Australian Securities & Investments Commission

Australian Securities & Investments Commission
030011374

Form 388
Corporations Act 2001
294, 294B, 295, 298-301, 307, 308, 319, 321, 322
Corporations Regulations
1.0.08, 2M.3.01, 2M.3.03

Copy of financial statements and reports

If there is insufficient space in any section of the form, you may photocopy the relevant page(s) and submit as part of this lodgement

Company/scheme details

Company/scheme name
ALLIED NATURAL WOOD EXPORTS PTY LTD

ACN/ARSN/PIN/ABN
65 607 144 089

Lodgement details

An image of this form will be available as part of the public register.

TRA
2 NOV 2017
AB

Who should ASIC contact if there is a query about this form?

ASIC registered agent number (if applicable)

Firm/organisation
ALLIED NATURAL WOOD EXPORTS PTY LTD

Contact name/position description
FRASER CUTHBERTSON (CFO)

Telephone number (during business hours)
(03) 9621 7900

Email address (optional)

Postal address
JEWS HEAD, EDROM ROAD

Suburb/City
EDEN

State/Territory
NSW

Postcode
2551

1 Reason for lodgement of statement and reports

Tick appropriate box.

See Guide for definition of Tier 2 public company limited by guarantee

See Guide for definition of large proprietary company

See Guide for definition of small proprietary company

- [ ] A public company or a disclosing entity which is not a registered scheme or prescribed interest undertaking (A)
- [ ] A Tier 2 public company limited by guarantee (L)
- [ ] A registered scheme (B)
- [ ] Amendment of financial statements or directors' report (company) (C)
- [ ] Amendment of financial statements or directors' report (registered scheme) (D)
- [x] A large proprietary company that is not a disclosing entity (H)
- [ ] A small proprietary company that is controlled by a foreign company for all or part of the period and where the company's profit or loss for the period is not covered by the statements lodged with ASIC by a registered foreign company, company, registered scheme, or disclosing entity (I)
- [ ] A small proprietary company, or a small company limited by guarantee that is requested by ASIC to prepare and lodge statements and reports (J)
- [ ] A prescribed interest undertaking that is a disclosing entity (K)

Dates on which financial year begins and ends

Financial year begins 01/07/16 [D D] [M M] [Y Y] to Financial year ends 30/06/17 [D D] [M M] [Y Y]

2 Details of large proprietary company

See Guide for definition of large and small proprietary companies.

If the company is a large proprietary company that is not a disclosing entity, please complete the following information as at the end of the financial year for which the financial statements relate:

A What is the consolidated revenue of the large proprietary company and the entities that it controls?

57,450,757

B What is the value of the consolidated gross assets of the large proprietary company and the entities that it controls?

15,944,813

C How many employees are employed by the large proprietary company and the entities that it controls?

D How many members does the large proprietary company have?

3

3 Auditor's or reviewer's report

Were the financial statements audited or reviewed?

Tick one box and complete relevant section(s)

- [x] Audited - complete **B** only
- [ ] Reviewed - complete **A** and **B**
- [ ] No

If no, is there a class or other order exemption current for audit/review relief?

- [ ] Yes
- [ ] No

A. Reviewed

Is the reviewer a registered company auditor, or member of The Institute of Chartered Accountants in Australia, CPA Australia Limited, or Institute of Public Accountants and holds a practising certificate issued by one of those bodies?

- [ ] Yes
- [ ] No

B. Audited or Reviewed

Is the opinion/conclusion in the report:

Modified? (The opinion/conclusion in the report is qualified, adverse or disclaimed)

- [ ] Yes
- [x] No

Does the report contain an Emphasis of Matter and/or Other Matter paragraph?

- [x] Yes
- [ ] No

4 Details of current auditor or auditors

Notes:

- Registered schemes must advise ASIC of the appointment of an auditor on a Form 5137 *Appointment of scheme auditor* within 14 days of the appointment of the auditor.
- A public company limited by guarantee may, in some circumstances, have their accounts reviewed. These companies are still required to have an auditor and these details must be provided.

Auditor registration number *(for individual auditor or authorised audit company)*

Family name

Given name

or

Company name

ACN/ABN

or

Firm name (if applicable)

RSM AUSTRALIA PTY LTD

Office, unit, level

Street number and Street name

Suburb/City

State/Territory

Postcode

Country (if not Australia)

Date of appointment

09/05/17

[D D] [M M] [Y Y]

A company may have two appointed auditors, provided that both auditors were appointed on the same date. Otherwise, an appointed auditor must resign, be removed or otherwise ceased before a subsequent appointment may be made.

Auditor registration number *(for individual auditor or authorised audit company)*

Family name

Given name

or

Company name

ACN/ABN

or

Firm name (if applicable)

Office, unit, level

Street number and Street name

Suburb/City

State/Territory

Postcode

Country (if not Australia

5 Statements and reports to be attached to this form

Financial statements for the year (as required by s295(2) and accounting standards)

- Statement of comprehensive income, may also include a separate income statement for the year
- Statement of financial position as at the end of the year
- Statement of cash flows for the year
- Statement of changes in equity.

OR

If required by accounting standards — the consolidated statements of comprehensive income/income statement, financial position, cash flows and changes in equity.

Notes to financial statements (see s295(3))

- Disclosures required by the regulations
- Notes required by the accounting standards
- Any other information necessary to give a true and fair view (see s297).

The signed directors' declaration about the statements and notes (see s295(4)).

The signed directors' report for the year, including the copy of the auditor's or reviewer's independence declaration (see s298 to s300A).

Signed auditor's report or, where applicable, reviewer's report (see s301, s307 to s308).

Concise report (if any) (see s319).

Signature

See Guide for details of signatory.

I certify that the attached documents marked ( ) are a true copy of the original reports required to be lodged under s319 of the *Corporations Act 2001*.

Name

MALCOLM McCOMB

Signature

Capacity

☑ Director

☐ Company secretary

Date signed

31/10/17
[D D] [M M] [Y Y]

Lodgement

Send completed and signed forms to:
Australian Securities and Investments Commission,
PO Box 4000, Gippsland Mail Centre VIC 3841.

Or lodge the form electronically by:

- visiting the ASIC website www.asic.gov.au
- using Standard Business Reporting enabled software. See www.sbr.gov.au for more details.

For more information

Web www.asic.gov.au
Need help? www.asic.gov.au/question
Telephone 1300 300 630

ALLIED NATURAL WOOD EXPORTS PTY LTD

ABN: 65 607 144 089

Financial Report For The Year Ended
30 June 2017

Allied Natural Wood Exports Pty Ltd

ABN: 65 607 144 089

Financial Report For The Year Ended 30 June 2017

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ALLIED NATURAL WOOD EXPORTS PTY LTD
ABN: 65 607 144 089
DIRECTORS' REPORT

Your directors present their report on the company for the financial year ended 30 June 2017.

Directors

The names of the directors in office at any time during, or since the end of, the year are:

Malcolm David McComb
Ian Kenneth Sedger

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

Review of Operations

The profit of the company for the financial year after providing for income tax amounted to $1,201,352.

Allied Natural Wood Exports commenced operations with their first shipment of woodchips from their facility occurring in January 2016. In June 2016 the wood chip loading facility sustained major storm damage with parts of the infrastructure washed away by strong waves. Through the determination of ANWE's staff and contractors, along with the support from government and local community, the wharf and conveyor was successfully rebuilt with the first shipment departing from the rebuilt facility on Sunday 13th of November 2016.

Despite this event, ANWE still managed to generate sales during the impacted 2016/17 financial year of over $50million and generate a gross profit of $1.8million. With the wharf facility now fully functional we expect 2017/18 to be an even stronger year.

Significant Changes in the State of Affairs

No significant changes in the state of affairs of the company occurred during the financial year.

Principal Activities

The principal activities of the company during the financial year were the export of wood chip. No significant change in the nature of these activities occurred during the year.

Events Subsequent to the End of the Reporting Period

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

Likely Developments and Expected Results of Operations

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

Environmental Regulation

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

Dividends

No dividends were paid or declared during the year

Options

No options over issued shares or interests in the company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

No shares were issued during or since the end of the year as a result of the exercise of an option over unissued shares or interests.

Indemnification of Officers

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

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

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

ALLIED NATURAL WOOD EXPORTS PTY LTD
ABN: 65 607 144 089
DIRECTORS' REPORT

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 3.

This directors' report is signed in accordance with a resolution of the Board of Directors:

Director

Malcolm David McComb

Dated this 30th day of October 2017

RSM Australia Partners

Level 21, 55 Collins Street Melbourne VIC 3000
PO Box 248 Collins Street West VIC 8007

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F +61 (0) 3 9286 8199

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Allied Natural Wood Exports Pty Ltd for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM

RSM AUSTRALIA PARTNERS

J S CROALL
Partner

Melbourne, Victoria
Dated: 30 October 2017

ALLIED NATURAL WOOD EXPORTS PTY LTD
ABN: 65 607 144 089
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 $	2016 $
Revenue	2	52,514,527	19,631,953
Cost of sales	3	(50,672,118)	(18,434,929)
Gross profit		1,842,409	1,197,024
Other revenue	2	4,936,230	1,224,499
Depreciation expense		(695)	-
Employee benefits expense		(211,924)	-
Administration expense		(166,880)	(25,833)
Occupancy expense		(616,635)	(2,175)
Finance costs	3(a)	(513,527)	(794,867)
Other expenses		(3,411,441)	(880,149)
Profit before income tax		1,857,537	718,499
Income tax (expense) benefit	4	(656,185)	(116,993)
Profit for the year		1,201,352	601,506
Other comprehensive income			
Total comprehensive income for the year		1,201,352	601,506

The accompanying notes form part of these financial statements.

ALLIED NATURAL WOOD EXPORTS PTY LTD
ABN: 65 607 144 089
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Note	2017 $	2016 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	518,325	2,023,828
Trade and other receivables	6	6,982,422	778,360
Inventories	7	7,802,583	9,382,596
Other assets	8	545,546	5,335,611
TOTAL CURRENT ASSETS		15,848,876	17,520,395
NON-CURRENT ASSETS			
Property, plant and equipment	9	32,931	-
Deferred tax assets	12	63,006	211,344
TOTAL NON-CURRENT ASSETS		95,937	211,344
TOTAL ASSETS		15,944,813	17,731,739
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	7,331,018	8,042,050
Borrowings	11	4,750,000	8,359,847
Current tax liabilities	12	474,871	225,246
Provisions	13	1,050,000	-
TOTAL CURRENT LIABILITIES		13,605,889	16,627,143
NON-CURRENT LIABILITIES			
Deferred tax liabilities	12	136,066	103,090
TOTAL NON-CURRENT LIABILITIES		136,066	103,090
TOTAL LIABILITIES		13,741,955	16,730,233
NET ASSETS		2,202,858	1,001,506
EQUITY			
Issued capital	14	400,000	400,000
Retained earnings		1,802,858	601,506
TOTAL EQUITY		2,202,858	1,001,506

The accompanying notes form part of these financial statements.

ALLIED NATURAL WOOD EXPORTS PTY LTD
ABN: 65 607 144 089
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2017

	Share Capital		
	Ordinary	Retained Earnings (accumulated losses)	Total
	$	$	$
Balance at 1 July 2015	-	-	-
Shares issued during the year	400,000		400,000
Comprehensive income			
Profit for the year		601,506	601,506
Balance at 30 June 2016	400,000	601,506	1,001,506
Balance at 1 July 2016	400,000	601,506	1,001,506
Comprehensive income			
Profit for the year		1,201,352	1,201,352
Balance at 30 June 2017	400,000	1,802,858	2,202,858

The accompanying notes form part of these financial statements.

ALLIED NATURAL WOOD EXPORTS PTY LTD
ABN: 65 607 144 089
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 $	2016 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		51,884,240	19,641,286
Payments to suppliers and employees		(53,794,907)	(22,825,832)
Interest received		1,126	-
Finance costs		(513,527)	(794,867)
Income tax paid		(225,247)	-
Net cash provided by/(used in) operating activities	15(a)	(2,648,315)	(3,979,413)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(33,626)	-
Net cash provided by/(used in) investing activities		(33,626)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from (repayment of) borrowings		(3,609,847)	8,359,847
Net proceeds from (repayment of) related party loans		4,786,285	(2,756,606)
Net cash provided by/(used in) financing activities		1,176,438	5,603,241
Net increase/(decrease) in cash held		(1,505,503)	1,623,828
Cash at beginning of financial year		2,023,828	400,000
Cash at end of financial year	5	518,325	2,023,828

The accompanying notes form part of these financial statements.

These financial statements and notes represent Allied Natural Wood Exports Pty Ltd. Allied Natural Wood Exports Pty Ltd is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue on 30th of October 2017 by the directors of the company.

Note 1 Summary of Significant Accounting Policies

Allied Natural Wood Exports Pty Ltd is a company limited by shares, incorporated and domiciled in Australia.

Basis of Preparation

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

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

The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs unless otherwise stated in the notes. The amounts presented in the financial statements have been rounded to the nearest dollar.

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for cash flow information, have been prepared on an accrual 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. The amounts presented in the financial statements have been rounded to the nearest dollar.

(a) Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is obtained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exceptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations other than those associated with the issue of a financial instrument are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

Goodwill

Goodwill is carried at cost less any accumulated impairment losses.

The amount of goodwill recognised on acquisition of each subsidiary in which the company holds a less than 100% interest will depend on the method adopted in measuring the non-controlling interest. The company can elect in most circumstances to measure the non-controlling interest in the acquiree either at fair value ("full goodwill method") or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets ("proportionate interest method"). In such circumstances, the company determines which method to adopt for each acquisition and this is stated in the respective note to the financial statements disclosing the business combination.

Under the full goodwill method, the fair value of the non-controlling interest is determined using valuation techniques which make the maximum use of market information where available. Under this method, goodwill attributable to the non-controlling interest is recognised in the financial statements.

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to the company's cash-generating units or groups of cash-generating units, which represent the lowest level at which goodwill is monitored but where such level is not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold.

Changes in the ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

(b) Income Tax

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

Current income tax expense charged to profit or loss is the tax payable on taxable income for the current period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss or arising from a business combination.

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

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

With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale. When an investment property that is depreciable is held by the company in a business model whose objective is to consume substantially all of the economic benefits embodied in the property through use over time (rather than through sale), the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of such property will be recovered entirely through use.

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

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

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

(c) Fair Value of Assets and Liabilities

The Company measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable accounting standard.

Fair value is the price the Company would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

(d) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate proportion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs. Refer to Note 1(x) for further details relating to changes in the inventory valuation accounting policy.

(e) Property, Plant and Equipment

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

Plant and equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(j) for details of impairment).

The cost of fixed assets constructed within the company includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss in the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of Fixed Asset	Depreciation Rate
Plant and equipment	20-40 %

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss when the item is derecognised. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(f) Leases

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

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

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

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

(g) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are recognised as expenses in profit or loss immediately.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

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

The company does not designate any interests in subsidiaries, associates or joint ventures as being subject to the requirements of Accounting Standards specifically applicable to financial instruments. Accordingly, such interests are accounted for on a cost basis.

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

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

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iv) Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are not expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

(v) Financial Liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Financial Guarantees

Where material, financial guarantees issued that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due are recognised as financial liabilities at fair value on initial recognition.

The fair value of financial guarantee contracts has been assessed using the probability weighted discounted cash flow approach. The probability has been based on:

— the likelihood of the guaranteed party defaulting during the next reporting period;
— the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
— the maximum loss exposure if the guaranteed party were to default.

Financial guarantees are subsequently measured at the higher of the best estimate of the obligation in accordance with AASB 137: Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the entity gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(h) Impairment of Assets

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information, including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116: *Property, Plant and Equipment*). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.
Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

(i) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency is measured using the currency of the primary economic environment in which the entity operates. The financial statements are presented in Australian dollars which is the entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is directly recognised in other comprehensive income, otherwise the exchange difference is recognised in profit or loss.

(j) Employee Benefits

Short-term employee benefits

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The company's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss as part of employee benefits expense.

The company's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(k) Provisions

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

(l) Cash and Cash Equivalents

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

(m) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

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

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

Dividends received from associates and joint ventures are accounted for in accordance with the equity method of accounting.

Revenue relating to construction activities is detailed at Note 1(f).

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

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

(n) Trade and other receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(i) for further discussion on the determination of impairment losses.

(o) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the company that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(p) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(q) Goods and Services Tax (GST)

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

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

(r) Comparative Figures

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

Where the company retrospectively applies an accounting policy, makes a retrospective restatement of items in the financial statements or reclassifies items in its financial statements, a third statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

(s) New and Amended Accounting Policies Adopted by the Company

(t) New Accounting Standards for Application in Future Periods

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

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

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

The key changes that may affect the company on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

The directors assessed that the adoption of AASB9 will have no material impact to the company's financial instruments.

— AASB 15: *Revenue from Contracts with Customers* (applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2015-8: *Amendments to Australian Accounting Standards – Effective Date of AASB 15*).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Apart from a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers. The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

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

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented per AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors* (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements regarding revenue.

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

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

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

The main changes introduced by the new Standard are as follows:

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

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

Although the directors anticipate that the adoption of AASB 16 will impact the company's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

Note 2 Revenue and Other Income

	2017 $	2016 $
Sales revenue:		
— sale of goods	52,514,527	19,631,953
Total sales revenue	52,514,527	19,631,953
Other revenue:		
— interest received		
— other persons	1,126	-
— other revenues	3,435,104	1,224,499
— proceeds from insurance claim	1,500,000	-
Total other revenue	4,936,230	1,224,499
Total sales revenue and other revenue	57,450,757	20,856,452

Note 3 Profit before Income Tax

Profit before income tax from continuing operations includes the following specific expenses:	2017 $	2016 $
(a) Expenses		
Cost of sales	50,672,118	18,434,929
Interest expense on financial liabilities:		
— external entities	513,527	794,867
Total finance costs	513,527	794,867
Other expenses:		
Foreign currency translation losses	174,226	33,025

Note 4 Tax Expense

	Note	2017 $	2016 $
(a) The components of tax (expense) income comprise:			
Current tax		474,871	225,246
Deferred tax	12	181,314	(108,253)
		656,185	116,993
(b) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:			
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2016: 30%)		557,261	215,550
Tax effect of:			
— other non-allowable items		98,924	(98,557)
Income tax attributable to the company		656,185	116,993
The applicable weighted average effective tax rates are as follows:		35.3%	16.3%

Note 5 Cash and Cash Equivalents

	2017 $	2016 $
CURRENT		
Cash at bank and on hand	518,325	2,023,828
	518,325	2,023,828

Note 6 Trade and Other Receivables

	2017 $	2016 $
CURRENT		
Trade receivables	4,562,269	461,991
Other receivables	2,420,153	316,369
Total current trade and other receivables	6,982,422	778,360

Note 7 Inventories

	Note	2017 $	2016 $
CURRENT			
At cost:			
Raw materials and stores		1,795,942	-
Finished goods		6,006,641	9,382,596
		7,802,583	9,382,596

Note 8 Other Assets

	2017 $	2016 $
CURRENT		
Loan receivable from related party	380,036	4,816,901
Prepayments	165,510	518,710
	545,546	5,335,611

Note 9 Property, Plant and Equipment

	2017 $	2016 $
PLANT AND EQUIPMENT		
Plant and equipment:		
At cost	33,626	-
Accumulated depreciation	(695)	-
Total plant and equipment	32,931	-
Total property, plant and equipment	32,931	-

Note 10 Trade and Other Payables

	2017 $	2016 $
CURRENT		
Unsecured liabilities		
Trade payables	4,389,019	2,014,951
Other payables	532,284	3,966,804
Loans payable to:		
— related party	2,409,715	2,060,295
	7,331,018	8,042,050

Note 11 Borrowings

	Note	2017 $	2016 $
CURRENT			
Loan secured	11(a)	-	8,359,847
Bank bills secured	11(b)	4,750,000	-
Total current borrowings		4,750,000	8,359,847
Total borrowings		4,750,000	8,359,847
(a) Total current and non-current secured liabilities:			
Loan		-	8,359,847
Bank bills		4,750,000	-
		4,750,000	8,359,847

(b) The entity holds a $4.75 million bank bill facility for working capital purposes, expiring on the 20th of July, 2017. Agreement has been reached with the company's bankers and the company has signed the bank's letter of offer for the bill facility which extends the facility for a further 30 days.

Note 12 Tax

	2017 $	2016 $
LIABILITIES		
CURRENT		
Income tax	474,871	225,246
NON-CURRENT		
Deferred tax liability	136,066	103,090
ASSETS		
NON-CURRENT		
Deferred tax asset	63,006	211,344
Net deferred tax	73,060	(108,254)

Note 13 Provisions

CURRENT	2017	2016
Amounts provided for:		
Consultancy fees	1,050,000	-
Total current provisions	1,050,000	-

Note 14 Issued Capital

	2017 $	2016 $
400,000 (2016: 400,000) fully paid ordinary shares	400,000	400,000
	400,000	400,000

The company has authorised share capital amounting to 400,000 ordinary shares of no par value.

(b) Capital Management

Management controls the capital of the company in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and to ensure that the company can fund its operations and continue as a going concern.

The company's debt and capital include ordinary share capital and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

Management effectively manages the company's capital by assessing the company's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

	Note	2017 $	2016 $
Total borrowings	11	4,750,000	8,359,847
Trade and other payables	10	7,331,018	8,042,050
Less cash and cash equivalents	5	(518,325)	(2,023,828)
Net debt		11,562,693	14,378,069
Total equity		2,202,858	1,001,506
Total capital		13,765,551	15,379,575
Gearing ratio		84%	93%

Note 15 Cash Flow Information

	2017 $	2016 $
(a) Reconciliation of cash flows from operating activities with profit after income tax		
Profit after income tax	1,201,352	601,506
Non-cash flows in profit		
— depreciation	695	-
— unrealised foreign exchange (gain)/loss	(88,433)	
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
— (increase)/decrease in trade and term debtors	(6,204,062)	(1,152,697)
— (increase)/decrease in prepayments	353,200	(144,373)
— (increase)/decrease in inventories	1,580,013	(9,382,596)
— (increase)/decrease in deferred tax receivable	148,338	(211,344)
— increase/(decrease) in payables	(1,082,490)	5,943,516
— increase/(decrease) in income taxes payable	249,625	225,246
— increase/(decrease) in deferred taxes payable	32,976	103,090
— increase/(decrease) in provisions	1,160,471	38,239
Net cash provided by operating activities	(2,648,315)	(3,979,413)

Note 16 Events After the Reporting Period

The directors are not aware of any significant events since the end of the reporting period.

Note 17 Company Details

The registered office of the company is:

Allied Natural Wood Exports Pty Ltd
Jews Head, Edrom Road
Eden
NSW, 2551

The principal place of business is:

Allied Natural Wood Exports Pty Ltd
Jews Head, Edrom Road
Eden
NSW, 2551

ALLIED NATURAL WOOD EXPORTS PTY LTD
ABN: 65 607 144 089
DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Allied Natural Wood Exports Pty Ltd, the directors of the company declare that:

1. The financial statements and notes, as set out on pages 4 to 17, are in accordance with the Corporations Act 2001 and:

   (a) comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS)

   (b) give a true and fair view of the financial position as at 30 June 2017 and of the performance for the year ended on that date of the company.

2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Director

Malcolm David McComb

Dated this 30th day of October 2017

RSM Australia Partners

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INDEPENDENT AUDITOR'S REPORT
To the Members of Allied Natural Wood Exports Pty Ltd

Opinion

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

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

(i) giving a true and fair view of the Company's financial position as at 30 June 2017 and of its financial performance for the year then ended; 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. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

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

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

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

Other Matter

The financial report of the Company for the year ended 30 June 2016 was not audited.

Basis of Accounting

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

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the Corporations Act 2001 and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

RSM

RSM AUSTRALIA PARTNERS

J S CROALL
Partner

Melbourne, Victoria
Dated: 31 October 2017