

MLG OZ PTY LTD - ACN 102 642 366

Annual Financial Report

Year ended 30 June 2019

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Corporate Information

Director

Murray Leahy

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Principal place of business

10 Yindi Way

Kalgoorlie WA 6433

(08) 9022 7746

Auditors

HLB Mann Judd

Level 4, 130 Stirling Street

Perth WA 6000

08 9227 7500

Director's Report

The director presents his report on the group for the year ended 30 June 2019.

DIRECTOR

The name of the director in office at any time during or since the end of the year is Murray Leahy.

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

PRINCIPAL ACTIVITIES

The group's principal activities in the course of the financial year were bulk haulage, crushing and screening and production and sale of construction materials.

REVIEW OF OPERATIONS

The Group's revenue increased 50.7% from \$134,500,147 to \$202,679,967 with the net after tax profit increasing from \$5,068,261 to \$16,849,887. We have continued to invest in the growth of business with the additional purchase of capital equipment of nearly \$25.7M

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Group to the date of this report.

SIGNIFICANT EVENTS AFTER BALANCE DATE

In September 2019, MLG's primary banking partner committed to an increased amount and range of Finance facilities to assist in working capital requirements and to enable the ongoing investment in growth assets.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Disclosure of information regarding likely developments in the operations of the Group in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Group. Therefore, this information has not been presented in this report.

ENVIRONMENTAL LEGISLATION

The Group has conducted activities on mineral tenements. The right to conduct these activities is granted subject to environmental conditions and requirements. The Group aims to ensure a high standard of environmental care is achieved and, as a minimum, to comply with relevant environmental regulations. There have been no known breaches of any of the environmental conditions.

RESULTS

The net profit of the Group for the financial year, after providing for income tax was \$17,075,077 (2018: \$5,068,261).

DIVIDENDS

Dividends declared to the Director during the financial year were as follows:

- A final ordinary dividend for the year ended 30 June 2019 of \$381,806 per fully paid share franked to 100% was declared on 30 June 2019.

INDEMNIFICATION AND INSURANCE OF DIRECTOR AND OFFICERS

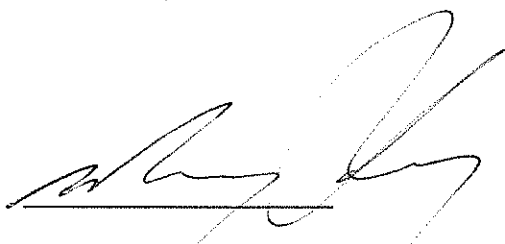
The Group has agreed to indemnify the director of the Group for any liabilities to another person (other than the Group or related body corporate) that may arise from their position as director of the Group, except where the liability arises out of conduct involving a lack of good faith.

PROCEEDINGS ON BEHALF OF GROUP

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party or the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings. The Group was not a party to any such proceedings during the year.

AUDITOR INDEPENDENCE DECLARATION

The lead Auditor's Independence Declaration for the year ended 30 June 2019 has been received and immediately follows the Director's Report.

A handwritten signature in black ink, appearing to read 'Murray Leahy', is written over a horizontal line.

Murray Leahy
Director
Kalgoorlie, 4 October 2019

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of MLG Oz Pty Ltd for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia
4 October 2019



N G Neill
Partner

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Statement of Profit or Loss and Other Comprehensive Income

		Consolidated 2019	Parent 2018
	Notes	\$	\$
Revenue	5	202,679,967	134,500,147
Changes in inventories of finished goods and work in progress		(2,029,290)	287,908
Equipment and labour hire expenses		(22,875,424)	(13,151,289)
Fuel expenses		(15,914,166)	(11,754,774)
Freight expenses		(2,677,103)	(2,747,441)
Haulage subbies charges		(11,557,743)	(10,093,878)
Employee benefits expense		(70,858,183)	(49,612,788)
Other employee expenses		(6,562,878)	(4,597,251)
Depreciation and amortisation expense	6	(9,715,140)	(6,983,712)
Operational repairs and maintenance expense		(27,023,216)	(20,337,903)
Occupancy expense		(2,052,399)	(1,129,361)
Interest and finance expense	6	(2,848,631)	(2,179,335)
Licences, registrations, permits & insurance expenses		(3,204,658)	(1,824,323)
Exploration expenditure expensed as incurred		(142,967)	(297,560)
Royalties expense		(520,486)	(525,355)
Other expenses		(2,768,253)	(1,831,509)
Profit before income tax expense		21,929,430	7,721,576
Income tax expense	7	(5,079,543)	(2,653,315)
Net profit for the year		16,849,887	5,068,261
Other comprehensive income:		-	-
Impact of revaluation of property, plant and equipment		(271,878)	(179,753)
Total comprehensive income for the year		16,578,009	4,888,508

The accompanying notes form part of these financial statements

Statement of Financial Position

		Consolidated 2019	Parent 2018
	Notes	\$	\$
CURRENT ASSETS			
Cash and cash equivalents	9	551,207	584,008
Trade and other receivables	10	27,975,952	21,556,853
Inventories	12	9,341,619	3,678,599
Total current assets		37,868,778	25,819,460
NON-CURRENT ASSETS			
Other financial assets	11	408,000	382,000
Property, plant and equipment	13	92,410,969	76,779,322
Deferred exploration and evaluation expenditure		59,911	59,911
Intangible assets		1,047	1,047
Total non-current assets		92,879,927	77,222,280
Total assets		130,748,705	103,041,740
CURRENT LIABILITIES			
Trade and other payables	14	26,579,613	21,088,046
Financial liabilities	15	26,314,930	19,262,704
Provisions	16	437,600	266,345
Total current liabilities		53,332,143	40,617,095
NON-CURRENT LIABILITIES			
Financial liabilities	15	24,792,033	25,868,681
Provisions	16	312,324	79,445
Deferred tax liability	7	3,235,520	3,596,028
Total non-current liabilities		28,339,877	29,544,154
Total liabilities		81,672,020	70,161,249
Net assets		49,076,685	32,880,491
EQUITY			
Issued capital	17	1	1
Retained earnings		49,076,684	32,608,612
Reserves	18	-	271,878
Total equity		49,076,685	32,880,491

The accompanying notes form part of these financial statements

Statement of Changes in Equity

	<i>Issued Capital</i>	<i>Retained Earnings</i>	<i>Reserves</i>	<i>Total</i>
	\$	\$		\$
Parent				
Balance at 1 July 2017	1	28,149,463	451,631	28,601,095
Net profit after tax for the year	-	5,068,261	-	5,068,261
Total comprehensive income for the year	-	-	(179,753)	(179,753)
Dividends provided for or paid	-	(609,112)	-	(609,112)
Balance at 30 June 2018	1	32,608,612	271,878	32,880,491
Consolidated				
Net profit after tax for the year	-	16,849,887	-	16,849,887
Total comprehensive income for the year	-	-	(271,878)	(271,878)
Dividends provided for or paid	-	(381,815)	-	(381,815)
Balance at 30 June 2019	1	49,076,684	-	49,076,685

The accompanying notes form part of these financial statements

Statement of Cash Flows

	Notes	Consolidated 2019 \$	Parent 2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		214,224,744	149,190,285
Payments to suppliers and employees		(191,472,656)	(125,884,387)
Interest received		2,836	1,885
Interest paid (unrelated to HP's)		(522,959)	(295,477)
Income tax paid		(2,736,882)	(3,864,895)
Fuel tax credits received		2,886,615	1,785,250
Net cash provided by operating activities	9	22,381,698	20,932,661
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of non-financed property, plant and equipment		(6,234,501)	(2,727,653)
Proceeds from sale of property, plant and equipment		-	249,455
Net cash (used in) investing activities		(6,234,501)	(2,478,198)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(381,806)	(609,112)
Net movement in borrowings from related entities		(26,000)	(76,000)
Proceeds from borrowings		2,479,050	-
Payments of finance lease liabilities due to investment in property, plant and equipment		(21,177,601)	(16,584,065)
Net cash provided (used in) financing activities		(19,106,357)	(17,269,177)
Net increase/(decrease) in cash held		(2,959,160)	1,185,286
Cash at the beginning of the financial year		(3,152,821)	(4,338,107)
Cash and cash equivalents at the end of the year	9	(6,111,981)	(3,152,821)

The accompanying notes form part of these financial statements

Note 1: Basis of Preparation

These financial statements are general purpose financial statements, which have 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.

The financial statements comprise the consolidated financial statements for the Group. For the purposes of preparing the consolidated financial statements, the Group is a for-profit entity.

The accounting policies detailed below have been consistently applied to all of the years presented unless otherwise stated.

The financial statements have been prepared on a historical cost basis, except for selected non-current assets, financial assets and financial liabilities, which have been measured at fair value as explained in the relevant accounting policies. Historical cost is based on the fair values of the consideration given in exchange for goods and services.

The entity's principal activities are detailed in the Director's Report.

(a) Statement of compliance

The financial report was authorised for issue on 4 October 2019.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

(b) Adoption of New and Revised Standards

Standards and Interpretations applicable to 30 June 2019

In the year ended 30 June 2019, the Director has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current annual reporting period. Those which have a material impact on the Group are set out below.

AASB 9 Financial Instruments

AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement and makes changes to a number of areas including classification of financial instruments, measurements, impairment of financial assets and hedge accounting model.

The Group has adopted AASB 9 from 1 July 2018.

The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest.

A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value.

All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI').

Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch.

For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch).

New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity.

New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

The Group has applied AASB 9 retrospectively with the effect of initially applying this standard recognised at the date of initial application, being 1 July 2018 and has elected not to restate comparative information accordingly, the information presented for 30 June 2018 has not been restated.

The impact on the financial performance and position of the Group from the adoption of these Accounting Standards is detailed in Note 3.

AASB 15 Revenue from Contracts with Customers

AASB 15 replaces AASB 118 *Revenue* and AASB 111 *Construction Contracts* and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards.

The Group has adopted AASB 15 from 1 July 2018.

AASB 15 establishes a single comprehensive income for entities to use in accounting for revenue arising from contracts with customers.

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised, including in respect of multiple element arrangements. The core principle of AASB 15 is that it requires identification of distinct performance obligations within a transaction and associated transaction price allocation to these obligations. Revenue is recognised upon satisfaction of these performance obligations, which occur when control of goods or services is transferred, rather than on transfer of risks or rewards. Revenue received for a contract that includes a variable amount is subject to revised conditions for recognition, whereby it must be highly probable that no significant reversal of the variable component may occur when the uncertainties around its measurement are removed.

The core principle of AASB 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group has adopted AASB 15 using the modified retrospective method of adoption (without practical expedients) with the effect of initially applying this standard recognised at the date of initial application, being 1 July 2018. Accordingly, the information presented for 30 June 2018 has not been restated. The effect of the application of AASB 15 has been applied to all contracts at date of initial application.

The impact on the financial performance and position of the Group from the adoption of these Accounting Standards is detailed in Note 3.

Other than the above, the Director has determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to Group accounting policies.

Standards and Interpretations in issue not yet adopted

The Director has reviewed all Standards and Interpretations in issue not yet adopted for the year ended 30 June 2019. Those which may have a material impact on the Group are set out below.

AASB 16 Leases

AASB 16 replaces AASB 117 *Leases*. AASB 16 removes the classification of leases as either operating leases or finance leases – for the lessee – effectively treating all leases as finance leases.

AASB 16 is applicable to annual reporting periods beginning on or after 1 July 2019.

Impact on operating leases

AASB 16 will change how the Group accounts for leases previously classified as operating leases under AASB 117, which were off-balance sheet. On initial application of AASB 16, for all leases (except as noted below), the Group will:

- Recognise right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments.
- Recognise depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss.
- Separate the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated cash flow statement.

Lease incentives (e.g. rent-free period) will be recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under AASB 117 they resulted in the recognition of a lease liability incentive, amortised as a reduction of rental expenses on a straight-line basis.

Under AASB 16, right-of-use assets will be tested for impairment in accordance with AASB 136 Impairment of Assets. This will replace the previous requirement to recognise a provision for onerous lease contracts.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Group will opt to recognise a lease expense on a straight-line basis as permitted by AASB 16.

The Group has identified the following leases where AASB 16 will have an impact, but has elected not to early adopt this standard and has not quantified the material effect of application for future periods:

- Office leases;
- Plant and equipment leases.

The commitments note at Note 20 will provide an indication of the likely right of use asset on transition.

Impact on finance leases

The main differences between AASB 16 and AASB 117 with respect to assets formerly held under a finance lease is the measurement of the residual value guarantees provided by the lessee to the lessor.

AASB 16 requires that the Group recognises as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by AASB 117.

On initial application the Group will present equipment previously included in property, plant and equipment within the line item for right-of use assets and the lease liability, previously presented within borrowing, will be presented in a separate line for lease liabilities.

Based on an analysis of the Group's finance leases as at 30 June 2019 on the basis of the facts and circumstances that exist at that date, the director of the Company has assessed that the impact of this change will not have an impact on the amounts recognised in the Group's consolidated financial statements.

Interpretation 23 Uncertainty over Income Tax Treatments

This Interpretation clarifies how to apply the recognition and measurement requirements in AASB 112 when there is uncertainty over income tax treatments. In such a circumstance, an entity shall recognise and measure its current or deferred tax asset or liability applying the requirements in AASB 112 based on taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined applying this Interpretation.

Interpretation 23 is effective from annual reporting periods beginning on or after 1 July 2019.

Other than the above, the Director has determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Company and, therefore, no change is necessary to Group accounting policies.

(c) Going concern

Despite the Group having a working capital deficit of \$15,463,365 as at 30 June 2019 (2018: \$15,433,445) the accounts have been prepared on a going concern basis as the Director has reviewed the financial performance of the Group and has determined that it will have sufficient cashflows to meet its expenditure requirements for a period of at least 12 months from the date of this report. With revenues having increased nearly 50%, cash-flows from operations increasing 6.7% and in conjunction with our current, contracted, long-term pipeline of work, the Director is satisfied that the going concern basis of preparation is appropriate. The financial report has been prepared on a going concern basis, which assumes continuity of normal business activities and the settlement of liabilities in the ordinary course of business.

(d) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement in with the investee; and
- has the ability to its power to affect its returns.

The Company reassess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements listed above.

When the Company has less than a majority of the voting rights if an investee, it has the power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties; rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholder meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Changes in the Group's ownership interest in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in subsidiaries. Any difference between the amount paid by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between:

- The aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- The previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by the applicable AASBs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Note 2: Significant Accounting Policies

(a) Revenue from Contracts with Customers

Applicable to 30 June 2019

Revenue arises mainly from the provision of haulage, site services and crushing services and the sale of various commodities. The Group only generates revenue in Australia.

To determine whether to recognise revenue, the Group follows a 5-step process:

- 1 Identifying the contract with a customer
- 2 Identifying the performance obligations
- 3 Determining the transaction price
- 4 Allocating the transaction price to the performance obligations
- 5 Recognising revenue when/as performance obligation(s) are satisfied.

The revenue and profits recognised in any period are based on the delivery of performance obligations and an assessment of when control is transferred to the customer.

In determining the amount of revenue and profits to record, and related statement of financial position items (such as contract fulfilment assets, capitalisation of costs to obtain a contract, trade receivables, accrued income and deferred income) to recognise in the period, management is required to form a number of key judgements and assumptions. This includes an assessment of the costs the Group incurs to deliver the contractual commitments and whether such costs should be expensed as incurred or capitalised.

Revenue is recognised either when the performance obligation in the contract has been performed, so 'point in time' recognition or 'over time' as control of the performance obligation is transferred to the customer.

For contracts with multiple components to be delivered such as haulage, and site services management applies judgement to consider whether those promised goods and services are (i) distinct - to be accounted for as separate performance obligations; (ii) not distinct - to be combined with other promised goods or services until a bundle is identified that is distinct or (iii) part of a series of distinct goods and services that are substantially the same and have the same pattern of transfer to the customer.

The Group's main revenue streams are as follows:

- **site services**
The Group performs haulage and site services on various mine sites. These activities whilst usually are highly integrated with other activities and accordingly are accounted as multiple performance obligations. Whilst these contracts are usually long term, the performance obligations associated with them are completed on a short term basis and the revenue is recognised when each performance obligation is completed. Consequently, the Group recognises revenue at a point in time. Payment terms are usually within 30 to 60 days.
- **Crushing Services**
The Group performs crushing services. These activities are highly integrated and accordingly where appropriate are accounted for as a single performance obligation. Performance obligations are fulfilled over time as when the crushing is performed the Group has a right of payment for services delivered. Consequently, revenue is recognised over time. Payment terms are usually within 30 to 60 days.
- **Commodities**
Commodities are sold to various customers on a on demand basis. These sales are completed on an individual basis and are completed when the control of the commodities sold are transferred to the customer. Consequently, the Group recognises revenue at a point in time. Payment terms are usually within 30 to 60 days.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. Therefore, the Group does not adjust any of the transaction prices for the time value of money.

Applicable to 30 June 2018

Revenue is measured at fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

Sale of goods

Revenue is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from the rendering of services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

- Contract income is recognised by reference to the total actual costs incurred at the end of the reporting period relative to the proportion of the total costs expected to be incurred over the life of the contract;
- Servicing fees are recognised by reference to the proportion of the total cost of providing the service for the product sold; and
- Revenue from time and material contracts are recognised at the contractual rates as labour hours are delivered and direct expenses are incurred.

(b) Income Tax Expense

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary difference and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities for the current and prior periods 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 by the balance date.

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

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

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

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, 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 income tax asset relating to the deductible temporary difference arises from the 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; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance 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 income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to 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 balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Tax consolidation legislation

MLG Oz Pty Ltd and its 100% owned Australian resident subsidiaries have implemented the tax consolidation legislation. Current and deferred tax amounts are accounted for in each individual entity as if each entity continued to act as a taxpayer on its own.

MLG Oz Pty Ltd recognises its own current and deferred tax amounts and those current tax liabilities, current tax assets and deferred tax assets arising from unused tax credits and unused tax losses which it has assumed from its controlled entities within the tax consolidated Group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts payable or receivable from or payable to other entities in the Group. Any difference between the amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) controlled entities in the tax consolidated Group.

Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(c) 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 sole Director of MLG Oz Pty Ltd.

(d) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(e) Cash and Cash Equivalents

Cash comprises cash at bank and in hand.

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

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(f) Trade and Other Receivables

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment. Trade receivables are generally due for settlement within periods ranging from 30 days to 90 days.

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Group in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Group. The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term discounting is not applied in determining the allowance.

The amount of the impairment loss is recognised in the statement of profit or loss and other comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of profit or loss and other comprehensive income.

(g) Financial Instruments

Applicable to 30 June 2019

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- equity instruments at fair value through other comprehensive income (FVOCI)
- debt instruments at fair value through other comprehensive income (FVOCI).

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets to collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method.

Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as listed bonds that were previously classified as held-to-maturity under IAS 39.

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

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

The category also contains an equity investment. The Group accounts for the investment at FVTPL and did not make the irrevocable election to account for the investment in unlisted and listed equity securities at fair value through other comprehensive income (FVOCI). The fair value was determined in line with the requirements of AASB 9, which does not allow for measurement at cost.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss.

The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Equity instruments at fair value through other comprehensive income (Equity FVOCI)

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVOCI.

Under Equity FVOCI, subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss.

Dividend from these investments continue to be recorded as other income within the profit or loss unless the dividend clearly represents return of capital.

This category includes unlisted equity securities that were previously classified as 'available-for-sale' under AASB 139.

Any gains or losses recognised in other comprehensive income (OCI) are not recycled upon derecognition of the asset.

Debt instruments at fair value through other comprehensive income (Debt FVOCI)

Financial assets with contractual cash flows representing solely payments of principal and interest and held within a business model of collecting the contractual cash flows and selling the assets are accounted for at debt FVOCI.

The Group accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective it is to "hold to collect" the associated cash flows and sell financial assets; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in other comprehensive income (OCI) will be recycled upon derecognition of the asset.

Impairment of financial assets

AASB 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaced AASB 139's 'incurred loss model'.

Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Level 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Level 2').
- 'Level 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables and contract assets

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.

Classification and measurement of financial liabilities

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

(h) Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition is accounted for as follows:

Raw materials – based on the costs incurred in extracting and allocated based on the quantities on hand at period end.

Finished goods – purchase cost on a first-in, first-out basis.

Spares and parts - purchase cost on a first-in, first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(i) Property, Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Land and buildings are measured at cost less accumulated depreciation on buildings and less any impairment losses recognised after the date of the revaluation.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Freehold land and buildings	20 years
Earth moving equipment	5-25 years
Crushing and screening	5-25 years
Ancillary equipment	5-25 years
Fixtures & fittings	10 years
Light and service vehicles	4-10 years
Trucks and trailers	4-10 years
Computer software/hardware	3 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

Impairment

The carrying values of plant and equipment are reviewed for impairment at each balance date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to approximate fair value.

An impairment exists when the carrying value of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the statement of profit or loss and other comprehensive income in the cost of sales line item. However, because land and buildings are measured at revalued amounts, impairment losses on land and buildings are treated as a revaluation decrement.

Revaluation

Following initial recognition at cost, land and buildings are carried at a revalued amount which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and any subsequent accumulated impairment losses.

Fair value is determined by reference to market-based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date.

Any revaluation increment is credited to the asset revaluation reserve included in the equity section of the statement of financial position, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss.

Any revaluation decrease is recognised in profit or loss, except that a decrease offsetting a previous revaluation increase for the same asset is debited directly to the asset revaluation reserve to the extent of the credit balance existing in the revaluation reserve for that asset.

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amounts of the assets and depreciation based on the assets' original costs.

Additionally, any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the assets.

Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Independent valuations are performed with sufficient regularity to ensure that the carrying amounts do not differ materially from the assets' fair values at the balance date.

(j) Trade and Other Payables

Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

Employee leave benefits

Wages, salaries, annual leave and sick leave

Liabilities accruing to employees in respect of wages and salaries, annual leave, long service leave and sick leave expected to be settled within 12 months of the balance date are recognised in other payables in respect of employees' services up to the balance date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Liabilities accruing to employees in respect of wages and salaries, annual leave, long service leave and sick leave not expected to be settled within 12 months of the balance date are recognised in non-current other payables in respect of employees' services up to the balance date. They are measured as the present value of the estimated future outflows to be made by the Group.

(k) Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

(l) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss and other comprehensive income net of any reimbursement.

Provisions are measured at the present value or management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the balance date. Consideration is given to expected future wage and salary levels, experience of employee departures, and period of service. Expected future payments are discounted using market yields at the balance date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(m) Parent Entity Disclosures

The financial information for the parent entity, MLG Oz Pty Ltd, has been prepared on the same basis as the consolidated financial statements, except as set out below.

Note 3: New Standards Adopted

AASB 9 Financial Instruments

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement*. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for impairment of financial assets.

The investment classifications available-for-sale financial assets and Held-to-maturity investment' are no longer used and Financial assets at fair value through other comprehensive income (FVOCI) was introduced. There were no investments held in these categories as at 30 June 2018.

When adopting AASB 9, the Group has applied transitional relief and opted not to restate prior periods. Differences arising from the adoption of AASB 9 in relation to classification, measurement, and impairment are recognised in opening retained earnings as at 1 July 2018.

AASB 9 also contains new requirements on the application of hedge accounting. The new hedge accounting looks to align hedge accounting with entities' risk management activities look to align hedge accounting more closely with entities' risk management activities by increasing the eligibility of both hedged items and hedging instruments and introducing a more principles-based approach to assessing hedge effectiveness.

Classification and measurement of financial assets

The adoption of AASB 9 has impacted the following areas:

Impairment of financial assets

For trade receivables and contract assets under AASB 15 the Group applies a simplified approach of recognising lifetime expected credit losses as these items do not have a significant financing component. The impairment allowance for trade receivables was not material at 1 July 2018.

AASB 15 Revenue from Contracts with Customers and Related Amending Standards

In the current year, the Group has applied AASB 15 *Revenue from Contracts with Customers* which is effective for an annual period that begins on or after 1 July 2018. AASB 15 introduced a 5-step approach to revenue recognition.

AASB 15 replaces AASB 118 *Revenue*, AASB 111 *Construction Contracts* and several revenue-related Interpretations. The new Standard has been applied as at 1 July 2018 using the modified retrospective approach. Under this method, the cumulative effect of initial application is recognised as an adjustment to the opening balance of retained earnings at 1 July 2018 and comparatives are not restated. In accordance with the transition guidance, AASB 15 has only been applied to contracts that are incomplete as at 1 July 2018.

As a result of the adoption of AASB 15 there has not been a material impact in the timing of recognition of revenue on adoption of this standard.

Contracts with multiple performance obligations

Many of the Group's contracts comprise a variety of performance obligations. Under AASB 15, the Group must evaluate the separability of the promised goods or services based on whether they are 'distinct'. A promised good or service is 'distinct' if both:

- the customer benefits from the item either on its own or together with other readily available resources; and
- it is 'separately identifiable' (i.e. the Group does not provide a significant service integrating, modifying or customising it).

While this represents significant new guidance, the implementation of this new guidance did not have a significant impact on the timing or amount of revenue recognised by the Group during the year.

Note 4: Significant Accounting Estimates and Assumptions

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Inventories

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

(b) 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.

(c) Impairment

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.

(d) Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that sufficient future tax profits will be available to utilise those temporary differences. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits.

Note 5: Revenue

	Consolidated 2019	Parent 2018
	\$	\$
Revenue from contracts with customers	199,625,954	132,678,437
Fuel tax credits	2,935,766	1,826,144
Other revenue	118,246	(4,434)
	202,679,967	134,500,147

Disaggregation of revenue

The Group derives its revenue from the sale of goods and the provision of services at a point in time and over time in the following categories.

	2019
	\$
<i>At a point in time</i>	
Mine site services	151,650,810
Crushing and screening`	39,800,769
<i>Over time</i>	
Bulk Haulage and export logistics	8,174,375
Total revenue from contracts with customers	199,625,954

Note 6: Expenses

		Consolidated 2019	Parent 2018
	Notes	\$	\$
Depreciation of property, plant and equipment			
Depreciation charge		9,987,018	7,163,464
Depreciation recovery	18	(271,878)	(179,752)
		9,715,140	6,983,712
Interest expense			
Hire purchase charges		2,325,672	1,883,858
Bank interest		339,563	199,620
Other interest		183,345	95,857
		2,848,580	2,179,335

Note 7: Income Tax Expense

Income tax recognised in profit or loss

The major components of tax expense are:

	Consolidated 2019	Parent 2018
	\$	\$
Current tax expense	5,440,050	1,533,997
Deferred tax expense	(360,507)	1,119,318
	5,079,543	2,653,315

Reconciliation

	Consolidated 2019	Parent 2018
	\$	\$
The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:		
Accounting profit before income tax	21,929,430	7,721,576
Income tax expense calculated at 30% (2018: 30%)	6,578,829	2,316,473
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
• Tax effect of non-deductible expenses	39,815	(782,476)
• Over (Under) Provision of tax in the prior year	(1,457,538)	1,119,318
• Movement of temporary differences through reserve	(81,563)	-
Income tax expense reported in the consolidated statement of profit or loss and other comprehensive income	5,079,543	2,653,315

The tax rate used in the above reconciliation is the corporate tax rate of 30% (2018: 30%) payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in this tax rate since the previous reporting period.

Current tax payable comprise

	Consolidated 2019	Parent 2018
	\$	\$
Income tax payable/(receivable) attributable to:		
• Parent entity	1,222,446	897,915
• Entities in the tax consolidation Group	(4,761)	-
	1,217,685	897,915

Deferred tax liabilities comprise

	Consolidated 2019	Parent 2018
	\$	\$
Deferred tax liabilities		
• Prepayments	(249,170)	-
• Plant and equipment	(4,424,213)	(4,712,679)
• Inventory	(257,626)	-
	(4,931,009)	(4,712,679)
Deferred tax assets		
• Employee provision	1,587,746	1,056,713
• Other provisions	86,143	59,938
• Previously expensed blackhole costs	21,600	-
	1,695,489	1,116,651
	(3,235,520)	(3,596,028)

Note 8: Dividends

Dividends declared and paid during the year

	Consolidated 2019	Parent 2018
	\$	\$
Fully franked dividends paid	381,815	609,112
	381,815	609,112

Franking account balance

	Consolidated 2019	Parent 2018
	\$	\$
Balance of franking account at year end adjusted for franking credits arising from the payment of provision for income tax and dividends recognised as receivables, franking debits arising from payment of proposed dividends and franking credits that may be prevented from distribution in a subsequent financial year.	17,397,817	13,557,256

The tax rate at which paid dividends have been franked is 30% (2018: 30%).

Dividends proposed will be franked at the rate of 30% (2018: 30%).

Note 9: Cash and Cash Equivalents

	Consolidated 2019	Parent 2018
	\$	\$
Cash at bank	550,907	583,708
Cash on hand	300	300
	551,207	584,008

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Reconciliation to the Statement of Cash Flows:

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand and at bank and investments in money market instruments, net of outstanding bank overdrafts.

Cash and cash equivalents as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

		Consolidated 2019	Parent 2018
	Note	\$	\$
Cash and cash equivalents		551,207	584,008
Debtor financing facility	15	(6,663,188)	(3,736,829)
		(6,111,981)	(3,152,821)

Reconciliation of profit for the year to net cash flows from operating activities

	Consolidated 2019	Parent 2018
	\$	\$
Net profit for the year	16,849,887	5,068,261
<i>Non-cash flows in profit from ordinary activities</i>		
(Gain) / loss on sale or disposal of non-current assets	37,929	-
Depreciation of property, plant and equipment	9,715,140	6,983,712
<i>Reclassification to financing activities</i>		
Interest expense on finance liabilities	2,325,672	1,883,858
<i>Changes in operating assets and liabilities</i>		
Decrease / (Increase) in receivables	(6,419,098)	3,184,673
Decrease / (Increase) in inventory	(5,663,019)	198,747
(Decrease) / Increase in creditors	5,491,562	2,336,985
(Decrease) / Increase in provisions	404,133	157,106
(Decrease) / Increase in deferred tax liability	(360,508)	1,119,319
Net cash from operating activities	22,381,698	20,932,661

Changes in liabilities arising from financing activities

30 June 2019	Consolidated		
	Bank loans	Hire purchase liability	Total
	\$	\$	\$
Opening balance	-	41,394,556	41,394,556
Net cash from/(used in) financing activities	2,479,050	(21,177,601)	(18,698,551)
Non cash interest expense	-	2,325,672	2,325,672
Acquisition of plant and equipment by means of finance leases	-	19,422,092	19,422,092
Closing balance	2,479,050	41,964,719	44,443,769

30 June 2018	Parent		
	Bank loans	Hire purchase liability	Total
	\$	\$	\$
Opening balance	-	34,185,968	34,185,968
Net cash from (used in) financing activities	-	(16,584,065)	(16,584,065)
Non cash interest expense	-	1,883,858	1,883,858
Acquisition of plant and equipment by means of finance leases	-	21,908,795	21,908,795
Closing balance	-	41,394,556	41,394,556

Note 10: Trade and Other Receivables

	Note	Consolidated 2019	Parent 2018
		\$	\$
Trade receivables	(i)	20,393,726	19,138,765
Allowance for expected credit losses		-	-
		20,393,726	19,138,765
Accrued revenue		4,899,606	946,297
Prepayments		2,095,048	1,248,552
Fuel tax credits		239,507	190,356
Other debtors		348,065	32,883
		27,975,952	21,556,853

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

Expected credit losses

The Group applies the AASB 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component.

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In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due and also according to the geographical location of customers.

The expected loss rates are based on the payment profile for sales over the past 48 months before 30 June 2019 and 30 June 2018 respectively as well as the corresponding historical credit losses during that period. The historical rates are adjusted to reflect current and forwarding looking macroeconomic factors affecting the customer's ability to settle the amount outstanding.

Trade receivables are written off when there is no reasonable expectation of recovery. Failure to make payments within 180 days from the invoice date and failure to engage with the Group on alternative payment arrangement amongst other is considered indicators of no reasonable expectation of recovery.

On the above basis the expected credit loss for trade receivables as at 30 June 2019 and 30 June 2018 was determined as follows:

Consolidated 30 June 2019	Trade receivables past due				
	Current	More than 30 days	More than 60 days	More than 90 days	Total
Expected credit loss rate	0%	0%	0%	0%	-
Gross carrying amount	16,214,129	4,069,459	151,486	(41,348)	20,393,726

Parent 30 June 2018	Trade receivables past due				
	Current	More than 30 days	More than 60 days	More than 90 days	Total
Expected credit loss rate	0%	0%	0%	0%	-
Gross carrying amount	14,542,440	4,587,214	65,150	(56,039)	19,138,765

Note 11: Other Financial Assets

Non-current

	Notes	Consolidated 2019	Parent 2018
		\$	\$
Loans carried at amortised cost:			
• Loans to related parties		408,000	382,000

Note 12: Inventories

	Consolidated 2019	Parent 2018
	\$	\$
Raw materials – at cost	1,186,869	1,124,592
Spares and parts – at cost	6,896,673	2,554,007
Finished goods – at cost	1,258,077	-
	9,341,619	3,678,599

Note 13: Property, Plant and Equipment

Carrying value

	Freehold land and buildings	Earthmoving equipment	Crushing and screening	Ancillary equipment	Fixtures and fittings	Light & service vehicles	Trucks and trailers	Work in progress	Total
	\$	\$	\$	\$		\$	\$	\$	\$
Cost	2,091,166	38,436,665	15,594,160	2,844,706	1,283,497	5,134,523	53,232,399	7,095,391	125,712,508
Accumulated depreciation	(270,461)	(12,437,587)	(3,794,729)	(1,003,441)	(768,514)	(1,981,491)	(13,045,315)	-	(33,301,539)
Carrying value as at 30 June 2019	1,820,705	25,999,078	11,799,431	1,841,265	514,983	3,153,032	40,187,083	7,095,391	92,410,969
Cost	1,643,499	30,223,209	14,681,814	1,912,424	1,241,930	4,428,054	44,979,761	1,136,289	100,246,981
Accumulated depreciation	(107,338)	(8,767,976)	(2,749,072)	(788,101)	(669,916)	(1,526,162)	(8,859,095)	-	(23,467,659)
Carrying value as at 30 June 2018	1,536,161	21,455,233	11,932,742	1,124,323	572,014	2,901,892	36,120,666	1,136,289	76,779,322

Reconciliation

	Consolidated								
	Freehold land and buildings	Earthmoving equipment	Crushing and screening	Ancillary equipment	Fixtures and fittings	Light & service vehicles	Trucks and trailers	Work in progress	Total
30 June 2019	\$	\$	\$	\$		\$	\$	\$	\$
Opening balance	1,536,161	21,455,234	11,932,742	1,124,324	572,014	2,901,892	36,120,666	1,136,289	76,779,322
Additions	447,667	8,195,379	930,423	932,282	41,567	706,469	8,469,071	5,959,102	25,681,960
Disposals	-	-	-	-	-	-	(63,295)	-	(63,295)
Depreciation expense	(163,123)	(3,651,535)	(1,063,736)	(215,340)	(98,598)	(455,329)	(4,339,357)	-	(9,987,018)
Closing balance	1,820,705	25,999,078	11,799,429	1,841,266	514,983	3,153,032	40,187,085	7,095,391	92,410,969

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	Parent								
	Freehold land and buildings	Earthmoving equipment	Crushing and screening	Ancillary equipment	Fixtures and fittings	Light & service vehicles	Trucks and trailers	Work in progress	Total
30 June 2018	\$			\$		\$		\$	\$
Opening balance	208,877	16,297,100	12,235,490	1,037,875	520,833	2,052,197	26,720,806	-	59,073,178
Additions	1,368,639	7,767,862	211,638	756,418	238,426	1,286,652	12,384,619	1,136,289	25,150,543
Disposals		(280,055)	-	-		(880)	-	-	(280,935)
Depreciation expense	(41,355)	(2,329,673)	(514,386)	(669,969)	(187,245)	(436,077)	(2,984,759)	-	(7,163,464)
Closing balance	1,536,161	21,455,234	11,932,742	1,124,324	572,014	2,901,892	36,120,666	1,136,289	76,779,322

Note 14: Trade and Other Payables

	Notes	Consolidated 2019 \$	Parent 2018 \$
Trade payables	(i)	14,722,351	10,925,588
Accruals		1,166,262	374,626
Annual leave payable		4,542,564	3,176,587
GST Payable		713,632	401,755
Income tax payable		1,217,685	(897,915)
FBT payable		64,233	13,140
ATO integrated client account		-	3,316,366
Other creditors		4,152,886	3,777,899
		26,579,613	21,088,046

(i) Trade payables are non-interest bearing and are normally settled on 30-day terms. All amounts are short term. The net carrying value of trade payables is considered a reasonable approximation of fair value.

Information regarding the interest rate, foreign exchange and liquidity risk exposure is set out in Note 19.

Note 15: Financial Liabilities

Current

	Notes	Consolidated 2019 \$	Parent 2018 \$
• Invoice financing facility	(i)	6,663,188	3,736,829
• Bank bill facility	(ii)	1,750,200	-
• Hire purchase liability	(iii)	17,901,542	15,525,875
		26,314,930	19,262,704

Non-current

	Notes	Consolidated 2019 \$	Parent 2018 \$
• Bank bill facility	(ii)	728,850	-
• Hire purchase liability	(iii)	24,063,183	25,868,681
		24,792,033	25,868,681

Summary of borrowing arrangements

- (i) The invoice financing facility
- (ii) The bank bill facility is with Westpac and was granted on 29 October 2018 for a period of 24 months. The loan is secured by a fixed and floating charge over all of MLG Pty Ltd assets and uncalled capital.
- (iii) There are various finance lease obligations currently in place charged at fixed interest rates appropriate to the leased asset. These leases expire over a varied timeframe. Security is largely based on the individual assets leased.

Financing facilities available

At balance date, the following financing facilities had been negotiated and were available:

	Consolidated 2019	Parent 2018
	\$	\$
Total facilities		
• Invoice financing facility	9,000,000	5,500,000
• Bank bill facility	2,479,050	-
	11,479,050	5,500,000
Facilities used at balance date		
• Bank overdraft	6,663,194	3,736,829
• Bank loans	2,479,050	--
	9,142,244	3,736,829
Facilities unused at balance date		
• Bank overdraft	2,336,806	-
• Bank loans	-	1,763,171
	2,336,806	1,763,171

Fair value disclosures

Details of the fair value of the Group's borrowings are set out in Note 19.

Note 16: Provisions

Current

	Consolidated 2019	Parent 2018
	\$	\$
Employee benefits	437,600	266,345

Non-current

	Consolidated 2019	Parent 2018
	\$	\$
Employee benefits	312,329	79,445

Employee benefits - The provision for employee benefits represents vested long service leave entitlements accrued.

Note 17: Issued Capital

	Consolidated 2019	Parent 2018
	\$	\$
Ordinary shares issued and fully paid	1	1

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

Note 18: Reserves

Nature and purpose of reserves

Revaluation Surplus Equity Account

This reserve was previously used to record the adjustment to accumulated depreciation as a result of the reassessment of the useful life of various assets.

	Consolidated 2019	Parent 2018
	\$	\$
Revaluation Surplus Equity Account	-	271,878

Note 19: Financial Instruments

Capital risk management

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

The Group's overall strategy remains unchanged from 2018.

The capital structure of the Group consists of cash and cash equivalents, borrowings and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

None of the Group's entities are subject to externally imposed capital requirements.

Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures such as tax, dividends and general administrative outgoings.

Gearing levels are reviewed by the Board on a regular basis in line with its target gearing ratio, the cost of capital and the risks associated with each class of capital.

Financial risk management objectives

The Group is exposed to, (i) market risk (which includes foreign currency exchange risk, interest rate risk, share price risk and commodity price risk), (ii) credit risk and (iii) liquidity risk.

The Group seeks to minimise the effect of these risks, by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the Group's policies approved by the sole Director, which provide written principles on market risk, credit risk, liquidity risk and cash flow interest rate risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by management on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates, and share prices.

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk from the previous period

Interest rate risk management

The Company and the Group are exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings.

The Group's exposures to interest rate on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate risk sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the balance date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period.

A 50 basis point increase or decrease is used when reporting interest rate risk internally to management and represents management's assessment of the change in interest rates.

At balance date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's:

- Profit or loss would increase/decrease by \$45,711 (2018: \$18,684); and

The Group's sensitivity to interest rate risk has not changed significantly from the prior year.

Credit risk management

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The group is exposed to credit risk from financial assets including cash and cash equivalents held at banks and trade and other receivables.

The credit risk is managed on a group basis based on the Group's credit risk management policies and procedures.

The credit risk in respect of cash balances held with banks and deposits with banks are managed via diversification of bank deposits and are only with major reputable financial institutions.

The Group continuously monitors the credit quality of customers based on a credit rating scorecard. Where available, external credit ratings and/or reports on customers are obtained and used. The group's policy is to deal only with credit worthy counterparties. The credit terms range between 30 and 90 days. The credit terms for customers as negotiated with customers are subject to an internal approval process which considers the credit rating scorecard. The ongoing credit risk is managed through regular review of ageing analysis, together with credit limits per customer.

Service customers are required to pay the annual amount of the service upfront, mitigating the credit risk.

Trade receivables consist of a large number of customers in various industries and geographical areas.

Security

Trade receivables consist of a large number of customers in various industries and geographical areas. The Group does not hold any security on the trade receivables balance.

In addition, the group does not hold collateral relating to other financial assets (e.g. derivative assets, cash and cash equivalents held with banks).

Other receivables

Other financial assets at amortised cost include amounts due from related parties refer to Note 21 for further details. There was no material impact from amortisation during the current period.

The closing balance of the of the other receivables and debt investments at amortised cost loss allowance as at 30 June 2019 reconciles with the other receivables and debt investments at amortised cost loss allowance opening balance as follows:

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the sole Director, who has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements.

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

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Non-derivative financial liabilities

The following tables detail the Group's expected contractual maturity for its non-derivative financial liabilities.

These have been drawn up based on undiscounted contractual maturities of the financial liabilities based on the earliest date the Group can be required to repay.

The tables include both interest and principal cash flows.

	Consolidated			
	Current		Non-Current	
	Within 6 months	6 – 12 months	1 – 5 years	5+ years
	\$	\$	\$	\$
30 June 2019				
Trade and other payables	14,722,351	-	-	-
Bank bill facility	875,100	875,100	728,850	-
Debtor financing facility	6,663,194	-	-	-
Finance lease obligations	9,566,325	8,335,211	24,063,184	-
	31,826,970	9,210,311	24,792,034	-

	Parent			
	Current		Non-Current	
	Within 6 months	6 – 12 months	1 – 5 years	5+ years
	\$	\$	\$	\$
30 June 2018				
Trade and other payables	10,925,587	-	-	-
Bank bill facility	-	-	-	-
Debtor financing facility	3,736,829	-	-	-
Finance lease obligations	8,384,565	7,141,310	25,868,681	-
	23,046,981	7,141,310	25,868,681	-

The above amounts reflect the contractual undiscounted cash flows, which may differ to the carrying values of the liabilities at the reporting date.

Fair value measurement

Measured at fair value on recurring basis

There were no financial assets or financial liabilities measured at fair value in the statement of financial position

Not measured at fair value (but fair value disclosures are required)

The Group has a number of financial instruments which are not measured at fair value in the statement of financial position.

The Director considers that the carrying amounts of current receivables, current payables and current borrowings are considered to be a reasonable approximation their fair values.

Note 20: Commitments

The Group has finance leases and hire purchase contracts for various items of plant and machinery.

Commitments contracted for at balance date but not recognised as liabilities are as follows:

	Consolidated 2019	Parent 2018
	\$	\$
Within one year	702,609	490,302
After one year but not more than five years	1,742,533	-
More than five years	-	-
	2,445,142	490,302

Note 21: Related Party Disclosures

Transactions with Key Management Personnel

The aggregate compensation made to the Director who was considered to be the only key management personnel of the Group is set out below:

	Consolidated 2019	Parent 2018
	\$	\$
Short-term employee benefits	187,200	187,200
Post-employment benefits	24,897	25,000
Other reportable benefits	21,847	-

Related party transactions

The following table presents the total amount of transactions that were entered into with related parties for the relevant financial period.

	Consolidated 2019	Parent 2018
	\$	\$
Amounts receivable from related parties:		
Kimberly Granite Quarries Pty Ltd	332,000	309,000
Reef Mining Pty Ltd	76,000	73,000
	408,000	382,000

Kimberly Granite Quarries Pty Ltd and Reef Mining Pty Ltd are both companies over which Murray Leah is a related person.

Note 22: Contingent Liabilities and Assets

The Group has no contingent liabilities and assets as at 30 June 2019 (2018: Nil).

Note 23: Interest in Subsidiaries

Transactions with subsidiaries

The consolidated financial statements include the financial statements of MLG Oz Pty Ltd and the subsidiaries listed in the following table.

	Country of incorporation	Equity Interest	
		2019	2018
		%	%
MLG Cement and Lime Pty Ltd	Australia	100	-

MLG Oz Pty Ltd is the ultimate Australian parent entity and ultimate parent of the Group.

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation.

Note 24: Parent Entity Disclosures

Statement of financial position

		2019	2018
		\$	\$
Current assets		36,742,530	25,819,460
Non-current assets		92,511,496	77,222,280
Current liabilities		51,821,514	40,617,095
Non-current liabilities		28,339,877	29,544,154
Net assets		49,092,635	32,880,491
Equity			
Issued capital		1	1
Reserves		-	271,878
Retained earnings		49,092,634	32,608,612
Total equity		49,092,635	32,880,491

Statement of profit or loss and other comprehensive income

	2019	2018
	\$	\$
Profit for the year	16,865,883	5,068,261
Other comprehensive income	(271,878)	(179,753)
Total comprehensive income	16,594,005	4,888,508

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

As at 30 June 2019, MLG Oz Pty Ltd has entered into a deed of cross guarantee with its wholly-owned subsidiary, MLG Cement & Lime Pty Ltd.

Contingent liabilities of the parent entity

As at 30 June 2019 MLG Oz Pty Ltd has no contingent liabilities (2018: Nil)

Note 25: Auditor's Remuneration

The auditor of MLG Oz Pty Ltd is HLB Mann Judd.

	Consolidated 2019	Parent 2018
	\$	\$
Auditor of the parent entity		
• Audit of the financial statements	29,500	28,450

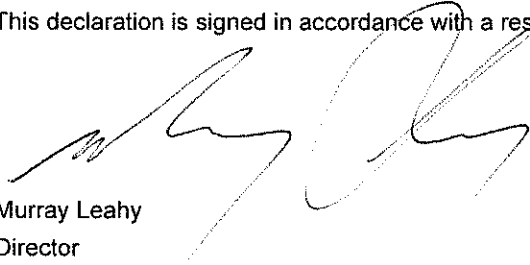
Note 26: Significant Events after Balance Date

In September 2019 the Group's primary banking partner committed to an increased amount and range of Finance facilities to assist in working capital requirements and to enable the ongoing investment in growth assets.

Director's Declaration

1. In the opinion of the Director of MLG Oz Pty Ltd (the 'Company'):
 - a. the accompanying financial statements and notes are 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 performance for the year then ended; and
 - ii. complying with Australian Accounting Standards, the *Corporations Regulations 2001*, professional reporting requirements and other mandatory requirements.
 - b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
 - c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration has been made after receiving the declarations required to be made to the Director in accordance with Section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2019.

This declaration is signed in accordance with a resolution of the Sole Director.



Murray Leahy
Director

Kalgoorlie, 4 October 2019.

INDEPENDENT AUDITOR'S REPORT

To the members of MLG Oz Pty Ltd

Report on the Audit of the Financial Report*Opinion*

We have audited the financial report of MLG Oz Pty Ltd ("the Company") and its controlled entities ("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 statements, 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:

- a) 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 then ended; and
- b) 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 auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

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

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

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

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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 have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



HLB Mann Judd
Chartered Accountants

Perth, Western Australia
4 October 2019



N G Neill
Partner