interpretation 23 "Uncertainty Over Income Tax Treatments" on information available to the Company and advice from tax consultants. Based on that advice, and as required by AASB Interpretation 23, AOP concluded that it is probable that the relevant taxation authorities will accept AOP's assessment of the Australian and overseas tax treatments as referred to in Note 28 to the consolidated financial statements.

Written advice in relation to the overseas tax treatment of the disposal was not able to be provided in a form sufficient to meet the documentary requirements of AOP's auditor within the time available. AOP does not consider that this precludes AOP or its Directors from appropriately forming the necessary conclusion to satisfy the requirements of AASB Interpretation 23.

3. *What steps has AOP taken since the release of the Full Year Accounts to obtain an unqualified opinion with regards to its future financial statements?*

AOP is seeking a quote and time commitment from tax consultants in the relevant overseas jurisdiction for the preparation of tax advice in a form sufficient to meet the documentary requirements of AOP's auditor.

4. *What steps does AOP intend to take to obtain an unqualified audit opinion with regards to its future financial statements?*

As noted above, AOP is seeking a quote and time commitment from tax consultants in the relevant overseas jurisdiction for the preparation of tax advice in a form sufficient to meet the documentary requirements of AOP's auditor and intends to obtain the necessary documentation to remove the need for any future qualification.

5. *In relation to the Full Year Accounts, did the Board receive the CFO and CEO declaration, as described in section 4.2 of AOP's Corporate Governance Disclosure, that in the opinion of the CFO and CEO, the financial records of AOP have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of AOP and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively?*

Yes.

6. *If the answer to Question 5 is 'no', why did the Board not receive the CEO and CFO declaration as described in section 4.2 of AOP's Corporate Governance Disclosure?*

Not applicable.

7. *What enquiries did the Board make of management to satisfy itself that the financial records of AOP have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of AOP?*

The financial statements were recommended for approval by the Audit Committee of the AOP Board at a meeting held on 17 September 2020 in accordance with the Audit Committee Charter at which Directors were able to and did make such enquiries as were necessary to reach their conclusion. AOP's auditors were also present at the meeting and the Committee was afforded direct access to the auditors.

8. *Commenting specifically on the qualified opinion, does the board consider that AOP has a sound system of risk management and internal control which is operating effectively?*

Yes, the Board does consider that AOP has a sound system of risk management and internal control which is operating effectively. As noted above, AOP considers that the basis of the qualification is that tax advice in relation to potential overseas tax was not able to be provided in a form sufficient to meet the auditor's documentary requirements within the time available under applicable reporting deadlines. The Board does not consider that this reflects on AOP's system of risk management and internal control which is considered to be operating effectively. AOP obtained tax advice in a form it considered appropriate to enable AOP and its Directors to appropriately form the necessary conclusion to satisfy the requirements of AASB Interpretation 23.

9. Please confirm that AOP is complying with the Listing Rules and, in particular, Listing Rule 3.1.

Confirmed.

10. Please confirm that AOP's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of AOP with delegated authority from the board to respond to ASX on disclosure matters.

Confirmed.

Please do not hesitate to contact the Company should you have any further queries.

Yours sincerely



**Alex Neuling**  
**Company Secretary**



6 October 2020

Reference: 25218

Mr Alexander Neuling  
Company Secretary  
Apollo Consolidated Limited

By email: alex@erasmusconsulting.com.au

Dear Mr Neuling

**Apollo Consolidated Limited ('AOP'): Accounts - Query**

ASX refers to the following:

- A. AOP's full year accounts for the full year ended 30 June 2020 lodged with ASX Market Announcements Platform and released on 1 October 2020 ('Full Year Accounts').
- B. ASX notes that the Independent Auditor's Report attached to the Full Year Accounts ('Auditor's Report') contains a qualified opinion together with the Basis for qualified opinion:

**Opinion**

*We have audited the financial report of Apollo Consolidated Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration. In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:*

- (i) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and*
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.*

**Basis for Qualified Opinion**

*The Group has disclosed in Note 28 Contingent Liabilities an uncertain tax position in respect of profits on disposal of an investment in overseas operations recognised in the current and prior years in profit after tax from discontinued operations. No tax expense or income tax payable has been recognised in respect to the profits arising on the disposals.*

*We have been unable to obtain appropriate tax advice in relation to the taxation of these profits and as a result we have been unable to obtain sufficient appropriate audit evidence in respect of the determination of income tax payable and the related tax expense, if any.*

*Accordingly, we have been unable to determine whether: the transactions are taxable; whether the quantum of the current tax payable (including penalties) if any, has been appropriately determined; and if the income tax expense and related income tax payable, if any, is appropriately recognised and disclosed in the current year pursuant to AASB 112 Income Taxes and Interpretation 23 Uncertainty Over Income Tax Treatments. Consequently, we were unable to determine whether any adjustments to tax expense and income tax payable and the related disclosures were necessary.*

- C. Note 28 to the consolidated financial statements which includes the following:

**Contingencies**

**AASB Interpretation 23 “Uncertainty Over Income Tax Treatments”**

*The Company is registered in Australia and is an Australian resident entity for tax purposes but also holds (and has held) interests in overseas entities including principally in Côte d’Ivoire. The Company has in recent years disposed of certain overseas project interests, including the recent sale of its holding in Aspire Nord Côte d’Ivoire SARL (ANCI) as disclosed in more detail in Note 7 and elsewhere in this report. In accordance with the Company’s assessment of the likely tax treatment of those transactions and the expected availability of brought-forward losses for which no deferred tax asset has been recognised, the Company has not recognised any income tax expense in relation to those transactions.*

*In the event that the Company’s assessment of the Australian tax treatment is incorrect, there exists a possibility that the Company’s brought forward loss position could be diminished, to the extent that available losses no longer exceed the Company’s current unrecognised deferred tax liabilities and that a tax expense may be required to be recognised in the future.*

*In the event that the Company’s assessment of the overseas tax treatment (that there is no tax payable) is incorrect, there exists a possibility that the Company may be liable for overseas tax on the profits recognised on the disposal of its investment in ANCI and that the Company may be required to recognise and pay overseas taxes. Total consideration received by the Company for the disposal (which occurred in 2 separate transactions) is estimated at \$11.92 million and total profit is estimated at \$9.26 million. The relevant tax rate (should the transactions be determined to be taxable overseas) is currently 25%.*

- D. AOP’s Corporate Governance Statement for 2020 lodged on the ASX Market Announcements Platform on 1 October 2020 which provides confirmation that AOP complies with recommendation 4.2 of the ASX Corporate Governance Principles and Recommendations which states:

*“The board of a listed entity should, before it approves the entity’s financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.”*

- E. Listing Rule 19.11A which states:

**19.11A** *If a listing rule requires an entity to give ASX +accounts, the following rules apply.*

- (a) If the entity controls an entity within the meaning of section 50AA of the Corporations Act or is the holding company of an entity, required by any law, regulation, rule or accounting standard, or if ASX requires, the +accounts must be consolidated +accounts.*
- (b) The +accounts must be prepared to Australian accounting standards. If the entity is a +foreign entity the +accounts may be prepared to other standards agreed by ASX.*
- (c) If the listing rule requires audited +accounts, the audit must be conducted in accordance with Australian auditing standards by a registered company auditor. If the entity is a +foreign entity, the audit may be conducted in accordance with other standards agreed by ASX and may be conducted by an overseas equivalent of a registered company auditor.*

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- (d) *If the listing rule requires +accounts to be reviewed, the review must be conducted in accordance with Australian auditing standards. If the entity is a +foreign entity, the review may be conducted in accordance with other standards agreed by ASX. Unless the listing rule says an independent accountant may conduct the review, it must be conducted by a registered company auditor (or, if the entity is a +foreign entity, an overseas equivalent of a registered company auditor).*
- (e) *If there is a +directors' declaration that relates to the +accounts, the +directors' declaration must be given to ASX with the +accounts.*
- (f) *If there is a +directors' report that relates to the period covered by the +accounts, the +directors' report must be given to ASX with the +accounts.*

### **Request for information**

In light of the information contained in the Full Year Accounts and the Auditor's Report, and the application of the Listing Rules stated above, please respond to each of the following questions:

1. Is AOP able to confirm that in the Directors' Opinion the Full Year Accounts:
  - (a) comply with the relevant Accounting Standards; and
  - (b) give a true and fair view of AOP's financial performance and position?
2. Please explain the basis for and the factors considered by the Directors to satisfy themselves regarding AOP's assessment of the tax treatment in respect of the disposal of AOP's overseas operations as disclosed in Notes 7 and 28 to the consolidated financial statements, including whether AOP sought advice from tax consultants in relation to its assessment of its tax liabilities in Australia and overseas.
3. What steps has AOP taken since the release of the Full Year Accounts to obtain an unqualified opinion with regards to its future financial statements?
4. What steps does AOP intend to take to obtain an unqualified audit opinion with regards to its future financial statements?
5. In relation to the Full Year Accounts, did the Board receive the CFO and CEO declaration, as described in section 4.2 of AOP's Corporate Governance Disclosure, that in the opinion of the CFO and CEO, the financial records of AOP have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of AOP and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively?
6. If the answer to Question 5 is 'no', why did the Board not receive the CEO and CFO declaration as described in section 4.2 of AOP's Corporate Governance Disclosure?
7. What enquiries did the Board make of management to satisfy itself that the financial records of AOP have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of AOP?
8. Commenting specifically on the qualified opinion, does the board consider that AOP has a sound system of risk management and internal control which is operating effectively?
9. Please confirm that AOP is complying with the Listing Rules and, in particular, Listing Rule 3.1.
10. Please confirm that AOP's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of AOP with delegated authority from the board to respond to ASX on disclosure matters.

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### When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **3.00 PM WST on Monday, 12 October 2020**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, AOP's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require AOP to request a trading halt immediately.

Your response should be sent to me by e-mail at [ListingsCompliancePerth@asx.com.au](mailto:ListingsCompliancePerth@asx.com.au). It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

### Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in AOP's securities under Listing Rule 17.1. If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

### Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in AOP's securities under Listing Rule 17.3.

### Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to AOP's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that AOP's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

### Release of correspondence between ASX and entity

We reserve the right to release a copy of this letter, your reply and any other related correspondence between us to the market under Listing Rule 18.7A.

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## Questions

If you have any questions in relation to the above, please do not hesitate to contact me.

Yours sincerely

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**Stephanie Patchell**

Adviser, Listings Compliance (Perth)