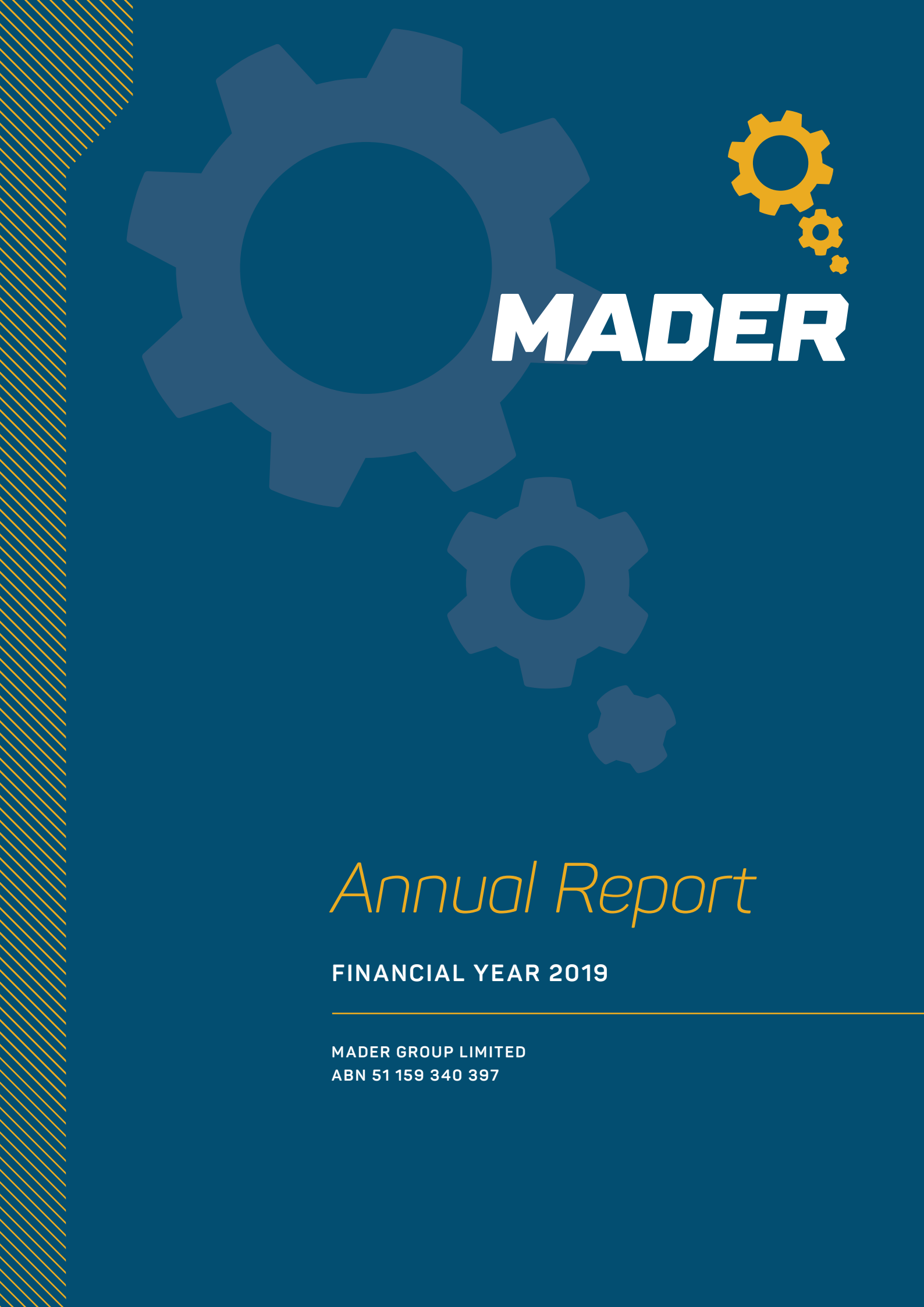




MADER

Annual Report

FINANCIAL YEAR 2019

MADER GROUP LIMITED
ABN 51 159 340 397

Our Vision

Mader Group will continue to maintain steady growth and solidify our reputation for being a world class mining and civil support organisation.

With a business model built on passion, knowledge, and commitment to the industry, every decision is made with clients, shareholders and employees in mind.

We are dedicated to exceeding the expectations of our clients while providing superior returns for our investors.

Our Values

Backed by a 1,200+ strong team of dynamic and skilled individuals, our rapid growth is a testament to our core values. Central to all of our operations and decision-making, our core values drive us to achieve project objectives with outstanding customer service.



SAFETY

We make it our priority to ensure we do everything in our power to keep ourselves and those around us safe.



ONE TEAM

We are stronger together. Comradery echoes loudly throughout our business. We learn together, we succeed together, we grow together.



INNOVATE

We think differently, we think bigger, we encourage new ideas and continuously adapt to industry evolution and change.



PERFORM

Driven to succeed, we are mechanically minded and solution focused.



FAMILY/FUN

Our culture is the foundation of our business. We continue to cultivate a nurturing, transparent and mutually respectful workplace.



INTEGRITY

We hold ourselves to the highest standards, constantly keeping ourselves and each other accountable.

Corporate Directory

Directors

Jim Walker	Non-Executive Chairman
Luke Mader	Executive Director
Patrick Conway	Executive Director and Chief Executive Officer
Craig Burton	Non-Executive Director
Justin Nuich	Non-Executive Director

Company Secretary

Shannon Coates

Registered Office And Principal Place Of Business

Suite A1, Hkew Alpha Building
2 George Wiencke Drive
Perth Airport WA 6105

Share Registry

Computershare Investor Services Pty Ltd
Level 11, 172 St Georges Terrace
Perth WA 6000

Lawyers

GTP Legal
68 Aberdeen Street
Northbridge WA 6003

Bankers

National Australia Bank Limited
Level 13, 100 St Georges Terrace
Perth WA 6000

Auditors

BDO Audit (WA) Pty Ltd
Level 1, 38 Station Street
Subiaco WA 6008

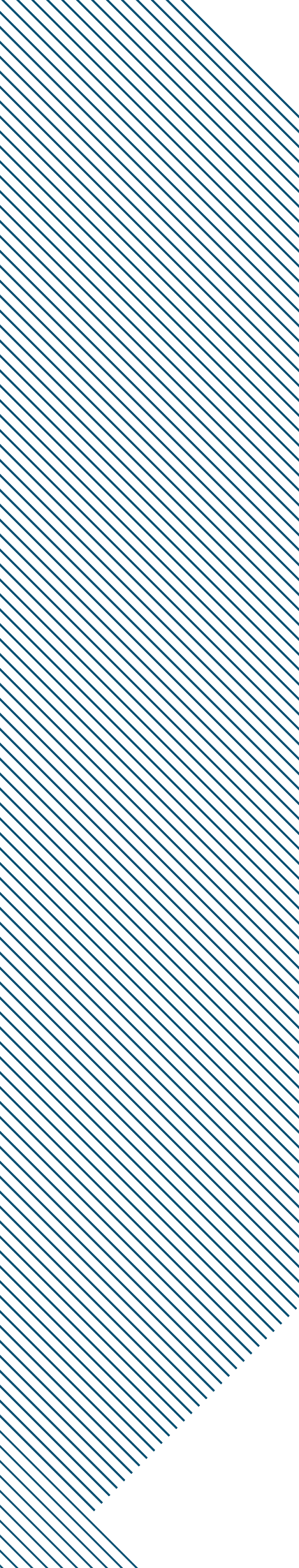
Stock Exchange Listing

Mader Groups' shares are listed on the
Australian Securities Exchange (ASX)
ASX Code: MAD

Company Website

www.madergroup.com.au





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About The Mader Group

Mader Group Limited (Mader Group) an ASX listed global contracting organisation, powered by mechanically minded specialists, who are dedicated to helping clients within the resource sector achieve machine availability, infrastructure optimisation and maximum productivity, without delay or minimum engagement periods.

The Mader Group is solution-driven, providing strategically tailored contract labour for maintenance of heavy mobile equipment in the resources industry. The services provided include maintenance labour, field support (site labour with support vehicles and tools), shutdown teams for major overhauls, maintenance workshops, training of maintenance teams, and a range of other ancillary services. With over 1,200 staff, the Mader Group has the ability to rapidly deploy its highly skilled workforce to clients both within Australia and overseas.

Headquartered in Perth (WA), with regional offices in Kalgoorlie (WA), Mackay (QLD), Hunter Valley (NSW), Ulaanbaatar (Mongolia), Solwezi (Zambia) and Denver (USA). The Denver office was opened as part of the Mader Group's geographical diversification strategy. The Mader Group also has workshops in Perth and Mackay, which support offsite repairs.

In the 14 years since its inception in 2005, the Mader Group has built a strong reputation, with a proven track record of delivering quality results in a professional and timely manner. This has resulted in award recognition, international expansion and an annual revenue of over \$220 million.

The Mader Group's success can be attributed to:

- the strength of its people and culture;
- a proven business model which has been rolled out in multiple geographic regions and various commodities;
- strong organic growth with no external equity capital required; and
- a large remaining addressable market

Looking ahead growth in global markets and an expanding domestic demand, our future has never looked brighter.

1200⁺ STAFF 
Operating Worldwide

Global Reach

The Mader Group currently provides premium support to clients in major mining regions throughout Australia, Asia, Africa and the Americas.





Locations

Australia

WESTERN AUSTRALIA

Pilbara
Goldfields
Mid West
South West
Perth

NORTHERN TERRITORY

Tanami

NEW SOUTH WALES

Hunter Valley
Gunnedah Basin
Southern NSW
Australian Capital Territory
Central & Far West

QUEENSLAND

Brisbane
Bowen
Surat Basin
Far North Queensland

USA

Nevada
Wyoming
Arizona
Tennessee
New Mexico

South America

Chile

Africa

Mauritania
Senegal
Mali

South Africa

Democratic Republic
of the Congo
Zambia

East Asia

Mongolia

Chairman's Report

Welcome to the Mader Group's Annual Report for financial year 2019.

Our inaugural Annual Report captures a high performing year comprising a number of significant milestones including an expanding geographic footprint, evolving service offerings, a strengthened leadership structure and a successful initial public offering on the Australian Securities Exchange.

The Mader Group maintains its unique and longstanding competitive position in the market, operating as the largest independent maintenance labour service provider for heavy mobile equipment in Australia (outside of the original equipment manufacturers). Our end of year results reinforce our track record of sustained revenue and earnings growth, and the Company continues to differ from its competitors on its combination of value, flexibility, quality and capacity.

During the year, the Mader Group focussed on replicating its business model in new regions. The Company expanded its operations to include a number of large addressable markets including New South Wales in Australia, Chile in South America, and Nevada, Wyoming, Arizona, New Mexico and Tennessee in the United States. Entry into the US market has been particularly fruitful, now generating revenue and growing with a pool of 20+ skilled employees servicing 11 clients across 15 sites.

In the past financial year we have diversified our services in our key regions of operation. We have listened to our customers' evolving needs and leveraged current relationships to capture new market opportunities. For fourteen years, the Mader Group's cornerstone service has been in-field mobile equipment maintenance and we are pleased to have successfully rolled out a series of new solutions to complement this service.

All in all, the Mader Group's well established and leading position in the maintenance services sector has allowed us to service an expanding global network of up to 200 customers and we are proud to now operate in over 15 regions across 8 countries.

A Strong Balance Sheet

Over the financial year, the Mader Group provided approximately 2.3 million hours of maintenance labour services to over 200 customers. Sales revenue grew from \$156 million in FY2018 to more than \$220 million.

Over the last 6 years to now, through organic growth alone, revenue has increased an average of 37% per year and NPAT an average of 28% per year. The relatively low capital intensity of the business has enabled the payment of dividends at the same time as achieving growth.

Up until 30 June 2019, the Mader Group generated approximately \$60.6 million of earnings and paid out approximately \$26.3 million of dividends, representing a pay out ratio of approximately 43%. Over this time no external equity capital raised.

Leadership and Board

Led by Mader Group's CEO Patrick Conway, the Company is headed by a robust executive team and experienced Board. The Mader Group's core leadership team has evolved over the year, engineering a leadership structure that leverages on strengths. The leadership team includes two former tradespeople who know the industry well and have overseen the business through a variety of growth phases and markets. They are complemented by senior executives experienced in business and financial management.

Culture and People

As a values-based business with a strong, differentiated culture, we believe that by leveraging the unique culture of our greatest asset, our people, we will achieve our stretch targets. In the past few years, our workforce has doubled in size with the close of this financial year seeing the Mader Group collectively house more than 1,200 highly skilled employees globally.

The Mader Group offers a transparent, flexible and inclusive workplace environment, enabling it to attract and retain high-quality tradespeople. Many years of investment in its people and culture, scheduling systems, recruiting and retention systems, training systems and other business infrastructure lays the foundation for future organic growth and underpins its competitive advantages.

Our focus on our people, culture and reputation has earned us a loyal and dedicated workforce who are committed to servicing a top tier customer base. I am proud of our employees who continue to build on relationships and deliver high quality workmanship across the board.

Market Outlook

The business of the Mader Group is to provide skilled tradespeople on flexible terms to support and improve the mobile equipment maintenance programs of mining companies, leading to improved mobile equipment availability.

Our operating and financial metrics indicate an optimistic year ahead and positive industry thematics support the future demand for the Mader Group's services. Ongoing production growth in key commodities coupled with the aging of mining equipment purchased during the last boom, indicate an economy-wide growth trend in labour outsourcing services.

Corporate Social Mission

Over the lifetime of the Company, we have been committed to the goal of upholding business integrity and social responsibility. We strive to empower communities, improve social dynamics and lessen inequality in the regions we operate in, engaging a growing number of communities around the globe.

In the past financial year, the Mader Group is proud to have established a relationship with Tom Price Senior High School in Western Australia, raised significant funds for the Maca Cancer 200: Ride for Research, and supported a variety of regional events and sporting associations in remote Australia.

Crossing international borders, the Mader Group was thrilled to complete a major construction project at the Kijilamatambo School in Zambia, officially opening the classroom extension in late 2018. Our contribution through funding and a lending hand significantly increased the daily capacity of students able to receive an education.

Closing statement

This Annual Report contains detailed information about our Company developments over the financial year, the evolving landscape of our business, and summarises our operational and financial performance. It is clear that the combination of ongoing growth in existing business divisions and expansion into new regions and services has been instrumental to the Company's upward trajectory.

I am very pleased to be working as Chairman of the Mader Group, an established, well-run business with strong growth prospects. On behalf of my fellow directors and the Mader Group team we welcome you to read our 2019 Annual Report and we look forward to a strong financial year ahead.

Yours faithfully



Jim Walker
Non-Executive Chairman

Highlights

2019 Awarded Future of Mining's
Mining Contractor of the Year

\$228.6
MILLION
Sales Revenue

UP
46.4% 

NPAT
\$14.9m
UP
31.2%

OFFICIALLY ON THE
LISTED **ASX** 

Basic and diluted earnings per share
8.76 cents per share, up from 6.86 (2018)

+ 11.2 MILLION DIVIDENDS

EBITDA
\$25.4m  **UP**
36.8%



*Strong balance
sheet with significant
financial flexibility*



Directors' Report

The Directors submit their report with the financial report on the consolidated entity (referred to hereafter as "Mader Group") consisting of Mader Group Limited (the "Company") and the entities it controlled at the end of, or during, the year ended 30 June 2019.

Directors

The following persons were directors of the Company at any time during or since the end of the financial year and up to the date of this report. Directors were in office for this period unless otherwise stated.



Mr Jim Walker
Non-Executive
Chairman

APPOINTED
1 JANUARY 2019



Mr Luke Mader
Executive Director



Mr Patrick Conway
Chief Executive
Officer and
Executive Director

APPOINTED
8 NOVEMBER 2018



Mr Craig Burton
Non-Executive
Director



Mr Justin Nuich
Non-Executive
Director

APPOINTED
1 JANUARY 2019

Principal Activities

The principal activities of Mader Group during the financial year were the provision of specialised contract labour for maintenance of heavy mobile equipment in the resources sector in Australia and internationally. The services provided include maintenance labour, field support (site labour with support vehicles and tools), shutdown teams for major overhauls, maintenance workshops, training of maintenance teams, and a range of other ancillary services.

Financial Overview

The Group has delivered a year of growth with increases recorded for the financial year ended 30 June 2019 (FY2019) across revenue and net profit.

Currency: A\$ '000	FY2019	FY2018	Change	
Profitability:				
Revenue	228,645	156,208	72,437	46.4%
EBITDA	25,454	18,603	6,851	36.8%
EBITDA %	11.1%	11.9%	[0.8%]	
EBIT	21,628	15,551	6,077	39.1%
EBIT %	9.5%	10.0%	[0.5%]	
Net profit after tax	14,900	11,353	3,547	31.2%
Cashflow:				
Operating cashflow	9,958	9,006	952	10.6%
Adjusted Profitability:				
Statutory net profit after tax	14,900	11,353	3,547	31.2%
Public company costs ¹	(228)	(523)		
One-off offer costs ²	908	-		
Impact of accounting standard AASB 16	(267)	(19)		
Impact of income tax ³	(124)	163		
Adjusted net profit after tax ⁴	15,189	10,974	4,215	38.4%
Adjusted net profit margin	6.6%	7.0%	[0.4%]	-

1. Public company costs include:

- The directors' estimate of incremental annual costs that the Mader Group will incur as a public listed company. These incremental costs include share registry fees, Executive Director, Non Executive Director remuneration, Directors' and Officers' insurance premiums, additional audit and legal fees, listing fees, investor relations costs as well as annual general meeting and annual report costs. The annual estimate of these costs is \$0.52 million (tax effected \$0.36 million);
- For FY2018, no Public Company costs were incurred. Therefore, as a normalisation adjustment to make FY2018 comparable with FY2019, \$0.52 million (\$0.36 million tax effected) has been included as an adjustment;

- For FY2019, the net profit already includes \$0.29 million (\$0.21 million tax effected) Public Company Costs. Therefore, additional \$0.23 million (\$0.16 million tax effected) is included as an adjustment to FY2019 net profit.
- One-off Offer costs incurred by Mader Group of \$0.91 million (\$0.64 million tax effected).
 - Income tax effect - An adjustment has been made to reflect the tax impact of the adjustments based on the Australian statutory corporate tax rate of 30%.
 - The Directors have considered the impact of AASB 9 and AASB 15 and do not expect these standards to have an impact on the financial position or results of the Group.

DIRECTORS' REPORT

Operating and financial review

Group revenue improved to \$228.6 million from \$156.2 million with the 46.4% year-on-year increase attributable to growth in two of the three reporting segments, Australia (55.7%) and USA (new segment), and a 1.2% reduction in the other segment.

Group earnings before interest, tax, depreciation and amortisation (EBITDA) improved to \$25.5 million from \$18.6 million with the 36.8% year-on-year increase following growth in the same metric in FY17 and FY16 of 35% and 41% respectively. EBITDA growth was achieved mainly from the Australian segment (+71.4%).

Group earnings before interest and tax (EBIT) improved to \$21.6 million from \$15.6 million with the 39.1% year-on-year increase attributable to the increase in EBITDA slightly offset by the impact of higher depreciation charges.

Group net profit after tax (NPAT) improved to \$14.9 million from \$11.3 million with the 31.2% increase attributable to the aforementioned improvement in EBIT combined higher interest and depreciation charges.

Basic earnings per share (EPS) improved to 8.76 cents from 6.68 cents with the increase primarily attributable to the significant increase in NPAT.

Group operating cashflow before interest and tax (OCFBIT) of \$12.7 million represents a 3.2% decrease on FY18. Operating cashflow of \$10.0 million was similar after factoring in tax payments of \$2.8 million (FY18 tax payments: \$4.2 million).

Dividends of \$6 million fully franked and \$5.2 million unfranked (FY2018 \$3m fully franked) were declared in FY19.

Other cash outflows for the year of \$15.4 million associated with capital expenditure, net of proceeds from the sale of assets, and \$8.2 million, being the net drawdown on the asset finance facility for capital purchases, less any repayment of the facility during the year.

The Group concluded the year with Cash of \$3.0 million and Net Debt of \$21.2 million.

Segment results

Currency: A\$ 000	FY2019	Contribution from each segment (%)	FY2018	Contribution from each segment (%)	Change	Contribution from each segment (%)
Australia	200,540	87.7%	128,801	82.5%	71,739	99.0%
All other	27,075	11.8%	27,407	17.5%	(332)	(0.5%)
USA	1,030	0.5%	-	0.0%	1,030	1.5%
Total revenue	228,645		156,208		72,437	
Australia	22,082	86.8%	12,882	69.2%	9,200	134.3%
All other	4,551	17.9%	5,723	30.8%	(1,172)	(17.1%)
USA	(401)	(1.6%)	-	0.0%	(401)	(5.9%)
Unallocated	(778)	(3.1%)	(2)	0.0%	(776)	(11.3%)
Total EBITDA	25,454		18,603		6,851	
Australia	18,478	85.4%	9,886	63.6%	8,592	141.4%
All other	4,498	20.8%	5,667	36.4%	(1,169)	(19.2%)
USA	(515)	(2.4%)	-	0.0%	(515)	(8.5%)
Unallocated	(833)	(3.9%)	(2)	(0.01%)	(831)	(13.7%)
Total EBIT	21,628		15,551		6,077	
Net financing costs	(1,208)		(528)		(680)	
Income tax expense	(5,520)		(3,670)		(1,850)	
Net profit after tax	14,900		11,353		3,547	31.24%



Revenue

Revenue increased by \$72.4 million compared to the prior corresponding year driven by:

- 49.4% growth in annual revenue during the year due from increasing demand for mobile plant maintenance in the Pilbara, Goldfields and South West regions of Western Australia, and continued demand from the South Australian market;
- 92.5% growth in annual revenue from operations in Queensland and New South Wales, particularly in the Bowen Basin and Hunter Valley regions;
- 1.2% decrease in the Group's international revenue as demand from existing customers decreased; and
- Delivery of services in USA for the first time, commencing in the Powder River Basin area, with revenue for FY2019 of \$1.0 million.

Earnings before interest, tax, depreciation and amortisation

The Group's EBITDA of \$25.4 million for the year was an increase over the prior year by \$6.8 million.

- Australia achieved an EBITDA of \$22.1 million for FY2019 which represents an increase of \$9.2 million over the prior year. The higher EBITDA resulted from increased revenue detailed above.
- All other achieved an EBITDA of \$4.6 million for FY2019 which represents a decrease of \$1.2 million over the prior year. The lower EBITDA resulted from reduction of revenue with contracts completed in some African countries.
- USA EBITDA of (\$0.4) million for FY2019.

Depreciation and amortisation

Depreciation charges of \$3.8 million were recorded for the year in relation to the Group's plant and equipment. This was \$0.8 million higher than the charge in the previous year. The increase is mainly driven by an increase in vehicle numbers. Increases in revenue are correlated with increased depreciation charges but not entirely proportional due to a change in depreciation rates of motor vehicles from 1 July 2018.

Net financing costs

The Group paid interest expenses of \$1.22 million associated with the Group's working capital and asset financing facilities. This compared to a \$0.53 million interest expense in the previous financial year.

Tax

An income tax expense of \$5.5 million was recorded for the year, representing an effective tax rate for the year of 27.0% which was in line with expectations.

Cashflow

Key movements in cashflow compared to the prior period are as follows:

- Net cashflow from operations was \$10.0 million compared to \$9.0 million in the prior year. The \$1.0 million increase can be attributed to:
 - Mader operations generated \$12.7 million in operating cashflow before interest and tax for the year compared to \$13.1 million in the prior year. Both years produced lesser operating cashflow before interest and tax than EBITDA due to increased trade receivables and increased trading terms.
 - Cash flows associated with financing for the year were a net cash inflow of \$0.98 million, compared to the previous year of \$2.4 million.
 - Tax payments totalling \$2.8 million were made during the year, compared with \$4.2 million in the prior year, due to the Group's Australian tax instalment rate being adjusted in the current financial year in line with lower prior year profit, and timing differences in International tax payments due to 31 December tax year end.
- Net investing cash outflows for the year increased to \$15.4 million compared to \$9.2 million in the previous year and comprised:
 - \$16.7 million for capital expenditure compared to \$8.8 million the previous year, including 202 service vehicles to the value of \$13.7 million;
 - \$0.7 million from the sale of plant and equipment, compared to \$0.12 million the previous year; and
 - \$0.5 million net from the purchase and disposal of shares in unlisted companies, compared to nil in the previous year.
- Net cash inflow or provided by financing activities for the year included:
 - \$9.2 million paid in dividends as compared to \$3.0 million the previous year; and
 - \$8.2 million, being the net draw-down on the asset finance facility for capital purchases, less any repayment of the facility during the year (compared to net inflow of \$5.4 million last year).

Financial position

The financial position of the Group increased as compared with the previous year, with Net Assets of \$34.2 million (2018: \$30.8 million). At 30 June 2019 Current Assets exceeded Current Liabilities by \$16.0 million (30 June 2018: \$22.3 million).

Net debt and financing facilities

- The Group ended the year with Net Debt of \$21.2 million, an increase of \$14.7 million over the \$6.5 million balance at the prior year end. Net Debt at 30 June 2019 comprised cash of \$3.0 million less the total debt \$24.2 million.
- The Group's finance facilities available at 30 June 2019 comprised:
 - invoice finance facilities totalling \$22.0 million (drawn: \$6.9 million);
 - asset finance facilities totalling \$17.7 million (drawn: \$17.0 million) ;
 - bank guarantee facilities totalling \$0.3 million (drawn: \$0.3 million).
- The Group was in compliance with each of the financial covenants at the date of director's report.

Other Balance Sheet items / movements

Other key balance sheet movements during the year included:

- Trade and other receivables was \$54.5 million at 30 June 2019, an increase of \$15.1 million from the prior year's closing balance of \$39.4 million.
- Plant and equipment at 30 June 2019 was \$26.2 million compared to \$12.7 million at 30 June 2018 and reflects the net of additions (\$17.6 million) and disposals (\$0.3 million) for the year exceeding the annual depreciation charge (\$3.8 million).
- Trade and other payables was \$24.8 million at 30 June 2019, an increase of \$6.4 million from the prior year's closing balance of \$18.4 million.

Business activities

Australia

The Mader Group in Australia provides specialised contract labour for the maintenance of heavy mobile equipment in the resources industry from an in-house pool of skilled employees. The services provided include maintenance labour, field support (site labour with support vehicles and tools), shutdown teams for major overhauls, maintenance workshops, and a range of other ancillary services.

The Australian Group is headquartered in Perth, with regional offices in Kalgoorlie (WA), Mackay (QLD) and Hunter Valley (NSW), and supplies specialist contract labour in Western Australia, Queensland, New South Wales, South Australia and Northern Territory. The Group also has workshops in Perth and Mackay which support offsite repairs.

Financial performance in FY2019 improved over the prior year, delivering an EBITDA of \$22.1 million and revenue of \$200.5 million (11.0% margin), compared with EBITDA of \$12.8 million and revenue of \$128.8 million (10.0% margin) in the prior year.

During the year, Australia delivered over 2.1 million hours of specialised contract labour, an increase of 0.7 million hours over the prior year (1.4 million hours).

Other Segments

The Mader Group International provides specialised contract labour for the maintenance of heavy mobile equipment in the resources industry from an in-house pool of skilled employees. The services provided include maintenance labour, field support (site labour with support vehicles and tools), shutdown teams for major overhauls and training of maintenance teams.

The International Group is headquartered in Hong Kong, with regional offices in Ulaanbaatar (Mongolia) and Solwezi (Zambia), and supplied specialist contract labour during the year in Mongolia, Zambia, Democratic Republic of Congo, Mauritania, Senegal, Mali, Eritrea and South America.

- Financial performance in FY2019 decreased over the prior year, delivering an EBITDA of \$4.6 million and revenue of \$27.1 million (17.0% margin), compared with EBITDA of \$5.7 million and revenue of \$27.4 million (20.8% margin) in the prior year.
- During the year, International delivered over 0.2 million hours of specialised contract labour, consistent with the prior year.

United States of America

The Mader Group commenced operations in the USA during the financial year, and provides specialised contract labour for the maintenance of heavy mobile equipment in the resources industry from an in-house pool of skilled employees. The services provided include maintenance labour, field support (site labour with support vehicles and tools) and shutdown teams for major overhauls.

The USA Group is headquartered in Colorado, and supplied specialist contract labour during the year in Wyoming, Nevada, Arizona, Tennessee and New Mexico.

- Financial performance in FY2019 delivered an EBITDA of (\$0.4) million and revenue of \$1.0 million (39.1% negative margin);
- The USA operations commenced operating in January 2019 and delivered over 10,593 hours of specialised contract labour during the year to 30 June 2019.

DIRECTORS' REPORT

Overall Group strategy, prospects and risks

The financial performance of the Group further increased during the year, and the Group delivered on its strategic plans in line with expectations.

Mader sees a continuance of the current trends in its business as markets that it services continuing to remain buoyant. Mader is well placed to take advantage of organic growth opportunities as they present and the Board is confident that the Mader Group's leading market position and reputation will enable its business to continue to grow through the ongoing attraction of quality people and suitably skilled staff and penetration of new and existing resource projects.

Growth in the revenue of the Mader Group is predominantly driven by three factors:

- increase in demand in regions where the Mader Group already operates (both existing and new customers). The Mader Group believes there remains significant revenue growth potential in all regions in which the Mader Group currently operates;
- expansion to new addressable markets where usage of heavy mobile equipment is significant; and
- addition of new ancillary services which are complementary and value add services to the core capabilities of the Mader Group.

Growth in industry demand is affected by:

- total commodity production (more production means more machine stock);
- the average age of existing machinery stock (older machines means more maintenance); and
- the extent to which mining companies outsource maintenance workforce requirements.

The Group's specific growth strategies include:

- replicating the business model in new areas;
- continuing to diversify by commodity;
- being an employer of choice;
- continuing to maintain and develop new customer relationships; and
- continuing to expand the range of trades supplied.

Mader's economic performance and future prospects are subject to a number of risks which may impact its business which include the Group's ability to maintain its culture; maintaining quality of work and delivery; occupational health, safety and environment; downturn in the resources industry; loss of key personnel; management of growth; ability to win new work; the Group's large casual workforce; changes to industrial relations policy or labour laws; reliance on key customers and projects; foreign operations; increase in labour costs; increased competition; labour shortages; decline in the trend towards outsourcing maintenance activities; customer pricing risk, and capital requirements for growth.



Dividends

Dividends paid or declared to members during the financial year were as follows:

	2019 000's
A fully franked dividend paid to shareholders on 9 October 2018	2,800
A fully franked dividend paid to shareholders on 31 December 2018	1,200
A fully franked dividend declared on 9 May 2019 to shareholders yet to be paid	2,000
An unfranked dividend paid to shareholders on 28 June 2019	5,161
Total	11,161

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Group that occurred during the financial year not otherwise disclosed in this report or the financial statements.

Likely development and expected results of operations

Likely developments in the operations of the Group in future financial years and the expected results of those operations have been included generally within the financial report.

Events subsequent to balance date

Following the end of the financial year the Company lodged a Prospectus with ASX and ASIC for the secondary sale by existing shareholders of 50 million shares in the Company to enable an initial public offering of the Company on ASX. As the shares offered under the Prospectus represented a sell down by existing shareholders of a portion of their shares to partly realise their investment in the Company, the Mader Group was not seeking to, and did not raise any, capital from the Initial Public Offering ("IPO").

Since the end of the financial year the Directors have recommended the payment of a final ordinary dividend of \$1.28 million fully franked out of retained profits at 30 June 2019. This dividend was paid on 20 September 2019.

Other than outlined above 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 Group, the results of these operations or the state of the Group in subsequent financial years.

Environmental regulation and performance

The Group holds various licences and is subject to various environmental regulations at its workshops.

The Group has not received any notification from any regulatory authority or client of any breaches of environmental regulations and to the best of its knowledge has complied with all material requirements up to the date of this report.

Information on current Directors



JIM WALKER
GAICD, FAIM

Experience and Expertise

Jim has over 45 years experience in the resources sector and was the former Managing Director of WesTrac and a Director of Seven Group Holdings and National Hire Group. Jim was formerly the Non-Executive Chairman of Macmahon Holdings Ltd (ASX MAH) having been a member of the Macmahon Board since 2013. Jim is also Chairman of Austin Engineering Ltd (ASX ANG), Australian Potash Ltd (ASX APC), State Training Board, Wesley College, WA Motor Museum, and Deputy Chairman of RACWA Holdings Pty Ltd. Jim has also been past State and National President of the Australian Institute of Management.

Directorships held in other listed entities

- Australian Potash Limited from 15 August 2018
- Austin Engineering Limited

Former directorships held in listed companies in the last three years

- Programmed Maintenance Services Limited (19 November 2015 until 27 October 2017)
- Macmahon Holdings Limited (22 January 2013 to 27 June 2019)
- Seeing Machines Limited (19 May 2014 to 18 December 2018)

Special responsibilities

- Member of the Audit and Risk Management Committee
- Chairman of the Nomination and Remuneration Committee

Interest in shares and options

- 66,667 ordinary shares



LUKE MADER

Experience and Expertise

Founder of the Mader Group, Luke is trade qualified with 20 years' experience in the mining services industry. Luke has built the Mader Group to over 1,200+ employees after realising an underserved 'niche' in the industry while working in marketing for an Original Equipment Manufacturer (OEM). Luke has forged an impressive reputation across major mining regions of Australia and now the world. Luke leads the Mader Group's strategic growth and development to foster global expansion.

Directorships held in other listed entities

- None

Former directorships held in listed companies in the last three years

- None

Special responsibilities

- Member of the Audit and Risk Management Committee
- Member of the Nomination and Remuneration Committee

Interest in shares and options

- 112,000,000 ordinary shares



PATRICK CONWAY BBUS, GACG

Experience and Expertise

Patrick has been with the Mader Group for over 5 years and has a background in Public Practice accounting and business advisory including 4 years' experience with a West African gold development project.

Directorships held in other listed entities

- None

Former directorships held in listed companies in the last three years

- None

Special responsibilities

- Member of the Audit and Risk Management Committee
- Member of the Nomination and Remuneration Committee

Interest in shares and options

- 111,111 ordinary shares

**CRAIG BURTON**
*BJURIS, LLB, MAICD**Experience and expertise*

Craig is venture capital investor in emerging companies, projects and businesses. Craig has a track record of providing financing backing and strategic advice to successful business teams and start-up entrepreneurs.

Directorships held in other listed entities

- Cradle Resources Limited
- Grand Gulf Energy Limited

Former directorships held in listed companies in the last three years

- Atrum Coal Limited
(January 2017 – August 2017)
- Capital Drilling Limited
(January 2009 – August 2018)

Special responsibilities

- Member of the Audit and Risk Management Committee
- Member of the Nomination and Remuneration Committee

Interest in shares and options

- 38,000,000 ordinary shares

**JUSTIN NUICH**
*MBA, GRAD DIP MAINTENANCE MANAGEMENT**Experience and expertise*

Justin has over 20 years' experience in the mining and oil and gas industries in Australia and globally. He has held senior roles with FMG and is currently the General Manager-Assets with Mineral Resources Limited (ASX: MIN). Justin has extensive experience and a successful track record in maintenance management, business improvement and strategic direction of organisations.

Directorships held in other listed entities

- None

Former directorships held in listed companies in the last three years

- None

Special responsibilities

- Chairman of the Audit and Risk Management

Interest in shares and options

- 66,667 ordinary shares

Directors' meetings

The number of meetings of the Company's Board of Directors and of each Board committee held during the year ended 30 June 2019 and the number of meetings attended by each director were as follows:

	Director's Meeting		Audit Committee		Remuneration and Nomination Committee	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
J Walker	2	2	-	-	-	-
L Mader	2	2	-	-	-	-
P Conway	2	2	-	-	-	-
C Burton	2	2	-	-	-	-
J Nuich	2	2	-	-	-	-

Company Secretary

SHANNON COATES

BJURIS, LLB, AGIA, ACIS, GAICD

Ms Coates holds a Bachelor of Law from Murdoch University and has over 20 years' experience in corporate law and compliance. She is a Chartered Secretary and currently acts as Company Secretary to a number of ASX-listed companies.

Ms Coates is a Director of Perth-based corporate advisory firm Evolution Corporate Services, which specialises in the provision of company secretarial and corporate advisory services to ASX-listed companies.



A low-angle, close-up shot of a large yellow off-road vehicle, likely a bulldozer or grader. The focus is on a massive, treaded Goodyear tire in the foreground. The tire has "GOODYEAR" and "MW6768" embossed on it. Above the tire, the yellow metal frame of the vehicle is visible, including a platform with a metal grate and a side mirror. The background shows a clear blue sky and a chain-link fence.

*Make light work of
heavy duty maintenance.*

Remuneration Report

- Audited

Remuneration report overview (Audited)

The Directors of Mader Group Limited present the Remuneration Report (the Report) for the Company and its controlled entities for the year ended 30 June 2019. This Report forms part of the Directors' Report and has been audited in accordance with section 300A of the Corporations Act 2001. The Report details the remuneration arrangements for Mader Group's key management personnel (KMP).

- Non-executive directors (NEDs)
- Executive directors and senior executives (collectively the executives)

KMP are those persons who, directly or indirectly, have authority and responsibility for planning, directing and controlling the major activities of the Group.

The table below outlines the KMP of the Group and their movements during the financial year:

Name	Position	Term as KMP
Non-executive directors		
Jim Walker	Non-Executive Chairman	Appointed 1 January 2019
Craig Burton	Non-Executive Director	Full financial year
Justin Nuich	Non-Executive Director	Appointed 1 January 2019
Executive directors		
Luke Mader	Executive Director	Full financial year
Patrick Conway	Chief Executive Officer (CEO)/Executive Director	Appointed 8 November 2018
Senior executives		
John Greville	Chief Operating Officer	Appointed 1 August 2018
Lili Lim	Chief Financial Officer	Appointed 23 September 2018

Overview of executive remuneration

How we determine executive remuneration policies and structures

Four principles guide our decisions about executive remuneration at Mader Group:

- Fairness: provide a fair level of reward to all employees;
- Transparency: build a culture of achievement by transparent links between reward and performance;
- Alignment: promote mutually beneficial outcomes by aligning employee, customer and shareholder interests;
- The Mader Group Culture: drive leadership performance and behaviours that creating a culture that promotes safety, diversity and employee satisfaction;

Our executive remuneration policies and structures

We reward executives with a level and mix of remuneration appropriate to their position, responsibilities and performance, in a way that aligns with the business strategy.

Executives receive fixed remuneration and variable remuneration consisting of short term incentive opportunities.

Executive remuneration levels are reviewed annually by the Board with reference to the remuneration guiding principles and market movements.

How remuneration is governed

The Mader Group has established a Remuneration and Nomination Committee to assist the Board in fulfilling its corporate governance responsibilities. The Committee provides advice, recommendations and assistance to the Board with respect to:

- remuneration policies for non-executive Directors;
- remuneration policies for executive directors;
- remuneration policies for executive management;
- equity participation;
- human resources policies; and
- other matters referred to the committee by the Board.

The Committee presently consists of Mr Craig Burton, Mr Jim Walker, Mr Justin Nuich, Mr Luke Mader and Mr Patrick Conway. Mr Walker acts as the chairman of the Remuneration & Nomination Committee.

The Remuneration Committee may, when it considers necessary or appropriate, obtain advice from external consultants or specialist in relation to remuneration related matters at the Company's expense. During the financial year the Company did not engage any such advisors.

Elements of Executive Remuneration

Fixed Remuneration

Fixed remuneration consists of base salary and superannuation capped at the relevant concessional contribution limit and other benefits (if deemed appropriate and may include a fully expensed mobile phone and other forms of remuneration). The opportunity to salary sacrifice benefits on a tax compliant basis is available on request. Fixed remuneration is set with reference to role, market and relevant experience, which is reviewed annually and upon promotion.

Variable Remuneration - Short-term incentives (STI)

Feature	Description																
Maximum opportunity	Executives can earn up to 3.33% of the increase in Statutory Net Profit Before Tax for the financial year, when compared to financial year in which the executive commenced with the Group.																
Performance metrics	The STI metrics align with the Group’s strategic priorities as follows: • Economic profit is a core component and aligns to growth in shareholder’s wealth; • Attract and retain high quality executives rewarding long term commitment to the Group; and • Reward capability and experience. <table><tr><th>Metric</th><th>Target</th><th>Weighting</th><th>Reason for selection</th></tr><tr><td>Net profit before tax</td><td>No target is set.</td><td>50%</td><td>Reflects improvements in both revenue and cost control</td></tr><tr><td>Total recordable injury frequency rate (TRIFR)</td><td><5 incidents per million hours worked.</td><td>30%</td><td>Our people operating safely both in our and our client’s environments is paramount</td></tr><tr><td>Retention rate</td><td>20% reduction in the turnover rate when compared to the prior reporting period.</td><td>20%</td><td>Staff retention is core to maintaining a safe, well trained workforce.</td></tr></table>	Metric	Target	Weighting	Reason for selection	Net profit before tax	No target is set.	50%	Reflects improvements in both revenue and cost control	Total recordable injury frequency rate (TRIFR)	<5 incidents per million hours worked.	30%	Our people operating safely both in our and our client’s environments is paramount	Retention rate	20% reduction in the turnover rate when compared to the prior reporting period.	20%	Staff retention is core to maintaining a safe, well trained workforce.
Metric	Target	Weighting	Reason for selection														
Net profit before tax	No target is set.	50%	Reflects improvements in both revenue and cost control														
Total recordable injury frequency rate (TRIFR)	<5 incidents per million hours worked.	30%	Our people operating safely both in our and our client’s environments is paramount														
Retention rate	20% reduction in the turnover rate when compared to the prior reporting period.	20%	Staff retention is core to maintaining a safe, well trained workforce.														
Delivery of STI	Bonuses are paid in cash after the end of the financial year, once audited financial accounts have been prepared and the bonus calculations approved.																
Board discretion	All bonuses are at the Board’s discretion. The Board will consider the participant’s performance of their duties and contributions made to the Group’s business to determine if a bonus will be paid.																

Long-term incentives (LTI)

There are no specific long term incentive in place. The Board considered the current remuneration structure provides alignment to the Group's strategic direction.

The Group has an annual cash bonus scheme in place which applies to members of the executive team of the Company who are invited to participate in the scheme by the Company.

The Board will assess the participant's performance of their duties and contributions made to the Group's business to determine if a bonus will be paid. If the participant is to receive a bonus, the participant may be entitled to receive a cash bonus at the end of the financial year equal to a percentage of the Net Profit Before Tax (NPBT) of the Group made over an "initial base line". The initial base line is set by the Company and is generally linked to the NPBT of the Group for the financial year in which the participant's employment with the Company commenced. Other terms may apply to a participant's bonus regime which are specific to a participant's role.

The major features are of the bonus scheme are:

- Economic profit is a core component and aligns to growth in shareholder's wealth;
- Attract and retain high quality executives rewarding long term commitment to the Group; and
- Reward capability and experience.

Bonuses are paid after the end of the financial year, once audited financial accounts have been prepared and bonus calculation approved.

If a participant is on an approved leave of absence of long service leave for part of a financial year, any bonus payable to them will be pro-rated based on the actual time worked by the participant in the financial year. If a participant's employment with the Company is terminated, either through dismissal or resignation, then the participant will not be entitled to future bonuses, including for the financial year in which the participant's employment was terminated.

Non-Executive Director Remuneration

Mader Group's NED fee policy is designed to attract and retain high calibre directors who can discharge the roles and responsibilities required in terms of good governance, strong oversight, independence and objectivity.

NEDs receive fees only and do not participate in any performance-related incentive awards. NED fees reflect the demands and responsibilities of the directors. NEDs do not currently receive any additional fees for participation in Board Committees. Non-Executive Directors are not provided with retirement benefits.

The aggregate remuneration for Non-Executive Directors have been set by the Board at an amount not to exceed \$300,000 per annum.

The Company has entered into an agreement with Jim Walker in respect of his appointment as a Non-Executive Chairman of the Company.

Mr Walker is paid a fee of \$110,000 per annum (exclusive of statutory superannuation) for his services as Non-Executive Director and Chairman and is also entitled to be reimbursed for all reasonable expenses incurred in performing his duties. The appointment of Mr Walker as Non-Executive Chairman is otherwise on terms that are customary for an appointment of this nature.

The Company has entered into an agreement with each of Craig Burton and Justin Nuich in respect of their appointments as a Non-Executive Directors of the Company. Each are paid a fee of \$60,000 per annum (exclusive of statutory superannuation) for their services Non-Executive Directors and are each also entitled to be reimbursed for all reasonable expenses incurred in performing their duties.

The appointments of Messrs Burton and Nuich as Non-Executive Directors are otherwise on terms that are customary for appointments of this nature.



Relationship between remuneration and Group performance

The Board rewards the performance of KMPs with regard to the achievement of operational and financial targets having regard to the duties, performance and contribution of the KMP during the financial year.

KMP's variable remuneration is linked directly to the financial performance of the Group and is designed to align the interests of KMPs with those of shareholders. The annual cash bonus payments to KMPs is based on a percentage of the NPBT of the Group made over a KMPs "initial base line". KMPs initial base line is set by the Board and is generally linked to the NPBT of the Group for the financial year in which the KMPs employment with the Company commenced.

Overview of company performance

	2019	2018	2017	2016	2015
NPAT (\$'m)	14.9	11.4	6.2	5.5	6.3
Basic and diluted earnings per share	8.77	6.68	3.65	3.25	3.71
Total dividends (\$'m)	11.1	3.0	Nil	3.7	1.0
Dividend payout ratio	74.5%	26.3%	0.0%	67.3%	15.9%
Remuneration as a percentage of NPAT (%)	11.7%	15.2%	-	-	-



REMUNERATION REPORT - AUDITED

Executive Service Agreements

Luke Mader – Executive Director

The Company and Luke Mader have entered into an executive services agreement for his role as Executive Director.

The principle terms of the agreement are as follows:

- (a) A base salary of \$2,000 per day worked for the Company (exclusive of statutory superannuation).
- (b) The agreement may be terminated:
 - (i) by either party without cause with 6 months' written notice, or in the case of the Company, immediately with payment in lieu of notice;
 - (ii) by the Company with 6 months' notice, or immediately with payment in lieu of notice if Mr Mader is unable to perform his service under the agreement for three consecutive months or a period aggregating to 6 months in a 12 month period;
 - (iii) by either party with 6 months' notice if Mr Mader's role becomes redundant. If the Company terminates the employment of Mr Mader within 6 months of a Change of Control it will be deemed to be a termination by reason of redundancy. If the Company terminates for reason of redundancy it shall be obliged to pay Mr Mader for any notice period worked. In addition, it will be required to pay any redundancy amount payable under applicable laws, an amount equal to 6 months' base salary (less tax) and any accumulated entitlements;
 - (iv) by the Company, at any time with written notice and without payment (other than entitlements accrued to the date of termination) as a result of any occurrence which gives the Company a right of summary dismissal at common law; and
 - (v) by Mr Mader immediately, by giving notice, if the Company is in breach of a material term of its agreement with him.

The agreement otherwise contains industry-standard provisions for a senior executive of a public company that is seeking a listing on the Official list of the ASX.

Patrick Conway – Chief Executive Director and Executive Director

Mader Contracting and Patrick Conway have entered into an employment agreement for his role as Chief Executive Officer.

The principle terms of the agreement are as follows:

- (a) A base salary of \$250,000 per annum (exclusive of statutory superannuation)
- (b) Mr Conway is eligible to participate in the Company's bonus scheme outlined above
- (c) The agreement may be terminated:
 - (i) By either without cause with 6 months' written notice, or in the case of Mader Contracting, immediately with payment in lieu of notice; and
 - (ii) By Mader Contracting with immediate effect if Mr Conway is guilty of serious misconduct, is convicted of a serious criminal offence or for certain breaches of the agreement (including in relation to Mr Conway's duties and protection of Mader Contracting's intellectual property).

The agreement is otherwise on industry-standard terms for an agreement of its nature.

John Greville – Chief Operating Officer

Mader Contracting and John Greville have entered into an employment agreement for Mr Greville's role as Chief Operating Officer.

The principle terms of the agreement are as follows:

- (a) A base salary of \$220,000 per annum (exclusive of statutory superannuation)
- (b) Mr Greville is eligible to participate in the Company's bonus scheme outlined above
- (c) The agreement may be terminated:
 - (iii) by either party without cause with 6 months' written notice, or in the case of the Mader Contracting, immediately with payment in lieu of notice; and
 - (iv) by Mader Contracting with immediate effect if Mr Greville is guilty of serious misconduct or is convicted of a serious criminal offence.

The agreement is otherwise on industry-standard terms for an agreement of its nature.

Lili Lim – Chief Financial Officer

Mader Contracting and Lili Lim have entered into an employment agreement for Ms Lim's role as Chief Financial Officer.

The principle terms of the agreement are as follows:

- (a) A base salary of \$170,000 per annum (exclusive of statutory superannuation)
- (b) Ms Lim is eligible to participate in the Company's bonus scheme outlined above
- (c) The agreement may be terminated:
 - (i) by either party without cause with 6 months' written notice, or in the case of Mader Contracting, immediately with payment in lieu of notice; and
 - (ii) by Mader Contracting with immediate effect if Ms Lim is guilty of serious misconduct or is convicted of a serious criminal offence.

The agreement is otherwise on industry-standard terms for an agreement of its nature.

REMUNERATION REPORT - AUDITED

Remuneration of Key Management Personnel

The following tables show the details of remuneration received by the Directors and key management personnel for the years ended 30 June 2019 and 30 June 2018:

		Short-term employee benefits			Post-employment	Long-term benefits	Total remuneration	Performance related
		Salary & fees	Cash Bonus	Non-monetary	Super-annuation	Employee entitlements		
		\$	\$	\$	\$	\$	\$	%
Non-executive directors								
Jim Walker	2019	55,000	-	-	5,225	-	60,225	-
	2018	-	-	-	-	-	-	-
Craig Burton	2019	30,000*	-	-	2,850	-	32,850	-
	2018	-	-	-	-	-	-	-
Justin Nuich	2019	30,000	-	-	2,850	-	32,850	-
	2018	-	-	-	-	-	-	-
Sub-total non-executive directors	2019	115,000	-	-	10,925	-	125,925	-
	2018	-	-	-	-	-	-	-
Executive directors								
Luke Mader	2019	265,000	-	18,188	11,311	-	294,499	-
	2018	200,000	-	46,803	-	-	246,803	-
Patrick Conway	2019	264,152	196,239	3,671	22,232	7,509	493,803	40
	2018	208,250	268,046	4,518	32,843	13,320	526,977	51
Sub-total executive directors	2019	529,152	196,239	21,859	33,543	7,509	788,302	-
	2018	408,250	268,046	51,321	32,843	13,320	773,781	-
Senior executives								
John Greville	2019	224,839	311,552	5,355	25,395	3,678	570,819	55
	2018	186,317	493,622	15,825	54,063	10,503	760,329	65
Lili Lim	2019	185,586	55,150	-	17,026	4,508	262,270	21
	2018	139,863	30,000	-	14,292	9,663	193,818	15
Total key management personnel compensation	2019	1,054,577	562,941	27,214	86,889	15,695	1,747,317	-
	2018	734,430	791,668	67,146	101,198	33,486	1,727,928	-

* Prior to 1 January 2019, there was no remuneration for Craig Burton for his role as non-executive director. His agreement of annual remuneration of \$60,000 started 1 January 2019.

Key Management Personnel Equity Holding

The number of ordinary shares of the Company, held directly, indirectly or beneficially, in which the KMP has a relevant interest for the year ended 30 June 2019 are as follows:

	Balance 1 July 2018	Granted as remuneration	On exercise of options	Other changes ¹	Balance 30 June 2019
Non-executive directors					
Jim Walker	-	-	-	-	-
Craig Burton	10,000,001	-	-	39,999,999	50,000,000
Justin Nuich	-	-	-	-	-
Non-executive directors					
Luke Mader	30,000,002	-	-	119,999,998	150,000,000
Patrick Conway	-	-	-	-	-
Non-executive directors					
John Greville	-	-	-	-	-
Lili Lim	-	-	-	-	-
Total	40,000,003	-	-	159,999,997	200,000,000

	Balance 1 July 2017	Granted as remuneration	On exercise of options	Other changes	Balance 30 June 2018
Non-executive directors					
Jim Walker	-	-	-	-	-
Craig Burton	10,000,001	-	-	-	10,000,001
Justin Nuich	-	-	-	-	-
Non-executive directors					
Luke Mader	30,000,002	-	-	-	30,000,002
Patrick Conway	-	-	-	-	-
Non-executive directors					
John Greville	-	-	-	-	-
Lili Lim	-	-	-	-	-
Total	40,000,003	-	-	-	40,000,003

None of the shares above were held nominally by the Directors or any of the other key management personnel.

1. Other changes

- During the year the Company restructured its share capital. This resulted in a share split of its Ordinary shares, cancellation of its Ordinary A class shares and variation to its Ordinary B and C class shares issued.
- On 30 June 2019, The Company issued a total of 30 million ordinary shares to the Owners as consideration for the acquisition of Mader International Limited.

REMUNERATION REPORT - AUDITED

Loans to Key Management Personnel

Details of loans made to Directors of Mader Group Limited and other key management personnel of the Group, including their personally related parties are set out below.

(i) Aggregates for key management personnel

	Balance at the start of the year	Interest paid and payable for the year	Interest not charged	Balance at the end of the year	Number in the group at the end of the year
	\$	\$	\$	\$	
2019	309,725	-	9,851	-	1
2018	-	-	-	309,725	1

(ii) Details of KMP and their related parties with aggregate of loans above \$100,000 in the reporting period

	Balance at the start of the year	Interest charged	Interest not charged	Write-off or allowance of doubtful debt	Balance at the end of the year	Highest balance during the period
	\$	\$	\$	\$	\$	\$
Luke Mader	309,725	-	9,851	-	-	586,831

(iii) Terms and conditions of loans to KMP and their related parties.

Loans to directors are unsecured, interest free and repayable on demand. There is no formal agreement between the individual director and the Company.

Other Transactions with Key Management Personnel

Group Restructure

As part of Group restructure, on 30 June 2019, the Company acquired 100% of the shares in Neto Crystal Worldwide Company Limited ("Neto"), a company holding a 75% interest in Mader International Limited. As consideration, the Company issued 22,500,000 ordinary shares to Mr. Mader.

On 30 June 2019, Neto acquired 2,500 shares in Mader International Limited from Skye Alba Pty Ltd, an entity associated with Mr. Burton. As consideration, the Company issued 7,500,000 ordinary shares to Skye Alba Pty Ltd.

On 31 December 2018, the Company sold its investment in Premium Plant Hire Pty Ltd to Mr Mader. The considerations was \$900,000.

	Total STI Bonus (cash and deferred shares)			LTI Options	
	Total opportunity	Awarded	Forfeited	Value granted	Value exercised
2019	\$	%	%	\$	\$
Jim Walker	-	-	-	-	-
Craig Burton	-	-	-	-	-
Justin Nuich	-	-	-	-	-
Luke Mader	-	-	-	-	-
Patrick Conway	374,317	52%	48%	-	-
John Greville	556,235	56%	44%	-	-
Lili Lim	198,410	28%	72%	-	-

End of audited remuneration report.

Shares under option

There were no unissued ordinary shares of Mader Group Limited under option at the date of this report.

Indemnification and insurance of directors and officers

(d) Indemnification and insurance of directors and officers

The Company has executed a deed of access, indemnity and insurance in favour of each Director during the financial year. The indemnity requires the Company to indemnify each Director for liability incurred by the Director as an officer of the Company subject to the restrictions prescribed in the Corporations Act 2001. The deed also gives each Director a right of access to Board papers and requires the Company to maintain insurance cover for the Directors.

(e) Indemnification of auditors

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 an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to 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 part of those proceedings.

Non-audit services

The following non-audit services were provided by the Group's auditor, BDO Audit (WA) Pty Ltd. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence of auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit services provided means the auditor independence was not compromised. Related entities of BDO Audit (WA) Pty Ltd received or are due to receive the following amounts for provision of non-audit services:

	2019 \$
Independents experts report	171,413
Tax services (including due diligence)	76,554

Auditors 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 32.

Rounding

The Company is of a kind referred to in ASIC Corporations Instrument 2016/191 issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with that Class Order to the nearest thousand dollars or, in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of Directors.



Patrick Conway
Director

Dated this 30 day of September 2019

Auditor's Independent Declaration



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www.bdo.com.au

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Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF MADER GROUP LIMITED

As lead auditor of Mader Group Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Mader Group Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'P. Murdoch', with a long horizontal flourish extending to the right.

Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth, 30 September 2019

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.





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Consolidated Statement Of Profit Or Loss and Other Comprehensive Income

Consolidated Statement Of Profit Or Loss And Other Comprehensive Income For The Year Ended 30 June 2019

	NOTE	2019 \$'000	2018 \$'000
Revenue	4	228,645	156,208
Cost of sales		(180,721)	(124,860)
Gross profit		47,924	31,348
Distribution expense		(104)	(40)
Marketing expenses		(780)	(469)
Administration expenses		(24,727)	(14,682)
Other operating expenses		(825)	(724)
Operating profit		21,488	15,433
Finance costs		(1,490)	(616)
Other income	4	421	206
Profit before income tax		20,419	15,023
Income tax expense	6	(5,519)	(3,670)
Profit for the year		14,900	11,353
Other comprehensive income/(loss)			
<i>Items that may be reclassified to profit or loss</i>			
Foreign currency translation differences		(349)	134
Total comprehensive income for the year		14,551	11,487
Earnings per share			
Basic and diluted earnings per share (cents per share)	8	8.76	6.68

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the notes to the financial statements set out on pages 35-69.

Consolidated Statement Of Financial Position

Consolidated Statement Of Financial Position As At 30 June 2019

	NOTE	2019 \$'000	2018 \$'000
Current assets			
Cash and cash equivalents	10	3,049	8,246
Trade and other receivables	11	54,495	39,366
Other assets	12	1,403	2,129
Current tax assets	6	-	1,229
Total current assets		58,947	50,970
Non-current assets			
Property, plant and equipment	13	26,247	12,736
Other assets	12	417	725
Deferred tax assets	6	1,896	472
Total non-current assets		28,560	13,933
Total assets		87,507	64,903
Current liabilities			
Trade and other payables	14	24,809	18,388
Provisions	15	715	445
Tax liabilities	6	2,611	133
Borrowings	16	14,364	9,722
Total current liabilities		42,500	28,688
Non-current liabilities			
Provisions	15	425	251
Deferred tax liabilities	6	549	112
Borrowings	16	9,864	5,072
Total non-current liabilities		18,838	5,435
Total liabilities		53,338	34,123
Net assets		34,169	30,780
Equity			
Issued capital	17	2	2
Reserves	19	(1,157)	(808)
Retained earnings		35,324	31,586
Total equity		34,169	30,780

The above consolidated statement of financial position should be read in conjunction with the notes to the financial statements set out on pages 35-69.

Consolidated Statement Of Changes in Equity

Consolidated Statement Of Changes In Equity For The Year Ended 30 June 2019

	NOTE	Issued Capital \$'000	Retained Earnings \$'000	Reserves \$'000	Total \$'000
Balance at 1 July 2018		2	31,586	(808)	30,780
Comprehensive income/(loss)					
Profit for the year		-	14,900	-	14,900
Other comprehensive income/ (loss) for the year		-	-	(349)	(349)
Total comprehensive income/ (loss)for the year		-	14,900	(349)	14,551
Transactions with owners, in their capacity as owners					
Dividends paid or provided for	9	-	(11,162)	-	(11,162)
Total transactions with owners			(11,162)	-	(11,162)
Balance at 30 June 2019		2	35,324	(1,157)	34,169
	NOTE	Issued Capital \$'000	Retained Earnings \$'000	Reserves \$'000	Total \$'000
Balance at 1 July 2017		2	23,233	(942)	22,293
Comprehensive income/(loss)					
Profit for the year		-	11,353	-	11,353
Other comprehensive income/ (loss) for the year		-	-	134	134
Total comprehensive income/ (loss)for the year		-	11,353	134	11,487
Transactions with owners, in their capacity as owners					
Dividends paid or provided for	9	-	(3,000)	-	(3,000)
Total transactions with owners			(3,000)	-	(3,000)
Balance at 30 June 2018		2	31,586	(808)	30,780

The above consolidated statement of changes of equity should be read in conjunction with the notes to the financial statements set out on pages 35-69.

Consolidated Statement Of Cash Flows

Consolidated Statement Of Cash Flows For The Year Ended 30 June 2019

	NOTE	2019 \$'000	2018 \$'000
Cash flows from operating activities			
Receipts from customers		213,518	142,577
Payments to suppliers and employees		(199,285)	(128,923)
Interest received		15	6
Finance costs		(1,490)	(495)
Income tax paid		(2,800)	(4,159)
Net cash provided by operating activities	10	9,958	9,006
Cash flows from investing activities			
Proceeds from sale of plant and equipment		749	124
Payments for plant and equipment		(16,660)	(8,783)
Payment for unsecured notes		-	(539)
Payments for purchase of shares in unlisted companies		(416)	-
Proceeds from sale of shares in unlisted companies		900	-
Net cash (used in) investing activities		(15,427)	(9,198)
Cash flows from financing activities			
Dividends paid		(9,161)	(3,000)
Proceeds from (repayment of) chattel mortgage borrowings (net)		8,173	5,427
Net cash provided by/(used in) financing activities		(988)	2,427
Net increase/(decrease) in cash held		(6,457)	2,235
Net foreign exchange difference		(2)	56
Cash at the beginning of the financial year		2,581	290
Cash at the end of the financial year	10	(3,878)	2,581

Reconciliation of Cash

Cash at the end of the financial year as shown in the Consolidated Statement of Cash Flows is reconciled to items in the Consolidated Statement of Financial Position as follows:

Cash and cash equivalents		3,049	8,246
Bank overdraft	16	(6,927)	(5,665)
		(3,878)	2,581

The above consolidated statement of cash flows should be read in conjunction with the notes to the financial statements set out on pages 35-69.

Notes to the Financial Statements

Notes to the Consolidated Financial Statements For The Year Ended 30 June 2019

1. Corporate Information

The consolidated financial statements of Mader Group Limited (Mader Group or the Company) and its subsidiaries (collectively, the Group) for the year ended were authorised for issue in accordance with a resolution of the Board of directors on 27 September 2019.

Mader Group Limited is a for profit company limited by shares incorporated in Australia.

The nature of the operations and principal activities of the Group are described in the Director's report.

2. Summary of Significant Accounting Policies

(a) Basis of Preparation

The financial report is a general purpose report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. The financial statements and notes also comply with International Financial Reporting Standards.

The financial report has been prepared on a historical cost basis unless otherwise stated in the notes. The financial report is presented in Australian dollars and all values are rounded to the nearest thousand (\$000), except when otherwise indicated under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors Reports) Instrument 2016/191.

(b) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the full Board of Directors.

(c) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

(d) Earnings per share

(i) Basic earnings per share

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

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares

NOTES TO THE FINANCIAL STATEMENTS

(e) Basis of consolidation

The consolidated financial statements comprises the financial statements of the Company and its subsidiaries as at 30 June 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- exposure, or rights, to variable returns from its involvement with the investee
- the ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. The Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual agreement(s) with the other vote holders of the investee
- Rights arising from other contractual agreements
- The Group's voting rights and potential voting rights

The Group re-assess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date of the Group gains control until the date the Group ceases to control the subsidiary

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expense and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities and other components of equity, while any resultant gain or loss is recognised in profit or loss.

Capital reorganisation

A group restructure, commenced in February 2019 and completed in June 2019 resulted in the acquisition by Mader Group of 100% of the shares of Neto Crystal Worldwide Company Limited, together with its wholly owned subsidiary, Mader International Limited, which is the main operating and holding company of the business in Africa and Mongolia.

As consideration, the Company issued 22,500,000 ordinary shares to Mr. Luke Mader. Neto also acquired 2,500 shares in Mader International Limited from Skye Alba Pty Ltd, an entity associated with Mr. Burton. As consideration, the Company issued 7,500,000 ordinary shares to Skye Alba Pty Ltd.

The above transaction was accounted for an acquisition from entities under common control. As a result, no goodwill or gain or loss on acquisitions is recognised, and it is accounted for as if the acquisition had occurred at 1 July 2017, and the comparatives have been restated.

(f) Income Tax

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liabilities arises from the initial recognition of goodwill or asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax assets relating to the deductible temporary difference arises from initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- in respect in deductible temporary differences associated with investments in subsidiaries, associates and interest in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(g) Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting year

Or

- Cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting year

All other assets are classified as non-current.

NOTES TO THE FINANCIAL STATEMENTS

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting year

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting year.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(h) Property, plant and equipment

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

Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets, excluding freehold land, is depreciated on a diminishing value basis over the asset's useful life to the company commencing from the time the asset is held ready for use.

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

Class of fixed assets	Depreciation rate
Computer equipment	37.5%
Office furniture and fittings	10 – 40%
Motor vehicles	20 – 30%
Plant and equipment	10 – 30%

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

The Group changed the depreciation rate applicable to motor vehicles to 20-30% from 30% effective 1 July 2018. The net effect of the changes in the current financial year was a decrease in depreciation expense of \$1.41 million. The effect of future periods is not disclosed because estimation is impracticable. The group will continue to adopt this accounting estimate for depreciation in subsequent financial reporting of the business operations.

(i) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the assets (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 guarantee residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the year.

Leased assets are depreciated on a diminishing value basis over their useful lives.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as an expense in the year in which they are incurred.

(j) Financial Instruments – Financial Assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under AASB 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to operate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the assets.

Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial assets at amortised costs
- Financial assets at fair value through OCI with recycling of cumulative gains and losses
- Financial assets at fair value through profit or loss

Financial assets at amortised costs

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial asset in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables, and loan to an associate and loan to a director included under other current financial assets.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss included financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

NOTES TO THE FINANCIAL STATEMENTS

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Financial assets designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in AASB 9 are satisfied. The Group has not designated any financial asset as at fair value through profit or loss.

Derecognition

A financial asset is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when:

The rights to receive cash flows from the asset have expired; or

The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the assets, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for trade receivables. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime (ECLs) at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are over 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(k) Financial instruments – Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payable as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in AASB 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the (Effective Interest Rate) EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortisation cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applied to interest-bearing loans and borrowings. For more information, refer to Note 16.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

(l) Fair Value measurement

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.

(m) 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. 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.

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.

(n) 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 at the best estimate of the amounts required to settle the obligation at the end of the reporting year.

Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits have been measured at nominal amounts expected to be paid when the liability is settled (excluding on-costs).

Provision for long service leave is recognised when an employee reached seven years of consecutive service.

(o) Cash and Cash Equivalents

Cash and cash equivalents includes 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 financial liabilities in current liabilities on the Statement of Financial Position.

(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. In these circumstances the GST is recognised as part of the costs 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. 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 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.

NOTES TO THE FINANCIAL STATEMENTS

(q) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the year in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(r) Trade and Other Receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section (g) Financial Instruments – initial recognition and subsequent measurement.

The Group applies the simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and aging. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

(s) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the company that remain unpaid at 30 June 2019. Refer to accounting policies of financial liabilities in section (h) Financial Instruments – initial recognition and subsequent measurement.

(t) Foreign Currency Translation

The Group's consolidated financial statements are presented in Australian dollars, which is also parent company's functional currency. The functional currency of the Group's main overseas operating entities are USD. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date of the transaction first qualifies for recognition.

Monetary assets and liabilities determined in foreign currencies are translated at the functional currency spot rates of exchange rate at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss. Nonmonetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Australian dollars at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of transaction. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

(u) Revenue from contracts with customers

The Group is in the business of providing labour hire, and support and maintenance services to the mining sector. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at the amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Services revenue

The Group derives revenue from the provision of maintenance and repair services to mining companies. Maintenance and repair services performance obligations are fulfilled over time as the group enhances assets which the customer controls, for which the Group does not have an alternative use and for which the Group has right to payment for performance to date. Revenue is recognised for each contract based on the agreed contractual rate to which the group is entitled.

The amount billed to customers are not secured and are typically due within 60 – 90 days from an invoice date.

Warranty obligations

Mader offer warranty on workshop rebuilt components including engines and powertrain parts. Other warranties items are assessed on a case by case basis and if agreed by both parties warranty could be offered.

Refund liabilities

Mader do not currently have any specific current liabilities related to workmanship. Refunds if offered are approved by the CEO and CFO.

(v) New and amended standards and interpretations

AASB 9 Financial Instruments

AASB 9 Financial Instruments replaces AASB 139 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The adoption of AASB 9 did not have a material impact on the Group.

AASB 15 Revenue from Contracts with Customers

AASB 15 supersedes AASB 11 Construction Contracts, AASB 118 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange of transferring goods and services to a customer.

AASB 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Group adopted AASB 15 using the modified retrospective method of adoption with the date of initial application of 1 July 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group elected to apply the standard to all contracts as at 1 July 2018.

The cumulative effect of initially applying AASB 15 is recognised at the date of initial application as an adjustment to the opening balance of retained earnings. Therefore, the comparative information was not restated and continues to be reported under AASB 118 and related interpretations.

The adoption of AASB 15 did not have a material impact on the Group.

NOTES TO THE FINANCIAL STATEMENTS

(w) Impact of standards issued but not yet applied by the Group

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for year ended 30 June 2019. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below:

AASB 16 Leases (effective from 1 July 2019)

AASB 16 Leases is effective for the reporting period commencing 1 July 2019. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed.

Under the new standards, an asset (the right to use the lease item) and a financial liability to pay rentals are recognised. There will be no change to the accounting treatment for short-term leases less than 12 months and leases of low value items, which will continue to be expensed on a straight-line basis.

Management is currently assessing the impact of the new rules. From an initial assessment, management don't consider the adoption of the standard will have a material impact on the profit or loss of the Group.

3. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Impairment of non-financial assets

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Provision for expected credit losses of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the mining sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Note 23.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

4. Revenue

	2019 \$'000	2018 \$'000
Operating Revenue		
- Maintenance services	214,688	146,049
- Hire recoveries	2,119	661
- Direct expense recoveries	11,838	9,498
Total operating revenue	228,645	156,208
Timing of revenue recognition		
- At a point in time	11,838	9,498
- Over time	216,807	146,710
Total	228,645	156,208
Other income		
- Interest income	15	14
- Other income	406	192
Total other income	421	206

5. Expenses

	2019 \$'000	2018 \$'000
Expenses		
Depreciation	3,826	3,052
Employee benefits expense	149,568	97,084
Rental expense of operating leases	1,153	728
IPO costs	908	-
Finance costs		
Interest on debts and borrowings	537	150
Finance charges payable under finance leases and hire purchase contracts	687	312
Total interest expense	1,224	462
Other finance costs	266	154
Total finance costs	1,490	616

NOTES TO THE FINANCIAL STATEMENTS

6. Tax

(a) Income tax expense	2019 \$'000	2018 \$'000
Components of income tax expense		
Current income tax charge	5,964	3,839
Under/(over) provision in respect of prior years	3	142
Deferred tax resulting from the origination and reversal of temporary differences	(448)	(311)
Total	5,519	3,670
Accounting profit before income tax	20,419	15,023
Tax at the Australian tax rate of 30% (2018 - 30%)	6,125	4,507
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-allowable expenses/(non-taxable income)	50	(251)
Effect of different tax rates of subsidiaries in other jurisdiction	115	(274)
Under/(over) provision in prior years	5	(311)
Other	(774)	-
Adjustment for current tax of prior period	(2)	-
Income tax expense	5,519	3,670
(b) Current tax asset and liability		
Current tax assets	-	1,229
Current tax liabilities	(2,611)	(133)
Total	(2,611)	1,096
(c) Deferred tax		
Deferred tax assets:		
Accrued expenses and provision	893	471
Employee leave entitlements	293	-
Depreciation	-	1
Losses	159	-
Other	551	-
Total deferred tax assets	1,896	472
Deferred tax liabilities:		
Accrued revenue and prepayment	45	101
Depreciation	504	-
Other	-	11
Total deferred tax liabilities	549	112

	Opening balance	Recognising in profit or loss	Closing balance
Movements: 2019			
Deferred tax assets			
Accrued expenses and provision	471	422	893
Employee leave entitlements	-	293	293
Depreciation	11	(1)	-
Losses	-	159	159
Other	-	551	551
Total deferred tax assets	472	1,424	1,896
Deferred tax liabilities			
Accrued revenue and prepayment	101	(56)	45
Depreciation	-	504	504
Other	11	(11)	-
Total deferred tax liabilities	112	437	549
Movements: 2018			
Deferred tax assets			
Accrued expenses and provision	-	471	471
Employee leave entitlements	-	-	-
Depreciation	-	1	1
Losses	-	-	-
Total deferred tax assets	-	472	472
Deferred tax liabilities			
Accrued revenue and prepayment	-	101	101
Depreciation	-	-	-
Other	-	11	11
Total deferred tax liabilities	-	112	112

NOTES TO THE FINANCIAL STATEMENTS

7. Segment information

Management has determined that the strategic operating segments comprise of Australia, United States, all other segments (Africa, Asia and South America) and Corporate. These reporting segments provide a more balanced view of cross-operational performance across business units, recognising and compensating for inter-regional differences in relation to technical methodologies and processes, the cost of labour, the existence of competition and differing customer requirements that may affect product pricing.

	Australia	United States	All other segments ¹	Corporate	Inter-segment eliminations	Consolidated
2019	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Segment revenue						
Sales to external customers						
- Maintenance services	187,966	972	25,750	-	-	214,688
- Hire recoveries	2,119	-	-	-	-	2,119
- Direct expense recoveries	10,455	58	1,325	-	-	11,838
	200,540	1,030	27,075	-	-	228,645
Inter-segment revenue	186	-	-	-	(186)	-
	200,726	1,030	27,075	-	(186)	228,645
Other revenue	242	-	12	829	(662)	421
Total segment revenue	200,968	1,030	27,087	829	(848)	229,066
Segment EBITDA	21,657	(401)	4,551	(778)	425	25,454
Depreciation and amortisation	(3,604)	(114)	(53)	(55)	-	(3,826)
Segment EBIT	18,053	(515)	4,498	(833)	425	21,628
Other segment information						
Interest income	3	-	251	-	(239)	15
Interest expense	(1,442)	(2)	-	(19)	239	(1,224)
Income tax (expense)/benefit	(5,041)	132	(865)	255	-	(5,519)
Segment result	11,573	(385)	3,884	(597)	425	14,900
Segment assets	74,495	5,905	17,749	12,414	(23,056)	87,507
Segment liabilities	56,687	6,155	4,447	8,967	(22,918)	53,338
Other segment information						
Acquisition of property, plant and equipment and other non-current assets	14,156	2,801	115	572	-	17,643

Notes:

1. All other segments represents the Group's operations in Africa, Asia and South America.

	Australia	United States	All other segments	Corporate	Inter-segment eliminations	Consolidated
2018	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Segment revenue						
Sales to external customers						
- Maintenance services	119,700	-	26,349	-	-	146,049
- Hire recoveries	661	-	-	-	-	661
- Direct expense recoveries	8,440	-	1,058	-	-	9,498
	128,801	-	27,407	-	-	156,208
Inter-segment revenue	386	-	-	-	(386)	-
	129,187	-	27,407	-	(386)	156,208
Other revenue	176	-	278	-	(249)	205
Total segment revenue	129,363	-	27,685	-	(635)	156,413
Segment EBITDA	12,607	-	5,723	(2)	275	18,603
Depreciation and amortisation	(2,996)	-	(56)	-	-	(3,052)
Segment EBIT	9,611	-	5,667	(2)	275	15,551
Interest expense	(512)	-	(16)	-	-	(528)
Income tax (expense)/benefit	(2,449)	-	(1,222)	1	-	(3,670)
Segment result	6,650	-	4,429	(1)	(275)	11,353
Segment assets	53,372	-	16,499	10,043	(15,011)	64,903
Segment liabilities	47,137	-	1,997	-	(15,011)	34,123
Other segment information						
Acquisition of property, plant and equipment and other non-current assets	8,687	-	117	255	-	9,059

NOTES TO THE FINANCIAL STATEMENTS

8. Earnings per share (EPS)

	2019 \$'000	2018 \$'000
Basic and diluted earnings per share (cents)	8.76	6.68
Earnings used in the calculation of basic and diluted earnings per share		
Earnings used in the calculation of basic and diluted earnings per share	14,900	11,353
Weighted average number of ordinary shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	170,082	170,000

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Basic and diluted earnings per share of this year and prior year presented have been adjusted for the effects of the share split retrospectively (refer to note 17).

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

9. Dividends

	2019 \$'000	2018 \$'000
Cash dividends on ordinary shares declared and paid:		
Dividends declared and paid during the year	9,162	3,000
Proposed dividends on ordinary shares:		
Final dividend for 2019	2,000	-
Total dividends	11,162	3,000

	Parent	
	2019 \$'000	2018 \$'000
Franking account balance		
The amount of franking credits available for subsequent financial years are:		
Franking account balance at the end of the financial year at 30% (2018:30%)	1,734	4,306
Franking credits that will arise from the payment of income tax payable at the end of the financial year	-	-
Franking debits that will arise from the payment of dividends as at the end of the financial year	-	-
Franking credits that will arise from the receipt of dividends recognised as receivables at the balance date	-	-

10. Cash and cash equivalents

	2019	2018
	\$'000	\$'000
Cash at bank	3,049	8,246

Reconciliation of Cash Flow from Operations with Profit after Income Tax

	2019	2018
	\$'000	\$'000
Profit after income tax	14,900	11,353
Depreciation	3,826	3,052
Gain on disposal of property, plant and equipment	(227)	-
<i>Change in assets and liabilities:</i>		
(Increase)/Decrease in deferred tax assets	(1,424)	(288)
Increase/(Decrease) in deferred tax liabilities	436	112
Increase/(Decrease) in current tax payable	3,707	(314)
Increase/(Decrease) in creditors	2,873	10,373
(Increase)/Decrease in receivables	(15,127)	(14,268)
(Increase)/Decrease in inventory	907	(1,032)
(Increase)/Decrease in other assets	(357)	(292)
Increase/(Decrease) in provisions	444	310
Net cash flow from operating activities	9,958	9,006

NOTES TO THE FINANCIAL STATEMENTS

11. Trade and other receivables

30 June 2019	Australia \$'000	United States \$'000	All other segments \$'000	Total \$'000
<i>Current</i>				
Trade receivables	48,194	862	5,648	54,704
ECL provision	(42)	(61)	(106)	(209)
Net balance	48,152	801	5,542	54,495
30 June 2018				
<i>Current</i>				
Trade receivables	33,910	-	5,736	39,646
ECL provision	(280)	-	-	(280)
Net balance	33,630	-	5,736	39,366

Trade receivables are non-interest bearing and are generally on terms between 30 and 90 days. All amounts are short term. The carrying value of trade receivables are considered a reasonable approximation of fair value.

The group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Refer to note 3 for the basis of input and assumptions.

Movement in the allowance for expected credit losses:

	2019 \$'000	2018 \$'000
Opening balance	(280)	-
Foreign currency differences	-	-
Net movement for expected credit losses	71	(280)
Written off	-	-
Closing balance	(209)	(280)

12. Other assets

	2019 \$'000	2018 \$'000
<i>Current</i>		
Accrued revenue	126	1,033
Directors loans – carried at amortised cost	-	310
Employee loans – carried at amortised cost	17	12
Prepayment	1,173	736
Other	87	38
Total current other assets	1,403	2,129
<i>Non-current</i>		
Unlisted shares – carried at fair value	57	540
Other	360	185
Total non-current other assets	417	725

13. Property Plant and Equipment

	Buildings and property \$'000	Office furniture and equipment \$'000	Plant equipment and motor vehicles \$'000	Low value pool \$'000	Total \$'000
2019					
Cost	600	1,179	36,231	209	38,219
Accumulated depreciation	(70)	(426)	(11,318)	(158)	(11,972)
Carrying value as at 30 June 2019	530	753	24,913	51	26,247
2018					
Cost	140	771	19,761	200	20,872
Accumulated depreciation	(11)	(304)	(7,688)	(133)	(8,136)
Carrying value as at 30 June 2018	129	467	12,073	67	12,736
	Buildings and property \$'000	Office furniture and equipment \$'000	Plant equipment and motor vehicles \$'000	Low value pool \$'000	Total \$'000
Year ended 30 June 2019					
Opening net book value	129	467	12,073	67	12,736
Additions	460	413	16,761	9	17,643
Disposals	-	(5)	(301)	-	(306)
Depreciation	(59)	(122)	(3,620)	(25)	(3,826)
Closing net book value	530	753	24,913	51	26,247
Year ended 30 June 2018					
Opening net book value	42	312	6,843	61	7,258
Additions	88	223	8,717	31	9,059
Disposals	-	-	(529)	-	(529)
Depreciation	(1)	(68)	(2,958)	(25)	(3,052)
Closing net book value	129	467	12,073	67	12,736

NOTES TO THE FINANCIAL STATEMENTS

14. Trade and other payables

	2019 \$'000	2018 \$'000
<i>Current</i>		
Trade payables	4,372	2,789
Other payables and accrued expenses	20,437	15,599
Total	24,809	18,388

Trade payables are non-interest bearing and are normally settled on 30-day terms.
Other payables are non-interest bearing and have an average term of three months.

15. Provisions

	2019 \$'000	2018 \$'000
<i>Current</i>		
Employee entitlements	715	445
Total	715	445
<i>Non-current</i>		
Employee entitlements	425	251
Total	425	251

The provision for employee entitlements represents annual leave and vested long service leave entitlements.

16. Borrowings

	2019 \$'000	2018 \$'000
<i>Current</i>		
<i>Secured</i>		
Bank overdraft	6,927	5,667
Premium Funded Insurance	304	126
Chattel mortgage	7,133	3,929
Total current borrowings	14,364	9,722
<i>Non-current</i>		
<i>Secured</i>		
Chattel mortgage	9,864	5,072
Total non-current borrowings	9,864	5,072
Total borrowings	24,228	14,794

Bank overdraft

The bank overdrafts are part of Invoice Finance Facilities of \$22 million with a total of \$15.07 million unused at 30 June 2019 (2018: \$8 million and \$2.4 million unused). Interest is based on the lending indicator rate plus a margin of 2.88% per annum. This facility is a revolving leasing limit with a yearly annual review and is subject to following financial covenants measured quarterly:

- Dividend restrictions with a maximum of 100% of NPAT based on consolidated Mader Contracting and Mader Queensland position;
- Debt service cover measured at minimum 2.00 times;
- Capital adequacy ratio not below 30%; and,
- BHP concentration maximum 50%.

The Group has complied with these covenants as at June 2019. There was no financial covenant to comply with in the prior reporting period.

Master asset finance (chattel mortgage)

Master asset finance facility of \$16.0 million with a total of \$0.7 million unused at 30 June 2019 (2018: \$8.9 million and \$0.004 million unused). This facility matures on 31 July 2020. The interest rate range is 3.45% to 5.52% (2018: 3.96% to 6.13%).

The bank overdraft and master asset finance facilities are secured by the assets of Mader Contracting Pty Ltd, Mader Queensland Pty Ltd and Mader Group Limited.

Master Loan and Security Agreement

Master loan and security agreement of US\$1.17 million (A\$1.67 million). At 30 June 2019 this facility was fully drawn down. The facility matures on 30 June 2024. The agreement guarantee and indemnity is provided by Mader Group Limited.

Bank guarantee

The Group has provided a bank guarantee in the amount of \$0.33 million as security for the rental agreement at its office at Perth Airport in Western Australia. At 30 June 2019 this bank guarantee was fully drawn down.

17. Issued Capital

	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	Number of shares	Number of shares	\$'000	\$'000
Issued Capital	200,000,000	40,000,003	2	2

	Number	\$'000
On Issue at 30 June 2018	40,000,003	2
Share Split – 19 February 2019	129,999,997	-
Share issued for acquisition of Mader International as part of capital reorganisation – 30 June 2019	30,000,000	-
Issued capital at 30 June 2019	200,000,000	2

NOTES TO THE FINANCIAL STATEMENTS

18. Reserves

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries. It is also used to record the effect of hedging net investments in foreign operations.

19. Capital management

The Group manages its capital to ensure that the entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of debt and equity balances. The capital structure of the Group

consists of debt, which includes the borrowings in Note 18, cash and equity, comprising issued capital and retained earnings.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year. This strategy is to ensure that the Group's gearing ratio (net debt/receivables) is less than 50%.

The gearing ratios for the years ended 30 June 2019 and 30 June 2018 are as follows:

	NOTE	2019 \$'000	2018 \$'000
Total borrowings		24,228	14,794
Less cash and cash equivalents		(3,049)	(8,246)
Net debt		21,179	6,548
Total equity		34,169	30,780
Total capital		55,348	37,328
Net gearing ratio		38.3%	17.5%

20. Financial risk management

Financial risk management objectives

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments.

This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

The Group's principal financial liabilities comprise loans and borrowings, and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operation. The Group's principal financial assets include trade receivables, and cash and short-term deposits that derive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the business. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ageing analysis of credit risk.

Risk management is carried out by the finance function under principles and parameters approved by the Board of Directors. The finance function identifies and evaluates financial risks in close co-operation with the Group's operating units.

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates, interest rates and equity prices.

The objective of market risk management is to manage and control market risk exposures with acceptable parameters while optimising returns.

(i) Foreign currency exchange risk management

Foreign currency exchange risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. Foreign currency exchange risk arises from future commercial transactions and recognised assets and liabilities that denominated in a currency that is not the Group's functional currency. The Group operates internationally and is exposed to

foreign currency exchange risk arising from various currency exposures, primarily with respect to the US dollar as a result of its operations in African and American regions.

Management has put in place a policy requiring business units and Group entities to manage their foreign exchange risk against their functional currency. The Group companies are required to bring evaluation.

Sensitivity

The following tables demonstrates the sensitivity to a reasonably possible change in USD exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Group's exposure to foreign currency changes for all other currencies is not material.

	Change in USD rate	Effect on profit before tax
	\$	\$'000
2019	+5%	(144)
	-5%	159
2018	+5%	(209)
	-5%	231

NOTES TO THE FINANCIAL STATEMENTS

(ii) Interest rate risk management

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings and analyses its interest rate exposure on an ongoing basis.

	Weighted average interest rate	Floating rates \$'000	Fixed rates \$'000	Non-interest bearing \$'000	Total \$'000
2019					
Financial Liabilities					
Borrowings - current	6.8%	6,927	7,436	-	14,363
Borrowings - non-current	5.2%	-	9,864	-	9,864
		6,927	17,300	-	24,227
2018					
Financial Liabilities					
Borrowings - current	4.3%	5,668	4,054	-	9,722
Borrowings - non-current	4.9%	-	5,072	-	5,072
		5,668	9,126	-	14,794

Sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowing affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Increase/decrease in basis points	Effect on profit before tax \$'000
2019		
Australian dollar	+50	(31)
Australian dollar	-50	31
2018		
Australian dollar	+50	(25)
Australian dollar	-50	25

For the purposes of the sensitivity, the Group has elected to not include cash balances as the balances are held in transactional accounts with very low interest rates. The Group also does not include any chattel mortgage finance leases in the sensitivity as each lease, which are for vehicles, are fixed at the commencement of the lease.

(iii) Price risk

The Group is not exposed to material price risk relating to equity securities and it has therefore not been included in the sensitivity analysis.

(b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligation under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables and cash deposits). Credit risk is co-operatively managed by the finance function and the operating units for customers, including outstanding receivables and committed transactions and at a Group level for credit risk arising from cash and cash equivalents, and deposits with banks and financial institutions. Only reputable banks and financial institutions are dealt with.

Trade receivables

The Group's exposure to credit risk for trade receivables is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default

risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. The Group enters into transactions with a number of high quality customers within the resources industry sector thereby minimising concentration of credit risk for trade receivables. The Group has multiple contracts with its significant customers, across a number of their subsidiaries, divisions within those subsidiaries and locations. The Group's activities are largely focused on the mining and mining services industry sectors and as a result its credit risk for trade receivables is concentrated in this sector.

Individual risk exposures are set for customers in accordance with specified limits established by management based on independent credit reports, financial information, credit references and the Group's credit and trading history with the customer. Outstanding customer receivables are regularly monitored and any credit concerns highlighted to senior management.

Concentration of credit exposure analysis

The concentration of credit risk is monitored by the Group through geographical areas. The following tables show the maximum exposure to credit risk at reporting date by geographical areas.

	2019 \$'000	2018 \$'000
<i>Trade and other receivables</i>		
Australia	48,194	33,910
All other	5,648	5,736
United States	862	-
Total	54,704	39,646

The maximum exposure to credit risk, without taking into account the value of any collateral or other security, in the event that other parties fail to perform their obligations under financial instruments for each class of reporting recognised financial asset at the reporting date is the carrying amount of those assets as indicated in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

Cash and cash equivalent

The credit risk on cash and cash equivalents is limited because the counterparties are banks and financial institutions with high credit-ratings assigned by international credit-rating agencies.

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations when they fall due.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use

of bank overdrafts, bank loans, finance leases and hire purchase contracts. The Group has established a number of policies and processes for managing liquidity risk. These include:

- continuously monitoring cash flows on a daily basis as well as forecasting cash flows on a medium and long-term basis;
- maintaining adequate borrowing and finance facilities; and
- monitoring the maturity profiles of financial assets and liabilities in order to match inflows and outflows.

Financing arrangements

	2019 \$'000	2018 \$'000
Bank facilities		
Total facilities	40,302	16,452
Used at the end of the reporting period	(24,228)	(14,794)
Unused at the end of the reporting period	16,074	1,658

Included within the unused bank facilities above are debtor finance facilities totalling \$15,072,608 (2018: \$2,403,055). The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

	<6 months \$'000	6 to 12 months \$'000	1 to 5 years \$'000	Contractual cash flows \$'000	Carrying amount \$'000
Year ended 30 June 2019					
Trade and other payables	17,585	-	-	17,585	17,585
Bank overdraft	-	6,927	-	6,927	6,927
Chattel mortgage	3,417	3,715	10,322	18,015	16,997
	21,002	10,642	10,322	41,966	41,509
Year ended 30 June 2018					
Trade and other payables	13,217	-	-	13,217	13,217
Bank overdraft	-	5,667	-	5,667	5,667
Chattel mortgage	1,969	2,241	5,313	9,523	9,001
	15,186	7,908	5,313	28,407	27,885

21. Commitments and contingency

	2019	2018
(a) Chattel Mortgage Commitments	\$'000	\$'000
Payable – minimum payments		
- No later than 12 months	7,683	4,210
- Between 12 months and 5 years	10,332	5,313
Minimum payments	18,015	9,523
Less future finance charges	(1,018)	(522)
Present value of minimum payments	16,997	9,001

The majority of chattel mortgage contracts were taken out with NAB with repayments paid monthly in advance. All chattel mortgages are for motor vehicles, small on-road trucks and tooling.

(b) Operating Lease Commitments

Non-cancellable operating leases contracted but not recognised in the financial statements:

	2019	2018
	\$'000	\$'000
Payable – minimum lease payments		
- No later than 12 months	630	371
- Between 12 months and 5 years	1,352	147
- More than 5 years	561	-
	2,543	518

(c) Capital Expenditure Commitments

There is no capital expenditure commitments as at 30 June 2019 (2018: nil).

(d) Contingency

There is no contingent assets or liabilities as at 30 June 2019 (2018: nil).

NOTES TO THE FINANCIAL STATEMENTS

22. Information about subsidiaries

The consolidated financial statements of the Group include:

Name	Country of incorporation	% Equity interest	
		\$'000	\$'000
Mader Group Limited (parent)	Australia		
Mader Contracting Pty Ltd	Australia	100%	100%
Mader Queensland Pty Ltd	Australia	100%	100%
Mader Plant Hire Pty Ltd	Australia	100%	100%
Mader Corporation	USA	100%	0%
Neto Crystal Worldwide Company Limited	British Virgin Islands	100%	100%
Mader International Limited	Hong Kong	100%	100%
Global Maintenance Solutions Pte Ltd	Singapore	100%	100%
MI Mechanical Limited	Mauritius	100%	100%
Mader Gobi LLC	Mongolia	100%	100%
Mader Mechanical Limited	Zambia	100%	100%
Mader Chile SPA	Chile	100%	0%
Mader DRC SARLU	Democratic Republic of Congo	100%	0%

23. Events after the end of the reporting period

Following the end of the financial year the Company lodged a Prospectus with ASX and ASIC for the secondary sale by existing shareholders of 50 million shares in the Company to enable an initial public offering of the Company on ASX.

As the shares offered under the Prospectus represented a sell down by existing shareholders of a portion of their shares to partly realise their investment in the Company, the Mader Group was not seeking to, and did not raise any, capita from the Initial Public Offering ("IPO").

Since the end of the financial year the Directors have recommended the payment of a final ordinary dividend of \$1.28 million fully franked out of retained profits at 30 June 2019. This dividend was paid on 20 September 2019.

Other than outlined above 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 Group, the results of these operations or the state of the Group in subsequent financial years.

Auditors' remuneration

The auditor of Mader Group Limited is BDO Audit (WA) Pty Ltd

	2019 \$'000	2018 \$'000
Auditor of the parent entity for:		
Auditing or reviewing the financial reports of any entity of the group	99	42
Entities related to BDO Audit (WA) Pty Ltd		
Taxation services	74	92
Corporate advisory services	161	-
	334	134
Network firms of BDO Audit (WA) Pty Ltd		
Auditing or reviewing the financial reports	49	22
Taxation services	5	6
	54	28
Remuneration of other auditors (non BDO Audit (WA) Pty Ltd or related Network firms)		
Auditing or reviewing the financial reports	39	33
Taxation services	3	1
Other services	23	21
	65	55
Total auditor's remuneration	453	217

NOTES TO THE FINANCIAL STATEMENTS

24. Information relating to Mader Group Limited (the Parent)

	2019 \$'000	2018 \$'000
Current assets	840	69
Non-current assets	11,573	9,974
Total assets	12,413	10,043
Current liabilities	2,248	-
Non-current liabilities	6,719	-
Total liabilities	8,967	-
Net assets	3,446	10,043
Issued capital	1	1
Retained earnings	3,446	10,042
Total equity	3,446	10,043
Loss after income tax for the year	(597)	(1)

25. Deed of cross guarantee

At 30 June 2019 and 30 June 2018 there were no deeds of guarantee entered into in relation to the debts of subsidiaries.

26. Related party disclosures

Parent entity

The parent entity is Mader Group Limited, which is incorporated in Australia.

Subsidiaries

Interests in subsidiaries are disclosed in Note 22 Information about Subsidiaries.

Key Management Personnel

	2019 \$'000	2018 \$'000
Short-term employee benefits	1,645	1,594
Post-employment benefits	87	101
Other long-term benefits	15	33
Total compensation paid to key management personnel	1,747	1,728

Detailed remuneration disclosures are provided in the remuneration report on pages 21 to 30.

Other transactions with Key Management Personnel

Loans

During the year the Group maintained a loan with Mr Luke Mader. At year end this loan had been repaid and has a \$nil balance. The loan was unsecured, interest free and repayable on demand. There was no formal agreement between Mr Mader and the Group. During the financial year 2018, there is loan movement of \$309,725 which was repaid by December 2018.

Investments

On 31 December 2018, the Company sold its investment in Premium Plant Hire Pty Ltd to Mr Luke Mader. The consideration was \$900,000.

On 30 June 2019, the Company acquired 100% of the shares in Neto Crystal Worldwide Company Limited ("Neto"), a company holding a 75% interest in Mader International Limited. As consideration, the Company issued 22,500,000 ordinary shares to Mr Luke Mader.

On 30 June 2019, Neto acquired 2,500 shares in Mader International Limited from Skye Alba Pty Ltd, an entity associated with Mr. Craig Burton. As consideration, the Company issued 7,500,000 ordinary shares in Mader Group to Skye Alba Pty Ltd.

Director's Declaration

Director's Declaration

In the Director's opinion:

1. the financial statements and notes, as set out on pages 35 to 69 are in accordance with the Corporations Act 2001, including:
 - (a) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (b) giving a true and fair view of the Group's financial position as at 30 June 2019 and of the performance for the financial year ended on that date;
2. the financial statements and notes are also comply with International Financial Reporting Standards as disclosed in Note 2(a);
3. the remuneration disclosures contained in the Remuneration Report in the Directors' Report comply with section 300A of the Corporations Act 2001; and
4. there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the Corporations Act 2001.

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



Patrick Conway
Director

Dated this 30th day of September 2019

Independent Audit Report



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INDEPENDENT AUDITOR'S REPORT

To the members of Mader Group Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Mader Group Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. 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 Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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.

Key audit matters

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

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.



Carrying Values of Trade Receivables

Key audit matter	How the matter was addressed in our audit
The Group's trade receivables including provision for expected credit losses balances as at 30 June 2019 are disclosed in Note 11 to the financial report. AASB 9 Financial Instruments (AASB 9) is effective for the Group from 1 July 2018. The adoption of the new standard introduced a new impairment measurement framework, referred to as Expected Credit Losses (ECLs). Due to the quantum of the assets and the judgement involved in determining the provision for ECLs as disclosed in Note 3 to the financial report, we have determined that the carrying value of the trade receivables a key audit matter.	Our procedures included, but were not limited to: • Verifying, on a sample basis, the trade receivable balances to the receipts in bank statements subsequent to year-end; • Reviewing the ageing profile of the receivables, taking into consideration the terms and conditions of the contractual arrangements; • Assessing the methodologies and assumptions used to estimate the expected credit loss in accordance with AASB 9; • Holding discussion with management to understand the credit risk and financial outlook of customers; and • Assessing the adequacy and completeness of the related disclosure in Notes 3 and 11 to the Financial Report.

Carrying Value of Property, Plant and Equipment

Key audit matter	How the matter was addressed in our audit
As disclosed in Note 13 of the Financial Report, the Property, Plant and Equipment represents a significant asset to the Group at 30 June 2019. The Group is required to assess for indicators of impairment in accordance with AASB 136 Impairment of Assets at each reporting period. This is a key audit matter due to the quantum of the asset and the assessment of carrying value requires management to exercise judgement in identifying indicators of impairment and estimating the appropriate useful life of the assets as disclosed in Note 3.	Our procedures included, but were not limited to: • Verifying, on a sample basis, additions of the assets during the year; • Obtaining a register of assets held by group, and reviewing, on a sample basis, the supporting documentation to demonstrate the existence of the assets; • Assessing the useful life of the assets by considering the expected use of the assets; • Reviewing the depreciation calculations; • Considering whether any impairment indicator existed to suggest impairment testing was required; and • Assessing the adequacy and completeness of the related disclosure in Note 3 and Note 13 to the financial report.



Other information

The directors are responsible for the other information. The other information comprises the information contained in Directors' report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the annual report, which is expected to be made available to us after that date.

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

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

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

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and will request that it is corrected. If it is not corrected, we will seek to have the matter appropriately brought to the attention of users for whom our report is prepared.

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 the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.



Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 11 to 18 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Mader Group Limited, for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

BDO Audit (WA) Pty Ltd

BDO
A handwritten signature in black ink, appearing to read 'P. Murdoch', is written over a horizontal line.

Phillip Murdoch

Director

Perth, 30 September 2019

Shareholder Information

Additional information required by the Australian Securities Exchange and not shown elsewhere in this Annual Report is as follows. The information is current as at 1 October 2019.

Distribution of ordinary shares

The number of shareholders, by size of holding, are:

Range	Number of holders	Number of shares
1 - 1,000	0	0
1,001 - 5,000	194	655,597
5,001 - 10,000	132	1,108,661
10,001 - 100,000	282	9,679,964
100,001 and over	35	188,555,778
Total	643	200,000,000

There were no shareholders holding less than a marketable parcel of ordinary shares, being 439 Shares at 1 October 2019.

Voting rights

All ordinary shares carry one vote per share without restriction.

Restricted Securities

A total of 151,634,735 ordinary fully paid shares in the capital of the Company are subject to the following voluntary escrow arrangements:

Shareholders	Number of shares	% of shares on issue	Escrow Period
Existing Shareholders ¹	150,000,000	75%	Until 30 October 2020
Leadership Team Offer	495,621	0.25%	Until 1 October 2020
Staff	1,139,115	0.57%	Until 1 January 2020

Substantial Shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

Name	Number of shares	% of shares
1. Mader Group Limited ²	150,000,000	75.00%
2. Luke Mader, Amy Mader, and Maidment Bridge Farm Investments Pty Ltd ¹	112,000,000	56.00%
3. Skye Alba Pty Ltd ²	38,000,000	19.00%

Notes:

1. Comprising 112,000,000 shares held by Luke Mader, Amy Mader and their controlled entities (representing 56% of shares on issue) and 38,000,000 shares held by Skye Alba Pty Ltd, an entity controlled by Craig Burton (representing 19% of shares on issue).
2. See ASX Announcement on 30 September 2019

Twenty largest shareholders

The names of the twenty largest registered holders of quoted ordinary shares are:

Name	Number of shares	% of shares
1. MAIDMENT BRIDGE FARM INVESTMENTS PTY LTD	63,750,000	31.88
2. MR LUKE BENJAMIN MADER	42,500,000	21.25
3. SKYE ALBA PTY LTD	38,000,000	19.00
4. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	14,338,300	7.17
5. MS AMY MADER	5,750,000	2.88
6. MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	4,500,000	2.25
7. NATIONAL NOMINEES LIMITED	4,204,051	2.10
8. J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	3,067,824	1.53
9. UBS NOMINEES PTY LTD	2,043,825	1.02
10. CARJAY INVESTMENTS PTY LTD	2,000,000	1.00
11. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	1,925,000	0.96
12. CS FOURTH NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 11 A/C>	1,000,000	0.50
13. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	525,000	0.26
14. CITICORP NOMINEES PTY LIMITED	400,000	0.20
15. CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	400,000	0.20
16. BNP PARIBAS NOMINEES PTY LTD <IOOF INSMT MGMT LTD DRP>	375,000	0.19
17. BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD DRP	350,000	0.18
18. BOTSIS HOLDINGS PTY LTD	300,000	0.15
19. MRS TRACEY LEE CUNNINGHAM <THE AVEBURY FAMILY A/C>	300,000	0.15
20. MORGAN STANLEY AUSTRALIA SECURITIES (NOMINEE) PTY LIMITED <NO 1 ACCOUNT>	250,000	0.13
Total	185,979,000	92.99

Securities Exchange Quotation

The Company's ordinary shares are listed on the Australian Securities Exchange (Code: MAD).
The Home Exchange is Perth.

On-market Share Buy-back

There is no current on-market buy-back.

Corporate Governance Statement

The Company's Corporate Governance Statement for the 2019 financial year can be accessed at:
<https://www.madergroup.com.au/investor-centre/corporate-governance>



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🏆 2019 *Awarded Future of Mining's
Mining Contractor of the Year*

