

Special purpose financial statements

AWX Pty Ltd and its controlled entities
ACN 095 222 263
For the year ended 30 June 2016

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Directors' Report

The Director of AWX Pty Ltd ('AWX') present their report together with the financial statements of the consolidated entity, being AWX ('the Company') and its controlled entities ('the Group') for the year ended 30 June 2016.

Directors

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

- Thomas Anthony Strachan (resigned 18 October 2016)
- Thomas William Reardon (appointed 19 October 2016)
- Declan Andrew Sherman (appointed 19 October 2016)

The Director has been in office since the start of the financial year to the date of this report unless otherwise stated.

Review of operations and financial results

A review of the operations of the Company during the financial year and the results of those operations found that the changes in market demand and competition have seen an increase in sales of 3% to \$166,971,594. The loss of the Group for the financial year after providing for income tax amounted to \$634,571 (2015: profit \$2,034,795).

Significant changes in state of affairs

No significant changes in the Company's state of affairs occurred during the financial year.

Principal activities

The principal activities of the Company during the financial year were the provision of short and long term staffing solutions to the public and private sector. This included the provision of supplementary trades and professional labour, maintenance services, agribusiness staffing services, healthcare professionals, hospitality staffing services and trainee and apprenticeship management.

There have been no significant changes in the nature of these activities during the year.

Events arising since the end of the reporting period

Subsequent to year end, the director determined that the Group would be restructured. The restructure has since taken place and was implemented with an effective date of 1 July 2016. The restructure resulted in a number of AWX Pty Ltd subsidiaries becoming direct subsidiaries of AWX Pty Ltd's parent entity.

On 18 October 2016, the restructured AWX Pty Ltd group was sold. As part of this transaction the existing external debt was settled.

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

Future development, prospects and business strategies

In the foreseeable future it is expected that the Group will continue its principal activities described above.

Environmental issues

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

Dividends paid or recommended

A fully franked dividend of \$3,100,000 (2015: \$800,000) was paid during the year.

Options

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

Indemnities given to, and insurance premiums paid for, auditors and officers **Insurance of officers**

During the year, AWX paid a premium to insure officers of the Company. The officers of the Company covered by the insurance policy include all Directors.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Company.

Details of the amount of the premium paid in respect of insurance policies are not disclosed as such disclosure is prohibited under the terms of the contract.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify any current or former officer of the Company against a liability incurred as such by an officer.

Proceedings on behalf of Company

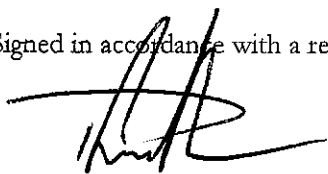
No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

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 section 307C of the *Corporations Act 2001* is set out on page 4 and forms part of this Directors' Report.

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

A handwritten signature in black ink, appearing to be 'Thomas Reardon', written over a horizontal line.

23/12/16

Thomas Reardon
Director

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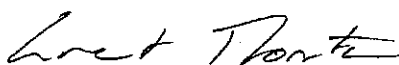
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**Auditor's Independence Declaration
To the Directors of AWX Pty Ltd**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of AWX Pty Ltd for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



Andrew Newman
Partner - Audit & Assurance

Brisbane, 23 December 2016

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Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2016

	Notes	2016 \$	2015 \$
Revenue	2	166,971,594	161,995,920
Other income	3	354,124	787,092
Material costs		(203,232)	(871,220)
Employee benefits expense		(155,554,682)	(138,164,706)
Depreciation and amortisation expense		(856,113)	(649,328)
Other expenses		(4,078,948)	(5,012,512)
Insurance		(582,927)	(390,378)
Rent and utilities		(1,345,400)	(1,582,486)
Travel expenses		(1,217,176)	(1,443,918)
Subcontractor and labour costs		(193,059)	(8,922,344)
Professional fees		(548,211)	(809,327)
Finance costs		(1,113,311)	(1,335,487)
		1,632,659	3,601,306
Bad and doubtful debts expenses	4b	(1,479,542)	(628,987)
Profit/(loss) before income tax		153,117	2,972,319
Income tax expense	5	(564,703)	(1,062,843)
Profit/(loss) from continuing operations		(411,586)	1,909,476
Profit from discontinued operations		(222,985)	125,319
Profit/(loss) for the year		(634,571)	2,034,795
Other comprehensive income for the year, net of income tax		-	-
Total comprehensive income for the year		(634,571)	2,034,795

This statement should be read in conjunction with the notes to the financial statements.

Statement of Financial Position

As at 30 June 2016

	Notes	2016 \$	2015 \$
Current assets			
Cash and cash equivalents	8	1,999,364	122,667
Trade and other receivables	9	14,076,672	15,123,393
Other current assets	10	4,324,363	9,151,885
Assets classified as held for sale		-	9,947,407
Total current assets		20,400,399	34,345,352
Non-current assets			
Trade and other receivables	10	828,610	712,314
Property, plant and equipment	11	1,427,772	2,732,675
Deferred tax assets	13	1,870,518	1,436,035
Intangible assets	12	25,650	22,216
Total non-current assets		4,152,550	4,903,240
Total assets		24,552,949	39,248,592
Current liabilities			
Trade and other payables	14	11,130,994	16,277,476
Financial liabilities	15	82,898	16,766,479
Current tax liabilities		193,033	1,526,580
Employee benefits	17	1,576,723	1,271,487
Total current liabilities		12,983,648	35,842,022
Non-current liabilities			
Financial liabilities	15	12,084,819	183,739
Deferred tax liabilities	16	136,311	66,268
Employee benefits	17	76,645	150,462
Total non-current liabilities		12,297,775	400,469
Total liabilities		25,281,423	36,242,491
Net assets		(728,474)	3,006,101
Equity			
Contributed equity	18	26	30
Retained earnings		(728,500)	3,006,071
Total equity	1.2	(728,474)	3,006,101

This statement should be read in conjunction with the notes to the financial statements.

Statement of Changes in Equity

For year ended 30 June 2016

	Notes	Share capital \$	Retained earnings \$	Total \$
Balance at 1 July 2014		350,037	1,771,276	2,121,313
Profit for the year		-	2,034,795	2,034,795
Other comprehensive income		-	-	-
Total comprehensive income for the year		-	2,034,795	2,034,795
Transactions with owners in their capacity as owners:				
• Cancellation of shares		(50,000)	-	(50,000)
• Share buy back		(300,007)	-	(300,007)
• dividends paid or provided for	7	-	(800,000)	(800,000)
Sub-total		(350,007)	(800,000)	(1,150,007)
Balance at 30 June 2015		30	3,006,071	3,006,101
Profit for the year		-	(634,571)	(634,571)
Other comprehensive income		-	-	-
Total comprehensive income for the year		-	(634,571)	(634,571)
Transactions with owners in their capacity as owners:				
• share buy back	18	(4)	-	(4)
• dividends paid or provided for	7	-	(3,100,000)	(3,100,000)
Sub-total		(4)	(3,100,000)	(3,100,004)
Balance at 30 June 2016		26	(728,500)	(728,474)

This statement should be read in conjunction with the notes to the financial statements.

Statement of Cash Flows

For year ended 30 June 2016

	Notes	2016 \$	2015 \$
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		177,563,288	172,666,950
Payments to suppliers and employees (inclusive of goods and services tax)		(174,612,539)	(172,225,408)
Interest received		135,348	115,267
Other revenue		524,229	639,705
Finance costs		(1,272,084)	(1,335,487)
Income tax paid		(2,282,635)	(268,883)
Net cash provided by operating activities	20	55,607	(407,856)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		124,310	103,606
Purchase of property, plant and equipment		(378,096)	(10,628,644)
Purchase of intangible assets		(3,434)	(6,658)
Proceeds (repayments) from related parties (net)		7,560,815	584,653
Net cash movement from sale of subsidiary		-	(185,231)
Net cash (used in) investing activities		7,303,595	(10,132,274)
Cash flows from financing activities			
Proceeds / (repayment) of borrowings		(4,782,501)	10,156,238
Share buy back		(4)	(300,007)
Dividends paid		(700,000)	(800,000)
Net cash (used in) financing activities		(5,482,505)	9,056,231
Net change in cash and cash equivalents held		1,876,697	(1,483,899)
Cash and cash equivalents at beginning of financial year		122,667	1,606,566
Cash and cash equivalents at end of financial year	8	1,999,364	122,667

This statement should be read in conjunction with the notes to the financial statements.

Notes to the Financial Statements

1 Statement of significant accounting policies

The financial report includes the consolidated financial statements and notes of AWX Pty Ltd and Controlled Entities ('Consolidated Group' or 'Group').

The Directors' have prepared the financial statements on the basis that the Company is a non-reporting entity because there are no users dependent on a general purpose financial report. The financial report is therefore a special purpose financial report that has been prepared in order to meet the requirements of the *Corporations Act 2001*.

These financial statements have been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations and the disclosure requirements of AASB 101 *Presentation of Financial Statements*, AASB 107 *Statement of Cash Flows*, AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, and AASB 1054 *Australian Additional Disclosures*.

AWX Pty Ltd is a Company limited by shares, incorporated and domiciled in Australia. AWX Ltd is a for-profit entity for the purpose of preparing financial statements under Australian Accounting Standards.

1.1 Basis of preparation

The financial statements have been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected non-current assets and financial instruments for which the fair value basis of accounting has been applied.

1.2 Going concern

The financial statements have been prepared on a Going Concern basis which assumes the Group will continue to pay its debts as and when they fall due, despite the fact that at 30 June 16 the Group's liabilities exceeded its assets by \$728,474. The loss for the year was \$634,571.

The primary contributor to this position was a significant debtor of the company being placed into administration in June 2016, and subsequent to 30 June 2016 placed into liquidation. The total amount of debt outstanding (\$1,479,542) has been recognised as a doubtful debt expense in the 2016 financial year. The Group has a secured charge in relation to this debt which will be evaluated by the liquidator.

Subsequent to the provision being identified, the company has ceased paying dividends and has taken steps to ensure that the net asset position is returned to surplus as soon as possible.

The company continues to have a positive net current asset position and is in compliance with its banking covenants. In addition, as part of the sale of the company by the shareholder, the existing bank loan was repaid in full.

Given the business has reasonable expectations in relation to the profitability for the 2017 financial year, the position at 30 June 2016 is largely attributable to the collapse of one debtor and the net current asset position remains positive, the Director is confident the business can meet its debts as and when they fall due.

1.3 New and amended standards adopted by the Company

The Company has adopted all the amendments to Australian Accounting Standards issued by the Australian Accounting Standards Board, which are relevant to and effective for the Company's financial statements for the annual period beginning 1 July 2015.

None of the amendments have had a significant impact on the Company.

1.4 Accounting standards issued but not yet effective and not been adopted early by the Company

The group have considered the application of such standards. The Company considers that the majority have limited applicability. The Company has determined that AASB 9 Financial Instruments (effective 1 January 2018), AASB 15 Revenue from Contracts with Customers (effective 1 January 2018) and AASB 16 Leases (effective 1 January 2019) may have an impact on initial application. At this time the Group have not completed their assessment of the impact of these standards.

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

1.5 Significant accounting policies

Basis of consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2016. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

Income tax

The income tax expense / (revenue) for the year comprises current income tax expense / (income) and deferred tax expense / (income). Current and deferred income tax expense / (income) is charged or credited directly to other comprehensive income instead of the profit or loss when the tax relates to items that are credited or charged directly to other comprehensive income.

Current tax

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities / (assets) are therefore measured at the amounts expected to be paid to / (recovered from) the relevant taxation authority.

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

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

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

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

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.

Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, 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.

The AWX Pty Ltd (head entity) and its wholly-owned Australian subsidiaries formed an income tax consolidated group under the Tax Consolidation Regime. Each entity in the group recognises its own current and deferred tax liabilities, except for any deferred tax assets resulting from unused tax losses and tax credits, which are immediately assumed by the head entity. The current tax liability of each group entity is then subsequently assumed by the head entity. The group notified the ATO that it had formed an income tax consolidated group to apply from 1 July 2015.

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.

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Property, plant and equipment

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

Property

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction). Valuations are performed whenever the Directors believe there has been a material movement in the value of the assets.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against the related revaluation reserve directly in equity; all other decreases are charged to the statement of profit or loss and other comprehensive income.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and equipment

Plant and equipment are measured at cost less depreciation and impairment losses.

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

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

Depreciation

The depreciable amount of all fixed assets including building and capitalised leased assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the Company commencing from the time the asset is held ready for use. Leased assets and leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the assets.

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

Vehicles:	5 – 8 years
Plant and equipment:	5 – 20 years
Property improvements:	5 – 40 years
Office furniture and fittings:	3 – 17 years

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of profit or loss and other comprehensive income.

When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

Leases

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

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

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

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged 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.

Financial Instruments

Initial recognition and measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instrument classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Effective interest rate method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis for debt instruments other than those financial assets 'at fair value through profit or loss'.

Classification and subsequent measurement

Financial assets at fair value through profit or loss

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

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 stated at amortised cost using the effective interest rate method.

Held-to-maturity investments

These investments have fixed maturities, and it is the Company's intention to hold these investments to maturity. Held-to-maturity investments held by the Company are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments. They are held at fair value with changes in fair value taken through the financial assets reserve directly to other comprehensive income.

Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Fair value

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

Impairment of financial assets

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets including uncollectible trade receivables is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in the financial assets reserve in other comprehensive income.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date of a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Derivatives are classified as current or non-current depending on the expected period of realisation.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value 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.

Impairment of non-financial assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

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

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of acquisition. Intangible assets acquired separately are initially recognised at cost. Intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from derecognition of an intangible asset is measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangibles are reviewed annually. Changes in expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Patents and trademarks

Significant costs associated with patents and trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of three to five years.

Employee benefits

Short-term employee benefits

Short-term employee benefits are benefits, other than termination benefits, that are expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service. Examples of such benefits include wages and salaries, non-monetary benefits and accumulating sick leave. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The Company's liabilities for annual leave and long service leave are included in other long-term benefits as they are not expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service. They are measured at the present value of the expected future payments to be made to employees. The expected future payments incorporate anticipated future wage and salary levels, experience of employee departures and periods of service, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the timing of the estimated future cash outflows.

Any re-measurements arising from experience adjustments and changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

The Company presents employee benefit obligations as current liabilities in the statement of financial position if the Company does not have an unconditional right to defer settlement for at least twelve (12) months after the reporting period, irrespective of when the actual settlement is expected to take place.

Post-employment benefits plans

The Company provides post-employment benefits through defined contribution plans.

Defined contribution plans

The Company pays fixed contributions into independent entities in relation to several state plans and insurance for individual employees. The Company has no legal or constructive obligations to pay contributions in addition to its fixed contributions, which are recognised as an expense in the period that relevant employee services are received.

Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of amounts required to settle the obligation at the end of the reporting period.

Cash and cash equivalents

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

Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

Revenue

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and 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 contract hire and contract revenue is recognised in the accounting period in which the services are rendered.

Revenue from recruitment activities is recognised in the accounting period in which the services are rendered.

Revenue and expenses from construction activities are recognised in accordance with the percentage of completion method unless the outcome cannot be reliably estimated. Where the outcome of the contract cannot be reliably estimated, contract costs are recognised as an expense as incurred and where it is probably that costs will be recovered revenue is recognised to the extent of costs incurred. Where it is probably that a loss will arise from a construction contract the excess of total expected contract costs over the total expected contract revenue is recognised as an expense immediately.

Revenue from maintenance activities is recognised in the accounting period in which the services are rendered.

Revenue from consultancy services is recognised in the accounting period in which the services are rendered.

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

All revenue is stated net of the amount of Goods and Services Tax (GST).

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 of sale.

All other borrowing costs are recognised in the statement of profit or loss and other comprehensive income in the period in which they are incurred.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Significant management judgement in applying accounting policies

The following are significant management judgements in applying the accounting policies of the Company that have the most significant effect on the financial statements. Critical estimation uncertainties are described below.

Estimation uncertainty

When preparing the financial statements management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below.

Revenue

The Group uses the percentage of completion method in accounting for its fixed price contracts to deliver construction services. Use of the percentage of completion method requires the group to estimate the services performed to date as a proportion of the total services to be performed.

Impairment of financial assets

In the process of measuring expected future cash flows from financial assets, including trade receivables, management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the Company's assets within the next financial year.

Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets to the Company. Actual results, however, may vary due to technical obsolescence, particularly relating to software and IT equipment.

2 Revenue

	2016 \$	2015 \$
Operating activities		
Contract hire revenue	164,526,476	147,832,805
Contract revenue	877,485	740,485
Recruitment revenue	168,520	131,673
Construction revenue	1,342,098	12,395,566
Adjustment income	-	406,198
Sales revenue	166,921,579	161,506,727
Other revenue		
Consultancy	57,015	281,893
Other revenue	-	207,300
Other revenue	57,015	489,193
Total revenue	166,071,594	161,995,920

3 Other income

	2016 \$	2015 \$
Net gain on disposal of property, plant and equipment	(303,485)	32,120
Interest	133,380	115,267
Government incentives	524,229	639,705
Total other income	354,124	787,092

4 Result for the year

The result for the year has been arrived at after crediting / (charging) the following items:

	2016 \$	2015 \$
a Expenses		
Rental expense on operating leases:		
• minimum lease payments	1,026,832	968,961
• depreciation	856,113	649,329
Defined contribution superannuation expense	11,292,763	9,760,140
b Significant income and expense items		
• On 22 June 2016 a significant debtor of the group appointed a voluntary administrator. Subsequent to year end the debtor has been placed into liquidation. Following the appointment of the voluntary administrator in late June 2016, as at 30 June 2016 the director has determined that it is appropriate to fully provide for the amount outstanding, notwithstanding that the company has a registered security over the debtor which may entitle the company to preference in any distribution from the liquidation. The total amount of debt outstanding has been recognised as a doubtful debt expense in the 2016 financial year.	(1,479,542)	-

5 Income tax expense

	2016 \$	2015 \$
a The components of income tax expense comprise:		
• current tax	774,131	1,703,072
• deferred tax	(364,440)	(700,742)
• under / (over) provision in respect of prior years	155,012	60,513
	564,703	1,062,843

6 Auditor's remuneration

	2016 \$	2015 \$
Remuneration of the auditor of Company, Grant Thornton for:		
• auditing the financial statements	45,000	-
• taxation services	-	-
Total auditor's remuneration	45,000	-
Remuneration of the auditor of Company, PricewaterhouseCoopers for:		
• auditing the financial statements	-	75,500
• financial management services	-	60,000
• corporate registry services	-	4,900
• taxation services	-	68,000
Total auditor's remuneration	-	208,400

7 Dividends

	2016 \$	2015 \$
Dividends paid		
Declared fully franked ordinary dividend franked at the tax rate of 30% (2015: 30%)	3,100,000	800,000
The amount of the franking credits at period end	2,007,468	2,852,027

8 Cash and cash equivalents

	2016 \$	2015 \$
Cash at bank and in hand	1,999,364	122,667

9 Trade and other receivables

	2016 \$	2015 \$
Current		
Trade receivables	15,613,292	15,134,164
Allowance for impairment of receivables	(1,536,620)	(10,771)
	14,076,672	15,123,393

10 Other assets

	2016 \$	2015 \$
Current		
Accrued revenue	3,343,923	8,047,125
Sundry debtors	(561)	30,831
Prepayments	320,280	1,073,929
Security deposits	146,376	-
Receivables from related parties	514,345	-
	4,324,363	9,151,885
Non-current		
Receivables from related parties	828,610	712,314
	828,610	712,314

11 Property, plant and equipment

	2016 \$	2015 \$
Property improvements		
• at cost	692,838	618,467
• accumulated depreciation	(219,217)	(75,240)
Total property improvements	473,621	543,227
Vehicles		
• at cost	1,141,518	2,281,019
• accumulated depreciation	(738,934)	(901,753)
Total vehicles	402,584	1,379,266
Plant and equipment		
• at cost	252,316	238,086
• accumulated depreciation	(175,146)	(128,386)
Total plant and equipment	77,170	109,680
Office furniture and equipment:		
• at cost	2,514,608	2,245,803
• accumulated depreciation	(2,040,211)	(1,545,301)
Total office furniture and equipment	474,397	700,502
Total property, plant and equipment	1,427,772	2,732,675

12 Intangible assets

	2016 \$	2015 \$
Patents and trademarks		
Cost	33,993	30,559
Accumulated amortisation	(8,343)	(8,343)
Total intangible assets	25,650	22,216

13 Deferred tax assets

Deferred tax assets	2016 \$	2015 \$
The balance comprises temporary differences attributable to:		
Tax losses	54,705	22,724
Employee benefits	496,010	427,261
Accrued charges	809,951	848,337
Provision for doubtful debts	460,986	3,231
Provision for amortisation	30,000	30,000
Sundry	18,866	104,482
Total deferred tax assets	1,870,518	1,436,035

14 Trade and other payables

	2016 \$	2015 \$
Current		
Unsecured liabilities:		
• trade payables	3,795,625	6,357,649
• payables to related parties	1,819,475	1,375,014
• accrued expenses	2,759,533	4,887,460
• other payables	2,756,361	3,657,353
	11,130,994	16,277,476

15 Financial liabilities

	Notes	2016 \$	2015 \$
Current			
Credit cards – unsecured		14,873	5,235
Debtor finance account – secured		-	7,174,751
Commercial facility – secured		-	9,400,000
Lease liability	19	68,025	186,493
Total current borrowings		82,898	16,766,479
Non-current			
Bank loan secured		12,000,000	-
Lease liability	19	84,819	183,739
Total non-current borrowings		12,084,819	183,739
Total borrowings		12,167,717	16,950,218

Bank loan secured

During the year the group refinanced its facilities.

The facility provided covers both AWX Pty Ltd and a related entity. The financier has imposed the following covenants; 1) LVR that does not exceed 50%, 2) Interest cover ratio of at least 3.0:1; 3) Leverage rate of no less than 2.5:1 and 4) EBITDA of at least \$5,000,000. The Company was not in breach of any loan agreements permitting the lender to demand accelerated repayments at year end, nor did any breach occur during the year. The Company was not in default of any loans payable recognised at year end during the year. The facility is for a total of \$12,000,000 and has a maturity date in December 2017.

16 Deferred tax liabilities

Deferred tax liabilities	2016 \$	2015 \$
The balance comprises temporary differences attributable to:		
Prepayments	136,311	66,268
Work in progress	-	-
Total deferred tax liabilities	136,311	66,268

17 Employee benefits

	2016 \$	2015 \$
Current		
Annual leave	1,445,166	1,271,487
Long service leave	131,557	-
	1,576,723	1,271,487
Non-current		
Long service leave	76,645	150,462
	76,645	150,462

The current portion of these liabilities represents AWX's obligations to which the employee has a current legal entitlement.

18 Issued capital

	2016 \$	2015 \$
102 (2015: 120) fully paid ordinary shares	26	30
	26	30

The Company does not have a limited amount of authorised capital and issued shares do not have a par value. 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. During the year a selective share buyback occurred, as a requirement of the new finance facility.

19 Contingent assets and contingent liabilities

The Company has no contingent assets.

Various warranty and legal claims were brought against the Company during the year. Unless recognised as a provision, management considers these claims to be unjustified and the probability that they will require settlement at the Company's expense to be remote. This evaluation is consistent with external independent legal advice. In particular the Group is liable for any defects to the BM Alliance COAL Operations Pty Ltd modular construction project for a period of 5 years subsequent to the date of completion, being 30 June 2013. There are currently no claims and no provision has been recognised in the financial report for any future claims that may arise.

Further information on these contingencies is omitted so as not to seriously prejudice the Company's position in the related disputes.

20 Cash flow information

	2016 \$	2015 \$
a Reconciliation of cash flow from operations with profit after income tax		
Profit/(loss) after income tax	(634,571)	2,034,795
Non-cash flows in profit:		
• depreciation and amortisation	856,113	649,329
• net gain on disposal of property, plant and equipment	303,485	(32,120)
• net gain on sale of available for sale financial assets	-	(351,381)
• sundry	(909)	
Changes in assets and liabilities:		
• change in trade and other receivables	6,136,135	(10,313,736)
• change in deferred tax assets	(434,383)	(675,623)
• change in other assets	200,000	-
• change in inventories	-	301,838
• change in trade and other payables	(5,338,178)	5,655,716
• change in income taxes payable	(1,333,547)	1,494,703
• change in deferred taxes payable	70,043	(25,119)
• change in employee benefits	231,419	853,742
Net cash provided by operating activities	55,607	(407,856)

Non cash financing and investing activities, during the year, dividends of \$2,400,000 were offset against receivables from shareholders.

21 Parent entity information

	2016 \$	2015 \$
Statement of financial position		
Current assets	16,547,705	23,716,378
Total assets	20,708,935	27,836,091
Current liabilities	(8,958,215)	(24,933,186)
Total liabilities	(21,167,644)	(25,267,897)
Net assets	(458,924)	2,568,194
Issued capital	26	30
Retained earnings/(accumulated losses)	(458,950)	2,568,164
Total equity	(458,924)	2,568,194
Statement of profit or loss and other comprehensive income		
Revenue	138,391,158	146,448,746
Other income	553,992	1,253,388
Expenses	(136,819,036)	(143,567,086)
Bad & doubtful debts expense	(1,479,542)	(628,987)
Income tax expense	(573,686)	(1,128,889)
Profit for the year	72,886	2,377,172
Other comprehensive income	-	-
Total comprehensive income	72,886	2,377,172

The Parent Entity has nil (2015:\$Nil) capital commitments at period end.

The Parent Entity has not entered into a deed of cross guarantee nor are there any contingent liabilities at the year end.

22 Events arising since the end of the reporting period

Subsequent to year end, the director determined that the Group would be restructured. The restructure has since taken place and was implemented with an effective date of 1 July 2016. The restructure resulted in a number of AWX Pty Ltd subsidiaries becoming direct subsidiaries of AWX Pty Ltd's parent entity.

On 18 October 2016, the restructured AWX Pty Ltd group was sold. As part of this transaction the existing external debt was settled.

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

23 Company details

The registered office of the Company is:

AWX Pty Ltd
90 Petrie Terrace
Brisbane QLD 4000

The principal place of business is:

AWX Pty Ltd
90 Petrie Terrace
Brisbane QLD 4000

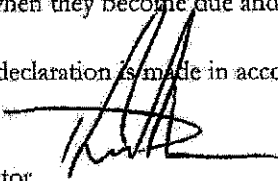
Directors' Declaration

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

The Directors of the Company declare that:

- 1 The financial statements and notes, as set out on pages ~~4~~ ⁵ to ~~25~~ ²⁶, are in accordance with the *Corporations Act 2001*:
 - a Comply with Accounting Standards as described in Note 1 to the financial statements, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - b Give a true and fair view of the financial position as at 30 June 2016 and of the performance for the year ended on that date of the Company in accordance with the accounting policies described in Note 1 to the financial statements; and
- 2 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
Thomas Reardon

Dated the ~~30~~ ³¹ day of ~~DECEMBER~~ 2016

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AWX PTY LTD

We have audited the accompanying financial report, being a special purpose financial report, of AWX Pty Ltd (the Company), which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's

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judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

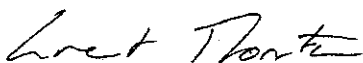
Auditor's Opinion

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

- i giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1; and
- ii complying with Australian Accounting Standards to the extent described in Note 1 and complying with the Corporations Regulations 2001.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



Andrew Newman
Partner - Audit & Assurance

Brisbane, 23 December 2016