Amaero International Ltd

ABN 82 633 541 634

Annual report
for the period from 17 May to 30 June 2019

Amaero International Ltd

ABN 82 633 541 634

Annual report - 30 June 2019

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Directors	Mr Robert Hanna *Non-Executive Chairman* Mr Stuart Douglas *Executive Director* Mr Brett Jackson *Non-Executive Director*
Secretary	Mr Andrew Neilson Mr Stuart Douglas
Registered office	1 Tonsley Boulevard Clovelly Park SA 5042 Australia Telephone: +61 (0)8 7228 6830
Principal registered office in Australia	13 Normanby Road Notting Hill VIC 3168 Australia Telephone: +61 (0)3 9905 9847
Share register	Automic Pty Ltd Level 5, 126 Phillip Street Sydney NSW 2000 Australia Telephone: +61 (0)2 9698 5414
Auditor	RSM Australia Partners Level 21, 55 Collins Street Melbourne VIC 3000 Australia Telephone: +61 (0)3 9286 8000
Solicitors	Elevate Legal Pty Ltd Level 2, 50 Market Street Melbourne VIC 3000 Australia Telephone: +61 (0)3 9042 8540
Bankers	BankSA 97 King William Street Adelaide SA 5000 Australia
Website	www.amaero.com.au

Your directors present their report on the consolidated entity consisting of Amaero International Ltd and the entities it controlled at the end of, or during, the period from 17 May to 30 June 2019. Throughout the report, the consolidated entity is referred to as the group.

Directors and company secretary

The following persons held office as directors of Amaero International Ltd during the whole of the financial period and up to the date of this report, except where otherwise stated:

Mr Robert Hanna, Non-Executive Chairman (appointed 13 June 2019)
Mr Stuart Douglas, Executive Director (appointed 17 May 2019)
Mr Brett Jackson, Non-Executive Director (appointed 17 May 2019)
Mr Thomas Kenyon, Non-Executive Director (appointed 17 May 2019, resigned 13 June 2019)

The following persons held office as company secretary of Amaero International Ltd during the whole of the financial period and up to the date of this report, except where otherwise stated:

Mr Stuart Douglas (appointed 17 May 2019, resigned 1 July 2019)
Mr Andrew Neilson (appointed 1 July 2019)

Principal activities

During the period the principal continuing activities of the group consisted of laser-based metal additive manufacturing (3D printing).

Dividends - Amaero International Ltd

No dividends were declared or paid to members for the period ended 30 June 2019. The directors do not recommend that a dividend be paid in respect of the financial period.

Review of operations

The group has reported a loss for the period of $82,341, with net assets amounting to $479,201 as at 30 June 2019, including cash reserves of $169,991.

Amaero International Ltd was incorporated on 17 May 2019 in order to acquire and recapitalise Amaero Engineering Pty Ltd, an established laser-based metal additive manufacturing company. This acquisition was completed on 26 June 2019, through the issue of shares in Amaero International Ltd. In the period ended 30 June 2019, Amaero International Ltd received $400,000 in seed capital. The issue of shares was completed on 1 July 2019.

On 26 June 2019, Amaero International Ltd acquired Amaero Engineering Pty Ltd, an established laser-based metal additive manufacturing company.

Significant changes in the state of affairs

Other than the information disclosed in the review of operations above, there are no significant changes in the state of affairs that the group has not disclosed.

Events since the end of the financial period

The group intends to conduct further capital raising rounds in the financial year ending 30 June 2020 to continue to fund operations and expand into the North American market. In July 2019, the group established a United States subsidiary and selected a site for a new additive manufacturing facility in El Segundo, California.

Apart from the above, no other matter or circumstance has arisen since 30 June 2019 that has significantly affected the group's operations, results or state of affairs, or may do so in future periods.

Likely developments and expected results of operations

Other than the information disclosed in the review of operations above, there are no likely developments or details on the expected results of operations that the group has not disclosed.

Environmental regulation

The group is not affected by any significant environmental regulation in respect of its operations.

Information on directors

The following information is current as at the date of this report.

Mr Robert Hanna *Non-Executive Chairman*	
Experience and expertise	Mr Robert Hanna has been director of business strategy at Monash University since 2012. In the 15 years prior to joining Monash University, Mr Hanna held a variety of senior management positions in the Victorian Government, these positions focused mainly around economic development policy, international policy and operations and innovation policy. Earlier, Mr Hanna spent 15 years in the Commonwealth Government, including three years on the personal staff of then Prime Minister, Bob Hawke. Mr Robert Hanna holds a Bachelor of Economics and Bachelor of Asian Studies (Chinese) from the Australian National University.
Special responsibilities	None

Mr Stuart Douglas *Executive Director*	
Experience and expertise	Mr Stuart Douglas is the Founding Director of Innovyz and Innovyz Institute and co-founded SME Growth Capital. Having started and grown a company several times, Mr Douglas became interested in the process of identifying, funding, and then commercialising breakthrough ideas and innovations. Mr Douglas initially co-founded SME Growth Capital to help companies get the capital they needed for growth.
Special responsibilities	None

Company secretary

The company secretary is Mr Andrew Neilson, appointed to the position on 1 July 2019 (and also serves as company secretary of the Amaero Engineering Pty Ltd subsidiary since 18 May 2017). Mr Neilson is the founder and principal of Elevate Legal, providing outsourced general counsel and company secretarial services. Mr Neilson has broad global experience as general counsel and company secretary for Australian technology companies listed on the ASX and the London AIM market. He has real-world experience in commercialising technology and structuring, drafting and negotiating contracts with global partners and customers, as well as capital raising, investor and public relations, corporate governance and ASX and AIM compliance. Andrew has a Bachelor of Laws (Honours) and a Bachelor of Commerce from the University of Melbourne and is a Graduate of the Australian Institute of Company Directors. He is also a member of the Law Institute of Victoria, the Association of Corporate Counsel and the Governance Institute of Australia.

Meetings of directors

The numbers of meetings of the company's board of directors and of each board committee held during the period from 17 May to 30 June 2019, and the numbers of meetings attended by each director were:

	Full meetings of directors	
	A	**B**
Mr Robert Hanna	1	1
Mr Stuart Douglas	3	3
Mr Brett Jackson	3	3
Mr Thomas Kenyon	2	2

Meetings of directors (continued)

A = Number of meetings attended

B = Number of meetings held during the time the director held office or was a member of the committee during the period

Shares under option

(a) Unissued ordinary shares

No options were granted to the directors of the company in the period ended 30 June 2019.

(b) Shares issued on the exercise of options

No ordinary shares of Amaero International Ltd were issued during the period from 17 May to 30 June 2019 on the exercise of options granted.

Insurance of officers and indemnities

(a) Insurance of officers

During the financial period, Amaero International Ltd paid a premium of $3,387 to insure the directors and secretaries of the company and its Australian-based controlled entities, and the general managers of each of the divisions of the group.

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 entities in the group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from 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 or to cause detriment to the company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

(b) Indemnity of auditors

Amaero International Ltd has agreed to indemnify their auditors, RSM Australia Partners, to the extent permitted by law, against any claim by a third party arising from Amaero International Ltd's breach of their agreement. The indemnity stipulates that Amaero International Ltd will meet the full amount of any such liabilities including a reasonable amount of legal costs.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001.*

Non-audit services

During the period ended 30 June 2019, the group did not engage the external auditor to provide non-audit services.

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 6.

Rounding of amounts

The company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with the instrument to the nearest dollar.

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



Mr Robert Hanna
Non-Executive Chairman

Melbourne
30 August 2019

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Amaero International Ltd and its controlled entities for the period ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM AUSTRALIA PARTNERS

J S CROALL
Partner

Dated: 30 August 2019
Melbourne, Victoria

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Amaero International Ltd

ABN 82 633 541 634

Annual financial report - 30 June 2019

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These financial statements are consolidated financial statements for the group consisting of Amaero International Ltd and its subsidiaries. A list of major subsidiaries is included in note 12.

The financial statements are presented in the Australian currency.

Amaero International Ltd is a company limited by shares, incorporated and domiciled in Australia.

Its registered office is:
1 Tonsley Boulevard
Clovelly Park SA 5042

Its principal place of business is:
Amaero International Ltd
13 Normanby Road
Notting Hill VIC 3168

The financial statements were authorised for issue by the directors on 30 August 2019. The directors have the power to amend and reissue the financial statements.

Amaero International Ltd
Consolidated statement of profit or loss and other comprehensive income
For the period from 17 May to 30 June 2019

	Notes	From 17 May to 30 June 2019 $
General and administrative expenses	2(a)	**(57,341)**
Research and development expenses		**(25,000)**
Operating loss		**(82,341)**
Loss before income tax		**(82,341)**
Income tax expense	3	**-**
Loss for the period		**(82,341)**
Other comprehensive income		
Items that may be reclassified to profit or loss:		
Other comprehensive income for the period, net of tax		-
Total comprehensive loss for the period		**(82,341)**
		Cents
Loss per share for loss attributable to the ordinary equity holders of the company:		
Basic and diluted loss per share	17	**(0.33)**

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Amaero International Ltd
Consolidated balance sheet
As at 30 June 2019

	Notes	2019 $
ASSETS		
Current assets		
Cash and cash equivalents	4(a)	**169,991**
Trade and other receivables	4(b)	**97,978**
Inventories		**61,556**
Other current assets		**76,630**
Total current assets		**406,155**
Non-current assets		
Property, plant and equipment	5(a)	**538,381**
Total non-current assets		**538,381**
Total assets		**944,536**
LIABILITIES		
Current liabilities		
Trade and other payables	4(c)	**394,653**
Borrowings	4(d)	**30,000**
Employee benefit obligations	5(b)	**40,682**
Total current liabilities		**465,335**
Total non-current liabilities		**-**
Total liabilities		**465,335**
Net assets		**479,201**
EQUITY		
Share capital	6(a)	**561,542**
Accumulated losses		**(82,341)**
Total equity		**479,201**

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Amaero International Ltd
Consolidated statement of changes in equity
For the period from 17 May to 30 June 2019

	Notes	Attributable to owners of Amaero International Ltd		
		Share capital	**Accumulated losses**	**Total equity**
		$	**$**	**$**
Balance at 17 May 2019		-	-	-
Loss for the period		-	(82,341)	(82,341)
Total comprehensive loss for the period		**-**	**(82,341)**	**(82,341)**
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs and tax	6(a)	561,542	-	561,542
Balance at 30 June 2019		**561,542**	**(82,341)**	**479,201**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Amaero International Ltd
Consolidated statement of cash flows
For the period from 17 May to 30 June 2019

	Notes	From 17 May to 30 June 2019 $
Cash flows from operating activities		
Payments to suppliers and employees (inclusive of GST)		**(135,416)**
Net cash (outflow) from operating activities	7(a)	**(135,416)**
Cash flows from investing activities		
Payments for loans to Amaero Engineering Pty Ltd (pre-acquisition)		**(152,970)**
Proceeds from acquisition of subsidiary (cash acquired)	11	**58,377**
Net cash (outflow) from investing activities		**(94,593)**
Cash flows from financing activities		
Proceeds from issues of shares	6(a)	**400,000**
Net cash inflow from financing activities		**400,000**
Net increase in cash and cash equivalents		**169,991**
Cash and cash equivalents at end of period	4(a)	**169,991**
Non-cash financing and investing activities	7(b)	

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

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1 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer of Amaero International Ltd. The group has identified one reportable segment; that is, the research, development, manufacture and sales of laser-based metal additive (3D printed) goods. The segment details are therefore fully reflected in the body of the financial statements.

2 Expense items

(a) Breakdown of expenses by nature

	From 17 May to 30 June 2019 $
General and administrative expenses	
Accounting and audit	**11,000**
Insurance	**623**
Investor and public relations	**18,950**
Legal and company secretarial	**9,254**
Listing and share registry	**17,514**
	57,341

3 Income tax expense

(a) Numerical reconciliation of income tax expense to prima facie tax payable

	From 17 May to 30 June 2019 $
Loss from continuing operations before income tax expense	**(82,341)**
Tax at the Australian tax rate of 27.5%	**(22,644)**
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:	
Blackhole expenditure (Section 40-880, ITAA 1997)	**(963)**
Initial public offering costs	**4,816**
Other items	**4,437**
Subtotal	**(14,354)**
Tax losses and other timing differences for which no deferred tax asset is recognised	**14,354**
Income tax expense	**-**

3 Income tax expense (continued)

(b) Tax losses

	From 17 May to 30 June 2019 $
Unused tax losses for which no deferred tax asset has been recognised	**1,074,888**
Potential tax benefit @ 27.5%	**295,594**

Unused tax losses comprise those attributed to the group for the period from 17 May to 30 June 2019 and pre-acquisition losses attributed to Amaero Engineering Pty Ltd.

4 Financial assets and financial liabilities

(a) Cash and cash equivalents

	2019 $
Current assets	
Cash at bank and in hand	**154,991**
Deposits at call	**15,000**
	169,991

(i) Reconciliation to cash flow statement

The above figures reconcile to the amount of cash shown in the consolidated statement of cash flows at the end of the financial period as follows:

	2019 $
Balances as above	**169,991**
Balances per statement of cash flows	**169,991**

(ii) Classification as cash equivalents

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours notice with no loss of interest. See note 19(h) for the group's other accounting policies on cash and cash equivalents.

4 Financial assets and financial liabilities (continued)

(b) Trade and other receivables

	2019 Current $	2019 Non-current $	2019 Total $
Trade receivables	**60,871**	**-**	**60,871**
	60,871	**-**	**60,871**
Other receivables	**37,107**	**-**	**37,107**
Total trade and other receivables	**97,978**	**-**	**97,978**

(i) Classification as trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the group's impairment policies and the calculation of the loss allowance are provided in note 9(b).

(ii) Fair value of trade and other receivables

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

(iii) Impairment and risk exposure

Information about the impairment of trade receivables and the group's exposure to foreign currency risk and credit risk can be found in note 9(a) and 9(b).

(c) Trade and other payables

	2019 Current $	2019 Non-current $	2019 Total $
Trade payables	**245,533**	**-**	**245,533**
Accrued expenses	**129,070**	**-**	**129,070**
Other payables	**20,050**	**-**	**20,050**
	394,653	**-**	**394,653**

Trade payables are unsecured and are usually paid within 30 days of recognition.

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

4 Financial assets and financial liabilities (continued)

(d) Borrowings

	2019 Current $	2019 Non-current $	2019 Total $
Unsecured			
Loans from related parties (i)	**30,000**	**-**	**30,000**
Total unsecured borrowings	**30,000**	**-**	**30,000**

(i) Loan from related parties

Further information relating to loans from related parties is set out in note 15.

5 Non-financial assets and liabilities

(a) Property, plant and equipment

	Plant and equipment $	Furniture, fittings and equipment $	Total $
At 17 May 2019			
Net book amount	-	-	-
Period ended 30 June 2019			
Acquisition of subsidiary	536,370	2,011	538,381
Closing net book amount	536,370	2,011	538,381
At 30 June 2019			
Cost	536,370	2,011	538,381
Net book amount	536,370	2,011	538,381

(i) Depreciation methods and useful lives

Property, plant and equipment is recognised at historical cost less depreciation.

Depreciation is calculated using the diminishing value method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

- Plant and equipment 20 - 50% p.a.
- Furniture, fittings and equipment 20 - 50% p.a.

See note 19(k) for the other accounting policies relevant to property, plant and equipment.

5 Non-financial assets and liabilities (continued)

(b) Employee benefit obligations

	2019 Current $	2019 Non-current $	2019 Total $
Leave obligations (i)	**40,682**	**-**	**40,682**

(i) Leave obligations

The leave obligations cover the group's liabilities for annual leave which are classified as short-term benefits, as explained in note 19(n).

6 Equity

(a) Share capital

	Notes	2019 Shares	2019 $
Ordinary shares	6(a)(ii)		
Fully paid		**75,011,983**	**561,542**
	6(a)(i)	**75,011,983**	**561,542**

(i) Movements in ordinary shares:

Details	Notes	Number of shares	Total $
Balance at 17 May 2019		**-**	**-**
Issue on incorporation (2019-05-17)		18,752,996	-
Issue to promoters (2019-06-26)		18,752,996	-
Issue as consideration for acquisition of subsidiary (2019-06-26)	11	37,505,991	161,542
Commitment to issue at $0.06 pursuant to private placement (2019-06-26)	6(a)(iii)	-	400,000
Balance 30 June 2019		**75,011,983**	**561,542**

(ii) Ordinary shares

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

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

6 Equity (continued)

(a) Share capital (continued)

(iii) Commitment to issue 6,666,666 ordinary shares at $0.06 pursuant to private placement

On 27 May 2019, Amaero International Ltd entered into private placement share subscription agreements to issue 6,666,666 ordinary shares at $0.06 each ($400,000 in total consideration). During the period ended 30 June 2019, Amaero International Ltd received these funds from investors who are related parties of Innovyz Investments Unit Trust, an entity with significant influence over the group. As at 30 June 2019, the company had a commitment to issue these shares which ultimately occurred on 1 July 2019.

7 Cash flow information

(a) Reconciliation of profit/(loss) after income tax to net cash inflow from operating activities

	2019 $
Loss for the period	**(82,341)**
Change in operating assets and liabilities:	
Movement in trade and other receivables	**(14,117)**
Movement in other operating assets	**(75,000)**
Movement in trade and other payables	**36,042**
Net cash inflow (outflow) from operating activities	**(135,416)**

(b) Non-cash investing and financing activities

Non-cash investing and financing activities disclosed in other notes are:

- shares issued on incorporation and to promoters for no cash consideration - note 6(a)(i)
- settlement of a business combination through the issue of shares - note 11

8 Critical estimates, judgements and errors

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the group's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the financial statements. In addition, this note also explains where there have been actual adjustments this period as a result of an error and of changes to previous estimates.

(a) Significant estimates and judgements

The areas involving significant estimates or judgements are:

- Estimation of employee benefit obligations - note 5(b)(i)

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

9 Financial risk management

This note explains the group's exposure to financial risks and how these risks could affect the group's future financial performance.

The group's risk management is predominantly controlled by the board. The board monitors the group's financial risk management policies and exposures and approves substantial financial transactions. It also reviews the effectiveness of internal controls relating to market risk, credit risk and liquidity risk.

(a) Market risk

(i) Foreign exchange risk

The group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange rate risk arises from financial assets and financial liabilities denominated in a currency that is not the group's functional currency. Exposure to foreign currency risk may result in the fair value of future cash flows of a financial instrument fluctuating due to the movement in foreign exchange rates of currencies in which the group holds financial instruments which are other than the Australian dollar (AUD) functional currency of the group. This risk is measured using sensitivity analysis and cash flow forecasting. The cost of hedging at this time outweighs any benefits that may be obtained.

Exposure

The group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollar, was as follows:

	2019 USD $	 EUR $
Cash and cash equivalents	**883**	**116**
Trade receivables	**35,245**	**-**
Trade payables	**-**	**701**
Total exposure	**36,128**	**817**

Sensitivity

As shown in the table above, the group is primarily exposed to changes in USD/AUD exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from USD denominated financial instruments.

The group has conducted a sensitivity analysis of its exposure to foreign currency risk. The group is currently materially exposed to the United States dollar (USD). The sensitivity analysis is conducted on a currency-by-currency basis using the sensitivity analysis variable, which is based on the average annual movement in exchange rates over the past five years at year-end spot rates. The variable for each currency the group is materially exposed to is listed below:

- USD: 6.9%

	Impact on loss for the period 2019 $	Impact on other components of equity 2019 $
USD/AUD exchange rate - change by 6.9%*	**2,493**	**-**

* Holding all other variables constant

9 Financial risk management (continued)

(b) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the group.

(i) Risk management

Credit risk is managed through the maintenance of procedures (such as the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring the financial stability of significant customers and counterparties), ensuring to the extent possible that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Credit terms are normally 30 days from the invoice date.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating.

(ii) Security

For some trade receivables the group may obtain security in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement.

(iii) Impairment of financial assets

The group has one type of financial asset subject to the expected credit loss model:

- trade receivables for sales of goods and from the provision of services

While cash and cash equivalents are also subject to the impairment requirements of AASB 9, the identified impairment loss was immaterial.

Trade receivables

The group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables assets have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 24 months before 30 June 2019 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

On that basis, the loss allowance as at 30 June 2019 was determined for trade receivables as nil. Uncollectible amounts were written off as bad debts by Amaero Engineering Pty Ltd immediately prior to the business acquisition outlined in note 11.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 121 days past due.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

(c) Liquidity risk

Liquidity risk arises from the possibility that the group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The group manages this risk through the following mechanisms:

- preparing forward looking cash flow analyses in relation to its operating, investing and financing activities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;

9 Financial risk management (continued)

(c) Liquidity risk (continued)

- investing cash and cash equivalents and deposits at call with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

(i) Maturities of financial liabilities

The tables below analyse the group's financial liabilities into relevant maturity groupings based on their contractual maturities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Contractual maturities of financial liabilities At 30 June 2019	Less than 6 months $	6 - 12 months $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Total contractual cash flows $	Carrying amount (assets)/ liabilities $
Trade and other payables	394,653	-	-	-	-	394,653	394,653
Borrowings	30,000	-	-	-	-	30,000	30,000
Total	**424,653**	**-**	**-**	**-**	**-**	**424,653**	**424,653**

10 Capital management

(a) Risk management

The group's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may issue new shares or reduce its capital, subject to the provisions of the group's constitution. The capital structure of the group consists of equity attributed to equity holders of the group, comprising contributed equity, reserves and accumulated losses. By monitoring undiscounted cash flow forecasts and actual cash flows provided to the board by the group's management, the board monitors the need to raise additional equity from the equity markets.

(b) Dividends

No dividends were declared or paid to members for the period ended 30 June 2019. The group’s franking account balance was nil at 30 June 2019.

11 Business combination

(a) Summary of acquisition

Amaero International Ltd (AI) was incorporated on 17 May 2019 to be the vehicle for listing to the Australian Securities Exchange (ASX) the established Amaero Engineering Pty Ltd (AE) business, a laser-based metal additive manufacturing company based in Melbourne. 18,752,997 shares were issued on incorporation to Innovyz Institute Pty Ltd who specialise in commercialising innovation and rapid scaling, having assisted 70+ companies through this process.

On 26 June 2019, two events occurred:

(1) 18,752,996 shares in AI were issued to related parties and sophisticated investors of Innovyz, and

(2) AI acquired 100% of the issued share capital of AE for no cash consideration. The existing AE shareholders exchanged their shares in AE for a 50% share in AI. This acquisition was coordinated by Innovyz.

11 Business combination (continued)

(a) Summary of acquisition (continued)

The transaction involved a change in control of AE with the former AE shareholders receiving a 50% less one interest in AI; the remaining 50% plus one of AI shares held by Innovyz, their related parties and investors. Of the three AI directors at the date of acquisition, only Mr Robert Hanna continues from AE. This is noted in the AE shareholders' resolution approving the share-swap where it is noted that 'existing AE shareholders have the right (collectively) to nominate [one] director of AI'. The other two directors of AI, Mr Stuart Douglas and Mr Brett Jackson, are directors of Innovyz.

Subsequent to the acquisition, a further 6,666,666 shares were issued on 1 July 2019 to sophisticated investors introduced by Innovyz through the $400,000 seed capital raising as outlined in note 6(a). Innovyz will continue to capitalise the group ahead of the initial public offering.

There were no separately identifiable acquisition-related costs incurred by the group.

Details of the purchase consideration and the net assets acquired are as follows:

	$
Purchase consideration:	
Ordinary shares issued	**161,542**

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value $
Cash	**58,377**
Trade and other receivables	**83,861**
Inventories	**61,556**
Other current assets	**1,630**
Plant and equipment	**538,381**
Trade and other payables	**(358,611)**
Borrowings	**(182,970)**
Provision for employee benefits	**(40,682)**
Net identifiable assets acquired	**161,542**

(i) Acquired receivables

The fair value of acquired trade receivables is $83,861. The gross contractual amount for trade receivables due is $83,861, of which all is expected to be collectible. Uncollectible amounts were written off as bad debts by AE immediately prior to the business acquisition.

12 Interests in other entities

(a) Material subsidiaries

The group's principal subsidiaries at 30 June 2019 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

Name of entity	**Place of business/ country of incorporation**	**Ownership interest held by the group**
		2019 %
Amaero Engineering Pty Ltd	Australia	**100**

12 Interests in other entities (continued)

(a) Material subsidiaries (continued)

13 Contingent liabilities

The group had no contingent liabilities at 30 June 2019.

14 Events occurring after the reporting period

The group intends to conduct further capital raising rounds in the financial year ending 30 June 2020 to continue to fund operations and expand into the North American market. In July 2019, the group established a United States subsidiary and selected a site for a new additive manufacturing facility in El Segundo, California.

Apart from the above, no other matter or circumstance has occurred subsequent to period end that has significantly affected, or may significantly affect, the operations of the group, the results of those operations or the state of affairs of the group or economic entity in subsequent financial periods.

15 Related party transactions

(a) Subsidiaries

Interests in subsidiaries are set out in note 12(a).

(b) Entities with significant influence over the group

As at 30 June 2019, Innovyz Investments Unit Trust holds 25% of the ordinary shares in the company and Monash Investments Holdings Pty Ltd holds 24.42%.

(c) Loans to/from related parties

	2019 $
Loans from entity with significant influence over the group	
Loans on acquisition of subsidiary	**30,000**
End of period	**30,000**

(d) Terms and conditions

(i) Loans from entity with significant influence over the group

Loans from entity with significant influence over the group comprises $30,000 advanced by Innovyz Institute Pty Ltd as at 30 June 2019, recognised on acquisition of Amaero Engineering Pty Ltd (refer to note 11 for further details). Entered into on 13 May 2019, the agreement provided Amaero Engineering Pty Ltd with a short-term unsecured loan to fund immediate needs for additional working capital. This loan is expected to be repaid in the year ending 30 June 2020 and does not accrue interest.

16 Remuneration of auditors

During the period the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

(a) RSM Australia Partners

(i) Audit and other assurance services

16 Remuneration of auditors (continued)

(a) RSM Australia Partners (continued)

	2019 $
Audit and review of financial statements	**11,500**
Total remuneration for audit and other assurance services	**11,500**
Total auditor's remuneration	**11,500**

17 Loss per share

(a) Reconciliation of loss used in calculating loss per share

	From 17 May to 30 June 2019 $
Basic and diluted loss per share	
Loss attributable to the ordinary equity holders of the company used in calculating loss per share:	
From continuing operations	**82,341**

(b) Weighted average number of shares used as the denominator

	2019 Number
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	**25,003,955**

18 Parent entity financial information

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2019 $
Balance sheet	
Current assets	**200,731**
Non-current assets	**314,512**
Total assets	**515,243**
Current liabilities	**36,042**
Total liabilities	**36,042**
Shareholders' equity	
Share capital	**561,542**
Accumulated losses	**(82,341)**
	479,201

18 Parent entity financial information (continued)

(a) Summary financial information (continued)

Loss for the period	**82,341**
Total comprehensive loss	**82,341**

(b) Guarantees entered into by the parent entity

The parent entity has not entered into any guarantees in relation to debts of its subsidiaries in the period ended 30 June 2019.

(c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2019.

(d) Contractual commitments for the acquisition of property, plant or equipment

The parent entity has not entered into any contractual commitments for the acquisition of property, plant or equipment in the period ended 30 June 2019.

(e) Determining the parent entity financial information

The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements.

Contents of the summary of significant accounting policies

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19 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in the other notes above. These policies have been consistently applied to all the periods presented, unless otherwise stated. The financial statements are for the group consisting of Amaero International Ltd and its subsidiaries.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Amaero International Ltd is a for-profit entity for the purpose of preparing the financial statements.

The annual report covers the period from 17 May 2019 to 30 June 2019.

(i) Compliance with IFRS

The consolidated financial statements of the Amaero International Ltd group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis.

(iii) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2019 reporting periods and have not been early adopted by the group. The group's assessment of the impact of these new standards and interpretations is set out below.

Title	Nature of change	Impact	Application date
AASB 16 *Leases*	AASB 16 requires almost all leases to be recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low-value leases. The accounting for lessors will not significantly change.	The group entered into a lease agreement after 30 June 2019 and expects to recognise a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment will be allocated between the liability and finance cost. The finance cost will be charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset will be depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.	Mandatory for financial periods commencing on or after 1 January 2019.

There are no other new standards and interpretations that are not yet effective and that would be expected to have a material impact on the group in the current or future reporting periods and on foreseeable future transactions.

19 Summary of significant accounting policies (continued)

(b) Principles of consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group (refer to note 19(f)).

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. This has been identified as the chief executive officer.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollar ($), which is Amaero International Ltd's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at period end exchange rates are generally recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss on a net basis within other gains/(losses).

(e) Income tax

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

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

19 Summary of significant accounting policies (continued)

(e) Income tax (continued)

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, 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 income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(f) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest’s proportionate share of the acquired entity’s net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

(g) Impairment of assets

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

19 Summary of significant accounting policies (continued)

(h) Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated balance sheet.

(i) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance. See note 4(b) for further information about the group's accounting for trade receivables and note 9(b) for a description of the group's impairment policies.

(j) Inventories

(i) Raw materials and stores, work in progress and finished goods

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(k) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The depreciation methods and periods used by the group are disclosed in note 5(a).

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

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 (note 19(g)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

(l) Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

19 Summary of significant accounting policies (continued)

(m) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the consolidated balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(n) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(o) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(p) Loss per share

(i) Basic loss per share

Basic loss per share is calculated by dividing:

- the loss attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the period.

(ii) Diluted loss per share

Diluted loss per share adjusts the figures used in the determination of basic loss per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

19 Summary of significant accounting policies (continued)

(q) Rounding of amounts

The company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with the instrument to the nearest dollar.

(r) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

Amaero International Ltd
Directors' declaration
30 June 2019

In the directors' opinion:

(a) the financial statements and notes set out on pages 7 to 32 are in accordance with the *Corporations Act 2001*, including:

  (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

  (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the financial period ended on that date, and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Note 19(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of directors.



Mr Robert Hanna
Non-Executive Chairman

Melbourne
30 August 2019

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AMAERO INTERNATIONAL LTD

Opinion

We have audited the financial report of Amaero International Ltd ("the Company") and its controlled entities (together referred to as "the Group"), which comprises the consolidated balance sheet as at 30 June 2019, the consolidated statement of profit or loss and comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period from 17 May 2019 to 30 June 2019, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

(i) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the period from 17 May 2019 to 30 June 2019; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001.*

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the 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.

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Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the period ended 30 June 2019, 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 accordingly we do not express any form of assurance conclusion thereon.

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

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

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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/ar4.pdf. This description forms part of our auditor's report.

RSM AUSTRALIA PARTNERS

J S CROALL
Partner

Dated: 30 August 2019
Melbourne, Victoria