AWX Pty Ltd

ACN 095 222 263

and controlled entities

Financial Reports

Year Ended 30 June 2017

AWX Pty Ltd ACN 095 222 263
and Controlled Entities
Directors' Report
For the Year Ended 30 June 2017

The Director of AWX Pty Ltd ('AWX') present their report together with the financial statements of the consolidated entity, being AWX ('the Company') and its controlled entities ('the Group') for the year ended 30 June 2017.

Directors

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

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

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

Review of operations and financial results

The profit of the Group for the financial year after providing for income tax amounted to $2,975,337 (2016: loss $634,571). Sales and employee expenses have decreased from the prior year as a result of the restructure which occurred on 1 July 2016. However, profitability of the Group has increased as a result of the reduction of overhead costs.

Significant changes in state of affairs

On 1 July 2016, a number of entities left the group and were transferred to a related party. The restructure resulted in a number of AWX Pty Ltd subsidiaries becoming direct subsidiaries of AWX Pty Ltd's parent entity. As a result of this a loss on derecognition of these subsidiaries has been reflected in the profit and loss.

On the 18 October 2016, a change in control of AWX Pty Ltd occurred. AWX Pty Ltd is now wholly owned by, AWX Hco Two Pty Ltd. As part of this transaction the existing external debt was settled.

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

Principal activities

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

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

Events arising since the end of the reporting period

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.

Future development, prospects and business strategies

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

Environmental Issues

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

Dividends paid or recommended

A fully franked dividend of $1,364,526 (2016: $3,100,000) was paid during the year.

Options

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

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

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

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

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

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

Proceedings on behalf of Company

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

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

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 3 and forms part of this Directors' Report.

Signed in accordance with the resolution of the Board of Directors.

D. Sherman

Declan Sherman
Director
Dated this 4th day of October 2017

AWX Pty Ltd ACN 095 222 263
and Controlled Entities
Auditor's Independence Declaration
Under S307C of the Corporations Act 2001

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DECLARATION OF INDEPENDENCE BY T J KENDALL TO THE DIRECTORS OF AWX PTY LTD

As lead auditor of AWX Pty Ltd for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

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

This declaration is in respect of AWX Pty Ltd and the entities it controlled during the period.

T J Kendall
Director

BDO Audit Pty Ltd

Brisbane, 4 October 2017

AWX Pty Ltd ACN 095 222 263
and Controlled Entities
Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2017

	Note	Consolidated Group 2017 $	Consolidated Group 2016 $
Revenue	2	125,062,742	166,971,594
Other income	3	281,700	657,609
Employee benefits expense		(114,209,283)	(155,747,741)
Occupancy expenses		(816,573)	(1,345,400)
Depreciation and amortisation expense		(303,202)	(856,113)
Finance costs		(655,859)	(1,113,311)
Loss on derecognition of subsidiaries		(263,067)	-
Other expenses		(4,069,678)	(8,413,521)
Profit/(loss) before income tax		5,026,780	153,117
Income tax expense	5	(2,051,442)	(564,703)
Profit/(loss) from continuing operations		**2,975,337**	**(411,586)**
Profit from discontinued operations		-	(222,985)
Profit/(loss) for the year		**2,975,337**	**(634,571)**
Other comprehensive income for the year, net of income tax		(3,061)	-
Total comprehensive income for the year		**2,972,276**	**(634,571)**

The accompanying notes form part of these financial statements.

AWX Pty Ltd ACN 095 222 263
and Controlled Entities
Consolidated Statement of Financial Position
As at 30 June 2017

	Note	Consolidated Group 2017 $	2016 $
CURRENT ASSETS			
Cash and cash equivalents	7	921,196	1,999,364
Trade and other receivables	8	15,841,540	14,591,017
Other current assets	9	3,209,131	4,400,717
TOTAL CURRENT ASSETS		**19,971,867**	**20,991,098**
NON-CURRENT ASSETS			
Trade and other receivables	8	1,229,115	828,610
Property, plant and equipment	10	1,029,264	1,427,772
Deferred tax assets	12	913,059	1,734,207
Intangible assets	11	19,990	25,650
TOTAL NON-CURRENT ASSETS		**3,191,428**	**4,016,239**
TOTAL ASSETS		**23,163,295**	**25,007,337**
CURRENT LIABILITIES			
Trade and other payables	14	8,744,125	11,044,405
Financial liabilities	15	7,271,542	760,186
Current tax liabilities		458,763	193,033
Employee benefits	16	703,189	1,576,723
TOTAL CURRENT LIABILITIES		**17,177,619**	**13,574,347**
NON-CURRENT LIABILITIES			
Trade and other payables	14	4,950,939	-
Financial liabilities	15	82,475	12,084,819
Employee benefits	16	72,986	76,645
TOTAL NON-CURRENT LIABILITIES		**5,106,400**	**12,161,464**
TOTAL LIABILITIES		**22,284,019**	**25,735,811**
NET ASSETS		**879,276**	**(728,474)**
EQUITY			
Contributed equity	17	26	26
Retained earnings		882,311	(728,500)
Foreign currency translation reserve		(3,061)	-
TOTAL EQUITY		**879,276**	**(728,474)**

The accompanying notes form part of these financial statements.

AWX Pty Ltd ACN 095 222 263
and Controlled Entities
Statement of Cash Flows
For the Year Ended 30 June 2017

	Note	Consolidated Group 2017 $	2016 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		135,719,447	178,087,517
Payments to suppliers and employees		(133,322,831)	(174,612,539)
Interest received		-	135,348
Finance costs		(655,860)	(1,272,084)
Income tax (paid)/refunded		(872,017)	(2,282,635)
Net cash provided by operating activities	**19 a**	**868,739**	**55,607**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		-	124,310
Purchase of property, plant and equipment		(784,868)	(378,096)
Purchase of intangible assets		(7,631)	(3,424)
Proceeds (repayments) from related parties (net)		(7,367,863)	7,560,815
Cash on acquisition of subsidiary	**19 c**	119,720	-
Net cash movement from derecognition of subsidiaries	**19 d**	(314,233)	-
Net cash (used in)/provided by investing activities		**(8,354,875)**	**7,303,595**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds / (repayments) from borrowings		6,410,304	(4,782,501)
Share buy back		-	(4)
Dividends paid		-	(700,000)
Net cash used in financing activities		**6,410,304**	**(5,482,505)**
Net change in cash and cash equivalents held		**(1,075,832)**	**1,876,697**
Effects of foreign exchange on Cash		(2,336)	-
Cash and cash equivalents at beginning of financial year		**1,999,364**	**122,667**
Cash and cash equivalents at end of financial year	**7**	**921,196**	**1,999,364**

The accompanying notes form part of these financial statements.

AWX Pty Ltd ACN 095 222 263
and Controlled Entities
Statement of Changes in Equity
For the Year Ended 30 June 2017

	Notes	Share capital $	Retained Earnings $	Foreign Currency Reserves	Total $
Balance at 1 July 2015		30	3,006,071	-	3,006,101
Profit for the year		-	(634,571)	-	(634,571)
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year			**(634,571)**	**-**	**(634,571)**
Transactions with owners, in their capacity as owners					
Share buy back		(4)	-	-	-
Dividends paid or provided for	**6**	-	(3,100,000)	-	(3,100,000)
Sub-total		**(4)**	**(3,100,000)**	**-**	**(3,100,000)**
Balance at 30 June 2016		**26**	**(728,500)**	**-**	**(728,474)**
Balance at 1 July 2016		**26**	**(728,500)**	**-**	**(728,474)**
Profit for the year		-	2,975,337	-	2,975,337
Other comprehensive income for the year		-	-	(3,061)	(3,061)
Total comprehensive income for the year		-	2,975,337	(3,061)	2,972,276
Transactions with owners, in their capacity as owners					
Dividends paid or provided for	**6**	-	(1,364,526)	-	(1,364,526)
Sub-total		-	(1,364,526)	-	(1,364,526)
Balance at 30 June 2017		**26**	**882,311**	**(3,061)**	**879,276**

The accompanying notes form part of these financial statements.

1. Statement of significant accounting policies

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

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

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

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

1.1 Basis of preparation

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

1.2 New and amended standards adopted by the Group

The Group has adopted all the amendments to Australian Accounting Standards issued by the Australian Accounting Standards Board, which are relevant to and effective for the Group's financial statements for the annual period beginning 1 July 2016.

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

1.3 Accounting standards Issued but not yet effective and not been adopted early by the Group

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

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

1.4 Significant accounting policies

Basis of consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2017. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

1. Statement of significant accounting policies (continued)

Basis of consolidation (continued)

All subsidiaries have a reporting date of 30 June with the exception of The Recruitment Company. This company is incorporated in New Zealand and therefore has a reporting date of 31 March. The results reflected for this company are for the year ended 30 June.

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

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

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

Income tax

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

Current tax

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

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur.

Deferred tax

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

Deferred tax assets and liabilities ate ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available.

No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

1. Statement of significant accounting policies (continued)

Deferred tax (continued)

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

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled

The AWX Pty Ltd (head entity) and its wholly-owned Australian subsidiaries formed an income tax consolidated group under the Tax Consolidation Regime. Each entity in the group recognises its own current and deferred tax liabilities, except for any deferred tax assets resulting from unused tax losses and tax credits, which are immediately assumed by the head entity. The current tax liability of each group entity is then subsequently assumed by the head entity. The group notified the ATO that it had formed an income tax consolidated group to apply from 1 July 2016.

Property, plant and equipment

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

Plant and equipment

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

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

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

Depreciation

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

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

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

1. Statement of significant accounting policies (continued)

Depreciation (continued)

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

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

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

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

Leases

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

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

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

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

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

Financial Instruments

Initial recognition and measurement

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

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

Effective interest rate method

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

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

1. Statement of significant accounting policies (continued)

Classification and subsequent measurement

Financial assets at fair value through profit or loss

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

Loans and receivables

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

Held-to-maturity investments

These investments have fixed maturities, and it is the Group's intention to hold these

investments to maturity. Held-to-maturity investments held by the Group are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

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

Financial liabilities

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

Fair value

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

Impairment of financial assets

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

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

1. Statement of significant accounting policies (continued)

Impairment of financial assets (continued)

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

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

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in profit or loss.

Impairment of non-financial assets

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

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

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

Intangible assets

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

1. Statement of significant accounting policies (continued)

Patents and trademarks

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

Employee benefits

Short-term employee benefits

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

Other long-term employee benefits

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

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

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

Post-employment benefits plans

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

Defined contribution plans

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

Provisions

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

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

1. Statement of significant accounting policies (continued)

Cash and cash equivalents

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

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

Revenue

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from contract hire and contract revenue is recognised in the accounting period in which the services are rendered.

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

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

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

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

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

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use of sale.

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

1. Statement of significant accounting policies (continued)

Goods and Services Tax (GST)

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

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

Significant management judgement in applying accounting policies

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

Estimation uncertainty

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

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

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

Revenue

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

Impairment of financial assets

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

Useful fives of depreciable assets

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

2. Revenue

	2017 $	2016 $
Operating activities		
Contract hire revenue	122,898,259	164,526,476
Contract revenue	-	877,485
Recruitment revenue	213,326	168,520
Facilities maintenance revenue	1,937,415	1,342,098
Sales revenue	**125,049,000**	**166,914,579**
Other revenue		
Consultancy	5,095	57,015
Other revenue	8,647	-
Other revenue	**13,742**	**57,015**
Total revenue	**125,062,742**	**166,971,594**

3. Other Income

	2017 $	2016 $
Gain on acquisition of subsidiary	18,104	-
Interest	1	133,380
Government Incentives	263,595	524,229
Total other income	**281,700**	**657,609**

4. Result for the year

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

	2017 $	2016 $
a. Expenses		
Rental expense on operating leases:		
• Minimum lease payments	487,445	1,026,832
• depreciation	303,202	856,113
Net gain on disposal of property, plant and equipment	127,049	303,485
Defined contribution superannuation expense	7,931,686	11,292,763
Impairment expense - receivables	487,325	1,479,542
b. Significant income and expense items		
On 22 June 2016, a significant debtor of the group appointed a voluntary administrator, subsequent to year end the debtor has been placed into liquidation. Following the appointment of the voluntary administrator in late June 2016, as at June 2016 the director has determined that it is appropriate to fully provide for the amount outstanding, notwithstanding that the company has a registered security over the debtor which may entitle the company to preference in any distribution from the liquidation. The total amount of debt outstanding has been recognised as a doubtful debt expense in the 2016 financial year.	-	(1,479,542)

5. Income tax expense

	2017 $	2016 $
The components of income tax expense comprise:		
Current tax	1,704,587	774,131
Deferred tax	821,149	(364,440)
Under / (over) provision in respect of prior years	(474,294)	155,012
	2,051,442	**564,703**

6. Dividends

	2017 $	2016 $
Dividends paid		
Declared fully franked ordinary dividend franked at the tax rate of 30% (2016: 30%)	1,364,526	3,100,000
The amount of franking credits at period end	1,704,587	2,007,468

7. Cash and cash equivalents

	2017 $	2016 $
Cash at bank and in hand	921,196	1,999,364

8. Trade and other receivables

	2017 $	2016 $
Current		
Trade receivables	16,061,724	15,613,292
Allowance for impairment of receivables	(220,184)	(1,536,620)
	15,841,540	14,076,672
Receivables from related parties	-	514,345
	15,841,540	**14,591,017**
Non-current		
Receivables from related parties	1,229,115	828,610
	1,229,115	**828,610**

9. Other assets

	2017 $	2016 $
Current		
Accrued revenue	2,814,973	3,343,923
Sundry debtors	8,910	590,138
Prepayments	200,885	320,280
Security deposits	184,363	146,376
	3,209,131	**4,400,717**

10. Property, plant and equipment

	2017 $	2016 $
Property improvements		
• At cost	204,092	692,838
• Accumulated depreciation	(40,055)	(219,217)
Total property improvements	**164,037**	**473,621**
Vehicles		
• At cost	688,429	1,141,518
• Accumulated depreciation	(351,259)	(738,934)
Total vehicles	**337,170**	**402,584**
Plant and equipment		
• At cost	134,209	252,316
• Accumulated depreciation	(72,014)	(175,146)
Total plant and equipment	**62,195**	**77,170**
Office furniture and equipment		
• At cost	889,065	2,514,608
• Accumulated depreciation	(423,203)	(2,040,211)
Total office furniture and equipment	**465,862**	**474,397**
Total property, plant and equipment	**1,029,264**	**1,427,772**

11. Intangible assets

	2017 $	2016 $
Patents and trademarks		
Cost	28,333	33,993
Accumulated amortisation	(8,343)	(8,343)
Total intangible assets	**19,990**	**25,650**

12. Deferred tax assets

	2017 $	2016 $
Deferred tax assets		
The balance comprises temporary differences attributable to:		
Tax losses	-	54,705
Employee benefits	219,272	496,010
Accrued charges	627,732	809,951
Provision for doubtful debts	66,055	460,986
Provision for amortisation	-	30,000
Sundry	-	18,866
Total deferred tax assets	**913,059**	**1,870,518**

12. Deferred tax assets (continued)

	2017 $	2016 $
Deferred tax liabilities		
The balance comprises temporary differences attributable to:		
Prepayments	-	136,311
Work in progress	-	-
Total deferred tax liabilities	**-**	**136,311**
Net deferred tax asset	**913,059**	**1,734,207**

13. Interests in subsidiaries

The subsidiaries listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by Group.

Name of Subsidiary	Country of Incorporation	Ownership interest held by the Group	
		2017	2016
AWX Constructions & Industrial Pty Ltd	Australia	100%	100%
AWX Labour Hire Pty Ltd	Australia	100%	100%
AWX Labour Pty Ltd	Australia	100%	100%
First People Group Pty Ltd	Australia	100%	100%
Mobilise Group Pty Ltd	Australia	100%	100%
Tribe Workforce Solutions Pty Ltd	Australia	100%	100%
Timberwolf Planting Pty Ltd	Australia	100%	100%
The Recruitment Company	New Zealand	100%	-
AWX Constructions Pty Ltd	Australia	-	100%
RWM Pty Ltd	Australia	-	100%
Agribusiness Pty Ltd	Australia	-	100%
AWX Agribusiness Pty Ltd	Australia	-	100%
HospitalityX Pty Ltd	Australia	-	100%
Meat People Pty Ltd	Australia	-	100%
MP Resources Pty Ltd	Australia	-	100%
Meat Processing Group Pty Ltd	Australia	-	100%
AWX Mining Pty Ltd	Australia	-	100%
HealthX Group Pty Ltd	Australia	-	100%
Petrie Partners Pty Ltd	Australia	-	100%

14. Trade and other payables

	2017 $	2016 $
Current		
Unsecured liabilities		
Trade payables	4,474,576	4,507,994
Payables to related parties	-	1,819,475
Accrued expenses	2,779,851	2,759,533
Other payables	1,489,698	1,957,403
	8,744,125	**11,044,405**
Non-current		
Payables to related parties	4,950,939	-
	4,950,939	**-**

15. Financial liabilities

	2017 $	2016 $
Current		
Credit cards – unsecured	37,282	14,873
Debtor finance account – secured	6,763,715	-
Premium funding	451,843	677,288
Lease liability	18,702	68,025
Total current borrowings	**7,271,542**	**760,186**
Non-current		
Bank loan secured	-	12,000,000
Lease liability	82,475	84,819
Total non-current borrowings	**82,475**	**12,084,819**
Total borrowings	**7,354,017**	**12,845,005**

St George Bank provided the above facilities and as a result has the following security:

- first registered general security over the assets and undertaking of the group; and
- guarantees from shareholders.

16. Employee benefits

	2017 $	2016 $
Current		
Annual leave	668,490	1,445,166
Long services leave	6,010	131,557
Other leave	28,689	-
	703,189	**1,576,723**
Non-current		
Long service leave	72,986	76,645
	72,986	**76,645**

17. Issued capital

	2017 $	2016 $
102 (2016: 102) fully paid ordinary shares	26	26

The Group does not have a limited amount of authorised capital and issued shares do not have a par value. Ordinary shares participate in dividends and the proceeds on winding up of the Group in proportion to the number of shares held. At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands. During the year a selective share buyback occurred, as a requirement of the new finance facility.

18. Contingent assets and contingent liabilities

The Group has no contingent assets.

Various warranty and legal claims were brought against the Group during the year. Unless recognised as a provision, management considers these claims to be unjustified and the probability that they will require settlement at the Group's expense to be remote. This evaluation is consistent with external independent legal advice. Further information on these contingencies is omitted so as not to seriously prejudice the Group's position in the related disputes.

19. Cash flow information

	2017 $	2016 $
a. Reconciliation of cash flow from operations with profit after income tax		
Profit/(loss) after income tax	2,975,337	(634,571)
Non-cash flows in profit:		
• Depreciation and amortisation	303,202	856,113
• Bad and doubtful debts	487,325	1,479,542
• Net loss on disposal of property, plant and equipment	127,049	303,485
• Net gain on acquisition of subsidiary	(18,104)	-
• Net loss on derecognition of subsidiaries	263,067	-
• Sundry	2,815	(909)
Changes in assets and liabilities:		
• Change in trade and other receivables	(4,333,0467)	4,656,593
• Change in deferred tax assets	113,857	(434,383)
• Change in other assets	656,780	200,000
• Change in trade and other payables	(319,147)	(5,338,178)
• Change in income taxes payable	1,065,568	(1,333,547)
• Change in deferred taxes payable	-	70,043
• Change in employee benefits	(455,963)	231,419
Net cash provided by operating activities	**868,739**	**55,607**

19. Cash flow information (continued)

b. Non-cash financing and investing activities

During the year, dividends of $1,364,526 (2016: $2,400,000) were offset against receivables from shareholders.

Acquisitions of plant and equipment through finance leases of $103,105 occurred during the year.

c. Gain on acquisition of subsidiary

On the 1 April 2017, 100% of the shares in The Recruitment Company were acquired.

	1 April 2017 $
Purchase consideration	
Cash consideration	1
Cash acquired	119,719
Total cashflow on acquisition	**119,720**
Assets and liabilities acquired:	
Trade and other receivables	234,403
Property, plant and equipment	1,374
Trade and other payables	(312,769)
Employee entitlements	(24,624)
Fair value of assets and liabilities acquired	**(101,616)**
Gain on acquisition	18,104

d. Loss on derecognition of subsidiaries

On the 1 July 2016, 100% of the shares in a number of subsidiaries were transferred to the ultimate parent company at the time. The following is the assets and liabilities at the time of derecognition.

	1 July 2016 $
Disposal consideration	
Cash consideration	-
Cash disposed	(314,233)
Total cashflow on disposal	**(314,233)**
Assets and liabilities disposed:	
Trade and other receivables	(3,034,601)
Property, plant and equipment	(173,895)
Intangible assets	(13,291)
Deferred tax assets	(787,609)
Trade and other payables	3,355,147
Employee entitlements	362,521
Financial liabilities	4,397
Deferred tax liabilities	80,318
Current tax liabilities	258,179
Fair value of assets and liabilities derecognised	**51,166**
Loss on derecognition	(263,067)

20. Parent entity information

	2017 $	2016 $
Statement of financial position		

Current assets	16,354,739	16,547,705
Total assets	21,193,268	20,708,935
Current liabilities	(14,238,882)	(8,958,215)
Total liabilities	(21,590,226)	(21,167,644)
Net assets	**(396,958)**	**(458,924)**
Issued capital	26	26
Retained earnings/(accumulated losses)	(396,983)	(458,950)
Total equity	**(396,958)**	**(458,924)**
Statement of profit or loss and other comprehensive income		
Revenue	103,444,441	138,391,158
Other income	-	553,992
Expenses	(99,500,837)	(136,819,036)
Bad and doubtful debts expenses	(478,764)	(1,479,542)
Income tax expense	(1,591,876)	(573,686)
Profit for the year	**1,872,963**	**72,886**
Other comprehensive income	-	-
Total comprehensive income	**1,872,963**	**72,886**

20. Parent entity information (continued)

The Parent Entity has nil (2016: $Nil) capital commitments at period end.

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

21. Events arising since the end of the reporting period

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.

22. Company details

The registered office of the Company is:

AWX Pty Ltd
90 Petrie Terrace
Brisbane QLD 4000

The principal place of business is:

AWX Pty Ltd
90 Petrie Terrace
Brisbane QLD 4000

AWX Pty Ltd ACN 095 222 263
and Controlled Entities
Directors' Declaration
For the Year Ended 30 June 2017

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

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 4 to 24, are in accordance with the *Corporations Act 2001*:
   a. Comply with Accounting-Standards as described in Note 1 to the financial statements, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
   b. Give a true and fair view of the financial position as at 30 June 2017 and of the performance for the year ended on that date of the Group in accordance with the accounting policies described in Note.1if the financial statements: and
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

D. Sherman

Declan Sherman

Director

Dated this.....4th ....day of October 2017

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INDEPENDENT AUDITOR'S REPORT

To the members of AWX Pty Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of AWX Pty Ltd(the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

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

(i) Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards to the extent described in Note 1, 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Emphasis of matter - Basis of accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information in the Directors' report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information 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.

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 and have determined that the basis of preparation described in Note1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a 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 Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:
http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf

This description forms part of our auditor's report.

BDO Audit Pty Ltd

BDO

Tim Kendall

T J Kendall
Director

Brisbane, 4 October 2017