Marrakech Road Pty Ltd and controlled entities

ACN 165 867 372

Consolidated Financial Report for the year ended 28 June 2015

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Directors' report

The directors of Marrakech Road Pty Ltd submit herewith the financial report of Marrakech Road Pty Ltd (the company) and the group, being the company and its controlled entities for the year ended 28 June 2015 and auditor's report thereon. In order to comply with the provisions of the Corporations Act 2001, the directors' report as follows:

The names and particulars of the directors of the company during or since the end of the financial year are:

Directors

Name

Mr Terry Andrew Sinclair
Mr Anthony David Gandel (resigned 2 December 2014)
Mr Steven Paul Hoffman
Mr Michael Nathan Givoni
Mr Brendan Phillip Boyd
Mr John Anthony Joseph Sood
Mr David Anderson
Mr George Lerias

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

Comparative period

The company was incorporated on 18 September 2013 and therefore the comparatives are from incorporation date until 29 June 2014.

Principal activities

The consolidated entity's principal activities during the year ended 28 June 2015 consisted of the provision of warehousing, wharf cartage, distribution and supply chain services.

The consolidated entity had operations in Victoria, New South Wales, Queensland, Western Australia and South Australia and offered these principal activities across each region.

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

Review of operations

For the financial year ending 28 June 2015 the consolidated entity reported a net profit before tax of $3,022 thousand (2014: $5,697 thousand for the period which included a bargain purchase gain of $7,611 thousand). The consolidated entity generated operating cash flows (after interest payments) of $6,084 thousand for the year (2014: outflow of $2,473 thousand for the period).

Changes in state of affairs

There were no significant changes in the consolidated entity's state of affairs that occurred during the financial year.

Subsequent events

There has not been any matter or circumstance that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the company in future financial years.

Future developments

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

Environmental regulations

The consolidated entity's operations are regulated by environmental regulations under laws of the Commonwealth or of a State or Territory.

Dividends

No dividends were declared, paid or recommended during the year.

Indemnification of officers and auditors

As at the date of this report, the consolidated entity has paid a premium in respect of a contract insuring the directors of the company (as named above), and all executive officers of the company and of any related body corporate against a liability incurred as such a director or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The consolidated entity has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor.

Auditor's independence declaration

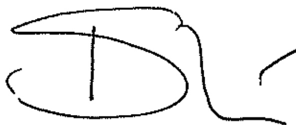
The auditor's independence declaration is included on page 4.

Rounding off of amounts

The company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

This directors' report is signed in accordance with a resolution of directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the directors



Mr Terry Andrew Sinclair
Director
Melbourne, 4 September 2015

Mr Brendan Phillip Boyd
Director
Melbourne, 4 September 2015

AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF MARRAKECH ROAD PTY LTD AND CONTROLLED ENTITIES

In relation to the independent audit for the financial year ended 28 June 2015, to the best of my knowledge and belief there have been:

(i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and

(ii) No contraventions of any applicable code of professional conduct.

This declaration is in respect of Marrakech Road Pty Ltd and the entities it controlled during the year.

P A JOSE
Partner

PITCHER PARTNERS
Melbourne

Date: 4 September 2015

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
MARRAKECH ROAD PTY LTD AND CONTROLLED ENTITIES

We have audited the accompanying financial report, being a special purpose financial report of Marrakech Road Pty Ltd and controlled entities, which comprises the statements of financial position as at 28 June 2015, the statements of profit or loss, statements of changes in equity and statements of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility 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 Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and 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 the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
MARRAKECH ROAD PTY LTD AND CONTROLLED ENTITIES

Opinion

In our opinion, the financial report of Marrakech Road Pty Ltd and controlled entities is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the company's and consolidated entity's financial positions as at 28 June 2015 and of their performance for the year ended on that date; and

(b) complying with Australian Accounting Standards to the extent described in Note 1 and the *Corporations Regulations 2001*.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared 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.

P A JOSE
Partner

4 September 2015

PITCHER PARTNERS
Melbourne

Directors' declaration

As detailed in Note 1 to the financial statements, the company is not a reporting entity because in the opinion of the directors there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. Accordingly, this 'special purpose financial report' has been prepared to satisfy the directors' reporting requirements under the Corporations Act 2001.

The directors of each of the entities within the group declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

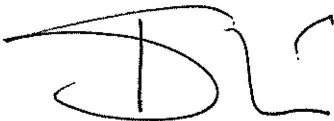
(b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the company and consolidated entity.

At the date of this declaration, the company is within the class of companies affected by ASIC Class Order 98/1418. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.

In the directors' opinion, there are reasonable grounds to believe that the company and the companies to which the ASIC Class Order applies, as detailed in note 16 to the financial statements will, as a group, be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

Signed in accordance with a resolution of the director made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the directors



Mr Terry Andrew Sinclair
Director
Melbourne, 4 September 2015

Mr Brendan Phillip Boyd
Director
Melbourne, 4 September 2015

Statement of profit or loss and other comprehensive income for the year ended 28 June 2015

	Note	Consolidated		Company	
		2015 $'000	**Period ended 29 June 2014 $'000**	**2015 $'000**	**Period ended 29 June 2014 $'000**
Continuing operations					
Revenue	2	108,675	31,508	-	-
Other income	2	267	7,672	-	497
Employee benefits expense	2	(31,597)	(9,795)	-	-
Depreciation expense	2	(2,085)	(704)	-	-
Occupancy expense		(24,766)	(7,746)		-
Finance costs	2	(843)	(421)	(5)	(1)
Direct warehouse and transport costs		(22,930)	(6,237)	-	-
Subcontractor costs		(19,962)	(6,402)	-	-
Profit on sale of property, plant and equipment	2	158	2	-	-
Administration expense		(3,895)	(2,180)	-	(1,399)
Profit/(loss) before tax		3,022	5,697	(5)	(903)
Income tax (expense)/benefit	3	(1,112)	574	(271)	271
Profit/(loss) for the year		**1,910**	**6,271**	**(276)**	**(632)**
Other comprehensive income for the year, net of income tax		-	-	-	-
Total comprehensive income/(loss) for the year		**1,910**	**6,271**	**(276)**	**(632)**

Statement of financial position as at 28 June 2015

	Note	Consolidated		Company	
		2015 $'000	2014 $'000	2015 $'000	2014 $'000
Assets					
Current assets					
Cash and cash equivalents	18(a)	4,358	388	16	-
Trade and other receivables	4	15,941	13,291	-	116
Other financial assets	6	-	17	276	181
Other assets	5	1,100	1,534	-	-
Total current assets		**21,399**	**15,230**	**292**	**297**
Non-current assets					
Other financial assets	6	-	-	5,300	5,300
Property, plant and equipment	7	6,966	7,910	-	-
Deferred tax assets	8	2,546	2,230	-	271
Other assets	5	2,315	1,500	-	-
Total non-current assets		**11,827**	**11,640**	**5,300**	**5,571**
Total assets		**33,226**	**26,870**	**5,592**	**5,868**
Liabilities					
Current liabilities					
Trade and other payables	9	8,181	7,267	-	-
Borrowings	10	-	1,244	-	-
Other financial liabilities	11	807	439	-	-
Current tax liabilities		1,428	-	-	-
Provisions	12	4,552	2,819	-	-
Deferred revenue	13	274	40	-	-
Total current liabilities		**15,242**	**11,809**	**-**	**-**
Non-current liabilities					
Other financial liabilities	11	2,723	1,789	-	-
Provisions	12	457	501	-	-
Deferred revenue	13	123	-	-	-
Total non-current liabilities		**3,303**	**2,290**	**-**	**-**
Total liabilities		**18,545**	**14,099**	**-**	**-**
Net assets		**14,681**	**12,771**	**5,592**	**5,868**
Equity					
Issued capital	14	6,500	6,500	6,500	6,500
Retained earnings/(accumulated losses)	15	8,181	6,271	(908)	(632)
Total equity		**14,681**	**12,771**	**5,592**	**5,868**

Statement of changes in equity for the year ended 28 June 2015

	Note	Consolidated		Company	
		2015 $'000	2014 $'000	2015 $'000	2014 $'000
Issued capital					
Issued capital at the beginning of the year		6,500	-	6,500	-
Issue of shares		-	6,500	-	6,500
Balance at the end of the year		**6,500**	**6,500**	**6,500**	**6,500**
Retained earnings/(accumulated losses)					
Balance at the beginning of the year		6,271	-	(632)	-
Profit/(loss) for the year		1,910	6,271	(276)	(632)
Other comprehensive income for the year		-	-	-	-
Total comprehensive income/(loss) for the year		1,910	6,271	(276)	(632)
Balance at the end of the year		**8,181**	**6,271**	**(908)**	**(632)**

Statement of cash flows for the year ended 28 June 2015

		Consolidated		Company	
	Note	2015 $'000	Period ended 29 June 2014 $'000	2015 $'000	Period ended 29 June 2014 $'000
Cash flows from operating activities					
Receipts from customers		117,162	30,762		-
Payments to suppliers and employees		(110,580)	(32,957)	-	(1,184)
Cash generated from operations		6,582	(2,195)	-	(1,184)
Interest received		67	16	-	-
Interest and other costs of finance paid		(565)	(294)	(5)	(1)
Income tax received /(paid)		-	-	-	-
Net cash provided by/(used in) operating activities	18(b)	6,084	(2,473)	(5)	(1,185)
Cash flows from investing activities					
Payment for property, plant and equipment		(1,242)	(237)	-	-
Proceeds from sale of property, plant and equipment		355	169	-	-
Net cash outflow on acquisition of businesses	17	-	(4,798)	-	(5,300)
Amount advanced to related parties		-	-	-	-
Repayments by related parties		-	-	4	2
Net cash provided by/(used in) investing activities		(887)	(4,866)	4	(5,298)
Cash flows from financing activities					
Proceeds from issue of equity and debt securities		17	6,483	17	6,483
Proceeds from borrowings (net of transaction costs)		-	-	-	-
Repayment of borrowings		(1,244)	-		-
Facility drawdown		-	1,244		-
Net cash provided by/(used in) financing activities		(1,227)	7,727	17	6,483
Net increase/(decrease) in cash and cash equivalents		**3,970**	**388**	**16**	**-**
Cash and cash equivalents at the beginning of the financial year		**388**	**-**	**-**	**-**
Cash and cash equivalents at the end of the year	18(a)	**4,358**	**388**	**16**	**-**

1. Summary of accounting policies

Marrakech Road Pty Ltd (the "company") is a proprietary company incorporated and domiciled in Australia. The financial report of the company for the year ended 28 June 2015 comprises the company and its subsidiaries (together referred to as the "consolidated entity").

The consolidated entity's principal activities are the provision of warehousing, wharf cartage, distribution and supply chain services.

The financial report was authorised for issue by the directors on 4 September 2015.

Comparative period

The company was incorporated on 18 September 2013 and therefore the comparatives are from incorporation date until 29 June 2014.

Financial reporting framework

The company is not a reporting entity because in the opinion of the director there are unlikely to exist users of the financial report who are unable to command the preparation of the reports tailored so as to satisfy specifically all of their information needs. Accordingly, this 'special purpose financial report' has been prepared to satisfy the director reporting requirements under the Corporations Act 2001.

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

Statement of compliance

The financial statements have been prepared in accordance with the Corporations Act 2001, the recognition and measurement requirements specified by all Accounting Standards and Interpretations, and the disclosure requirements of Accounting Standards AASB 101 "Presentation of Financial Statements", AASB 107 "Cash Flow Statements", AASB 108 "Accounting Policies, Changes in Accounting Estimates and Errors" and AASB 1054 "Australian Additional Disclosures".

Basis of preparation

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. All amounts are presented in Australian dollars, unless otherwise noted.

The company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with the Class Order, amounts in the financial statement are rounded off to the nearest thousand dollars, unless otherwise stated.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Principles of consolidation

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

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

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

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including: the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders; potential voting rights held by the Company, other vote holders or other parties; rights arising from other contractual arrangements; and any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders 'meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated Statement of Profit or Loss and Other Comprehensive Income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Accounting policies of all controlled entities are aligned with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

(b) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments at call. 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.

(c) Revenue recognition

In general, revenue is recognised only when it is probable that the economic benefits comprising the revenue will flow to the entity, the flow can be reliably measured and the entity has transferred the significant risks and rewards of ownership.

Revenue from services provided is recognised over the period of service and / or in accordance with agreed contractual terms in the period in which the service is provided.

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(d) <u>Financial instruments</u>

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: 'held-to-maturity' investments, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Held-to-maturity investments

Bills of exchange and debentures with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For certain categories of financial assets, such as trade receivables, assets that are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 90 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the 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.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Other financial liabilities including borrowings and trade and other payables

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

(e) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
ii. for receivables and payables which are recognised inclusive of GST.

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

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

(f) Impairment of assets

At each reporting date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

(g) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date.

Deferred tax
Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the statement of comprehensive income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

(h) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within twelve months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. The expected cost of short-term employee benefits in the form of compensated absences is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

Liabilities recognised in respect of employee benefits which are not expected to be settled within twelve months are measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to reporting date.

The consolidated entity recognises a provision when a bonus is payable in accordance with the employee's contract of employment or approved by the board as part of a short-term incentive arrangement in the period of service and the amount can be reliably measured.

(i) Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(j) Leased Assets

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Fixed rate increases to lease rental payments (excluding contingent or indexed based rental increases), are recognised on a straight line basis over the lease term. An asset or liability arises for the difference between the amount paid and the lease expense brought to account on a straight line basis. Lease incentives received are recognised in the income statement as an integral part of the total lease expense and spread over the lease term.

(k) Business Combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the consolidated entity in exchange for control of the acquire. Acquisition-related costs are recognised in profit or loss as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under AASB 3 'Business Combinations' are recognised at their fair values at the acquisition date.

Bargain purchase gain, being the excess of the net of the acquisition-date amounts of identifiable assets acquired and liabilities assumed over the consideration paid, is recognised immediately in the profit or loss.

(l) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition or construction of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment. For assets acquired, depreciation is calculated either on a diminishing value or straight line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. Any new additions are depreciated on a straight line basis. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(m) Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the company's accounting policies, which are described below, the directors are required to make judgements, estimates and assumptions about carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Details in relation to estimates and judgements are disclosed in the accounting policy notes below.

Non-current employee entitlements

Management judgement is applied in determining the following key assumptions used in the calculation of long service leave at balance date:

- future increases in salaries and wages;
- future on cost rates; and
- experience of employee departures and period of service.

Provision for doubtful debts

Management's judgement is applied in determining the provision for doubtful debts. If the estimated recoverable amount of the debtor is less than the amount of revenue recognised, the difference is recognised in the provision for doubtful debts.

Property, plant and equipment

Useful lives and residual value of property, plant and equipment are reviewed annually. Judgement is applied in determining the useful lives of property, plant and equipment. Any reassessment of useful lives and residual value in a particular year will affect depreciation and amortisation expense (either increasing or decreasing) from the date of reassessment through to the end of the reassessed useful life for both the current and future years.

(n) New and revised AASBs affecting amounts reported and/or disclosures in the financial statements

In the current year, the Group has applied a number of amendments to AASBs and a new Interpretation issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective for an accounting period that begins on or after 1 July 2014, and therefore relevant for the current year end.

Standards affecting presentation and disclosure

AASB 2014-1 'Amendments to Australian Accounting Standards' (Part A: Annual Improvements 2010–2012 and 2011–2013 Cycles)

The Annual Improvements 2010-2012 has made number of amendments to various AASBs, which are summarised below.

- The amendments to AASB 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to AASB 2 are effective for share based payment transactions for which the grant date is on or after 1 July 2014.
- The amendments to AASB 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of AASB 9 or AASB 139 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to AASB 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.
- The amendments to the basis for conclusions of AASB 13 clarify that the issue of AASB 13 and consequential amendments to AASB 139 and AASB 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial.
- The amendments to AASB 116 and AASB 138 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The adoption of the above standard has not had any impact on the financial statements.

Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

Standard/Interpretation	*Effective for annual reporting periods beginning on or after*	*Expected to be initially applied in the financial year ending*
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018	30 June 2019
AASB 15 'Revenue from Contracts with Customers' and AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15'	1 January 2017	30 June 2018
AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016	30 June 2017
AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'	1 January 2016	30 June 2017
AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'	1 January 2016	30 June 2017
AASB 2015-5 'Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception'	1 January 2016	30 June 2017

The directors have not yet determined whether the adoption of these standards will have a material impact to the financial statements.

2. Profit/(loss) for the year from continuing operations

Profit/(loss) for the year from continuing operations has been arrived at after charging (crediting):

	Consolidated 2015 $'000	Consolidated Period ended 29 June 2014 $'000	Company 2015 $'000	Company Period ended 29 June 2014 $'000
Revenue:				
Warehousing and transport services	(108,052)	(31,327)	-	-
Other services	(623)	(181)	-	-
	(108,675)	(31,508)	-	-
Other income:				
Bargain purchase gain	-	(7,611)	-	-
Interest revenue	(67)	(16)	-	-
Other income	(200)	(45)	-	(497)
	(267)	(7,672)	-	(497)
Finance costs:				
Bank fees	9	2	5	1
Amortisation of borrowing costs	278	127	-	-
Interest	317	179	-	-
Financing charges	239	113	-	-
	843	421	5	1
Depreciation of property, plant and equipment	2,085	704	-	-
(Profit) on sale of plant and equipment	(158)	(2)	-	-
Employee benefits expense:				
Post-employment benefits to defined contribution plans	2,261	700	-	-
Other employee benefits	29,336	9,095	-	-
	31,597	9,795	-	-

	Consolidated	Company	Consolidated	Company
	2015 $'000	Period ended 29 June 2014 $'000	2015 $'000	Period ended 29 June 2014 $'000

3. Income tax

Prima facie tax payable

The prima facie tax payable on profit before income tax is reconciled to the income tax is reconciled to the income tax expense as follow:

	Consolidated 2015 $'000	Company Period ended 29 June 2014 $'000	Consolidated 2015 $'000	Company Period ended 29 June 2014 $'000
Prima facie income tax payable on profit before income tax at 30%	907	1,709	(2)	(271)
Tax effect of:				
Permanent difference – non assessable income	-	(2,283)	-	-
Prior year tax loss adjustment	154	-	270	-
Prior year timing difference adjustment	49	-	-	-
Other	2	-	3	-
Income tax expense/(benefit)	1,112	(574)	271	(271)

	Consolidated	Company	Consolidated	Company
	2015 $'000	2014 $'000	2015 $'000	2014 $'000

4. Trade and other receivables

	Consolidated 2015 $'000	Company 2014 $'000	Consolidated 2015 $'000	Company 2014 $'000
Trade receivables	15,862	13,180	-	-
Allowance for doubtful debts	(5)	-	-	-
	15,857	13,180	-	-
Goods and services tax (GST) recoverable	-	-	-	116
Other receivables	84	111	-	-
	15,941	13,291	-	116

5. Other Assets

	Consolidated 2015 $'000	Company 2014 $'000	Consolidated 2015 $'000	Company 2014 $'000
Accrued income	151	89	-	-
Prepayments	760	979	-	-
Deferred costs	189	466	-	-
Term deposits (i)	2,315	1,500	-	-
	3,415	3,034	-	-
Current	1,100	1,534	-	-
Non-current	2,315	1,500	-	-
	3,415	3,034	-	-

(i) security over bank guarantee facility

	Consolidated 2015 $'000	Company 2014 $'000	Consolidated 2015 $'000	Company 2014 $'000
6. Other financial assets				
Investments in subsidiaries (i)	-	-	5,300	5,300
Loans to subsidiaries	-	-	276	164
Loans to shareholders	-	17	-	17
	-	17	5,576	5,481
Current	-	17	276	181
Non-current (i)	-	-	5,300	5,300
	-	17	5,576	5,481
7. Property, plant and equipment				
Plant and equipment				
At cost	9,565	8,604	-	-
Accumulated depreciation	(2,599)	(694)	-	-
Total property, plant and equipment	6,966	7,910	-	-

Useful lives of 3-15 years are used in the calculation of depreciation for plant and equipment.

	Consolidated 2015 $'000	Company 2014 $'000	Consolidated 2015 $'000	Company 2014 $'000
8. Deferred tax assets				
Temporary differences	2,546	1,730	-	-
Tax losses - revenue	-	500	-	271
	2,546	2,230	-	271
9. Trade and other payables				
Trade payables	5,323	4,956	-	-
Goods and services tax (GST) payable	254	609	-	-
Other accruals	2,604	1,702	-	-
	8,181	7,267	-	-
10. Borrowings				
Secured – at amortised cost				
Bank loans	-	1,244	-	-
	-	1,244	-	-
Current	-	1,244	-	-
	-	1,244	-	-
11. Other financial liabilities				
Lease incentive	3,530	2,228	-	-
Current	807	439	-	-
Non-current	2,723	1,789	-	-
	3,530	2,228	-	-

	Consolidated		Company	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**

12. Provisions

	Consolidated 2015 $'000	Consolidated 2014 $'000	Company 2015 $'000	Company 2014 $'000
Employee benefits	4,261	3,320	-	-
Onerous lease	152	-	-	-
Pallet	100	-	-	-
Other provisions	496	-	-	-
	5,009	3,320	-	-
Current	4,552	2,819	-	-
Non-current (i)	457	501	-	-
	5,009	3,320	-	-

(i) non-current proportion of employee benefits

13. Deferred revenue

	Consolidated 2015 $'000	Consolidated 2014 $'000	Company 2015 $'000	Company 2014 $'000
Arising from warehousing contracts	397	40	-	-
	397	40	-	-
Current	274	40	-	-
Non-current	123	-	-	-
	397	40	-	-

14. Issued capital

	Consolidated 2015 $'000	Consolidated 2014 $'000	Company 2015 $'000	Company 2014 $'000
6,500,00 fully paid ordinary shares (2014: 6,500,000)	6,500	6,500	6,500	6,500

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the company does not have a limited amount of authorised capital and issued shares do not have a par value.

14. Issued capital (cont'd)

	2015		2014	
	Consolidated and company		Consolidated and company	
	No. '000	$'000	No. '000	$'000
Fully paid ordinary shares				
Balance at beginning of the year	6,500	6,500	-	-
Issue of shares	-	-	6,500	6,500
Balance at end of the year	6,500	6,500	6,500	6,500

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

15. Retained earnings / (accumulated losses)

	Consolidated		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Balance at beginning of the year	6,271	-	(632)	-
Net profit/ (loss) for the period	1,910	6,271	(276)	(632)
Balance at the end of the year	8,181	6,271	(908)	(632)

16. Subsidiaries

Details of the subsidiaries at the end of the reporting period are as follows:

Name of entity	Country of incorporation	Ownership interest % 2015	Ownership interest % 2014
Parent entity			
Marrakech Road Pty Ltd	Australia	100	100
Subsidiaries			
Hoffmann SPV Pty Ltd (i)	Australia	100	100
R Hoffmann & Co Pty Ltd (i)	Australia	100	100
Kagan SPV Pty Ltd (i)	Australia	100	100
Kagan Bros. Storage Pty Ltd (i)	Australia	100	100
Kagan Bros. (VIC) Pty Ltd (i)	Australia	100	100
Silk Contract Logistics Pty Ltd (i)	Australia	100	100

(i) These wholly owned subsidiaries have entered into a deed of cross guarantee with Marrakech Road Pty Ltd pursuant to ASIC Class Order 98/1418 and are relieved from the requirement to prepare and lodge an audited financial statements. This deed of cross guarantee was entered into on 22 June 2015. All wholly owned subsidiaries have a financial year ended 28 June. The consolidated statement of financial position of the entities party to the deed of cross guarantee are the same as reported in these consolidated accounts.

17. Acquisition of businesses

On 24 February 2014, Marrakech Road Pty Ltd acquired 100% of the share capital in Kagan SPV Pty Ltd and Hoffman SPV Pty Ltd. Details of the transaction were as follows:

	Consolidated	
	2015 $'000	**Period ended 29 June 2014 $'000**
Consideration		
Consideration paid in cash and cash equivalents	-	5,300
Total consideration	-	**5,300**
Fair value of assets acquired and liabilities assumed		
Cash and cash equivalents	-	502
Trade and other receivables	-	13,193
Other assets	-	1,138
Property, plant and equipment	-	8,514
Deferred tax assets	-	1,656
Trade and other payables	-	(6,955)
Other financial liabilities	-	(2,089)
Provisions	-	(3,048)
Net assets acquired	-	**12,911**
Bargain purchase gain	-	**7,611**
Net cash outflow on acquisition of subsidiaries		
Net consideration paid (i)	-	5,300
Less cash and cash equivalent balances acquired	-	(502)
Net cash outflow on acquisition of subsidiaries (ii)	-	**4,798**

(i) Consideration paid at company level

(ii) Net cash outflow at consolidated level

	Consolidated		Company	
	2015 $'000	Period ended 29 June 2014 $'000	2015 $'000	Period ended 29 June 2014 $'000

18. Cash and cash equivalents

(a) Reconciliation of cash and cash equivalents

For the purposes of the cash flow statement, cash includes cash on hand and in banks, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

	2015 $'000	Period ended 29 June 2014 $'000	2015 $'000	Period ended 29 June 2014 $'000
Cash and cash equivalents	4,358	388	16	-

(b) Reconciliation of profit/(loss) for the period to net cash flows from operating activities

	2015 $'000	Period ended 29 June 2014 $'000	2015 $'000	Period ended 29 June 2014 $'000
Profit/(loss) for the period	1,910	6,271	(276)	(632)
Gain on sale of property, plant and equipment	(158)	(2)	-	-
Amortisation of borrowing costs	278	127	-	-
Amortisation of lease incentive	252	138	-	-
Gain on bargain acquisition	-	(7,611)	-	-
Depreciation of non-current assets	2,085	704	-	-
Changes in net assets and liabilities, net of effects from acquisition of businesses:				
(Increase)/decrease in assets:				
Trade and other receivables	(2,669)	(238)	-	(116)
Other current assets	410	(1,756)	-	(166)
Deferred tax assets	(316)	(574)	271	(271)
Increase/(decrease) in liabilities:				
Trade and other payables	818	397	-	-
Current tax liabilities	1,428	-	-	-
Provisions	1,688	242	-	-
Deferred revenue	358	(171)	-	-
Net cash provided by/(used in) operating activities	6,084	(2,473)	(5)	(1,185)

19. Remuneration of auditors

	$	$	$	$
Auditor of the parent entity				
Audit of the financial statement	45,000	31,000	-	2,500
Preparation of the tax return	3,500	3,500	-	-
Other services	-	6,400	-	-
	48,500	40,900	-	2,500

The auditor is Pitcher Partners.

20. Subsequent Events

There has not been any matter or circumstance that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

21. Additional company information

Marrakech Road Pty Ltd is a proprietary company, incorporated and operating in Australia.

Registered office

69 Studley Court

Derrimut VIC 3030

Principal place of business

69 Studley Court

Derrimut VIC 3030