CENTRAL PURCHASING SERVICES LIMITED

ACN 605 290 364

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

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2018 CHAIRMAN'S REPORT

At the conclusion of my first full year as Chairman of Central Purchasing Services Limited, I am pleased to report that the result for the 2017/18 financial year is an improvement of $140,000 on the year previous, to a profit of $172,000 after tax. This is the highest profit for CPS since 2007 and the biggest buying volume since 2005.

The Board has for the past two years focused on a strategy of upgrading and streamlining business systems that will enable to business to grow while reducing costs as a percentage of volume. While the costs of the business did increase over the past year by 3.4%, that was eclipsed by the growth in volume of 11%. In the opening two months of the new year our costs remain flat while buying volumes have increased a further 12% on last year. We are now beginning to see the Cost of Doing Business (CoDB) as a percentage of sales decreasing, making our operation more resilient while creating a competitive edge.

The outlook for volume through the business for 2019 is positive. The economic fundamentals in the Western Australian market now appears to be improving evidenced by the core charge-back sales for 2018 icreasing for the first time in four years for the CPS operation. At the same time TradeSmart continued with strong growth from existing and new members. This is a positive result and it reflects the efforts and dedication of the staff and the generous support of the customers of both CPS and TradeSmart.

Strategy
Over the past four years CPS has successfully re-positioned its business from a WA state-based co-operative with limited infrastructure to be a national multi-disciplined company with a scalable operational platform.
In the second half of the year the staff completed the implementation of the final stages of the new IT platform. The latest elements of the software build on the base system that was implemented in July 2017. This final stage has delivered the new Member Portal which is an exciting development in making it easier for customers to review documents from CPS & suppliers. This has enabled us to retire the Document Centre which we acknowledge was a source of frustration to members at various times. The feedback for the new Portal has been very positive.

We have now charged the General Manager and his team to actively grow the business. That growth is expected to come from both existing and new market opportunities. This may in the future include further strategic acquisition opportunities.

Currently some of our shares are being held by de-registered corporations and we are currently reviewing how we can address this anomaly. While the exact outcome cannot be predicted, we can advise shareholders that we have good reason to believe that a substantial number of shares will be returned from ASIC to the company. This matter is expanded upon in the General Managers Report.

In addition to the implementation of the new IT infrastructure, CPS staff this year re-located the business operations into a new location in Applecross. The Melbourne office which houses TradeSmart and our buying operation will continue to operate from Mulgrave. We will be expanding the size of the Melbourne office during 2018 to make way for additional staff resources in early 2019.

Staff & Board
I would like to take this opportunity to thank the staff for their continued loyal and dedicated efforts over the past 12 months. While continuing to maintain a low cost of operations the staff have upheld a high level of

service and delivery to members, all while accepting the challenges of changing the business structure and location. I would also at this time like to acknowledge the contribution of Ron Hunt who retired from the business in August this year. On behalf of the Board I would like to acknowledge and thank Ron for the manner in which he has handed the business on to CPS.

To our dedicated Board consisting of Chris Langslow, Tom Wilson, Tim Ellery and deputy Chair Graeme Norrish, thank for your constructive input to the business and for your support to the ongoing development of our operation.

Finally, and most importantly, I offer great thanks to the members of CPS and TradeSmart. Whilst you are the owners of this company, your support to the business is acknowledged and we look forward to being of service to you through 2019.

Wishing you all every success for the forthcoming year.

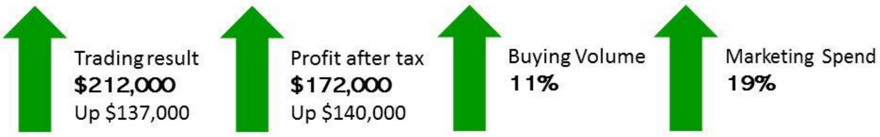
STEPHEN O'KEEFE
CHAIRMAN

2018 GENERAL MANAGER'S REPORT

The 2018 financial year has been positive for the collective business of CPS and TradeSmart. After three years of difficult trading in Western Australia, our hardware, building and rural business has stabilised and the TradeSmart business has reported its third successive year of double-digit growth.

Our key strategic milestone for 2018 was the on-time delivery of a new IT infrastructure which will improve the service to members while reducing the on-going cost of business. Thanks to the willingness and efforts of our dedicated staff, the project was delivered seamlessly and within 5% of the budgeted amount.

Financial Result



The overall volume of the business in 2018 grew 11% on 2017, fueled by organic growth within the existing members as well as improvements in member numbers. While the building materials sector remained flat, the volume of buying in consumables, power tools and hand-tools grew considerably through the year.

For operating expenses, a greater emphasis has been placed on promoting members businesses in the last year. The efforts applied to promotion are reflected in the volume of buying through the business. While the marketing costs increased 19% year on year, overall expenses for the business grew by only 3.9%, reflecting our efforts to direct costs into areas that will deliver the greatest opportunity for return.

The group profit for the year after tax (NPAT) was $172,000, an improvement of $140,000 on the year previous. Included in this year's result were asset write-downs of $50,000 with the board taking a conservative position on the realisable value of residual stock and following the disposal of furniture during the business re-location. The underlying trading result before tax and adjustments was $212,000 profit in comparison to the 2017 trading result of $75,000.

Overall rebate distribution for the business increased by 14% on the back of growing sales, improvements to base terms and a reduction in retained margin. At the same time the level of fee's to members within hardware, building and rural reduced by 10% in our bid to increasingly deliver better value to members.

During the year the business self-funded a $291,000 capital expenditure program and retired $22,000 in debt. The cash position of the business remains strong with an improvement of $79,000 after the capital improvement program.

Capital Expenditure

Over the past year CPS has invested significantly in its IT infrastructure. After commencing in March 2017, the upgrade was concluded in February 2018. The total cost of the project was of $275,000.

The new software platforms will benefit the business administration by lowering of costs through processing efficiencies and the scalability of the system. More importantly, for members, the new system has greatly improved our offering and competitive edge.

Included in the upgrade was the development of a new Member Portal with three key components; Accounts, Rebates and Trading Terms. This Portal has provided members with an intuitive system that streamlines the delivery of Invoice/Statements while providing greater transparency of Trading Terms.

New premises
In January 2018, CPS re-located operations from Beeliar to a smaller premise in Applecross following the conclusion of our lease. In the wake of a more streamlined software platform which enabled the business to remove the servers and, on the back of a more favorable rental market, the opportunity was taken to downscale the footprint of the operation. The annual cost saving of the re-location will be $45,000 in a full year.

Outlook
The strength of our members businesses is directly reflected into CPS and TradeSmart. The challenges that members face are the challenges that the group faces. In 2019 we will continue to drive efficiencies within our operation to ensure that our focus is on improving benefits in members buying as vehicle to improve underlying sales.
We will be having a federal election this year which typically results in a period of economic slowdown. As a counter balance to that and other events, the underlying strength of the economy, the rejuvenation of the mining industry in WA and a strong population growth will create alternate avenues of opportunity for business and as such our forecast is for a continuation of the present growth trajectory.

Cancellation of Shares
A number of CPS shareholders over time have retired their businesses and de-registered their companies. Consequently, the shares that were held by these past members are now administered by ASIC. This situation could have future negative implications with ASIC unable to cast a vote with their shares if called on to do so. Our estimate at this point is that up to 800,000 shares may be registered in the names of extinguished companies.

CPS is working with ASIC to identify and resolve this anomaly by cancelling those shares that are in the name of de-registered companies. This process may take up to 18 months to resolve. The cancellation of shares will initiate Balance Sheet transactions where the number of shares on issue may be reduced. There will be no impact on the profit of the business however, the equity per share may vary in the future.

CPS will ensure that members receive further updates should there be any significant change in the movement of shares.

Staff
We are fortunate to have in our business a dedicated team of people who continue to adopt a member centric approach to the business.

This year we said farewell to the founder and patriarch of TradeSmart, Ron Hunt. The TradeSmart members know that Ron has remained loyal to the business and without hesitation threw himself into ensuring its ongoing success with CPS. It’s with the greatest respect that we say, thank you Ron for your dedication.

At the same time it’s important to recognize the contribution and efforts of Joe Di Iorio and Robert Jones who have skillfully transitioned TradeSmart to its new home at CPS. In Perth, our dedicated front-line accounts staff Wendy Livingstone and Peggy Hall have worked tirelessly in implementing the final elements of our new software system. The tenacious efforts of Greg Downie and his support staff, Shannon Alexandria in Marketing, have been rewarded this year in the stabilization of our traditional hardware, rural and building market. I take this opportunity to thank the staff for their unending support and dedication to offering members a truly personalized service.

Stephen Wren
GENERAL MANAGER

CENTRAL PURCHASING SERVICES LIMITED
ACN 605 290 364

DIRECTORS' REPORT

Your directors present their report on the company for the financial year ended 30 June 2018.

Directors

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

Stephen O'Keefe

Graeme Harold Norrish

Timothy John Ellery

Thomas Henry Wilson

Christopher John Langslow

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

Company Secretary

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

Stephen Wren – Secretary

Stephen was appointed as Company Secretary in 2017.

Stephen has extensive experience in retail and supply industries. Within these and other businesses Stephen has strong experience in accounting, information technology and strategic business management. Stephen holds a MBA from the University of Western Australia and has further qualifications in corporate governance.

Information on Directors

Stephen O'Keefe — Chairman B Com (Hons), PMD Harvard Business School, MAICD

Stephen was appointed as a Director and Chairman of the Board on 23 March 2017.

Stephen has extensive experience in marketing and distribution development. Stephen is currently a TEC Chair and CEO Coach. Stephen is a recent board member for Southseas Abalone Ltd, former Chairman Water Polo WA from 2011 – 2014 and a former board member of the Cottesloe Golf Club from 2012 – 2014.

Graeme Harold Norrish — Deputy Chairman

Graeme was appointed to the CPS Board in July 1994.

Graeme has over 40 years' experience in the Co-Operative movement and retailing and was General Manager of BKW Co-Operative Ltd for 30 years before retiring in 2018. BKW Co-Operative Ltd was a founding member and operated a number of retailing operations including a hardware and rural merchandise operation.

Timothy John Ellery

Tim was appointed to the CPS Board in June 2003.

Tim is the 2nd generation owner operator of Midstream Hardware, a trade focused business located in Mandurah. Tim has over 30 years industry experience and during this time he has served on the Makit Promotional Committee for 6 years and was awarded CPS Member of the year in for contributions to the business.

DIRECTORS' REPORT

Thomas Wilson

Tom was appointed to the CPS Board in September 2013.

Tom is the founder of T&C Supplies, a leading member of both CPS and TradeSmart. Tom is experienced in developing successful and growing business based on the principals of service and range. Tom has previously served on the CPS board as an observer and has also been a member of the MAKIT marketing committee.

Christopher John Langslow

Chris was appointed to the CPS Board in June 2015.

Chris has been the CEO of Denmark Co-operative since 2008, a member of CPS Ltd since its inception. Chris has 20 years of experience in the field of corporate advisory, structuring and capital raising, primarily through his first career in international investment banking in Europe, Asia and Australia.

Directors' meetings attended during financial year:-

	Number of meetings eligible to attend	Number of meetings attended
Stephen O'Keefe	11	11
Graeme Harold Norrish	11	10
Timothy John Ellery	11	10
Thomas Henry Wilson	11	10
Christopher John Langslow	11	11

Directors' Interests

The relevant interest of each director in the shares of the company are:

	Ordinary Shares
Stephen O'Keefe	-
Graeme Harold Norrish	-
Timothy John Ellery (as a director of a shareholding entity)	20,000
Thomas Wilson	20,000
Christopher John Langslow	-

No Director has received or become entitled to receive, during or since the end of the financial period, a benefit because of a contract made by the company, or related company with a director, a firm of which a director is a member or an entity in which a director has substantial financial interest, other than the benefits as disclosed in the notes to and forming part of the accounts.

Review of Operations

The profit of the group for the financial year after providing for income tax increased by $140k to $172k (2017: $32k) despite total revenue for the financial year declining to $13.69 million (2017: $13.85 million).

Significant Changes in the State of Affairs

There were no significant changes in the Company's state of affairs during the financial year ended 30 June 2018.

Principal Activities

DIRECTORS' REPORT

The principal activities of the company during the financial year were the supply of hardware goods and services to members.

No significant change in the nature of these activities occurred during the year.

Events Subsequent to the End of the Reporting Period

There are no subsequent events since the end of the reporting period.

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

a. No Dividends were paid this financial year.

b. No Dividends were declared for this financial year.

DIRECTORS' REPORT

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

Directors and Officers Indemnity Insurance was renewed during the year at a cost of $4,471. This renewed policy expires on 31 January 2019.

Proceedings on Behalf of Company

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

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

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under s 307C of the Corporations Act 2001 is set out on page 7.

Rounding of Amounts

The amounts in the financial statements have been rounded to the nearest thousand dollars under ASIC Class Order CI 2016/191.

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

Director ....
Stephen O'Keefe

Director ....
Timothy John Ellery

Dated this 31st day of October 2018

CENTRAL PURCHASING SERVICES LIMITED
ACN 605 290 364

AUDITOR'S INDEPENDENCE DECLARATION

MOORE STEPHENS

Level 15, Exchange Tower
2 The Esplanade, Perth WA 6000

PO Box 5785, St Georges Terrace WA 6831

T +61 (0)8 9225 5355
F +61 (0)8 9225 6181

www.moorestephenswa.com.au

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2018 there have been no contraventions of:

i. the auditor's independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

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

Suan-Lee Tan	**Moore Stephens**
Partner	**Chartered Accountants**

Signed at Perth this 31st day of October 2018

CENTRAL PURCHASING SERVICES LIMITED
ACN 605 290 364

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

	Note	Consolidated 2018 $'000	Consolidated 2017 $'000
Revenue	2	13,689	13,851
Cost of sales	3	(13,993)	(14,145)
Gross (loss) / profit		(304)	(294)
Other income	2	2,165	1,995
Employee expenses		(1,115)	(1,038)
Occupancy expenses		(87)	(110)
Depreciation expenses		(57)	(42)
Administration expenses		(84)	(74)
Finance costs		(4)	(40)
Other expenses	3	(352)	(367)
Profit before income tax		162	30
Income tax (expense)/credit	4	10	2
Profit for the year		172	32
Other comprehensive income			
Total comprehensive profit for the year		172	32
Total comprehensive profit attributable to members of the entity		172	32

The accompanying notes form part of these financial statements.

CENTRAL PURCHASING SERVICES LIMITED
ACN 605 290 364

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Note	Consolidated 2018 $'000	Consolidated 2017 $'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	1,442	1,363
Trade and other receivables	8	2,035	1,739
Inventories	9	9	44
Other assets	10	232	269
TOTAL CURRENT ASSETS		3,718	3,415
NON-CURRENT ASSETS			
Property, plant and equipment	11	304	92
Intangible assets	12	431	431
Deferred tax assets	16	54	44
TOTAL NON-CURRENT ASSETS		789	567
TOTAL ASSETS		4,507	3,982
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	2,015	1,639
Borrowings	14	11	20
Provisions	15	111	105
TOTAL CURRENT LIABILITIES		2,137	1,764
NON-CURRENT LIABILITIES			
Borrowings	14	24	37
Provisions	15	-	-
Deferred tax liabilities	16	33	40
TOTAL NON-CURRENT LIABILITIES		57	77
TOTAL LIABILITIES		2,194	1,841
NET ASSETS		2,313	2,141
EQUITY			
Issued capital	17	2,615	2,615
Accumulated losses		(302)	(474)
TOTAL EQUITY		2,313	2,141

CENTRAL PURCHASING SERVICES LIMITED
ACN 605 290 364

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

	Note	Issued Capital $'000	Accumulated Losses $'000	Total $'000
Consolidated				
Balance at 1 July 2016		2,615	(511)	2,104
Shares issued and allotted during the year		-	-	-
Shares cancelled during the year		-	-	-
Share buy back		-	-	-
Other		-	5	5
Profit attributable to members of the entity		-	32	32
Balance as at 30 June 2017		2,615	(474)	2,141
Balance at 1 July 2017		2,615	(474)	2,141
Shares issued and allotted during the year		-	-	-
Shares cancelled during the year		-	-	-
Share buy back		-	-	-
Profit attributable to members of the entity		-	172	172
Balance as at 30 June 2018		2,615	(302)	2,313

The accompanying notes form part of these financial statements.

CENTRAL PURCHASING SERVICES LIMITED
ACN 605 290 364

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

	Note	Consolidated 2018 $'000	Consolidated 2017 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		15,502	15,989
Payments to suppliers and employees		(15,138)	(16,032)
Interest received		19	20
Finance costs		(4)	(40)
Net cash generated from/(used in) operating activities	21	379	(63)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		13	27
Purchase of property, plant and equipment		(291)	(58)
Net cash used in investing activities		(278)	(31)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of shares		-	-
Repayment of borrowings		(22)	(36)
Proceeds from borrowings		-	45
Net cash provided by (used in) financing activities		(22)	9
Net (decrease)/increase in cash held		79	(85)
Cash at beginning of financial year		1,363	1,448
Cash at end of financial year		1,442	1,363

The accompanying notes form part of these financial statements.

These consolidated financial statements and notes represent those of Central Purchasing Services Limited and controlled entities (the "consolidated group" or "group"). The separate financial statements of the parent entity, Central Purchasing Services Limited, have not been presented within this financial report as permitted by the Corporations Act 2001. Central Purchasing Services Limited is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorized for issue on 31 October 2018 by the directors of the company.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board (AASB). The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information 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. The amounts presented in the financial statements have been rounded to the nearest thousand dollars.

a. 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 measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

a. Income Tax (cont'd)

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

Reduction in corporate tax
The corporate tax rate for eligible companies will reduce from 30% to 25% by 30 June 2027 providing certain turnover thresholds and other criteria are met. Deferred tax assets and liabilities are required to be measured at the tax rate that is expected to apply in the future income year when the asset is realised or the liability is settled. The Directors have determined that the deferred tax balances be measured at the tax rates stated.

b. 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 portion 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.

c. Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated 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. 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. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(f) for details of impairment).

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 entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line or diminishing value basis over the asset's useful life to the entity 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**
Furniture and fittings	11.25%
Leasehold improvements	20%
Plant and equipment	15 — 40%
Motor Vehicles	20 — 22.5%

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

c. Property, Plant and Equipment (cont'd)

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 included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

d. 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 the group 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 their estimated useful lives where it is likely that the group will obtain ownership of the asset or over the term of the lease.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses in the periods in which they are incurred.

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

e. Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the group 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 transactions costs except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to 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.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

e. Financial Instruments (cont'd)

The group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

(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 company 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 being included in profit or loss.

(ii) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are 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 group'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 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 group 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 company 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

e. Financial Instruments (cont'd)

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 group 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, which requires 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 a financial liability at fair value on initial recognition.

The fair value of financial guarantee contracts has been assessed using a 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 expires or the asset is transferred to another party whereby the entity is 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.

f. Impairment of Assets

At the end of each reporting period, the group 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 jointly controlled entities 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 to sell 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). 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 group 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

g. Foreign Currency Transactions and Balances

Transactions 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 the statement of comprehensive income, 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 equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of comprehensive income.

h. Employee Benefits

Provision is made for the group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employees may not satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

i. Provisions

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

j. 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.

k. 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.

Where the Group acts as an agent, turnover represents commission receivable relating to the supply of goods and does not include the cost of goods supplied.

Interest revenue is recognised using the effective interest method, which, for floating rate financial assets is the rate inherent in the instrument.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

l. 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.

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(e) for further discussion on the determination of impairment losses.

m. Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent company Central Purchasing Services Limited and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it 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 over the entity. A list of the subsidiaries is provided in Note 25.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

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 attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

m. Principles of Consolidation (cont'd)

Goodwill

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

- the consideration transferred;
- any non-controlling interest (determined under either the full goodwill or proportionate interest method); and
- the acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of net identifiable assets acquired.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

Fair value re-measurements in any pre-existing equity holdings are recognised in profit or loss in the period in which they arise. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

Goodwill on acquisition of subsidiaries is included in intangible assets.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored being 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 disposed of.

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.

n. Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the entity 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.

o. 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.

p. 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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

q. 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 group has retrospectively applied an accounting policy, made a retrospective restatement or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

r. Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Key estimates

(i) Impairment — general
The group assesses impairment at the end of each reporting period by evaluation of conditions and events specific to the group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Key judgments

(i) Provision for impairment of receivables
Included in trade receivables at the end of the reporting period is a provision for impairment of $19,220 relating to trade debtor balances where full recovery is unlikely.

s. New Accounting Standards for Application in Future Periods

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed 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 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 Group 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 the hedging of non-financial items.

The directors anticipate that the adoption of AASB 9 should not have a material impact on the Group'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*).

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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

The directors anticipate that the adoption of AASB 15 should not have a material impact on the Group's financial statements.

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

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

The main changes introduced by the new Standard include:

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

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

The directors are currently assessing the full impact of the standard, but expects that the impact on its assets, liabilities and equity may be material. The impact on the net results after tax will depend on a number of factors still under consideration. The Company expects to be able to provide a reasonable estimate of such impact in its next annual financial report.

NOTE 2: REVENUE AND OTHER INCOME

	Note	Consolidated 2018 $'000	Consolidated 2017 $'000
Revenue			
- Sales of goods		13,689	13,851
- Other income			
Other revenue	2a	2,146	1,975
Interest received		19	20
		2,165	1,995
		15,854	15,846

a. Other revenue relates to marketing, conferencing, rebates and membership activities.

NOTE 3: PROFIT BEFORE INCOME TAX

Cost of Sales	13,993	14,415
Other Expenses		
- IT Costs	85	111
- Directors Fees	124	126
- Lease of Equipment	7	7
- Other	104	103
	320	347

CENTRAL PURCHASING SERVICES LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 4: INCOME TAX

	Note	Consolidated 2018 $'000	Consolidated 2017 $'000
a. The components of tax expense/ (benefit) comprise at 27.5% (2017: 27.5%) **Note 1a**:			
Current tax		4	1
Deferred tax		(50)	(4)
Losses recouped previously not recognised		34	-
Under provision of income tax		2	1
Income tax expense / (benefit)		(10)	(2)
b. The prima facie tax on profit from ordinary activities before income tax is reconciled to income tax as follows:			
Prima facie tax payable on profit from ordinary activities before income tax at 27.5% (2017: 27.5%) **Note 1a**		44	8
Add/(less) tax effect of:			
- over provision of prior year income tax		(19)	-
- other non-allowable items		(1)	-
- losses recouped previously not recognised		(34)	(10)
Income tax attributable to entity		(10)	(2)

NOTE 5: OTHER BENEFITS TO DIRECTORS

Directors or entities of which they have a financial or pecuniary interest receive benefits from the Company arising from a Business to Customer relationship. The benefits including rebates are noted on the Disclosure of Interest Register of the Company. Any benefits arising from a commercial arrangement are consistent with other customers of the business.

CENTRAL PURCHASING SERVICES LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 6: AUDITORS' REMUNERATION

	Consolidated 2018 $'000	Consolidated 2017 $'000
Remuneration of the auditor for:		
- auditing or reviewing the financial statements	25	24
- taxation services provided by related practice of auditor	2	2
- other services	-	-
	27	26

NOTE 7: CASH AND CASH EQUIVALENTS

Cash at bank and on hand	1,285	995
Short-term bank deposits	157	368
	1,442	1,363

Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash at bank and on hand	1,285	995
Short-term bank deposits	157	368
	1,442	1,363

NOTE 8: TRADE AND OTHER RECEIVABLES

Trade receivables	2,054	1,758
Provision for impairment	(19)	(19)
	2,035	1,739

a. Provision for impairment of receivables

Movement in the provision for impairment of receivables as follows:

	Opening Balance 30 June 2017	Charge for the Year	Amounts Written Off	Closing Balance 30 June 2018
	$	$	$	$
Current trade receivables	(19)	-	-	(19)

NOTE 8: TRADE AND OTHER RECEIVABLES (cont'd)

Credit risk

The group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within Note 8. The main source of credit risk to the group is considered to relate to the class of assets described as 'trade and other receivables'.

The following table details the group's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered "past due" when the debt has not been settled within the terms and conditions agreed between the group and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances 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				
	Gross Amount	**Past Due and Impaired**	**<30**	**31-60**	**61-90**	**>90**	**Within Initial Trade Terms**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Consolidated	**$**	**$**	**$**				**$**
2018							
Trade and term receivables	2,054	-	424	75	36	57	1,462
Total	2,054	-	424	75	36	57	1,462
Consolidated							
2017							
Trade and term receivables	1,758	-	308	202	4	41	1,203
Total	1,758	-	308	202	4	41	1,203

The group does not hold any financial assets whose terms have been renegotiated and would otherwise be past due or impaired.

b. Financial assets classified as loans and receivables

	Note	**Consolidated 2018 $'000**	**Consolidated 2017 $'000**
Trade and other receivables:			
- total current		2,054	1,758
Total financial assets classified as loans and receivables	22	2,054	1,758

c. Collaterals held as security

No collateral is held over trade and other receivables.

NOTE 9: INVENTORIES

	Consolidated 2018 $'000	Consolidated 2017 $'000
CURRENT		
At cost:	9	44
- finished goods	9	44

NOTE 10: OTHER ASSETS

	Consolidated 2018 $'000	Consolidated 2017 $'000
Prepayments	108	183
Accrued Income	118	78
Other Receivable	6	8
	232	269

NOTE 11: PROPERTY, PLANT AND EQUIPMENT

	Consolidated 2018 $'000	Consolidated 2017 $'000
FURNITURE & FITTINGS		
- Cost	11	11
- Accumulated Depreciation	(11)	(9)
Total furniture & fittings	-	2
LEASEHOLD IMPROVEMENTS		
- Cost	19	58
- Accumulated Depreciation	(1)	(50)
Total leasehold improvements	18	8
PLANT AND EQUIPMENT		
- Cost	282	403
- Accumulated Depreciation	(33)	(380)
Total plant and equipment	249	23
MOTOR VEHICLES		
- Cost	49	75
- Accumulated Depreciation	(12)	(16)
Total motor vehicles	37	59
Total property, plant and equipment	304	92

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 11: PROPERTY, PLANT AND EQUIPMENT (cont'd)

a. Movements in carrying amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year

	Furniture and Fittings	Leasehold Improvements	Plant and Equipment	Motor Vehicles	Total
	$'000	$'000	$'000	$'000	$'000
Balance as at 1 July 2016	**3**	**22**	**30**	**48**	**103**
Additions	-	-	7	49	56
Disposals – written –down value	-	-	-	(25)	(25)
Depreciation expense	(1)	(14)	(14)	(13)	(42)
Carrying amount at 30 June 2017	**2**	**8**	**23**	**59**	**92**
Additions	-	19	272	-	291
Disposals – written –down value	-	-	(11)	(11)	(22)
Depreciation expense	(2)	(9)	(35)	(11)	(57)
Carrying amount at 30 June 2018	**-**	**18**	**249**	**37**	**304**

NOTE 12: INTANGIBLE ASSETS

	2018 $'000	2017 $'000
Purchased Goodwill:		
– Cash paid	250	250
– Deferred consideration paid	181	181
Purchased Goodwill	431	431

The goodwill is attributable to the profitability of the acquired business and the significant synergies arising on the Group's acquisition of the business of TradeSmart Industrial Group Pty Ltd.

Impairment assessment of goodwill

No impairment has been recognised in respect of purchased goodwill for the years ended 30 June 2018 and 30 June 2017. The key assumptions used in calculating the recoverable amount include current revenue derived from the TradeSmart business and the residual profits of the TradeSmart business accruing to the Group. In performing the impairment assessment, cash flow forecasts and related assumptions have been reviewed. Management have adopted a conservative approach and not forecast any increase in revenue compared to the year ended 30 June 2018, which exceeded expectations.

NOTE 13: TRADE AND OTHER PAYABLES

	Note	Consolidated 2018 $'000	Consolidated 2017 $'000
CURRENT			
Unsecured liabilities:			
Trade payables	13a	1,495	1,209
Accrued expenses		51	63
Current tax payable		5	4
Other creditors		464	363
		2,015	1,639

a. Financial liabilities at amortised cost classified as trade and other payables

Trade and other payables			
- total current		1,495	1,209
Financial liabilities as trade and other payables		1,495	1,209

NOTE 14: BORROWINGS

CURRENT			
Hire purchase liability		11	20
Total current borrowings		11	20
NON-CURRENT			
Hire purchase liability		24	37
Total non-current borrowings		24	37

a. Total current and non-current secured liabilities

Hire Purchase - Vehicle		35	57

b. The carrying amounts of non-current assets pledged as security are:

First mortgage:			
- Motor vehicle		35	57

c. Collateral provided:

Motor vehicle loan liabilities are secured by the underlying vehicle assets.

NOTE 15: PROVISIONS

	Consolidated	Consolidated
CURRENT	**2018**	**2017**
	$'000	**$'000**
Employee entitlements	68	44
Other provisions	43	63
Total current provisions	111	107
NON-CURRENT		
Other provisions	-	-
Total non-current provisions	-	-

Analysis of provisions:	Note	Employee Entitlements	Other Provisions	Total
		$'000	**$'000**	**$'000**
Opening balance at 1 July 2017		44	63	107
Movement during the year		24	(20)	4
Balance at 30 June 2018		68	43	111

Provision for employee benefits

Provision for employee benefits represents amounts accrued for annual leave. Based on past experience, the group does not expect the full amount of annual leave classified as current liabilities to be settled within the next 12 months. However, this amount must be classified as current liability since the group does not have an unconditional right to defer the settlement of this amount in the event employees wish to use their leave entitlement.

NOTE 16: TAX NON-CURRENT

Analysis of provisions:	**Opening Balance**	**Charged/Credited to Profit or Loss**	**Over and Under**	**Closing Balance**
Consolidated	**$'000**	**$'000**	**$'000**	**$'000**
2018 at 27.5% (2017: 27.5%)				
Deferred tax assets on:				
Provisions – employee benefits	12	7	-	19
Provision for doubtful debts	5	-	-	5
Accruals	18	10	-	28
Tax allowance	-	-	-	-
Tax losses	-	-	-	-
Property, plant and equipment	9	(7)	-	2
	44	10	-	54
Deferred tax liabilities on:				
Property, plant and equipment				
Other	-	(1)	-	(1)
Accrued income	(18)	(14)	-	(32)
Prepayments	(22)	-	22	-
	(40)	(15)	22	(33)
Consolidated				
2017				
Deferred tax assets on:				
Provisions – employee benefits	14	1	-	15
Provision for doubtful debts	8	(3)	-	5
Accruals	3	12	-	15
Tax allowance	3	(3)	-	-
Tax losses	15	(15)	-	-
Property, plant and equipment	-	9	-	9
	43	1	-	44
Deferred tax liabilities on:				
Property, plant and equipment				
- tax allowance	-	-	-	-
Accrued income	(37)	19	-	(18)
Prepayments	(6)	(16)	-	(22)
	(43)	3	-	(40)

The following deferred tax assets have not been recognised, the benefits of which will only be realised if the conditions for deductibility set out in Note 1(a) occur:

- tax revenue losses $677,263 (2017: $866,097)

NOTE 17: ISSUED CAPITAL

	Consolidated 2018 $'000	Consolidated 2017 $'000
2,609,035 (2017: 2,609,035) fully paid ordinary shares	2,609	2,609
Shares allotted but not issued	6	6
Total shares issued and allotted	2,615	2,615

The company has authorised share capital amounting to 10,000,000 ordinary shares of no par value.

a. Ordinary shares	**Note**	**2018**	**2017**
		(No) '000	**(No) '000**
Shares issued and allotted at the beginning of reporting period		2,609	2,609
Shares issued during the period		-	-
Shares cancelled during the period		-	-
Shares issued and allotted at the end of reporting period		2,609	2,609

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

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

b. Capital management

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

The group'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 group's capital by assessing the group'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 17: ISSUED CAPITAL (cont'd)

There have been no changes in the strategy adopted by management to control the capital of the Company since the prior year. The gearing ratios for the years ended 30 June 2018 and 30 June 2017 are as follows:

	Note	Consolidated 2018 $'000	Consolidated 2017 $'000
Total borrowings	14	35	57
Trade and other payables	13	2,015	1,639
Less cash and cash equivalents	7	(1,442)	(1,363)
Net debt		608	333
Total equity		2,313	2,141
Total capital		2,921	2,474
Gearing ratio		21%	13.5%

NOTE 18: CAPITAL AND LEASING COMMITMENTS

	Note	Consolidated 2018 $'000	Consolidated 2017 $'000
a. Finance lease commitments			
Payable – minimum lease payments:			
- not later than 1 year		11	20
- between 1 year and 3 years		23	37
- later than 3 years		-	-
Minimum lease payments		35	57
Less future finance charges		-	-
Present value of minimum lease payments	14	35	57

b. Operating lease commitments

Non-cancellable operating lease contracted for but not capitalised in the financial statements:

	Consolidated 2018 $'000	Consolidated 2017 $'000
Payable – minimum lease payments:		
- not later than 1 year	23	54
- between 1 year and 5 years	56	-
- later than 5 years	-	-
	79	54

NOTE 19: RELATED PARTY TRANSACTIONS

The Company's main related parties are as follows:

a. Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity is considered key management personnel.

b. Other related parties

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel, individually or collectively with their close family members.

There were no transactions with other related parties during the year ended 30 June 2018 aside from those declared in Note 5.

NOTE 20: EVENTS AFTER THE REPORTING PERIOD

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

NOTE 21: CASH FLOW INFORMATION

	Consolidated 2018 $'000	Consolidated 2017 $'000
Reconciliation of cash flow from operations with profit after tax		
Profit after income tax	172	32
Non-cash flows in profit:		
- depreciation	57	42
- loss on disposal of plant and equipment		
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(333)	206
- decrease/(increase) in other assets	74	(99)
- (increase)/decrease in inventories	35	(16)
- increase in deferred tax	(17)	(4)
- increase/(decrease) in trade and other payables	384	(263)
- increase in current tax payable	1	4
- increase/(decrease) in provisions	6	35
Net cash generated from/(used in) operating activities	379	(63)

NOTE 22: FINANCIAL RISK MANAGEMENT

The group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, bank loans and overdrafts.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

		Consolidated	Consolidated
		2018	2017
Financial assets		$'000	$'000
Cash and cash equivalents	7	1,442	1,363
Trade and other receivables	8	2,035	1,739
Total financial assets		3,477	3,102
Financial liabilities			
Financial liabilities at amortised cost:			
- Trade and other payables	13	2,015	1,639
- Borrowings	14	35	57
Total financial liabilities		2,050	1,696

Financial Risk Management Policies

The directors' overall risk management strategy seeks to assist the group in meeting its financial targets, whilst minimizing potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Board of Directors on a regular basis. These include the credit risk policies and future cash flow requirements.

The main purpose of non-derivative financial instruments is to raise finance for group operations. The group does not have any derivative instruments at 30 June 2018.

Specific Financial Risk Exposures and Management

The main risks the group is exposed to through its financial instruments are credit risk, liquidity risk and market risk relating to interest rate risk and other price risk.

There have been no substantive changes in the types of risks the group is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

a. Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the group.

Credit risk is managed through maintaining procedures ensuring, to the extent possible, that customers and counterparties to transactions are of sound credit worthiness and includes the utilisation of systems for the approval, granting and renewal of credit limits, the regular monitoring of exposures against such limits and the monitoring of the financial stability of significant customers and counterparties. Such monitoring is used in assessing receivables for impairment. Depending on the division within the group, credit terms are generally 14 to 45 days from the date of invoice.

NOTE 22: FINANCIAL RISK MANAGEMENT (cont'd)

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating or in entities that the finance committee has otherwise cleared as being financially sound. Where the group is unable to ascertain a satisfactory credit risk profile in relation to a customer or counterparty, the risk may be further managed through title retention clauses over goods or obtaining security by way of personal or commercial guarantees over assets of sufficient value which can be claimed against in the event of any default.

Credit risk exposures
The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period, excluding the value of any collateral or other security held, is equivalent to the carrying amount and classification of those financial assets (net of any provisions) as presented in the statement of financial position. Credit risk also arises through the provision of financial guarantees, as approved at board level, given to third parties in relation to obligations under its bank bill facility. The group has no significant concentrations of credit risk with any single counterparty or group of counterparties. Details with respect to credit risk of trade and other receivables is provided in Note 8.

Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality. Aggregates of such amounts are detailed at Note 8.

Credit risk related to balances with banks and other financial institutions is managed by the finance committee in accordance with approved board policy. Such policy requires that surplus funds are only invested with counterparties with a Standard and Poor's rating of at least AA-. The following table provides information regarding the credit risk relating to cash and money market securities based on Standard and Poor's counterparty credit ratings.

	Consolidated	**Consolidated**
	2018	**2017**
	$ '000	**$ '000**
Cash and cash equivalents		
- AA rated	1,442	1,363
	1,442	1,363

b. Liquidity risk

Liquidity risk arises from the possibility that the group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The group manages this risk through the following mechanisms:

- preparing forward-looking cash flow analysis in relation to its operational, investing and financing activities;
- using derivatives that are only traded in highly liquid markets;
- monitoring undrawn credit facilities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets. The table below reflects an undiscounted contractual maturity analysis for non-derivative financial liabilities. Bank overdrafts have been deducted in the analysis as management does not consider that there is any material risk that the bank will terminate such facilities. The bank does however maintain the right to terminate the facilities without notice and therefore the balances of overdrafts outstanding at year-end could become repayable within 12 months. The group does not hold any derivative financial liabilities directly.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

NOTE 22: FINANCIAL RISK MANAGEMENT (cont'd)

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated
	2018	2017	2018	2017	2018	2017	2018	2017
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial liabilities due for payment								
Borrowings	11	20	24	37	-	-	35	57
Trade and other payables	2,015	1,639	-	-	-	-	2,015	1,639
Total contractual outflows	2,026	1,659	24	37	-	-	2,050	1,696
Less bank overdrafts	-	-	-	-	-	-	-	-
Total expected outflows	2,026	1,659	24	37	-	-	2,050	1,696
Financial assets – cash flows realisable								
Cash and cash equivalents	1,442	1,363	-	-	-	-	1,442	1,363
Trade and other receivables	2,035	1,739	-	-	-	-	2,035	1,739
Total anticipated inflows	3,477	3,102	-	-	-	-	3,477	3,102
Net inflow/(outflow) on financial instruments	1,451	1,443	(24)	(37)	-	-	1,427	1,406

c. Market risk

i. Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period, whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The group is also exposed to earnings volatility on floating rate instruments. The financial instruments that expose the group to interest rate risk are limited to borrowings, listed shares, and cash and cash equivalents.

ii. Other price risk

Other 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 (other than those arising from interest rate risk or currency risk) of securities held.

The group is not exposed to any material commodity price risk.

NOTE 22: FINANCIAL RISK MANAGEMENT (cont'd)

Sensitivity analysis
The following table illustrates sensitivities to the group's exposures to changes in interest rates and equity prices. The table indicates the impact of how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

These sensitivities assume that the movement in a particular variable is independent of other variables.

	Profit	Equity
	$ '000	$ '000
Year ended 30 June 2018		
+/- 2% in interest rates	29	29
Year ended 30 June 2017		
+/- 2% in interest rates	27	27

There have been no changes in any of the assumptions used to prepare the above sensitivity analysis from the prior year.

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying amounts as presented in the statement of financial position. Fair value is the amount at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction

Fair value may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants

Differences between fair values and carrying amounts of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the group. Most of these instruments which are carried at amortised cost (ie trade receivables, loan liabilities) are to be held until maturity and therefore the fair value figures calculated bear little relevance to the group

		Consolidated		Consolidated	
	Note	2018		2017	
		Net Carrying Value	Net Carrying Value	Net Carrying Value	Net Fair Value
		$ '000	$ '000	$ '000	$ '000
Financial assets					
Cash and cash equivalents	(i)	1,442	1,442	1,363	1,363
Trade and other receivables	(i)	2,035	2,035	1,739	1,739
Total financial assets		3,477	3,477	3,102	3,102
Financial liabilities					
Trade and other payables	(i)	2,015	2,015	1,639	1,639
Borrowings	(ii)	35	35	57	57
Total financial liabilities		2,050	2,050	1,696	1,696

NOTE 22: FINANCIAL RISK MANAGEMENT (cont'd)

The fair values disclosed in the above table have been determined based on the following methodologies:

i. Cash and cash equivalents, trade and other receivables and trade and other payables are short-term instruments in nature whose carrying amount is equivalent to fair value. Trade and other payables exclude amounts relating to the provision of annual leave, which is outside the scope of AASB 139 and AASB 7.

ii. Fair values are determined using a discounted cash flow model incorporating current commercial borrowing rates. The fair value of fixed rate bank debt will differ from carrying amounts.

NOTE 23: COMPANY DETAILS

The registered office of the company is:

Central Purchasing Services Limited

2/7 Kintail Road

APPLECROSS WA 6153

NOTE 24: CONTINGENT LIABILITIES

The group does not have any contingent liabilities as at 30 June 2018.

NOTE 25: CONTROLLED ENTITIES

	Country of Incorporation	**Percentage Owned (%)***	
Parent entity:		**2018**	**2017**
Central Purchasing Services Limited	Australia		
Subsidiaries:			
TradeSmart Industrial Group Pty Ltd	Australia	100%	100%

NOTE 26: PARENT INFORMATION

	2018 $'000	2017 $'000
The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.		
Statement of Financial Position		
ASSETS		
Current assets	2,792	2,767
Non-current assets	779	523
TOTAL ASSETS	3,571	3,290
LIABILITIES		
Current liabilities	2,058	1,532
Non-current liabilities	64	76
TOTAL LIABILITIES	2,122	1,608
EQUITY		
Issued capital	2,615	2,615
Retained earnings	(1,166)	(933)
TOTAL EQUITY	1,449	1,682
Statement of Profit or Loss and Other Comprehensive Income		
Total profit/(loss)	(233)	(247)
Total comprehensive income/(loss)	(233)	(247)

Guarantees

The parent entity has not entered into any guarantees during the year ended 30 June 2018.

Contingent liabilities

The parent entity does not have any contingent liabilities as at 30 June 2018.

Contractual commitments

The parent entity does not have any contractual liabilities as at 30 June 2018.

CENTRAL PURCHASING SERVICES LIMITED
ACN 605 290 364

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Central Purchasing Services Limited, the directors declare that:

1. The financial statements and notes:

   (a) comply with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Regulations 2001; and

   (b) give a true and fair view of the financial position as at 30 June 2018 and performance for the year ended on that date of the company,

2. The financial statements also comply with International Financial Reporting Standards.

3. The person performing the roles of General Manager has declared that:

   (a) the financial records of the company for the year have been properly maintained in accordance with Section 286 of the Corporations Act 2001;

   (b) the financial statements and notes for the year comply with the Australian Accounting Standards (including Australian Accounting Interpretations); and

   (c) the financial statements and notes for the year give a true and fair view.

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

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

Director ....
Stephen O'Keefe

Director ....
Timothy John Ellery

Dated this 31st day of October 2018

MOORE STEPHENS

Level 15 Exchange Tower,
2 The Esplanade
Perth WA 6000

PO Box 5785, St Georges Terrace
WA 6831

T +61 (0)8 9225 5355
F +61 (0)8 9225 6181

www.moorestephenswa.com.au

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF CENTRAL PURCHASING SERVICES LIMITED

Opinion

We have audited the accompanying financial report of Central Purchasing Services Limited ("the Company") which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, a summary of significant accounting policies, other explanatory notes and the directors' declaration of 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 accompanying financial report of Central Purchasing Services Limited is in accordance with the Corporations Act 2001, including:

a. giving a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of its performance for the year then ended and;
b. complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis of 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.

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 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 a financial report that is free from material misstatement, whether due to fraud or error.

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

MOORE STEPHENS

Auditor's responsibility 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.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with 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.

Moore Stephens

Suan-Lee Tan	**Moore Stephens**
Partner	**Chartered Accountants**

Signed at Perth this 31st day of October 2018