

Johns Lyng Group - ListCo

Combined Financial Report
For the year ended 30 June 2015

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JOHNS LYNG GROUP - LISTCO

TRUSTEES' REPORT

The directors of the trustee present their report together with the financial report of the group, being the trust and its controlled entities, for the year ended 30 June 2015 and auditor's report thereon.

Directors names

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

Scott Didier

Lindsay Barber

John McPhee

Curtis Mudd

Paul Dwyer

Michael Harford

Erica Lord

Simon Plummer Resigned 1 September 2016

Adrian Gleeson Appointed 22 July 2016

Philippa Brown Appointed 14 September 2016

The directors of the trustee have been in office since the start of the year to the date of this report unless otherwise stated.

Results

The profit of the group for the year after providing for income tax amounted to \$2,828,754 (2014: \$3,566,791).

Review of operations

The group continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

Significant changes in state of affairs

There were no significant changes in the group's state of affairs that occurred during the financial year, other than those referred to elsewhere in this report.

Principal activities

The principal activities of the group during the year were the provision of construction, building and related services, including disaster recovery and restoration to the insurance industry.

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

After balance date events

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

JOHNS LYNG GROUP - LISTCO

TRUSTEES' REPORT

Likely developments

The group expects to maintain the present status and level of operations.

Environmental regulation

The group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Distributions paid, recommended and declared

Distributions paid or declared since the start of the financial year are as follows:

- Distributions of \$6,754,528 (2014: \$4,520,149) were declared during the year.

Options

No options over unissued shares or interests in the group were granted during or since the end of the year and there were no options outstanding at the end of the year.

Indemnification of officers

During or since the end of the year, the group has given indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums in order to indemnify the directors of the group.

Further disclosure is prohibited under the terms of the contract.

Indemnification of auditors

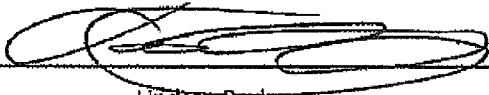
No indemnities have been given or insurance premiums paid, during or since the end of the year, for any person who is or has been an auditor of the group.

Proceedings on behalf of the 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 for the purpose of taking responsibility on behalf of the group for all or any part of those proceedings.

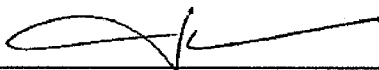
Signed in accordance with a resolution of the board of directors.

Trustee: _____



Lindsay Barber

Trustee: _____



John McPhee

Dated this 28th day of September 2017

JOHNS LYNG GROUP - LISTCO

COMBINED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 \$	Unaudited 2014 \$
Revenue			
Sales income	4	227,890,436	206,901,648
Less: Cost of sales			
Cost of sales	5	<u>(181,776,994)</u>	<u>(162,347,869)</u>
Gross profit		46,113,442	44,553,779
Other revenue and income	4	<u>854,446</u>	<u>165,893</u>
		<u>46,967,888</u>	<u>44,719,672</u>
Less: expenses			
Depreciation and amortisation expense	5	(1,347,841)	(926,120)
Net employee benefits expense	5	(22,160,933)	(23,299,140)
Employee benefits - profit share	5	(6,389,493)	(5,716,629)
Occupancy expense		(1,453,002)	(1,246,013)
Advertising expense		(774,740)	(783,990)
Finance costs	5	(918,207)	(809,900)
Repairs and maintenance expense		(165,700)	(403,994)
Impairment	5	(1,677,485)	-
Motor vehicle expenses		(1,952,782)	(1,819,470)
Travelling expenses		(871,918)	(584,477)
Call centre charges		(1,471,584)	(497,971)
Insurance		(772,698)	(791,104)
Professional fees		(863,946)	(803,363)
Telephone and communication		(1,054,245)	(928,714)
Loss on disposal of non-current assets	5	(15,060)	-
Compensation payments		-	(510,000)
Other expenses		<u>(1,872,186)</u>	<u>(1,708,596)</u>
		<u>(43,761,820)</u>	<u>(40,829,481)</u>
Share of net profits of associates and joint ventures accounted for using the equity method	5	<u>332,753</u>	<u>79,612</u>
Profit before income tax expense		3,538,821	3,969,803
Income tax expense	6	<u>(710,067)</u>	<u>(403,012)</u>
Net profit from continuing operations		<u>2,828,754</u>	<u>3,566,791</u>
Other comprehensive income for the year		-	-
Total comprehensive income		<u>2,828,754</u>	<u>3,566,791</u>

The accompanying notes form part of these financial statements.

JOHNS LYNG GROUP - LISTCO

COMBINED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015

	Note	2015 \$	2014 \$
Current assets			
Cash and cash equivalents	7	6,228,061	10,359,188
Receivables	8	48,559,434	38,243,728
Inventories	9	10,784,947	6,551,249
Current tax assets	6	-	91,924
Other assets	10	<u>342,278</u>	<u>226,427</u>
Total current assets		<u>65,914,720</u>	<u>55,472,516</u>
Non-current assets			
Property, plant and equipment	11	4,362,493	3,669,104
Assets held for disposal	13	19,107,123	19,039,008
Investments accounted for using equity method	12	47,414	(285,388)
Deferred tax assets	6	46,864	137,340
Intangible assets	14	<u>3,346,601</u>	<u>3,461,833</u>
Total non-current assets		<u>26,910,495</u>	<u>26,021,897</u>
Total assets		<u>92,825,215</u>	<u>81,494,413</u>
Current liabilities			
Payables	15	51,354,267	43,771,337
Borrowings	16	12,747,535	7,618,920
Provisions	17	2,030,001	2,007,492
Current tax liabilities	6	151,479	-
Beneficiary entitlements	18	27,212,477	28,118,264
Other liabilities	19	<u>7,949,709</u>	<u>5,330,614</u>
Total current liabilities		<u>101,445,468</u>	<u>86,846,627</u>
Non-current liabilities			
Borrowings	16	1,110,981	580,822
Provisions	17	<u>180,369</u>	<u>168,579</u>
Total non-current liabilities		<u>1,291,350</u>	<u>749,401</u>
Total liabilities		<u>102,736,818</u>	<u>87,596,028</u>
Net assets		<u>(9,911,603)</u>	<u>(6,101,615)</u>
Trust funds			
Trust funds	20	2,000,017	2,000,017
Reserves	21	(836,133)	(951,919)
Net accumulated losses	22	<u>(11,143,917)</u>	<u>(7,218,143)</u>
Trust funds attributable to beneficiaries of Johns Lyng Unit Trust		(9,980,033)	(6,170,045)
Non-controlling interests	23	<u>68,430</u>	<u>68,430</u>
Total trust funds		<u>(9,911,603)</u>	<u>(6,101,615)</u>

The accompanying notes form part of these financial statements.

JOHNS LYNG GROUP - LISTCO

COMBINED STATEMENT OF CHANGES IN TRUST FUNDS
FOR THE YEAR ENDED 30 JUNE 2015

	Trust funds \$	Reserves \$	Net accumulated losses \$	Non- controlling interests \$	Total trust funds \$
Balance as at 1 July 2013	2,000,017	(923,011)	(6,264,785)	68,430	(5,119,349)
Profit for the year	-	-	3,566,791	-	3,566,791
Total comprehensive income for the year	-	-	3,566,791	-	3,566,791
Transactions with owners in their capacity as owners:					
Distribution to unitholders	-	-	(4,520,149)	-	(4,520,149)
Transactions with NCI	-	(28,908)	-	-	(28,908)
Total transactions with owners in their capacity as owners	-	(28,908)	(4,520,149)	-	(4,549,057)
Balance as at 30 June 2014	<u>2,000,017</u>	<u>(951,919)</u>	<u>(7,218,143)</u>	<u>68,430</u>	<u>(6,101,615)</u>
Balance as at 1 July 2014	2,000,017	(951,919)	(7,218,143)	68,430	(6,101,615)
Profit for the year	-	-	2,828,754	-	2,828,754
Total comprehensive income for the year	-	-	2,828,754	-	2,828,754
Transactions with owners in their capacity as owners:					
Distribution to unitholders	-	-	(6,754,528)	-	(6,754,528)
Transactions with NCI	-	115,786	-	-	115,786
Total transactions with owners in their capacity as owners	-	115,786	(6,754,528)	-	(6,638,742)
Balance as at 30 June 2015	<u>2,000,017</u>	<u>(836,133)</u>	<u>(11,143,917)</u>	<u>68,430</u>	<u>(9,911,603)</u>

The accompanying notes form part of these financial statements.

JOHNS LYNG GROUP - LISTCO

COMBINED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 \$	Unaudited 2014 \$
Cash flow from operating activities			
Receipts from customers		240,318,888	226,158,873
Payments to suppliers and employees		(238,352,141)	(216,684,532)
Interest received		82,163	74,917
Finance costs		(1,078,981)	(970,674)
Income tax paid		<u>(376,188)</u>	<u>(462,362)</u>
Net cash provided by operating activities	24(b)	<u>593,741</u>	<u>8,116,222</u>
Cash flow from investing activities			
Proceeds from sale of property, plant and equipment		168,092	-
Payment for property, plant and equipment		(568,581)	(425,080)
Payment for intangibles		<u>(7,665)</u>	<u>-</u>
Net cash used in investing activities		<u>(408,154)</u>	<u>(425,080)</u>
Cash flow from financing activities			
Proceeds from borrowings		5,791,499	209,921
Repayment of borrowings		(1,164,340)	-
Repayment of HPs		(927,016)	(758,934)
Payments to related parties		(4,554,648)	(6,293,489)
Repayment from related parties		3,614,027	-
Payments to beneficiaries		<u>(7,305,904)</u>	<u>(846,691)</u>
Net cash used in financing activities		<u>(4,546,382)</u>	<u>(7,689,193)</u>
Reconciliation of cash			
Cash at beginning of the financial year		10,336,021	10,334,072
Net decrease in cash held		<u>(4,360,795)</u>	<u>1,949</u>
Cash at end of financial year	24(a)	<u>5,975,226</u>	<u>10,336,021</u>

The accompanying notes form part of these financial statements.

JOHNS LYNG GROUP - LISTCO

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a special purpose financial report prepared in order to satisfy the financial report preparation requirements of the directors. The directors of the trustee have determined that the group is not a reporting entity. Johns Lyng Unit Trust is a for-profit entity for the purpose of preparing the financial statements.

The financial report was approved by the directors of the trustee as at the date of the trustees' report.

The financial report has been prepared in accordance with all applicable Accounting Standards, with the exception of:

AASB 10: Consolidated Financial Statements

The financial report does not comply with the disclosure requirements of Australian Accounting Standards.

Proposed restructure transactions have been recognised prior to the legal effect of the restructure so that the financial report is representative of the group to be listed. Investments in subsidiaries controlled by the group prior to the restructure have been classified as Assets For Disosal at cost less accumulated impairment losses within Assets for disposal within Note 13 and also Note 1(o). The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this report:

(a) Basis of preparation of the financial report

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

(b) Going concern

The Directors have prepared the financial report on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The group is dependent on the ongoing financial support of its unitholders.

As at 30 June 2015:

- The group's total liabilities exceeded total assets by \$9,911,603 (2014: \$6,101,615)
- Total current liabilities exceeded total current assets by \$35,530,748 (2014: \$31,304,111)
- The amount owing to unitholders, including non-controlling interests, as at 30 June 2015 was \$27,212,477 (2014: \$28,118,264).

All unit trusts within the group are required to distribute profits annually to its unitholders in accordance with their trust deeds and the group is therefore unable to accumulate retained earnings.

JOHNS LYNG GROUP - LISTCO

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Going concern (Continued)

A number of Johns Lyng Unit Trust unitholders have undertaken to provide financial support to Johns Lyng Unit Trust by:

- Not calling upon amounts owing to them as at 30 June 2017 for at least 12 months from the date of the audit report to the extent that Johns Lyng Unit Trust would be unable to pay its debts when they fall due.
- Not calling upon amounts owing to them in relation to profit distributions to be resolved by the trustee of Johns Lyng Unit Trust during the year ended 30 June 2018 for at least 12 months from the date of the audit report to the extent that Johns Lyng Unit Trust would be unable to pay its debts when they fall due.

The group's bank facilities are subject to an annual review, due 1 February 2018. The group is dependent on continuing support from its financiers to maintain its operations. Although the outcome of the review at 1 February 2018 cannot be predicted with certainty, the directors of the trustee are reasonably confident that these facilities will be renewed due to the following circumstances:

- During the year ended 30 June 2017 the group reported an operating profit after tax (before non-controlling interests) of \$13,300,862 (2016: \$16,647,756, 2015: \$2,828,754).
- The group's budgets and forecasts for the year ended 30 June 2018 anticipate that the group will continue to achieve similar levels of operation in the next twelve months and therefore it will be able to continue to comply with the terms and conditions of borrowings.

The financial report does not include any adjustment relating to the recoverability or classification of recorded asset amounts nor to the amounts or classification of liabilities that might be necessary should the combined entity be unable to trade as forecast or to secure sufficient funding to continue as a going concern.

If the going basis of accounting is found to no longer be appropriate, the recoverable of the assets shown in the Combined Statement of Financial Position are likely to be significantly less than the amounts disclosed and the extent of liabilities may differ significantly from those reflected.

JOHNS LYNG GROUP - LISTCO

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Principles of combination

The combined financial statements are those of the proposed Johns Lyng Group - ListCo combined entity ("the group"), comprising the financial statements of the parent entity and all of the entities the parent controls that will be included within the group listing.

The group controls an entity where it has the power, for which the parent has exposure or rights to variable returns from its involvement with the entity, and for which the parent has the ability to use its power over the entities to affect the amount of its returns. Refer to Note 3 for the schedule of subsidiaries combined within the group.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies which may exist.

All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on combination. Subsidiaries are combined from the date on which control is transferred to the group and are de-recognised from the date that control ceases for those subsidiaries to be listed.

There are also entities which whilst under current control, have been excluded from combination as they will not form part of the group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the group are presented as non-controlling interests. Non-controlling interests in the result of subsidiaries are shown separately in the combined statement of profit or loss and other comprehensive income and combined statement of financial position respectively.

(d) Business combinations

A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses and results in the consolidation of the assets and liabilities acquired. Business combinations are accounted for by applying the acquisition method.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree. Deferred consideration payable is measured at its acquisition-date fair value. Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. At each reporting date subsequent to the acquisition, contingent consideration payable is measured at its fair value with any changes in the fair value recognised in profit or loss unless the contingent consideration is classified as equity, in which case the contingent consideration is carried at its acquisition-date fair value.

Goodwill is recognised initially at the excess of: (a) the aggregate of the consideration transferred, the identifiable net asset value of the non-controlling interest, and the acquisition date fair value of the acquirer's previously held equity interest (in case of step acquisition); over (b) the net fair value of the identifiable assets acquired and liabilities assumed.

If the net fair value of the acquirer's interest in the identifiable assets acquired and liabilities assumed is greater than the aggregate of the consideration transferred, the fair value of the non-controlling interest, and the acquisition date fair value of the acquirer's previously held equity interest, the difference is immediately recognised as a gain in the profit or loss.

Acquisition related costs are expensed as incurred.

JOHNS LYNG GROUP - LISTCO

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Investments in associates

An associate is an entity over which the group is able to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

The group's interests in associates are brought to account using the equity method after initially being recognised at cost. Under the equity method, the profits and losses of the associate is recognised in the group's profit or loss and the group's share of other comprehensive income items is recognised in the group's other comprehensive income. Details relating to associates are set out in Note 12.

Unrealised gains and losses on transactions between the group and an associate are eliminated to the extent of the group's share in an associate.

(f) Interests in joint arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about the relevant activities are required. Joint arrangements are classified as either joint operations or joint ventures based on the rights and obligations of the parties to the arrangement.

Joint ventures

The group's interest in joint ventures are brought to account using the equity method after initially being recognised at cost. Under the equity method, the profits or losses of the joint venture are recognised in the group's profit or loss and the group's share of the joint venture's other comprehensive income is recognised in the group's other comprehensive income. Details of the group's interests in joint ventures are disclosed in Note 12.

(g) Foreign currency translations and balances

Functional and presentation currency

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

Transactions and Balances

Transactions in foreign currencies of entities within the consolidated group are translated into functional currency at the rate of exchange ruling at the date of the transaction.

Foreign currency monetary items that are outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are translated using the spot rate at the end of the financial year.

Except for certain foreign currency hedges, all resulting exchange differences arising on settlement or re-statement are recognised as revenues and expenses for the financial year.

Subsidiaries that have a functional currency different from the presentation currency of the group are translated as follows:

- Assets and liabilities are translated at the closing rate on reporting date;
- Income and expenses are translated at actual exchange rates or average exchange rates for the period, where appropriate; and
- All resulting exchange differences are recognised in other comprehensive income.

JOHNS LYNG GROUP - LISTCO

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Revenue

Revenue from the rendering of services is recognised upon the delivery of the service to the customers.

A construction contract is a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period. The stage of completion is determined by a combination of surveys of work performed, completion of a physical proportion of the contract work, or by the proportion that contract costs incurred for work performed to date to the estimated total contract cost.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable and contract costs are recognised as an expense in the period in which they are incurred.

All expected losses are recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenue.

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

Interest revenue is recognised when it becomes receivable on a proportional basis taking in to account the interest rates applicable to the financial assets.

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

(i) Finance costs

Finance costs include interest expense calculated using the effective interest method and finance charges in respect of finance leases.

Finance costs incurred as part of the cost of the construction of qualifying assets, including construction contracts and work in progress, are included within contract costs.

JOHNS LYNG GROUP - LISTCO

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Income tax

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities are settled. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Income tax is not recognised by the trusts within the group. Profits are required to be distributed to the trust's unitholders who are ultimately liable for income tax.

(k) Cash and cash equivalents

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

(l) Inventories

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

(m) Construction contracts and work in progress

Construction work in progress is valued at cost, plus profit recognised to date less any provision for anticipated future losses. Cost includes both variable and fixed costs relating to specific contracts, and those costs that are attributable to contract activity in general that can be allocated on a reasonable basis.

Construction profits are recognised on the percentage of completion basis measured a combination of surveys of work performed, completion of a physical proportion of the contract work, or by the proportion that contract costs incurred for work performed to date to the estimated total contract cost. Where losses are anticipated they are provided for in full.

Construction revenue has been recognised on the basis of the terms of the contract adjusted for any variations or claims allowable under the contract.

JOHNS LYNG GROUP - LISTCO

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Property, plant and equipment

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

Plant and equipment

Plant and equipment is measured on a cost basis.

Depreciation

The depreciable amount of all property, plant and equipment is depreciated over their estimated useful lives commencing from the time the asset is held ready for use. Land and the land component of any class of property, plant and equipment is not depreciated.

Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Class of fixed asset	Depreciation rates	Depreciation basis
Leasehold improvements at cost	4-33%	Straight line
Plant and equipment at cost	20-50%	Straight line
Motor vehicles at cost	27%	Diminishing value
Office equipment at cost	25-30%	Straight line
Furniture, fixtures and fittings at cost	20-33%	Straight line
Computer equipment at cost	25-33%	Straight line

(o) Assets for disposal

The special purpose financial statements have been prepared to represent the proposed group to be listed. Proposed restructure transactions have been recognised prior to the legal effect of the restructure so that the financial report is representative of the group to be listed. Investments in subsidiaries controlled by the group prior to the restructure have been classified as Assets for Disposal at cost less accumulated impairment losses.

Profits and losses from controlled entities outside of the proposed group have not been recognised.

(p) Financial instruments

Classification

The group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the nature of the item and the purpose for which the instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

JOHNS LYNG GROUP - LISTCO

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Financial instruments (Continued)

Initial recognition and measurement

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

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

Fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short-term profit taking, are derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation by key management personnel. Investments in listed securities are carried at fair value through profit or loss. They are measured at their fair value at each reporting date and any increment or decrement in fair value from the prior period is recognised in profit or loss of the current period. Fair value of listed investments are based on closing bid prices at the reporting date.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and the group intends to hold the investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest rate method.

Available-for-sale

Available-for-sale financial assets include any financial assets not included in the above categories or are designated as such on initial recognition. Available-for-sale financial assets are subsequently measured at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity. The cumulative gain or loss is held in equity until the financial asset is de-recognised, at which time the cumulative gain or loss held in equity is recognised in profit or loss.

Non-listed investments for which the fair value cannot be reliably measured, are carried at cost and tested for impairment.

Financial liabilities

Financial liabilities include trade payables, other creditors and loans from third parties including inter-company balances and loans from or other amounts due to director-related entities.

Non-derivative financial liabilities are subsequently measured at amortised cost, comprising original debt less principal payments and amortisation.

Financial liabilities are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

JOHNS LYNG GROUP - LISTCO

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Intangibles

Goodwill

Goodwill represents the future economic benefits arising from other assets acquired in a business combination that are not individually identifiable or separately recognised. Refer to Note (d) for a description of how goodwill arising from a business combination is initially measured.

Goodwill is not amortised, but is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less any accumulated impairment losses.

Trademarks

Trademarks are recognised at cost.

(r) Impairment of non-financial assets

Goodwill, intangible assets not yet ready for use and intangible assets with indefinite useful lives are not subject to amortisation and are therefore tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

For impairment assessment purposes, assets are generally grouped at the lowest levels for which there are largely independent cash flows ('cash generating units'). Accordingly, most assets are tested for impairment at the cash-generating unit level. Because it does not generate cash flows independently of other assets or groups of assets, goodwill is allocated to the cash generating unit or units that are expected to benefit from the synergies arising from the business combination that gave rise to the goodwill.

Assets other than goodwill, intangible assets not yet ready for use and intangible assets with indefinite useful lives are assessed for impairment whenever events or circumstances arise that indicate the asset may be impaired.

An impairment loss is recognised when the carrying amount of an asset or cash generating unit exceeds the asset's or cash generating unit's recoverable amount. The recoverable amount of an asset or cash generating unit is defined as the higher of its fair value less costs to sell and value in use.

Impairment losses in respect of individual assets are recognised immediately in profit or loss unless the asset is carried at a revalued amount such as property, plant and equipment, in which case the impairment loss is treated as a revaluation decrease in accordance with the applicable Standard. Impairment losses in respect of cash generating units are allocated first against the carrying amount of any goodwill attributed to the cash generating unit with any remaining impairment loss allocated on a pro rata basis to the other assets comprising the relevant cash generating unit.

JOHNS LYNG GROUP - LISTCO

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Finance leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the group are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the fair value or, if lower, the present value of the minimum lease payments, including any guaranteed residual values. The interest expense is calculated using the interest rate implicit in the lease and is included in finance costs in the statement of profit or loss. Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the group will obtain ownership of the asset, or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Operating leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as an expense on a straight-line basis over the term of the lease. Lease incentives received under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(t) Employee benefits

(i) Short-term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits (other than termination benefits) expected to be settled wholly before twelve months after the end of the annual reporting period are measured at the (undiscounted) amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables in the combined statement of financial position.

(ii) Long-term employee benefit obligations

The provision for other long-term employee benefits, including obligations for long service leave and annual leave, which are not expected to be settled wholly before twelve months after the end of the reporting period, are measured at the present value of the estimated future cash outflow to be made in respect of the services provided by employees up to the reporting date. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee turnover, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the change occurs.

Other long-term employee benefit obligations are presented as current liabilities in the combined statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur. All other long-term employee benefit obligations are presented as non-current liabilities in the combined statement of financial position.

JOHNS LYNG GROUP - LISTCO

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Employee benefits (Continued)

(iii) Retirement benefit obligations

Defined contribution superannuation plan

The group makes superannuation contributions (currently 9.50% of the employee's average ordinary salary) to the employee's defined contribution superannuation plan of choice in respect of employee services rendered during the year. These superannuation contributions are recognised as an expense in the same period when the related employee services are received. The group's obligation with respect to employee's defined contributions entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the combined statement of financial position.

(iv) Profit share

The group recognises a profit sharing scheme for eligible employees. Distributions to employees were recognised within the profit and loss for years ended 30 June 2014 and 30 June 2015 in accordance with the terms of the unitholder agreement. Following changes to the unitholder agreements effective 1 July 2015, distributions to employees have been recorded within the Statement of Changes in Equity for the year ended 30 June 2016 and onwards.

Amounts owing to employees in their capacity as unitholders have been recognised within Beneficiary Entitlements.

(u) Goods and services tax (GST)

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

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

(v) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

JOHNS LYNG GROUP - LISTCO

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

NOTE 2: ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

AASB 15: Revenue from Contracts with Customers, AASB 2014-5: Amendments to Australian Accounting Standards arising from AASB 15, AASB 2015-8: Amendments to Australian Accounting Standards - Effective Date of AASB 15 and AASB 2016-3: Amendments to Australian Accounting Standards - Clarifications to AASB 15 (applicable for annual reporting periods commencing on or after 1 January 2018).

AASB 15 will provide (except in relation to some specific exceptions, such as lease contracts and insurance contracts) a single source of accounting requirements for all contracts with customers, thereby replacing all current accounting pronouncements on revenue.

These Standards provide a revised principle for recognising and measuring revenue. Under AASB 15, revenue is recognised in a manner that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the provider of the goods or services expects to be entitled. To give effect to this principle, AASB 15 requires the adoption of the following 5-step model:

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

AASB 15 also provides additional guidance to assist entities in applying the revised principle to licences of intellectual property, warranties, rights of return, principal/agent considerations and options for additional goods and services.

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

JOHNS LYNG GROUP - LISTCO

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

NOTE 2: ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

AASB 16: Leases (applicable for annual reporting periods commencing on or after 1 January 2019).

AASB 16 will replace AASB 117: Leases and introduces a single lessee accounting model that will require a lessee to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Right-of-use assets are initially measured at their cost and lease liabilities are initially measured on a present value basis. Subsequent to initial recognition:

- right-of-use assets are accounted for on a similar basis to non-financial assets, whereby the right-of-use asset is accounted for in accordance with a cost model unless the underlying asset is accounted for on a revaluation basis, in which case if the underlying asset is:
- investment property, the lessee applies the fair value model in AASB 140: Investment Property to the right-of-use asset; or
- property, plant or equipment, the lessee can elect to apply the revaluation model in AASB 116: Property, Plant and Equipment to all of the right-of-use assets that relate to that class of property, plant and equipment; and
- lease liabilities are accounted for on a similar basis as other financial liabilities, whereby interest expense is recognised in respect of the liability and the carrying amount of the liability is reduced to reflect lease payments made.

AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, under AASB 16 a lessor would continue to classify its leases as operating leases or finance leases subject to whether the lease transfers to the lessee substantially all of the risks and rewards incidental to ownership of the underlying asset, and would account for each type of lease in a manner consistent with the current approach under AASB 117.

Although the directors anticipate that the adoption of AASB 16 may have an impact on the group's accounting for its operating leases, it is impracticable at this stage to provide a reasonable estimate of such impact.

JOHNS LYNG GROUP - LISTCO

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

NOTE 3: INTERESTS IN SUBSIDIARIES

(a) Subsidiaries

The following are the group's significant subsidiaries:

Subsidiaries of Johns Lyng Group Consolidated:	Ownership interest held by the group	
	2015 %	2014 %
Johns Lyng Unit Trust	100	100
Johns Lyng Victoria Unit Trust	100	100
Restorx Victoria Unit Trust	88	88
Restorx (VIC) Major Loss Unit Trust	95	N/A
Restorx (VIC) Insurance Services Unit Trust	95	N/A
Johns Lyng Insurance Building Solutions (VIC) Unit Trust	100	100
Johns Lyng Technical Claims (VIC) Unit Trust	100	100
Johns Lyng Building Solutions (VIC) Unit Trust	100	100
Johns Lyng Major Claims (VIC) Unit Trust	100	100
Johns Lyng Express Claims (VIC) Unit Trust	85	90
Johns Lyng Makesafe Emergency Builders (Victoria) Unit Trust	82.5	82.5
Johns Lyng Commercial Builders Unit Trust	80	80
Johns Lyng (Vic) Regional Unit Trust	80	80
Johns Lyng (Vic) North Unit Trust	95	100
Johns Lyng (Vic) Geelong Unit Trust	95	100
Johns Lyng (Vic) Gippsland Unit Trust	95	95
Johns Lyng NSW Unit Trust	82.5	80
Johns Lyng (NSW) Regional Unit Trust	95	N/A
Restorx NSW Unit Trust	95	95
Johns Lyng Commercial Builders (NSW) Unit Trust	100	100
Johns Lyng Express Building Solutions (NSW) Unit Trust	95	95
Johns Lyng Makesafe Emergency Builders (NSW) Unit Trust	100	100
Johns Lyng Insurance Building Solutions (NSW) Unit Trust	100	100
Johns Lyng Queensland Unit Trust	90	100
Restorx Services QLD Unit Trust	95	N/A
Johns Lyng Sunshine Coast Unit Trust	100	100
Johns Lyng (QLD) Regional Unit Trust	90	90
Johns Lyng (QLD) Gold Coast Unit Trust	100	N/A
Johns Lyng (QLD) Central Unit Trust	100	N/A
Johns Lyng (QLD) North Unit Trust	100	N/A
Johns Lyng Express Building Solutions (QLD) Unit Trust	100	N/A
Johns Lyng Insurance Building Solutions Brisbane Unit Trust	100	N/A
Johns Lyng Makesafe Emergency Builders (QLD) Unit Trust	100	100
Johns Lyng Brisbane Unit Trust	100	100
Johns Lyng Insurance Building Solutions (Brisbane) Unit Trust	95	100

JOHNS LYNG GROUP - LISTCO

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

NOTE 3: INTERESTS IN SUBSIDIARIES (CONTINUED)

(a) Subsidiaries (Continued)

Subsidiaries of Johns Lyng Group Consolidated:	Ownership interest held by the group	
	2015 %	2014 %
Johns Lyng Queensland Pty Ltd	100	100
Johns Lyng Insurance Building Solutions (WA) Unit Trust	100	N/A
Johns Lyng Insurance Building Solutions (WA) Pty Ltd	100	N/A
Sankey Security & Glass Unit Trust	95	85
Global Home Response Unit Trust	90	80
Club Home Response Unit Trust	49	49
Johns Lyng Group IP Unit Trust	100	100
Johns Lyng Trump Unit Trust	100	100
Trump Floorcoverings QLD Pty Ltd	100	75
Trump Property Maintenance VIC Pty Ltd	60	60
Floorcoverings Victoria Unit Trust	85	85
Floorcoverings Unit Trust	60	65
Johns Lyng Shopfit Services Unit Trust	85	85

JOHNS LYNG GROUP - LISTCO

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

	2015	Unaudited 2014
	\$	\$
NOTE 4: REVENUE AND OTHER INCOME		
Sales revenue		
Construction revenue - Direct Works	98,828,823	102,986,167
Service revenue - Insurance Services	125,424,176	98,619,118
Service revenue - Emergency Home Assist	<u>3,637,437</u>	<u>5,296,363</u>
	<u>227,890,436</u>	<u>206,901,648</u>
Other revenue and income		
Interest income	82,163	74,917
Internal recoveries	302,050	(301,262)
Other revenue	<u>470,233</u>	<u>392,238</u>
	<u>854,446</u>	<u>165,893</u>
	<u>228,744,882</u>	<u>207,067,541</u>
NOTE 5: OPERATING PROFIT		
Profit before income tax has been determined after:		
Loss on sale of property, plant and equipment	15,060	-
Cost of sales	181,776,994	162,347,869
Finance costs		
- Interest expense	918,207	809,900
- Finance costs capitalised through work in progress	<u>163,847</u>	<u>163,847</u>
	1,082,054	973,747
Depreciation and amortisation	1,347,841	926,120
Bad and doubtful debts	147,547	(7,840)
Impairment		
- Investments	-	-
- Related party receivables	<u>1,677,485</u>	<u>-</u>
	1,677,485	-
Employee benefits:		
- Gross employee benefits	35,582,842	36,627,014
- Employee benefits recovered through cost of sales	<u>(13,421,909)</u>	<u>(13,327,874)</u>
Net employee benefits expense	22,160,933	23,299,140
Employee benefits - profit share	6,389,493	5,716,629
Share of associated company profit before tax	332,753	79,612

JOHNS LYNG GROUP - LISTCO

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

	2015	Unaudited 2014
	\$	\$
NOTE 6: INCOME TAX		
(a) Components of tax expense		
Current tax	689,618	470,352
Deferred tax	<u>20,449</u>	<u>(67,340)</u>
	<u>710,067</u>	<u>403,012</u>
(b) Prima facie tax payable		
The prima facie tax payable on profit before income tax is reconciled to the income tax expense as follows:		
Prima facie income tax payable on profit before income tax at 30.0% (2014: 30.0%)	1,061,646	1,190,941
Add tax effect of:		
- Other non-allowable items	<u>5,155</u>	<u>5,246</u>
	5,155	5,246
Less tax effect of:		
- Net profit or loss of trusts required to distribute to unitholders	351,332	790,473
- Impact of different overseas tax rates	2,895	2,702
Over/(under) provision for income tax in prior year	<u>2,507</u>	<u>-</u>
	<u>356,734</u>	<u>793,175</u>
Income tax expense attributable to profit	<u>710,067</u>	<u>403,012</u>
(c) Current tax		
Current tax relates to the following:		
<i>Current tax liabilities / (assets)</i>		
Opening balance	(91,924)	(117,151)
Income tax	689,618	470,352
Tax payments	(446,215)	(462,362)
Under / (over) provisions	<u>-</u>	<u>17,237</u>
Current tax liabilities / (assets)	<u>151,479</u>	<u>(91,924)</u>

JOHNS LYNG GROUP - LISTCO

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 \$	2014 \$
NOTE 6: INCOME TAX (CONTINUED)			
(d) Deferred tax			
Deferred tax relates to the following:			
<i>Deferred tax assets</i>			
The balance comprises:			
Employee benefits		52,138	62,153
Impairment loss		21,000	21,000
Other timing differences		<u>15,811</u>	<u>97,020</u>
		<u>88,949</u>	<u>180,173</u>
<i>Deferred tax liabilities</i>			
The balance comprises:			
Inventories		35,495	42,833
Other timing differences		<u>6,590</u>	<u>-</u>
		<u>42,085</u>	<u>42,833</u>
Net deferred tax assets		<u>46,864</u>	<u>137,340</u>
(e) Deferred income tax (revenue)/expense included in income tax expense comprises			
Decrease in deferred tax assets		<u>20,449</u>	<u>32,408</u>
NOTE 7: CASH AND CASH EQUIVALENTS			
Cash on hand		9,507	6,675
Cash at bank		5,640,753	9,952,513
Cash on deposit		<u>577,801</u>	<u>400,000</u>
		<u>6,228,061</u>	<u>10,359,188</u>

JOHNS LYNG GROUP - LISTCO

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

	2015	2014
	\$	\$
NOTE 8: RECEIVABLES		
CURRENT		
Trade debtors	34,634,536	23,337,223
Impairment loss	<u>(427,547)</u>	<u>(280,000)</u>
	34,206,989	23,057,223
Trade debtors - retention	490,933	265,966
Other receivables		
Unbilled debtors	3,337,241	4,899,063
Other debtors	<u>284,485</u>	<u>147,875</u>
	3,621,726	5,046,938
Amounts receivables from:		
- director related parties	2,008,855	2,478,331
- other related parties	9,471,346	7,120,956
- non-controlling interests	831,984	669,228
- Impairment loss	<u>(2,072,399)</u>	<u>(394,914)</u>
	<u>10,239,786</u>	<u>9,873,601</u>
	<u>48,559,434</u>	<u>38,243,728</u>
NOTE 9: INVENTORIES		
CURRENT		
<i>At cost</i>		
Raw materials	678,907	655,623
Gross construction work in progress	<u>10,106,040</u>	<u>5,895,626</u>
	<u>10,784,947</u>	<u>6,551,249</u>
NOTE 10: OTHER ASSETS		
CURRENT		
Prepayments	<u>342,278</u>	<u>226,427</u>

JOHNS LYNG GROUP - LISTCO

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

	2015	2014
	\$	\$
NOTE 11: PROPERTY, PLANT AND EQUIPMENT		
Leasehold improvements		
At cost	994,526	957,854
Accumulated depreciation	<u>(252,020)</u>	<u>(182,184)</u>
	<u>742,506</u>	<u>775,670</u>
Plant and equipment		
Plant and equipment at cost	1,930,906	1,566,978
Accumulated depreciation	<u>(1,313,133)</u>	<u>(1,078,776)</u>
	617,773	488,202
Motor vehicles at cost	5,181,414	4,356,486
Accumulated depreciation	<u>(2,576,627)</u>	<u>(2,303,976)</u>
	2,604,787	2,052,510
Office equipment at cost	87,094	97,221
Accumulated depreciation	<u>(69,757)</u>	<u>(69,187)</u>
	17,337	28,034
Furniture, fixtures and fittings at cost	52,522	30,056
Accumulated depreciation	<u>(23,909)</u>	<u>(18,884)</u>
	28,613	11,172
Computer equipment at cost	1,089,089	884,841
Accumulated depreciation	<u>(737,612)</u>	<u>(571,325)</u>
	<u>351,477</u>	<u>313,516</u>
Total plant and equipment	<u>3,619,987</u>	<u>2,893,434</u>
Total property, plant and equipment	<u>4,362,493</u>	<u>3,669,104</u>

JOHNS LYNG GROUP - LISTCO

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 \$	2014 \$
NOTE 12: INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD			
NON CURRENT			
Equity accounted associated entities		<u>47,414</u>	<u>(285,388)</u>

(a) Associated entities

Interests are held in the following associated companies:

Associated entity details	Equity instrument	Ownership interest		Carrying amount of investment	
		2015 %	2014 %	2015 \$	2014 \$
Club Home Response Pty Ltd	Ordinary shares	49	49	<u>47,414</u>	<u>(285,388)</u>
				<u>47,414</u>	<u>(285,388)</u>

All voting power is reflective of the ownership interest.

	2015 \$	2014 \$
<i>(i) Movements during the year in equity accounted investments in associated entities</i>		
Balance at beginning of the year	(285,339)	-
Add:		
Capital contributions	-	125,000
Share of associated entities profit after income tax	(ii) 332,753	79,612
Eliminate goodwill on consolidation	<u>-</u>	<u>(490,000)</u>
Balance at end of the year	<u>47,414</u>	<u>(285,388)</u>
<i>(ii) Share of net profits of associates and joint ventures accounted for using the equity method</i>		
Share of associate's profit after income tax	<u>332,753</u>	<u>79,612</u>

JOHNS LYNG GROUP - LISTCO

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

	2015	2014
	\$	\$
NOTE 13: ASSETS FOR DISPOSAL		
NON CURRENT		
At cost		
Shares in controlled entities	22,460,722	22,392,607
Provision for impairment loss	<u>(3,353,599)</u>	<u>(3,353,599)</u>
	<u>19,107,123</u>	<u>19,039,008</u>

Financial assets are carried at cost as the fair value cannot be reliably measured.

Investments in subsidiaries controlled by the group prior to the restructure have been classified as Assets for Disposal at cost less accumulated impairment losses.

Profit and losses from controlled entities outside of the proposed group have not been recognised.

NOTE 14: INTANGIBLE ASSETS

Goodwill on consolidation at cost	3,341,813	3,341,813
Trademarks at cost	2,287	2,287
Software development		
Software development at cost	7,665	553,040
Accumulated amortisation	<u>(5,164)</u>	<u>(435,307)</u>
	<u>2,501</u>	<u>117,733</u>
	<u>3,346,601</u>	<u>3,461,833</u>

NOTE 15: PAYABLES

CURRENT

Unsecured liabilities

Trade creditors	24,614,600	19,640,474
Trade creditors - retention	3,809,512	3,617,331
Accrued contract costs	10,674,805	10,932,283
Sundry creditors and accruals	10,064,972	8,604,581
Amounts payable to:		
- other related parties	<u>2,190,378</u>	<u>976,668</u>
	<u>51,354,267</u>	<u>43,771,337</u>

JOHNS LYNG GROUP - LISTCO

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 \$	2014 \$
NOTE 16: BORROWINGS			
CURRENT			
<i>Unsecured liabilities</i>			
Amounts payable to:			
- directors		<u>2,161,286</u>	<u>1,965,227</u>
<i>Secured liabilities</i>			
Bank overdraft		252,835	23,167
Bank loans		9,216,885	4,700,000
Other loans		320,195	209,921
Hire purchase liability	25(a)	<u>796,334</u>	<u>720,605</u>
		<u>10,586,249</u>	<u>5,653,693</u>
		<u>12,747,535</u>	<u>7,618,920</u>
NON CURRENT			
<i>Secured liabilities</i>			
Hire purchase liability	25(a)	<u>1,110,981</u>	<u>580,822</u>
(a) Defaults and breaches			
There were no defaults or breaches to occur during the financial year.			
NOTE 17: PROVISIONS			
CURRENT			
Employee benefits	(a)	<u>2,030,001</u>	<u>2,007,492</u>
NON CURRENT			
Employee benefits	(a)	<u>180,369</u>	<u>168,579</u>
(a) Aggregate employee benefits liability		2,210,370	2,176,071
NOTE 18: BENEFICIARY ENTITLEMENTS			
Unitholder entitlements		<u>27,212,477</u>	<u>28,118,264</u>
NOTE 19: OTHER LIABILITIES			
CURRENT			
Income in advance		<u>7,949,709</u>	<u>5,330,614</u>

JOHNS LYNG GROUP - LISTCO

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

	2015	2014
	\$	\$
NOTE 20: TRUST FUNDS		
Issued and paid-up units		
200,001,000 (2014: 200,001,000) Issued units	<u>2,000,017</u>	<u>2,000,017</u>

Capital management

When managing capital, management's objective is to ensure the group continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. This is achieved through the monitoring of historical and forecast performance and cashflows.

All unit trusts within the group are required to distribute profits annually to unitholders in accordance with their trust deed. Distribution payments are managed to ensure the group continues as a going concern.

During 2015, management paid distributions of \$6,754,528 (2014: \$4,520,149).

NOTE 21: RESERVES

Changes in subsidiary interests reserve	21(a) <u>(836,133)</u>	<u>(951,919)</u>
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(a) Changes in subsidiary interests reserve

The changes in subsidiary interests reserve is used to record transactions that result in a change in the group's interest in a subsidiary that do not result in a loss of control.

Movements in reserve

Opening balance	(951,919)	(923,011)
Transactions with NCI	<u>115,786</u>	<u>(28,908)</u>
Closing balance	<u>(836,133)</u>	<u>(951,919)</u>

NOTE 22: ACCUMULATED LOSSES

Net accumulated losses at beginning of year	(7,218,143)	(6,264,785)
Net profit	2,828,754	3,566,791
Distribution to unitholders	<u>(6,754,528)</u>	<u>(4,520,149)</u>
	<u>(11,143,917)</u>	<u>(7,218,143)</u>

NOTE 23: NON-CONTROLLING INTERESTS

Trust funds	<u>68,430</u>	<u>68,430</u>
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(a) Trust funds

Movements in non-controlling interest trust funds

Opening balance	<u>68,430</u>	<u>68,430</u>
Closing balance	<u>68,430</u>	<u>68,430</u>

JOHNS LYNG GROUP - LISTCO

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

	2015	Unaudited 2014
	\$	\$
NOTE 24: CASH FLOW INFORMATION		
(a) Reconciliation of cash		
Cash at the end of the financial year as shown in the combined statement of cash flows is reconciled to the related items in the combined statement of financial position is as follows:		
Cash on hand	9,507	6,675
Cash at bank	5,640,753	9,952,513
At call deposits with financial institutions	577,801	400,000
Bank overdrafts	<u>(252,835)</u>	<u>(23,167)</u>
	<u>5,975,226</u>	<u>10,336,021</u>
(b) Reconciliation of cash flow from operations with profit after income tax		
Profit from ordinary activities after income tax	2,828,754	3,566,791
Adjustments and non-cash items		
Depreciation and amortisation	1,347,841	926,120
Changes to provision for impairment	1,825,032	70,000
Net (gain) / loss on disposal of property, plant and equipment	15,060	-
Share of associated company's net profit after dividends	(332,753)	(79,612)
Changes in operating assets and liabilities		
(Increase) / decrease in receivables	(10,097,068)	(4,547,299)
(Increase) / decrease in other assets	(115,851)	108,542
(Increase) / decrease in inventories	(4,233,698)	1,471,116
Increase / (decrease) in payables	6,369,151	5,176,758
Increase / (decrease) in other liabilities	2,619,095	1,646,727
Increase / (decrease) in income tax payable	313,403	7,990
(Increase) / decrease in deferred taxes	20,476	(67,340)
Increase / (decrease) in provisions	<u>34,299</u>	<u>(163,571)</u>
Cash flows from operating activities	<u>593,741</u>	<u>8,116,222</u>

JOHNS LYNG GROUP - LISTCO

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

	2015 \$	2014 \$
NOTE 25: CAPITAL AND LEASING COMMITMENTS		
(a) Hire purchase commitments		
Payable		
- not later than one year	896,879	800,708
- later than one year and not later than five years	<u>1,212,859</u>	<u>642,152</u>
Minimum hire purchase payments	2,109,738	1,442,860
Less future finance charges	<u>(202,423)</u>	<u>(141,433)</u>
Total hire purchase liability	<u>1,907,315</u>	<u>1,301,427</u>
Represented by:		
Current liability	796,334	720,605
Non-current liability	<u>1,110,981</u>	<u>580,822</u>
	<u>1,907,315</u>	<u>1,301,427</u>
(b) Operating lease commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements:		
Payable		
- not later than one year	703,911	703,918
- later than one year and not later than five years	<u>151,075</u>	<u>128,064</u>
	<u>854,986</u>	<u>831,982</u>
General description of leasing arrangement - commercial property leases		
(c) Expenditure commitments contracted for:		
- Contracted construction commitments	45,217,303	45,217,303
Payable		
- not later than one year	<u>45,217,303</u>	<u>35,329,651</u>
NOTE 26: CONTINGENT LIABILITIES		
Contingent liabilities exist for possible future claims which may be made against the company.		
Estimates of the maximum amounts of contingent liabilities that may become payable:		
Bank guarantees	<u>5,278,107</u>	<u>4,835,082</u>

JOHNS LYNG GROUP - LISTCO

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

NOTE 27: EVENTS SUBSEQUENT TO REPORTING DATE

There has been no matter or circumstance, which has arisen since 30 June 2015 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2015, of the group, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 30 June 2015, of the group.

NOTE 28: ENTITY DETAILS

The registered office of the group is:

Johns Lyng Unit Trust
1 Williamsons Rd
Doncaster VIC 3108

JOHNS LYNG GROUP - LISTCO


TRUSTEES' DECLARATION

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

The Directors of the trust declare that:

1. The financial statements and notes, as set out on pages 3 - 33 presents fairly the trust's financial position as at 30 June 2015 and performance for the year ended on that date of the trust in accordance with the accounting policies outlined in Note 1 to the financial statements.
2. In the Directors' opinion there are reasonable grounds to believe that the trust will be able to pay its debts as and when they become due and payable.

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

Trustee: 
Lindsay Barber

Trustee: 
John McPhee

Dated this 28th day of September 2017

JOHNS LYNG GROUP - LISTCO

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JOHNS LYNG UNIT TRUST

We have audited the accompanying financial report, being a special purpose financial report of Johns Lyng Unit Trust and combined entities, which comprises the combined statement of financial position as at 30 June 2015, the combined statement of profit or loss and other comprehensive income, combined statement of changes in trust funds and combined statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors of the trustee company's (the trustees') declaration comprising the trust and the entities it controlled at the year's end or from time to time during the financial year.

Trustees' Responsibility for the Financial Report

The trustees of the trust are responsible for the preparation and fair presentation of the financial report and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the needs of the unitholders and the trust deed.

The trustees' responsibility also includes such internal control as the trustees determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the trustees, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with APES 110 *Code of Ethics for Professional Accountants*.

JOHNS LYNG GROUP - LISTCO
INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF JOHNS LYNG UNIT TRUST

Opinion

In our opinion, the financial report of Johns Lyng Unit Trust and combined entities presents fairly, in all material respects, the consolidated entity's financial position as at 30 June 2015 and its performance and its cash flows for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial report and the trust deed.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist Johns Lyng Unit Trust and combined entities to meet the needs of the unitholders and the trust deed. As a result, the financial report may not be suitable for another purpose.



S D WHITCHURCH

Partner

Date 28 September 2017



PITCHER PARTNERS

Melbourne